

Meeting the Competing Goals of CSR: Exploring the Potential of Value Diversity in Teams

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ABSTRACT

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Ramya Ranganathan

A key theme that underlies much of the controversy around Corporate Social Responsibility (CSR) is the underlying tension between a firm's interest in wealth generation and its interest in social development. In this research, I view the problem from a psychological viewpoint, and note that top managers are confronted with the tension between the firm's social mission and financial mission at a very personal level where their motivation to pursue each of these goals is influenced by their inherent personal values. Specifically, I examine how value (social and wealth) diversity in a top management team might aid or hinder the team in its attempt to find integrative solutions that meet both the competing goals of wealth creation and social impact. In this research, I theorize about a few different effects of value diversity on the workings of a top management team (in the context of working on a CSR problem), and then combine these effects to predict an 'inverted-U' shaped relationship between value diversity and the likelihood of finding an integratively complex CSR solution.

I refine and test my theory through a multi-method exploration that includes field interviews, an online CSR experiment with 219 participants (MBA students), and 65 simulation top management teams (TMTs) with MBA students. I find that there exists an asymmetry between values associated with social impact and values associated with wealth generation, such that not only are the former more stable than the latter, but also, social values have a bi-directional influence: leading to both a preference for pro-social approaches as well as the opposition of profits-only approaches, while the wealth values show only a preference effect. I find support for the inverted-U relationship between value diversity and integratively complex solutions, but only for social value diversity and not for wealth related value diversity. I discuss the contributions of these findings for theory and practice and suggest directions for future research.

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CHAPTER 1: INTRODUCTION

THE CSR DILEMMA

Although there has been a lot of past research on Corporate Social Responsibility (CSR), the basic challenge of how social agendas can be pursued without sacrificing the more conventional wealth creation agenda is still an evolving topic of discussion (Margolis & Walsh, 2001, 2003; Richardson, Welker, & Hutchinson, 2002; Roman, Hayibor, & Agle). Increasingly, both scholars (De Bakker, Groenewegen, & Den Hond, 2005; Donaldson & Preston, 1995; Margolis & Walsh, 2003; Porter & Kramer, 2006; Varadarajan & Menon, 1988) and practitioners (Nestle, Taiheiyu, Cemex, Microfinancing Banks etc.) have been highlighting the benefits of adopting integrative CSR practices where the social agenda is merged with the financial agenda such that social initiatives are undertaken to enhance profitability, rather than at the cost of profitability. However, while scholars have previously explored the contexts and conditions under which the social agenda can be aligned with the financial agenda, hardly any attention has been given to the managerial task of finding such integrative solutions. For example, stakeholder management theories (Agle, Mitchell, & Sonnenfeld, 1999; Donaldson & Preston, 1995; T. Jones, 1995; Mitchell, Agle, & Wood, 1997; Rowley, 1997), theories based on strategic competitive advantages (D. Baron, 2001; Hart, 1995; Porter & Kramer, 2006; Russo & Fouts, 1997), or theories based on marketing advantages (Fombrun & Shanley, 1990; Murray & Montanari, 1986;

Varadarajan & Menon, 1988) all focus on the type of strategies and activities chosen by the firm, and not on the person(s) who generate the ideas behind these strategies and activities. The managerial question of how managers can work with the tension between financial and social interests to find integrative solutions has been asked in the literature before, but it remains mostly unaddressed (Joyner & Payne, 2002; Margolis & Walsh, 2003; Porter & Kramer, 2006; Vogel, 2005).

I explore the tension between the financial and social goals from the point of view of the top managers of the firm because it is these managers who have to come up with CSR ideas and solutions to implement. This focus on the top management team is in line with the upper echelons theory (Carpenter, Geletkanycz, & Sanders, 2004; Hambrick, 2007; Hambrick & Mason, 1984), where it is argued that the top management team (TMT) is the driving force of the organization and therefore the characteristics of the TMT can yield strong explanations of organizational outcomes. In this research, I focus on the personal values of the top managers because the tension between financial and social goals, which expresses itself in the macro level of strategic decisions, can have deeper psychological underpinnings related to the basic way in which systematic associations exist between personal values in a person's mind. This choice of manager's personal values as a variable to understand the dynamics of the strategic decisions made by the top management team is again in line with the arguments of the upper echelons theory. Finkelstein & Hambrick (1996) have identified values, cognitive models, and personality as the three main elements of executive psychology, and they argue that values are particularly important among these three because values may determine some of the other executive psychology characteristics like cognitions as well. Viewing the

problem from a psychological perspective therefore, I note that the top managers are confronted with the tension between the firm's social mission and financial mission at a personal level and that their motivation to pursue each of these goals is subject to be influenced by their personal values.

Given that values tend to be motivational by nature, some combinations of values can share a common motivational emphasis while others might be motivationally conflicting. Specifically, the values related to social impact and wealth generation have been found to be motivationally conflicting at a psychological level. I now explain why such psychological conflict between social and wealth values can make it challenging for managers to find integrative CSR solutions and why I predict there to be different dynamics when the problem is viewed from the point of view of the prevalent value diversity in the top management team rather than the values of a single manager. First I review the Schwartz values model which suggests a conflict between these two types of values, and then I argue why such a motivational conflict between the values can pose a challenge to managers when they try to integrate the goals of social impact and wealth creation into a combined strategy for the firm.

MOTIVATIONALLY CONFLICTING PSYCHOLOGICAL GOALS

Personal values tend to be motivational by nature because they represent the inherent preferences, goals, and other selective orientations of a person (Hitlin & Piliavin, 2004a; Schwartz, 1992; R. Williams, 1979). However not all values are equally compatible with one another and this is because of systematic associations that exist in

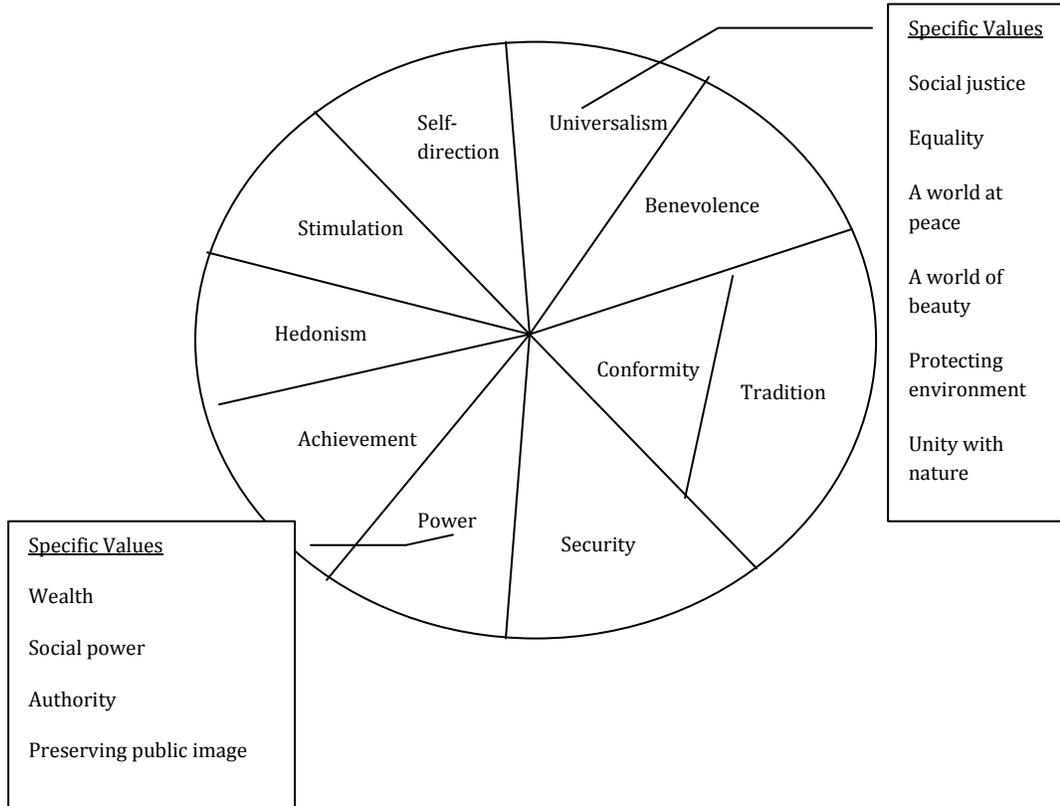
the human mind regarding how the actions taken in pursuit of each value might be compatible or may conflict with actions taken in pursuit of the other values (Schwartz,1992). These associations are deeply ingrained and they result in ways of thinking that have empirically been found to be common across several nations and cultures.

According to the Schwartz values model (figure 1.1), the motivational goals associated with values that are diagonally opposite one another in the circular arrangement of values cannot easily be pursued at the same time. Also, associations with any outside variable will decrease monotonically as one moves around the circular structure of values in both directions from the most positively associated value to the least positively associated value (see Schwartz, 1992 for more details on the development of this model). This model has been empirically revalidated several times and been found to be a robust conceptualization of human values that is operative in over 70 national cultures around the world (Hitlin & Piliavin, 2004a; Schmitt, 1993; Schwartz & Bilsky, 1990; Spini, 2003).

As per this model, the values that usually address the social agenda in CSR (equality, social justice, a world at peace) are listed under the broad value category of ‘universalism’ which is placed diagrammatically opposite to the value of wealth (listed under the category ‘power’). The dominant tendency then would be for people to believe that actions taken in the pursuit of one of these values is not compatible with actions taken in the pursuit of the other (Schwartz, 1992). Therefore I observe that the tension between social development and wealth creation that has been observed at a strategic

level might have psychological underpinnings based on the associations between wealth and social related values in the human mind. In the next section, I review why this motivational conflict between the goals of social impact and wealth creation can pose a challenge for managers as they look for ideas and strategies to address the CSR concern.

**Figure 2.1 Schwartz Model of Value Associations
Reproduced from (Schwartz, 1992)**



THE CHALLENGE OF INTEGRATION

When managers are looking for ways to implement and manage integrative CSR ideas and strategies, they are faced with issues related to social development as well as profitability. They have to find methods by which the firm can make a social impact without compromising on its wealth generation agenda. Sometimes the firm might separate its social activities with an independent team handling it, but unless the social agenda is integrated with the financial agenda, a contradiction will be felt by the top management team when it tries to combine the two into an overall corporate strategy. One possible way to approach CSR is to work with both goals in parallel and think of the problem in integratively complex ways, so as to identify strategies and solutions where social development is not thought of being promoted ‘at the cost of profitability’ but ‘in order to enhance profitability’. Some examples of integrative ideas and strategies that simultaneously address the usually conflicting goals of social improvement and profitability are as follows. Nestle works to build roads, wells, and other basic infrastructure in the villages from where it sources its milk. This way Nestle has identified an activity that creates social value for the inhabitants of the villages and at the same time improves its own profitability through more efficient supply transportation and increased supplier loyalty. Cemex, Mexico’s largest Multinational Corporation has launched a program that enables very poor people to purchase building materials and upgrade their homes. This way, Cemex is opening new profit making opportunities and at the same time facilitating sustainable housing for several thousand people who otherwise live in flimsy houses made of raw cinder blocks, cardboard and

metal sheets. Taiheiyo, a Leading Japanese Cement company has innovated a process in which it utilizes urban waste products to make high quality cement. This way Taiheiyo is helping to alleviate the growing social problem of urban waste landfills and at the same time it is fulfilling financial agenda through selling high quality eco-cement. The financial innovation of Microcredit works by offering very small loans to extremely impoverished people who lack collateral and a verifiable credit history and therefore cannot gain access to traditional credit. This way microcredit works to generate profits for the lending bank and at the same time it also enables impoverished people to engage in self-employment projects and generate an income.

Although such integrative solutions have been and can be implemented they are not very widespread in most corporate organizations because they are relatively difficult to identify. I argue that this difficulty is primarily because the human mind is used to thinking of social impact and profitability as competing goals. When people are faced with having to choose between conflicting values which are both important, they tend to use strategies like inconsistency reduction, decision avoidance, and disengagement to avoid thinking of the problem in integratively complex ways (Tetlock, Peterson, & Lerner, 1996). This, therefore could be a psychological explanation as to why managers are finding it difficult to find integrative solutions that address both social and financial agendas simultaneously in a CSR context. I examine whether this challenge of finding integrative solutions is aided if a group of managers, rather than an individual, approaches CSR tasks. Because some members of a group might place greater value on social welfare and others might place greater value on profitability, value diversity in management teams may make it easier for the team to approach the task in integratively

complex ways and come up with solutions that simultaneously address social and financial goals. I argue that in order to come up with an integrative solution that addresses both the goals, the management team should be stimulated to think of the problem in integratively complex ways and should also not judge one value to be superior to the other early in the decision-making process. Rather, managers should keep struggling to find a solution that can satisfy both goals. This is because once one value is judged to be more important than the other, the solution that will be arrived upon will be lopsided; it may meet the goals associated with the favoured value but insufficiently address the goals associated with the second value. However, it is also possible that a team which is very diverse in terms of values will experience lower satisfaction due to working with team members who are different from themselves and that the differences in their values might trigger negative emotions of anger and frustration. Yet another risk associated with value diversity is that differences in values can lead to differences in priorities and approaches which can then cause confusion, uncertainty and coordination problems in the team. I examine in this research, the various dynamics triggered by value diversity in a management team, the different possible effects that can arise as a consequence of this value diversity, and the resultant impact of these effects on the ability of the team to come up with an integrative CSR solution that meets two competing value goals.

Specifically, the focus of this research is to examine how value diversity in a top management team might aid or hinder the likelihood of finding integrative solutions that meet both the competing goals of wealth creation and social impact.

Although I review the CSR Literature in greater detail in the literature reviews section I think it is useful to state upfront the stance I take with respect to CSR and the CSP-CFP tension, and highlight an important boundary condition of this research which rests on this stance. In this research I take the stance that social benefits and wealth generation are based on opposing values and are generally believed to be opposing motives. This stance is based on the circumplex model of values by Schwartz (1992) where the values associated with social benefits (social justice, equality, and world peace) and the values associated with wealth generation (wealth) are opposite one another. According to Schwartz, the dominant tendency for people is to believe that actions taken in pursuit of one of these values is not compatible with actions taken in pursuit of another.

I also take a stance that most organizations face a tension between CSP and CFP because of limited resources that need to be allocated between the two. This stance is supported in the reviews of existing CSR literature (Margolis & Walsh, 2001, 2003; Richardson, Welker, & Hutchinson, 2002; Roman, Hayibor, & Agle, 1999).

However it is to be noted that these views on CSR, and on the tension between CSP and CFP, are relevant only within the subset of scholars who adopt a perspective in which CSR, CSP, and CFP are defined in way that excludes wealth creation as being treated as a social benefit by itself. This stream of definitions of CSR like the one by McWilliams and Siegel (2001, p.117) highlight social impact as the goal of CSR, emphasizing that it is the social involvement of the firm over and beyond the focus on wealth creation that counts as CSR. McWilliams and Siegel define CSR as, “actions that

appear to advance the promotion of some social good beyond the immediate interests of the firm/shareholders and beyond legal requirements”. This perspective of defining CSR in a way that does not count profit generation directly as a social benefit is also reflected in Buchholz’s (1991, p.19) summary of the key elements found in “most, if not all” of the many CSR definitions. One of the key elements he notes is “responsibilities that go beyond the production of goods and services at a profit”.

The definition of Corporate Social Performance from this perspective also does not count wealth generation by itself as a social benefit, for example, Wood’s (1991, pg 693) definition of CSR as, “a business organization’s configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm’s societal relationships”. Further, the indexes used to measure CSP do not typically include financial returns or profitability. The KLD Rating (KLD Research & analytics, Inc., 2003), for example, determines CSP based on the seven social indicators: community relations, diversity, employee relations, environment, product, corporate governance, and human rights. Wealth generation only forms a component of Corporate Financial Performance which is usually measured as the ROE (Return on Equity) but sometimes also as the ROA (Return on assets). Therefore in this paradigm, wealth creation or profits does not count directly as a part of the firm’s social responsibility.

However, there is an alternate perspective in the literature based on the idea that wealth generation itself can be the primary social aim of the organization. This view is well summarized in Friedman’s argument, “There is one and only one social

responsibility of business – to use its resources and engage in activities designed to increase its profits” (Friedman, 1970). Friedman famously argued that the business of business is business; reasoning that the sole responsibility of the organisation was its shareholders, and therefore it was a social contribution to provide profits for them. He acknowledged legal and ethical constraints on business activity, emphasising that the organisation should not harm society, but he denied that the organization should assume any wider social responsibility for its maintenance and improvement. According to this perspective therefore, social impact and wealth creation will not be competing motives, and there will be no tension between CSP and CFP, because wealth generation itself is a primary form of creating social impact.

Therefore an important boundary condition of the theoretical model developed in this research is that it applies only to individuals and organizations who hold the former perspective on CSR, CSP and CFP, where wealth generation by itself does not count as a social benefit. This model also applies only to individuals and organizations that believe that social impact and wealth generation are somewhat competing in terms of motives and resources.

DOCUMENT OVERVIEW

This document is organized as follows. In chapter 2, I present a review of some of the literature which is relevant to this research. In reviewing the research on CSR, I outline research which suggests that CSR is a fuzzy but important concept. I also

summarize the existent literature on corporate social performance (CSP) and corporate financial performance (CFP), and distinguish my research from this dominant paradigm in CSR research. Finally I review research which addresses the idea of ‘integrative CSR¹’ as I have used the term in my research. In reviewing research on values, I summarize briefly the different ways in which values have been conceptualized, the relation of values to attitudes and behaviour, and also the value pluralism model which looks at how people make trade-off decisions involving competing but meaningful values. I then review the existing research on attitude polarization, summarizing specifically the social comparison perspective and the persuasive argumentation perspective as theoretical frameworks to view this phenomenon. I review the existing literature on integrative complexity in individuals and in groups and position the relevance of my research within the existing studies on integrative complexity.

In chapter 3, I develop the theoretical model and lay out the various hypotheses that are tested in this research. In the first part of this chapter, I elucidate five different types of effects of team member values on the workings of a top management team when confronted with a CSR problem. The first two effects are individual level effects, the first being the effect of a person’s own values on his or her preference for CSR approaches, and the second being the effect of other team members’ values on an individual’s motivation to approach the problem in integratively complex ways. The third effect is a team level effect of attitude polarization that can arise due to the

¹ The term ‘integrative CSR’ has been coined by me, but the idea of achieving integration between the social and financial focus has been expressed in different ways and it is this literature that I review in this section.

convergent shift of team-member attitudes towards an extreme. The fourth and fifth types of effects are disruptive influences of value diversity which can reduce the quality of team processes. The first type of disruption can occur due to the creation of negative emotions like anger and frustration of working with dissimilar teammates, while the second type can occur due to the uncertainty and confusion created by the differences in value orientations.

As a next level of theorizing, I argue why each of these effects may influence the likelihood of the top management team finding an integratively complex CSR solution. I examine if each of the effects mentioned earlier is likely to increase or decrease the chances of the team finding an integrative CSR solution. I further reflect on the curvilinear shapes that each of these effects may take. I discuss which effects may be expected to be more pronounced at lower levels of value diversity and which ones at higher levels. Based on these analyses, I combine all the effects into a single prediction of how value diversity may influence the top management team's likelihood of finding an integrative CSR solution.

In chapter 4, I present an overview of the research design. In this chapter I briefly describe the two different phases of the research. The first phase consists of two preliminary studies. The first study which focuses on the context, is qualitative in nature and involves semi structured interviews and 4 mini case studies based on teams that participated in a social venture business plan competition. The second preliminary study focuses on the psychological influences of social and wealth values and their respective relationship with behaviour in a decision task that involved a trade-off between these

two values. The second phase of research consists of an online CSR experiment and a top management team simulation involving MBA students. I present further details of the two empirical studies conducted in the second phase of research in chapters 5 and 6 where I present the study details alongside the results of each of these studies.

In chapter 5, I present the design of the online CSR experiment, and explain the methods, scales, and procedure used. I present the analysis of the data from this study and the relevant results and I discuss the extent to which these results support the hypotheses related to propositions 1, 2, and 3. In chapter 6, I present the design of the top management team simulation and explain the methods, scales, and procedure used. I present the analysis of the data from this study and the relevant results and I discuss the extent to which these results support the hypotheses related to propositions 4 to 9.

In chapter 7, I conclude by reviewing the main findings of this research. I discuss some of the limitations of the current research and address a few possible concerns that might be relevant to this research. I highlight the major contributions of this research in the field of values, corporate social responsibility, and social entrepreneurship. Finally, based on the insights gained from this research and building on some unexpected findings that came up, I present ideas and directions for future research.

CHAPTER 2: LITERATURE REVIEW

CORPORATE SOCIAL RESPONSIBILITY

CSR – A FUZZY BUT IMPORTANT CONCEPT

Although the term ‘Corporate Social Responsibility’ (CSR), has been around for a long time, it has been defined and conceptualized in quite a few different ways and these definitions have been reviewed and compared by various CSR scholars (Garriga & Melé, 2004; Ostas, 2001; Van Marrewijk, 2003; Wood, 1991). Two main reasons behind such multiple viewpoints and the absence of a commonly agreed upon definition for CSR are (1) the ‘soft’ and complex nature of the topic (Carroll, 1999) and (2) the multidisciplinary nature of the topic which spans sociology, political science, philosophy, ethics, management, and economics and others (Wood, 1991). 40 years ago Votaw (1972, p.25) commented about the term corporate social responsibility that it “... *means something, but not always the same thing, to everybody. To some it conveys the idea of legal responsibility or liability; to others it means social responsible behaviour in an ethical sense; to still others, the meaning transmitted is that of responsible for, in a causal mode; many simply equate it with a charitable contribution; some take it to mean socially conscious; many of those who embrace it most fervently see it’s mere synonym for legitimacy in the context of belonging or being proper or valid; a few see a sort of fiduciary duty imposing higher standards of behavior on businessmen than on citizens at large*”. An even though almost 40 years have passed since then, the term ‘corporate social responsibility’ is still as multifaceted and fuzzy today as has been

recognized by Lindgreen and Swaen (2010, p.1) in their introduction to a special issue on corporate social responsibility, “...*the best conceptualizations remain in their – to use a strong word – embryonic stages, and prescribed approaches to CSR seem perplexing to theorists and completely elude practitioners. This state of affairs probably impedes a full understanding among managers of what CSR should comprise and hinders further theoretical development of CSR*”.

However, in spite of this fuzziness and lack of robust theoretical conceptualization, CSR remains a strikingly important topic in the business world. Muirhead, Bennett, Berenbeim, Kao, & Vidal (2002) commented on the findings of a survey by the (American) corporate board which revealed that nearly 90% of corporate managers report that their companies take CSR as a part of core business principles, and 70% reported that their companies have a corporate foundation that advances social causes. Boli & Hartsuiker (2001) noted that most Fortune 500 firms not only mentioned but also actively promoted CSR in their annual reports. In fact, it was reported in ‘The Economist (2005)’ that more and more corporate managers are convinced that CSR can positively influence the financial performance of corporations. CSR related topics have had long-standing status not just in business, but even in the field of business education as has been noted by Lockett, Moon, & Visser (2006). This high status of CSR is reflected in the number of endowed chairs in US and European universities (Dunfee & Werhane, 1997) and in CSR related course development (Bampton & Cowton, 2002; Matten & Moon, 2005).

MOVING BEYOND THE CSP-CFP LINK

While the theoretical conceptualizations of CSR have been multifaceted, a huge chunk of the empirical studies on CSR have tended to focus on exploring the link between corporate social performance (CSP) and corporate financial performance (CFP) in order to try and establish a business case for CSR. In fact the study of the CSP-CFP link has sometimes been referred to as the ‘holy grail’ of CSR research (Vogel, 2005). This relation between corporate financial performance and corporate social performance was first examined in a CSP- CFP study by (Bragdon & Marlin, 1972), and this topic then went on to inspire 167 studies, investigating 192 CSP-CFP effects, between 1972 and 2007 (Margolis, Elfenbein, & Walsh, 2007). There have been at least five reviews (Griffin & Mahon, 1997; Margolis & Walsh, 2001, 2003; Richardson et al., 2002; Roman et al., 1999) and four meta analytical studies (Allouche & Laroche, 2005; Margolis et al., 2007; Orlitzky, Schmidt, & Rynes, 2003; Wu, 2006) that have reviewed studies exploring CSP-CFP link.

Griffin and Mahon (1997) conclude in their review that there is a positive relationship between CSP and CFP and argue that inconsistencies in the results of previous empirical studies investigating the CSP–CFP relationship are because of methodological differences. (Roman et al. 1999) argue however that results produced by CSP–CFP studies fall into three different categories such that, the first category shows a positive association between CSP and CFP, the second shows a negative association, while the third shows no association, and therefore the overall results are inconclusive. Margolis and Walsh (2003) note that a simple compilation of the findings suggests a positive association, and that there is very little evidence of a negative

association between CSP and CFP, while the meta-analysis by Orlitzky et al. (2003) supports a positive association between CSP and CFP. In summary, while the above meta-analyses might suggest that there is a small positive association between CSP and CFP overall, it cannot be asserted with confidence whether companies actually benefit financially by engaging in socially responsible activities. However, what the results do reveal perhaps is that Friedman's (1970) concern that indulging in social activities is tantamount to theft of the shareholder's wealth is unlikely to be valid because companies do not seem to be overtly penalized for CSP investments (Margolis, Elfenbein, and Walsh, 2007). To summarize, the CSP-CFP link has been studied from different possible angles, only to reveal that there is possibly not much to inform managers in the real world about the possible nature of the relationship between social and financial performance. To quote Margolis, Elfenbein, and Walsh (2007, p. 26), *"Ironically, 167 studies later, managers may be exactly where they were in 1972: seeking criteria to judge when CSP makes sense and guidance about how to advance both CSP and CFP, if they are both worthy of pursuit but not entirely consistent. The continuing quest to substantiate or repudiate a link between CSP and CFP may be of little value. While the quest is seductive, it may be time to let this particular question rest"*. It might be time therefore to let go of analyzing the CSP-CFP link to try to find a business case for CSR and look instead to examine possibilities where the social and financial objectives of the firm can be addressed simultaneously as a win-win approach instead of having to justify CSP through its effect on CFP.

INTEGRATIVE CSR

Most scholars refer to Bowen's *Social Responsibilities of the Businessman* (1953) as the first theorization of the relationship between business and society (Carroll, 1999; Wartick & Cochran, 1985) while Wallich & McGowan (1970) made the first attempts to propose a rationale for upholding CSR without compromising shareholders interests by suggesting the possibility of a reconciliation between the social and economic interests of corporations. Since then, the apparent tension between the social and economic objectives has remained central to the concept of corporate social responsibility. Traditionally scholars tried to resolve this tension by examining if there was a causal relationship between CSP and CFP one way or the other, or by trying to justify the expenses related to CSR, or by highlighting the potential problems and risks associated with not adhering to CSR norms. One dominant view was that the demands of stakeholders present potential threats to the viability of the organization, and that these threats could be mitigated by spending some money to achieve a threshold level of social performance (Pava & Krausz, 1996; Peloza, 2005). An example of this is an adaptation of the stakeholder management theory which examines why it might be financially beneficial for the firm to engage in certain social activities that non-financial stakeholders perceive to be important - suggesting that otherwise these stakeholder groups might withdraw their support for the firm (Agle et al., 1999; Donaldson & Preston, 1995; T. Jones, 1995; Mitchell et al., 1997; Rowley, 1997).

Only more recently have scholars started looking through a lens of synergy to identify strategies that simultaneously create social impact and financial benefits for the

organization. These scholars have examined the types of social objectives that can be integrated into the firm's financial objectives and vice versa. There are theories based on strategic competitive advantages where firms may use CSR practices to set themselves apart from their competitors (Fombrun & Shanley, 1990), or may engage in socially responsible activities to be sustainable and improve financial performance in the long run (D. Baron, 2001; Hart, 1995; Porter & Kramer, 2006; Russo & Fouts, 1997). There is also research that explores the financial benefits that can be leveraged through engaging in socially responsible activities because of improved marketing and selling capabilities through, (1) cause related marketing (Varadarajan and Menon, 1988; Murray and Montanari, 1986), (2) product differentiation (Fombrun and Shanley, 1990), (3) better reputation and consumer loyalty (Burke & Logsdon, 1996; Kanter, 1999) or (4) development of new markets (Hart 1997; Porter and Kramer 2002). Some theorists also argue that engaging in CSR can help a firm's productivity by creating goodwill, positive employee attitudes and behavior (Brammer, Millington, & Rayton, 2007; Rupp, Ganapathi, Aguilera, & Williams, 2006).

SUMMARY

To summarize, Corporate Social Responsibility is increasingly growing more and more important in today's business world but the field of CSR research is very dispersed with respect to how scholars have defined and conceptualized Corporate Social Responsibility. One common thread, however, that runs through most CSR conceptualizations is the underlying tension between a firm's interest in wealth

generation and its interest in social development. Perhaps the most common approach to studying CSR has been to look at the tension between a firm's interest in wealth generation and its interest in social development through the use of a *post facto* analysis of the firm's performances. However recent meta analyses examining 30 years of CSP-CFP studies have little insight to give to managers of today on this relationship. I look therefore to another stream of CSR research (which I refer to as integrative CSR), and this stream of CSR research proposes synergistic possibilities to achieve a positive social impact and a positive financial impact simultaneously. This approach is increasingly gaining interest, especially amidst scholars in strategic and marketing management. However, the existing theories in this integrative paradigm focus on the type of strategies and activities chosen by the firm, and not on the person(s) who generate the ideas behind these strategies and activities. The managerial question of how managers can work with the tension between financial and social interests to develop CSR solutions has been asked in the literature before, but it remains unanswered (Margolis & Walsh, 2003; Porter & Kramer, 2006; Vogel, 2005). In this dissertation I explore the tension between the financial and social objectives of the organization from the point of view of the managers of the firm and I explore the role that the managers' personal values will play in influencing their ability to come up with integrative CSR solutions.

VALUES

The word ‘values’ has been used widely across the fields of sociology, psychology, philosophy, and political science, often with a different meaning in each field, and sometimes with differences within the field as well. The term values has been used to refer to interests, pleasures, likes, preferences, duties, moral obligations, desires, wants, goals, needs, aversions and attractions, and many other kinds of selective orientations (R. Williams, 1979). One of the early influential definition of values was by Kluckhohn (1951) according to whom a value is an implicit or explicit conception of the desirable, which influences the selection from available modes, means, and ends of actions. This functionalist definition conceptualized values as something that leads to actions as opposed to the other popular definition by Rokeach (1973) who conceptualized it as something that gives meaning to actions. Rokeach defined values as enduring beliefs that a specific mode of conduct is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence. Another definition of values is that they are evaluative beliefs that synthesize affective and cognitive elements to orient people to the world in which they live (Marini, 2000). Epstein (1989) argues that values can operate at two different levels, conscious and unconscious, and that while only the former can be reflected on and reported, these two need not necessarily be aligned with one another.

I use Schwartz’s (1992) theory of values (see Schwartz, 1992 for a justification of this conceptualization), which measures values as guiding principles in people’s lives. Schwartz describes values as cognitive representations of three universal human

requirements: biologically based organism needs, social interactional requirements for interpersonal coordination, and social institutional demands for group welfare and survival. Based on empirical data collected from 40 countries he postulates the existence of 10 universal values that have a shared meaning across cultures. I chose this conceptualization of values because it has a reliable multi-item empirical scale to measure values and also because this scale has been validated through several experiments. Schwartz (1992) has empirically developed a schematic representation of the universal structure of values where the 10 main categories of universal values are arranged in a circular pattern such that adjacent values share motivational emphasis. There has been found quite a bit of empirical cross cultural support for this scheme (Hitlin & Piliavin, 2004a; Schmitt, 1993; Schwartz & Bilsky, 1990; Spini, 2003) primarily in developed countries although the support for this model is stronger in western countries than in countries in the Far East or South America (Hitlin & Piliavin, 2004a)

VALUES AND ATTITUDES

Values are more abstract than attitudes (Schwartz, 2005; Rokeach 1973; Williams, 1979), and they tend to focus on ideals while attitudes are usually formed with regard to specific social objects (Maio, Olson, Bernard, & Luke, 2003). Compared with attitudes, values have been theorized to be more central to the issue of personhood (Erickson, 1995; Hitlin & Piliavin, 2004a, 2004b; Smith, 1991). Researchers, in general, seem to agree that values are, (1) more durable than attitudes, (2) more abstract

constructs, (3) hold a higher place in one's internal evaluative hierarchy and (4) are inherently positive while attitudes can be positive or negative (Bardi & Schwartz, 2003; Hitlin & Piliavin, 2004a; Konty & Dunham, 1997; Schwartz, 1992)

VALUES AND BEHAVIOUR

Although values are conceptualized as internal schemas they play an important role in action and behaviour (Hitlin & Piliavin, 2004b). Some researchers like (Maio & Olson, 1998) argue that values influence behaviour more through an affective component rather than through a cognitive component. Others however, like Williams (1979) argue that values are cognitive structures that provide information that gets coupled with emotion and then leads to action. However most researchers agree that values are distally related to behaviour because of their abstract nature and the role of possible mediating variables (Ajzen & Fishbein, 1977).

(Wojciszke, 1989) listed three conditions that are required for values to influence behaviour. The first requirement is that the value structure must be well established in the persons cognitive system, the second requirement is that it should be activated from long-term memory and the third requirement is that it should be accepted by the person as relevant and proper in the context of the current situation. (Schwartz, 2007) describes how values can influence action through four processes. The first process is value activation, the second process is the motivational effect in which certain actions gain privilege over others, the third process is value driven perception and interpretation

within situations, and the fourth process is value based planning of actions. There are quite a few empirical studies as well which explore the association between values and behaviour and establish that values can indeed have a meaningful and measurable influence on different forms of behaviour (Ball-Rokeach, Rokeach, & Grube, 1984; Bardi & Schwartz, 2003; Conroy, 1979; Kahle, 1996; Rokeach, 1973; Schwartz & Inbar-Saban, 1988).

VALUE PLURALISM MODEL

The value-pluralism model (Tetlock, 1986; Tetlock et al., 1996) attempts to model how people decide among competing values within situations. The initial version of the model consisted of three main propositions. The first proposition was that underlying all (political) belief systems are core and terminal values which form the ‘backstops’ of these belief systems. The second proposition was that acknowledging conflict among core values is aversive because it is (1) cognitively costly, (2) emotionally painful, and (3) politically embarrassing. The third proposition was that explicit trade-off reasoning is both difficult and stressful and whenever feasible people should prefer simpler modes of inconsistency reduction. The value pluralism model therefore predicts that when the conflicting values are of close to equal strength, then people will be forced to engage in explicit integratively complex trade-off reasoning, while if the conflicting values are not equivalent in strength, then they will resort to denial (of the weaker value) and bolstering (of the stronger value) and reliance on

noncompensatory lexicographic strategies (screening options on a threshold value of the most important value first, then ranking according to the second value).

This simple version of the value pluralism model was further revised by Tetlock, Peterson, and Lerner (1996) to incorporate the moderating influence of the social content of the colliding values and the social context of decision making. The social-content postulate addresses the possibility of some value trade-offs being much more emotionally and morally wrenching than others. It predicts that when it is not socially acceptable to consider a trade-off between the conflicting values, then the decision makers will attempt to conceal or obfuscate the trade-offs. The observers on the other hand are likely to denounce the decision maker as immoral. The social context postulate is based on the premise that people do not make decisions in a social vacuum and that they are accountable to others for their decisions. The social context postulate makes different predictions based on the type of audience that the person is accountable to. If one is accountable to an audience that magnifies blame-avoidance motives then it predicts that the person will resort to decision avoidance strategies like buckpassing and procrastination. If one is accountable to an audience that will reward demagoguery then it predicts that the person will resort to oppositional posturing. However if one is accountable to a knowledgeable audience who cannot be appeased by simple ingratiation tactics, then the person will be pushed to think of an integratively complex trade-off reasoning (Tetlock, Peterson and Lerner, 1996).

SUMMARY

To summarize, although values have been defined and articulated in several different ways, most of these definitions converge to a concept of something like a deep rooted belief or preference that acts as an overarching guiding principle in people's lives. The Schwartz values model measures people's value priorities by measuring the importance of each value as a guiding principle in the focal person's life and this form of measurement of values has been empirically found to be quite robust. Values can form the basis for attitudes which are typically less durable than values and are also more susceptible to contextual influence when compared with values. Values do influence behaviour, but they typically do this through the formation of attitudes. Based on this, in my research, I not only look at the personal values of managers but I also theorize about the likely formation of attitudes based on these values and the possibility of changes occurring in these attitudes as a result of the context and influence of other team members.

The value pluralism model addresses a question which is very key from the point of view of my research: how do people tend to find solutions when faced with a situation that involves two conflicting values. The value pluralism model explores this question at an individual level, while in my research I address a similar question (although more specifically focussed on the CSR context) at the group level.

ATTITUDE POLARIZATION

Attitude Polarization is a phenomenon that can occur in a group such that interaction between group members can cause a shift in the attitudes of the group towards an extreme. This counter-conformity effect of attitude polarization, where groups shift away from the average instead of towards it has been widely researched in the psychological field ever since it was first identified by (Moscovici & Zavalloni, 1969). Several theoretical reasons for why polarization may occur were initially put forth by scholars (Pruitt, 1971), but most of them have been disconfirmed over the years leaving two main theories as the most accepted mechanisms (see Isenberg, 1986 for a meta analytical review). These two theories are the social comparison process (Sanders & Baron, 1977) and persuasive argumentation theory (Burnstein & Vinokur, 1977).

Social Comparison Perspective

According to the social comparison process (Myers, 1978; Myers, Bruggink, Kersting, & Schlosser, 1980) people are constantly motivated to perceive as well as to present themselves in a socially desirable light. Further people desire to be perceived as more favorable than what they perceive to be the average tendency in their group. Once a group member determines or observes how most other people present themselves, she presents herself in a somewhat more favorable light, in the valued direction by the group. When all members of an interacting group take part simultaneously in this comparing and surpassing process, the result is an average shift in the direction valued by the group. There are two variations to the above explanation which is based on the

social comparison perspective. The first variation emphasizes the removal of pluralistic ignorance while the second emphasizes one-upmanship or bandwagon effects.

According to the pluralistic ignorance explanation (Isenberg, 1986; Levinger & Schneider, 1969; Pruitt, 1971; Schroeder, 1973), each team member initially presents his or her own positions as compromises between the desire to be close to one's own ideal and the desire not to be too deviant from the central tendency of the team. The assumption underlying the pluralistic ignorance explanation is that pluralistic ignorance exists before the start of team discussions because of the absence of accurate communication between team members and once the team discussions start team members are exposed more accurately to the team norms and they subsequently revise their stances closer to their ideal positions. Such updating in the individual team member's stances causes them to eventually converge towards an extreme.

The second variation of the explanation based on the social comparison perspective is based on one-upmanship or bandwagon effects (Myers, 1978; Myers, Wojcicki, & Aardema, 2006). This view holds that people are motivated by a desire to be different and distinct from other people in a valued direction and present themselves as higher (along the valued direction) than others. Both these variations of explanations based on the social comparison perspective are somewhat intertwined and researchers have usually tested a more generic explanation of polarization based on social comparison effects (RS Baron & Roper, 1976; Blascovich, Ginsburg, & Howe, 1976; Isenberg, 1986).

Persuasive Argumentation Theory Perspective

According to the Persuasive Argumentation Theory (Burnstein & Vinokur, 1975; Burnstein & Vinokur, 1977; Burnstein, Vinokur, & Trope, 1973) a person's position on an issue is a function of the number and persuasiveness of pro and con arguments that the person recalls from memory. Several empirical studies have supported this theoretical line of reasoning by revealing a correlation between the preponderance of pro and con arguments possessed by group members and the size and direction of the polarization (Bishop & Myers, 1974; Ebbesen & Bowers, 1974; Madsen, 1978; Vinokur & Burnstein, 1974). One of the finer caveats of the persuasive argumentation theory is that the persuasiveness of the argument depends on both its validity as well as its novelty (Kaplan & Miller, 1977; Vinokur & Burnstein, 1978). While there is some empirical support for this caveat (Vinokur & Burnstein, 1978) it is not as empirically well established in the literature as the primary association between persuasive arguments and attitude polarization (Isenberg, 1986).

To summarize, attitude polarization is a phenomenon that is well established in the literature and although different theories had initially been offered to explain this phenomenon two of the theoretical mechanisms that have received the most empirical support are: (1) explanation based on social comparison perspective and (2) explanation based on persuasive argumentation theory. In my research, I apply both these theoretical perspectives to the context of a top management team discussion on CSR.

INTEGRATIVE COMPLEXITY

Integrative complexity is a cognitive style that is characterized by the recognition of competing perspectives on the same issue and the subsequent formation of conceptual links among these perspectives (Suedfeld, Tetlock, & Streufert, 1992). It was originally constructed as a concept that captured individual differences in styles of social thinking (Schroder, Driver, & Streufert, 1967; Streufert & Streufert, 1978; Tetlock & Suedfeld, 1988). Suedfeld, Tetlock, and Streufert (1992) have traced the conceptual line of development of integrative complexity as starting with conceptual systems (Harvey, Hunt, & Schroder, 1961) to conceptual complexity (Schroder et al., 1967) to interactive complexity (Streufert & Streufert, 1978; Streufert & Swezey, 1986) to integrative complexity (Suedfeld et al., 1992). The current conceptualization of integrative complexity is characterized by the two components of differentiation and integration. Differentiation is defined as, *“the capacity and willingness to tolerate different points of view”*, while integration is defined as the ability to *“generate linkages between points of view, to understand why people look at the same event in different ways, to confront trade-offs, and to appreciate interactive patterns of causation”* (Tetlock, Peterson, & Berry, 1993:500). Depending on the extent to which people display elements of differentiation and integration in their thinking, their cognitive style can be described on a continuum ranging from low integrative complexity to high integrative complexity.

Integrative complexity has been conceptualized both as a trait as well as a process variable. The trait stream of integrative complexity research has focused on

identifying behavioral and dispositional correlates identified with integrative complexity (Hermann, 2003; Tetlock, Peterson, & Berry, 1993). For example, persons who are high on integrative complexity have been argued to be open minded, good listeners, identify creative solutions, and display independence of judgment on the upside but at the same time be impractical, indecisive, and excessively intellectual on the downside (Hermann, 2003; Streufert & Streufert, 1978; Tetlock et al., 1993). Persons who are low on integrative complexity have been argued to be more calm, relaxed, decisive and principled on the upside, but also more rigid, close minded, and relying on stereotypes (Hermann, 2003; Streufert & Streufert, 1978; Streufert & Swezey, 1986; Tetlock et al., 1993).

Integrative complexity has also been conceptualized as a process variable that is sensitive to environmental cues such as stress, value conflict, accountability pressures, acculturation strategies, and audience characteristics (Suedfeld & Tetlock, 1977; Tadmor & Tetlock, 2009; Tetlock et al., 1996; Tetlock, Skitka, & Boettger, 1989). However it is not clear to what extent these changes are unconscious adjustments to the environmental cues or deliberate adaptations to the environment (Suedfeld et al., 1992). This process variable stream of research treats integrative complexity as a situation specific construct, and it also explores conditions under which people can be motivated to think in integratively complex ways.

Integrative complexity has been studied in a variety of contexts including but not limited to, Peace Corps training, social policy decisions, moral dilemmas, political speeches, attitudes to war crimes, capital punishment, the 9/11 attacks, and war against

terrorism (Baker-Brown et al., 1992; Conway III, Suedfeld, & Clements, 2003; Conway III, Suedfeld, & Tetlock, 2001; Suedfeld & Leighton, 2002; Suedfeld & Tetlock, 1977; Suedfeld et al., 1992; Tetlock, Armor, & Peterson, 1994). However while integrative complexity has been extensively studied in the field of political science it has not been applied much in the field of organizational studies and hardly at all to the topic of corporate social responsibility, although the latter is an extremely well suited context with two competing directions. The working paper by Wong, Ormiston, & Tetlock (2010) who find a positive association between top management teams' integrative complexity and corporate social performance is the only study to my knowledge that applies the theory of integrative complexity to the context of CSR, other than my own.

CHAPTER 3: THEORY AND HYPOTHESIS

In this chapter, I theorize about a few different effects of value diversity on the workings of a top management team (in the context of working on a CSR problem), and then combine these effects to make a prediction regarding the likelihood that the team will find an integratively complex solution. In most of the theorizing, I specifically focus on the outcome variable of an integratively complex solution and I do this by taking a value neutral stance with respect to it (in the sense, I don't argue that an integratively complex CSR solution might be more appropriate than a simple one sided solution or vice versa). There are researchers who comment on the usefulness and applicability of integratively complex CSR solutions (Porter and Kramer, 2006), and I review these arguments in chapter 2 but in this chapter I focus solely on the question of what can influence the likelihood of the top management team finding an integratively complex CSR solution (leaving the debate of how useful this might be out of the scope of this theory). Although I adopt such a value neutral stance, because an integratively complex solution is the dependent variable, and because I discuss the effect of the independent variables on the dependent variable in terms of whether they influence the dependent variable positively or negatively, I sometimes use terms analogous to positive and negative. I do this to reflect a mathematical association between the independent and dependent variables and not to suggest that something is more beneficial if it leads to an integrative solution rather than if it does not.

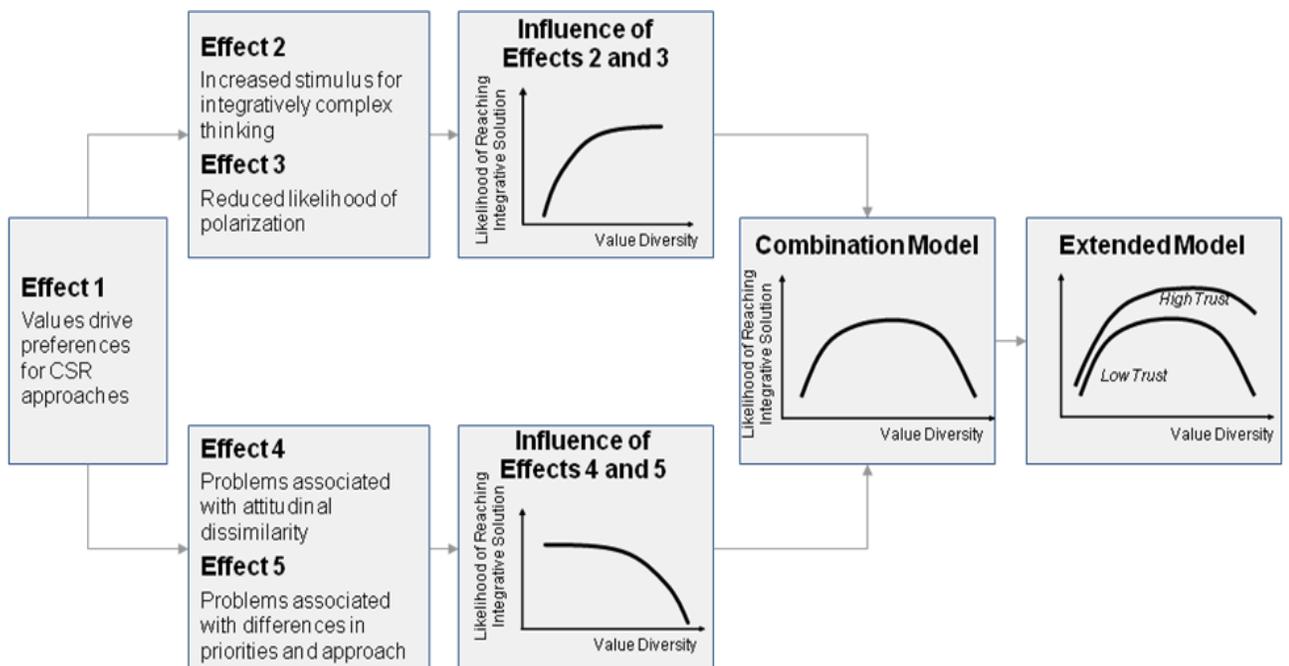
Finally, whenever I use the term ‘value diversity’ in this chapter, I am only hypothesizing about the diversity in values that are related to social impact and wealth. Although some of the propositions (propositions 4, 5, 6, 7) could also apply to value diversity of the more general nature, in this research I am focusing on the unique context of CSR and I build predictions based on the effects due to variances in these two types of values only.

The theorizing in this chapter is divided into two broad stages. In the first stage, I look at the many faceted variable of value diversity and explore five different types of effects of team member values on the workings of a top management team when confronted with a CSR problem. The first two effects are individual level effects, the first being the effect of a person’s own values on his or her preference for CSR approaches, and the second being the effect of other team members’ values on an individual’s motivation to approach the problem in integratively complex ways. The third effect is a team level effect of polarization that can arise due to the convergent shift of team-member attitudes towards an extreme. The fourth and fifth types of effects are disruptive influences of value diversity which can reduce the quality of team processes. The first type of disruption can occur due to the creation of negative emotions like anger and frustration of working with dissimilar teammates, while the second type can occur due to the uncertainty and confusion created by differences in value orientations.

In the second stage I explore how each of these effects might contribute to increasing or decreasing the likelihood of the top management team finding an integratively complex CSR solution. I also examine if each effect is more likely to be

linear or curvilinear, and which effects can be expected to be more pronounced at lower levels of value diversity and which ones at higher levels. Based on these analyses, I combine these effects into a single prediction of how value diversity might be expected to influence the likelihood of finding an integrative CSR solution. I present in figure 3, an overview of the steps involved in the theorizing to serve as a roadmap for this chapter.

FIGURE 3: OVERVIEW OF THEORETICAL MODEL



VALUE DIVERSITY AND ITS MANY FACES

EFFECT 1: IMPACT OF VALUES ON TMT MEMBER PREFERENCES FOR CSR APPROACHES

The general idea that personal values will guide people's preferences has been around for a long time and in fact this association is reflected in some of the most influential definitions of the values concept itself. For example Kluckhohn's definition of values (Kluckhohn, 1951, p.395) points out that values are conceptions of something that is 'desirable', while Rokeach's (1973, p.5) definition of values describes values as enduring beliefs that some conduct or end-state is 'preferable' to an opposing conduct or end-state. In the context of corporate social responsibility, it can therefore be predicted that people who value social impact more will show a preference for, and will be more likely to endorse CSR strategies that emphasize the social agenda of a corporation. Likewise, we can also predict that people who value wealth will show a preference for and will be more likely to endorse an approach to CSR that emphasizes the corporate goal of profitability. Even though this effect is fairly intuitive, I test these through specific hypotheses to confirm their validity in the CSR context that this research is being carried out for. Another reason why these basic hypotheses are important to test is because it will reveal whether the specific value measures that have been predicted to be related to social impact and profitability in a CSR context, are indeed the relevant values to be looking at in this managerial setting. Therefore the first proposition is,

Proposition 1: Personal Values will determine the preferences for strategic CSR approaches such that people will prefer strategies which are aligned with their personal values

Hypothesis 1a: Personal values will determine the preferences for strategic CSR approaches such that the more people value social impact, the more strongly they will prefer approaches that emphasize the social angle.

Hypothesis 1b: Personal values will determine the preferences for strategic CSR approaches such that the more people value wealth, the more strongly they will prefer approaches that emphasize profitability

Apart from the more well known attribute of values, which is that they drive people's preference for certain things, there is also the reverse possibility which is that they can lead people to oppose certain things. The schematic representation of the universal structure of human values by Schwartz (1992), helps us predict which values might lead to the opposition of which goals in a systematic way. According to Schwartz, the motivational goals associated with values that are diagonally opposite one another in the circular arrangement of values (fig 1.1) cannot easily be pursued at the same time. Schwartz does not explicitly mention that being high on a particular value will lead a person to be against the pursuit of a goal which is related to a diametrically opposite value. What he does suggest however is that associations with any outside variable will

decrease monotonically as one moves around the circular structure of value types in both directions from the most positively associated value type to the least positively associated value type (Schwartz, 1992). Therefore he suggests that the outside variable will be least positively associated with a diametrically opposite value, but does not suggest that it might be negatively associated with it. In the CSR Scenario this would translate into the suggestion that an exclusively-social focused CSR approach (the outside variable) is likely to be highly associated with social values (that form a part of the universalism values), and will be least positively associated with wealth values (which form a part of power values). I go a step further and suggest that people who value wealth highly might actually be opposed to a CSR suggestion that focuses exclusively on the social agenda, because there is an implicit conflict within them with respect to these two value-goals. I also suggest the reverse, which is that people who value social impact highly will be opposed to corporate approaches that exclusively focus on wealth creation.

Proposition 2: Personal Values will determine the preferences for strategic CSR approaches such that people will be opposed to approaches which exclusively emphasize a value that motivationally conflicts with their personal values.

Hypothesis 2a: Personal values will determine the preferences for strategic CSR approaches such the more people value social impact, the more strongly they will oppose approaches that exclusively emphasize profitability.

Hypothesis 2b: Personal values will determine the preferences for strategic CSR approaches such the more people value wealth, the more strongly they will oppose CSR approaches that exclusively emphasize the social angle.

EFFECT 2: INCREASED STIMULUS FOR INTEGRATIVELY COMPLEX THINKING

Closely related to the question of whether or not a team of managers find an integratively complex solution to the CSR problem, is the question of, in how much of an integratively complex manner is each individual team member motivated to think? As each member of the team thinks about the CSR problem, and the competing value requirements ingrained in the problem within his or her own mind, could it be possible that the presence of other team members might influence the complexity with which this issue is thought about? It is in such a context; the possible influence of team members with different values, that we now look at the variable of integrative complexity. Integrative complexity, as described earlier in chapter 2 is a cognitive style that is characterized by the recognition of competing perspectives on the same issue and the subsequent formation of conceptual links among these perspectives (Suedfeld, Tetlock, & Streufert, 1992). Integrative complexity is best described by breaking it into its two components of differentiation and integration. Differentiation is defined as, “the capacity and willingness to tolerate different points of view”, while integration is defined as the ability to “generate linkages between points of view, to understand why people look at the same event in different ways, to confront trade-offs, and to appreciate interactive patterns of causation” (Tetlock, Peterson, & Berry, 1993:500). Depending on

the extent to which people display elements of differentiation and integration in their thinking, their cognitive style can be described on a continuum ranging from low integrative complexity to high integrative complexity.

Integrative complexity has been treated as both a trait (Tetlock, 1991; Hermann 1999; Tetlock, Peterson, and Berry, 1993), and as a process variable that is sensitive to environmental cues such as stress, value conflict, accountability pressures and acculturation strategies (Tetlock, Peterson, & Lerner, 1996; Tadmor, Tetlock, and Peng, 2009). In this research, I adopt the process variable approach to integrative complexity and propose that presence of team members who are diverse in values related to the issue being considered, can stimulate an individual to think about the issue in more integratively complex ways. In the following paragraphs, I describe two key reasons why I expect value diversity in a team to influence the extent to which team members will approach the problem in integratively complex ways. The first argument is built using the theoretical framework of social comparison within the team, and the second argument is built on the social-context postulate of the revised value pluralism model, which has been summarized as part of the literature review in chapter 2. While both of these arguments are similar in that they draw upon the values of team members as the social context which influences each individual team member's motivation to think in integratively complex ways, they are different in the following way. The first argument looks at the specific event of a CSR related discussion in a top management team and suggests that there lies an opportunity for each team member to increase his or her standing in the team, and that this opportunity becomes more attractive when there is more value diversity in the team. The second argument however looks at the specific

event of a CSR related discussion in a top management team and suggests that there is a risk of being blamed or criticized by other team members if a one sided approach is proposed, and this risk becomes more salient when there is greater value diversity in the group.

Argument built on Social Comparison Perspective

From the social comparison perspective each team member will observe and make comparisons with other team members to get an understanding of the valued direction(s) in the team. He or she will then try to increase his or her image by being high along the valued direction(s) of the team. Therefore when there is more than one valued direction in the team then the team members have a strong incentive to come up with integratively complex ideas that will simultaneously be high along both these valued directions. Take for example, the case of a team which where all the members are pro-social and therefore social impact is the only valued direction in the team. When such a team sits down to discuss CSR strategies, there is no extra incentive for team-members to think of the problem in integratively complex ways and try to include both social and profitability goals in their suggestions, because they know that just including the social agenda will be enough to maintain a high image within the team. If on the other hand the team is diverse such that some team members are pro-profits and others are pro-social, then there are now two valued direction in the team. Now when the team is discussing a CSR issue, each team member has an added incentive to approach the problem in an integratively complex way (even if this might be cognitively more

difficult), because if he or she does this, then he or she is increasing his or her standing within the team along both valued directions.

Argument built on Revised Value Pluralism Model.

In line with the social context postulate of the revised value pluralism model, accountability pressures from the team will push each team member to respond to the problem in a way such that he or she can reduce the risk of being blamed or criticized. According to the revised value pluralism model (Tetlock, Peterson and Lerner, 1992) accountability pressures can work in three different ways depending on the specific nature of the context: (1) by promoting buckpassing and procrastination, (2) by promoting oppositional posturing, or (3) by promoting integratively complex thinking. I argue that in the context of a top management team that is discussing a CSR problem, it is the third effect that will be most pronounced. According to Tetlock, Peterson and Lerner (1992) buckpassing and procrastination is most likely when the audience magnifies the blame-avoidance motive, and oppositional posturing is most likely when the audience will reward demagoguery. Neither of these two descriptions would be typically applicable to a top management team where the team members usually have to work closely with each other for long periods of time and on a variety of issues. I therefore predict that when the accountability pressures in the team are increased in both directions such that the risk of being blamed for not addressing either goal sufficiently goes up, team members will respond by thinking in more integratively complex ways.

Take first the example of a team, where most of the team members value social impact very highly. In such a team, there is pressure to be accountable, but only to meet the social agenda. There is a risk of being blamed and criticized for an idea that a team member might put forth, but only if the social agenda is not addressed. In this situation the risk of blame and criticism can easily be minimized by making sure that the CSR ideas proposed are pro-social. However if the top management team has more value diversity such that some team members are pro-social while others value profitability highly, then the team member is accountable to both types of teammates. He or she risks being blamed by some of them if he or she does not address the social agenda sufficiently, and risks criticism from some others if the profitability goal is not given due importance. Therefore I predict that the presence of team members who are diverse in values related to the CSR problem will push individual team members to think of the CSR problem in more integratively complex ways.

Proposition 3: The presence of team members who are diverse in values related to social impact and profitability will stimulate an individual to think in more integratively complex ways about the CSR problem

EFFECT 3: REDUCED LIKELIHOOD OF ATTITUDE POLARIZATION

Although values are generally supposed to be predictive of a person's behaviour, the influence of values is often theorized as being indirect (through the formation of

attitudes) rather than direct (Hitlin & Piliavin, 2004a; Bardi and Schwartz, 2003; Wojciszke, 1989). While attitudes may initially be derived from a person's inherent values, they are also subject to contextual influence (Hitlin and Piliavin, 2004), and are susceptible to short term changes (Hitlin, 2003; Erickson, 1995; Smith, 1991; Konty and Dunham, 1997). Therefore in a top management team context, apart from looking at the team members' inherent values it is also important to look at any ongoing changes that might arise in team members' attitudes as they interact with one another. This is because although each team member's initial attitudes might be determined by his or her respective values, these attitudes are vulnerable to change through interaction with other team members. In this section therefore I explore the possibility that the beneficial effects of diverse perspectives and motivations due to value diversity might get dampened by the convergent shift of group members' attitudes in a shared direction. Specifically, I revisit the phenomenon of attitude polarization, which is well established in the small groups literature and apply it to the context of a top management team which is working together to find an integrative CSR solution.

Attitude Polarization is a phenomenon that can occur in a group such that interaction between group members can cause a shift in the attitudes of the group towards an extreme. This counter-conformity effect of attitude polarization, where groups shift away from the average instead of towards it has been widely researched in the psychological field ever since it was first identified by Moscovici and Zavalloni (1969). Several theoretical reasons for why polarization may occur have been put forth by scholars, but the two most widely supported theories are the social comparison

process (Sanders & Baron, 1977) and persuasive argumentation theory (Burnstein & Vinokur, 1977) and these theories have been reviewed in greater detail in chapter 2.

In this section I use both these theories of attitude polarization to examine how the likelihood of attitude polarization occurring in a top management team is dependent on the level of value diversity in the team. First, let us take a scenario where all team members value the social goal in a positive way to similar extents (low value diversity). In such a scenario each team member knows that the valued direction for the team is social impact, and so when the social comparison process (the one-upmanship process) kicks in, each person will shift his attitude more and more in favour of the social goal. The pro and con arguments will also see preponderance in favour of social impact and the group will increasingly polarize towards creating social impact. The mechanism of polarization is a key step because a team that is polarized tends to be even more one-sided than a homogenous team that has not polarized. This is because in a polarized team, the final attitude shifts to an extreme, and not towards the average of initial attitudes of team members. Therefore attitude polarization in a team can lead to a situation where one value goal eventually becomes far more important to the team than the other.

As a second example let us take a case of a team that is more diverse with some team members valuing social impact highly but others not valuing it that much. In this case there is not a clearly defined direction that is more valued than the other. Thus, it is unlikely that one-upmanship will kick in and therefore the likelihood of polarization is decreased. From a PAT perspective as well, the arguments are likely to be equally

distributed in favour of creating social impact as well as against social impact and so polarization is unlikely to occur. By similar logic the more diverse a team is with respect to the wealth values, the less likely it will be to polarize either strongly in favour of profitability or against profitability. Polarization has always been argued to depend on the extent to which opinions and attitudes differ within the group before discussion begins, with opinion and attitude extrematization increasing as the percentage of group members with the same attitude or opinion increases. The study by Williams and Taormina (1993) shows for example, how the introduction of some diversity into a homogenous team can reduce the polarization effect in a business decision task. This effect is therefore not a new prediction in the polarization literature but in describing this effect I apply the existing theory of polarization in a group to the CSR discussion context.

Therefore this effect would suggest that the greater the diversity in the team with regard to the values related to social impact and profitability the lower is the likelihood of the team members polarizing extremely in favour of or extremely against any particular goal.

EFFECT 4: PROBLEMS ASSOCIATED WITH ATTITUDINAL DISSIMILARITY

It has been pretty well established in the literature that similarity leads to interpersonal attraction between people (Byrne, 1971; Levine & Moreland, 1990; Lott & Lott, 1965; Stroebe, Insko, Thompson, & Layton, 1971). The similarity-attraction paradigm (Byrne, 1971) would predict that when working together in a team, individuals

will experience more satisfaction and will like to work with others who are similar to themselves. This prediction becomes even more powerful when used in the context of attitudinal similarities rather than demographic similarities. In fact there is a significant body of research that has specifically investigated the role that similarity of attitudes plays in attraction. For example, studies by (Berscheid & Walster, 1969) and Byrne (1971) reveal how people are most attracted to others who share similar attitudes.

Additionally, researchers have also specifically examined if it is only true that a lack of similarity will lead to an absence of attraction, or if the presence of dissimilarity can actually repel people from one another. This hypothesis, known as ‘The repulsion hypothesis’ coined by Rosenbaum (1986), has been validated empirically and the results suggest that people actually find it unsettling and disturbing to work with attitudinally dissimilar others. Combining the perspectives from the similarity-attraction paradigm and the dissimilarity-repulsion view, it can be expected that people will want to avoid social interactions with dissimilar others and that people will enjoy working with teammates who are attitudinally similar to themselves. For example, Northcraft and Neale (1999), report that value diversity in work teams can decrease satisfaction, intent to remain, and commitment to the group. Bringing this argument to the context of the top management team, I expect that managers will be likely to experience more satisfaction in a team when team-members are attitudinally similar to one another rather than in a team where there is a high level of attitudinal dissimilarities in the team.

Proposition 4: The higher the level of value diversity in the team, the lower will be the level of satisfaction with working in the team

Hypothesis 4a: The greater the diversity in the team with regard to social values the less likely the team is to experience satisfaction in working with each other

Hypothesis 4b: The greater the diversity in the team with regard to wealth values the less likely the team is to experience satisfaction in working with each other

It is not uncommon for the dislike experienced in working with attitudinally dissimilar others to show up in the form of negative emotions like anger and frustration (Barki & Hartwick, 2004; KA Jehn, 1994, 1997; K. A. Jehn, Chadwick, & Thatcher, 1997; Pinkley, 1990). Specifically in the context of diversity, Jordan, Ashkanasy, Härtel, & Hooper (2002) argued that dealing with diversity can result in the formation of negative feelings which might have to be managed at an emotional level. I argue, in the following section that this tendency of diversity in teams resulting in the formation of negative emotions, is heightened even more when the dissimilarity of attitudes is caused due to deeply held personal values. This is because values are core personal beliefs that are deeply tied with a person's identity and emotions (Bardi & Schwartz, 2003) and therefore a person is more likely to have an emotional response to a violation of these deeply held ideals or norms.

Values are analogous to desirable and meaningful goals which people strive to attain (Schwartz, 1992, Feather, 1995; Joas, 1996). There is quite a bit of research to suggest that perceived interferences in relation to the attainment of goals can result in negative affect (Carver & Scheier, 1990; Emmons, 2006; Kruglanski, 1996; Wrosch,

Scheier, Carver, & Schulz, 2003). Because values are held within a person's mind as analogous to meaningful personal goals, we can expect that when the attitudes of other team members is not in line with these personal goals, it will be seen as an interference or impediment to the goals and will therefore result in frustration. This is because the emotion of frustration has typically been associated with interference or impediments in the attainment of personal goals (Berkowitz, 1969; Dollard et al., 1970).

Values can also be seen as a form of personal ethics, as an internal code of conduct, or as a set of standards that one has set for oneself (Allport, 1961; Edel, 1988; Hitlin & Piliavin, 2004a) and researchers have recorded that violations of moral and ethical standards are often associated with negative emotions (eg., Ausubel, 1955; Bibring, 1953). The emotion of anger has been particularly relevant when personal norms and standards are violated (Ohbuchi et al., 2006). This is because anger is usually considered a reaction to another person engaging in a behaviour in which he or she should not have engaged (Averill, 1982). Therefore I propose,

Proposition 5: Higher levels of value diversity will result in more anger and frustration within the team.

Hypothesis 5a: The greater the diversity in the team with regard to social values the higher is the likelihood of experiencing frustration when working together

Hypothesis 5b: The greater the diversity in the team with regard to wealth values the higher is the likelihood of experiencing frustration when working together

Hypothesis 5c: The greater the diversity in the team with regard to social values the higher is the likelihood of experiencing anger when working together

Hypothesis 5d: The greater the diversity in the team with regard to wealth values the higher is the likelihood of experiencing anger when working together

Finally, since higher levels of value diversity are predicted to lead to the formation of negative emotions of anger and frustration with respect to working in the team, and since the negative emotions have typically shown to be related with lower levels of satisfaction (Connolly & Viswesvaran, 2000; Wright & Staw, 1999), I also predict that higher levels of value diversity will lead to lower levels of satisfaction in working within the team, because of the creation of negative affect. I therefore propose that the effect of value diversity on team satisfaction will be mediated by the negative affective experiences of anger and frustration.

Hypothesis 5e: Anger will mediate the effect of social value diversity on team satisfaction

Hypothesis 5f: Anger will mediate the effect of wealth related value diversity on team satisfaction

Hypothesis 5g: Frustration will mediate the effect of social value diversity on team satisfaction

Hypothesis 5h: Frustration will mediate the effect of wealth related value diversity on team satisfaction

EFFECT 5: PROBLEMS ASSOCIATED WITH DIFFERENCES IN PRIORITIES AND APPROACH

Values serve as standards or criteria that guide the selection or evaluation of actions, and events (Schwartz, 2005). People can form different expectations of what will be expected as an output of a CSR project based on their own personal values. For example, a person who highly values social impact might assume that whatever solution is decided upon must ultimately meet a certain level of social impact. When discussing about ideas and possibilities with teammates, this person might not make his or her own assumption explicit, because to this person, it is not an assumption but indeed the ‘way it should be’. Indeed the research on values shows that people are usually not conscious of the manner in which their own values are influencing their assumptions, perceptions and judgements (Bardi & Schwartz, 2003; Kristiansen & Zanna, 1988). When other team members with different values and therefore different priorities and expectations of what should be done, express their points of view, this person might get confused as to what is going on in the team. This person might not understand why the other team members are pursuing some other goals and not addressing what is according to him or her, ‘the key focus’. Differences in values can also lead a person to be confused about what his or her team members expect from him or her. For example, the team might set a guideline that all ideas proposed should have a positive impact on key stakeholders. A person who is very profit focussed would interpret this guideline as a need to focus on

shareholders, while another person with high social values might be thinking of suppliers, customers, the local community and future generations. Neither of these persons would be clear of what the expectations of the other team members will be. These are just examples, but there are other possibilities of confusions and misunderstandings that can arise within the team as well, when the team members have different values and priorities guiding their approaches and thinking. This confusion and uncertainty only gets enhanced when the value based dissimilarities are along the same value related dimensions as the key goals of the project.

Proposition 6: Higher levels of value diversity will result in more uncertainty, and confusion in the team.

Hypothesis 6a: The greater the diversity in the team with regard to social values the higher is the likelihood of experiencing uncertainty when working together

Hypothesis 6b: The greater the diversity in the team with regard to wealth values the higher is the likelihood of experiencing uncertainty when working together

Hypothesis 6c: The greater the diversity in the team with regard to social values the higher is the likelihood of experiencing confusion when working together

Hypothesis 6d: The greater the diversity in the team with regard to wealth values the higher is the likelihood of experiencing confusion when working together

As suggested above, high levels of value diversity within the team are likely to lead to confusion and uncertainty within team members regarding the goals of the project and the expectations of team members. The differences in value priorities can also lead to differences in priorities and commitments. For example in the context of a top management team, the CSR problem will be only one of many other problems that the team has to work on. A person who is very high on social values might be highly committed to the CSR project and might find it problematic to see some other team members not displaying as much commitment to it. Such differences in expectations and commitment levels are likely to show up in the team in the form of people coordination problems. This is because when some team members are not as committed to a particular task as others, it might appear to the more committed persons that the less committed ones are slacking and disrupting the progress of the work. Further, if a particular team member does not contribute with the quality that the team expects, it puts the burden on other members to work harder to make up and this shows up as process coordination conflict (Behfar, Mannix, Peterson, & Trochim, 2010).

Proposition 7: Higher levels of value diversity will result in more coordination problems in the team.

Hypothesis 7a: The greater the diversity in the team with regard to social values the higher is the likelihood of experiencing people coordination problems when working together

Hypothesis 7b: The greater the diversity in the team with regard to wealth values the higher is the likelihood of experiencing people coordination problems when working together

Finally, since higher levels of value diversity are predicted to lead to the creation of uncertainty and confusion in the team, and since uncertainty and confusion is likely to cause coordination problems between the members of the team, I also predict that higher levels of value diversity will create coordination problems in the team because of the uncertainty and confusion. I therefore propose that the effect of value diversity on people coordination conflict will be mediated by the experiences of uncertainty and confusion in the team.

Hypothesis 7c: Uncertainty will mediate the effect of social value diversity on people coordination problems in the team

Hypothesis 7d: Uncertainty will mediate the effect of wealth related value diversity on people coordination problems in the team

Hypothesis 7e: Confusion will mediate the effect of social value diversity on people coordination problems in the team

Hypothesis 7f: Confusion will mediate the effect of social value diversity on people coordination problems in the team

THE COMBINED EFFECT OF VALUE DIVERSITY ON FINDING AN INTEGRATIVE SOLUTION

In the first part of this chapter I described five different ways in which value diversity might influence the working of a top management team which is working on formulating a CSR strategy. The first effect, (1) the effect of a person's own values on his or her preference for CSR approaches was described as a foundational effect of team member values in influencing their preferences in the CSR context and this was used to build the arguments related to some of the other effects that were predicted. The second effect, (2) the effect of other team members' values on an individual's motivation to approach the problem in integratively complex ways and the third effect, (3) the decreased likelihood of polarization in which team-member attitudes might shift towards an extreme, open up the possibility that value diversity can support integratively complex thinking in the team. In the following section I argue why these two effects of value diversity (2 and 3) can be expected to influence the likelihood of the top management team in finding an integrative solution such that, the higher the level of value diversity the more likely the team is to find an integrative CSR solution. At the same time, the fourth and fifth types of effects of value diversity described earlier in this chapter namely, (4) problems associated with dissimilarities, and (5) problems associated with differences in priorities and approaches, are typical of some of the more disruptive influences of value diversity which have the potential to reduce the quality of team processes. In the following section I also reflect on why the first type of disruption,

caused due to the creation of negative emotions like anger and frustration of working with dissimilar teammates, as well as the second type of disruption caused due to the uncertainty and confusion created by the differences in value orientations, both have the potential to reduce the likelihood that the top management team will find an integrative CSR solution.

Increased Stimulation for Integratively Complex thinking

In the first part of this chapter I proposed that the more the value diversity in a top management team, the more stimulated each team member will be to think about the problem in integratively complex ways. I used two arguments to support this reasoning, the first built on a social comparison perspective and the second built on the social context postulate of the value pluralism model. I now link this increase in individual level integrative complexity thinking to the team level outcome of finding an integratively complex CSR solution. This is best understood by breaking integrative complexity into its two components of differentiation and integration. The more likely each individual member is to think of the solution in integratively complex ways, the more is his or her ability to differentiate actively between the two concepts and therefore the more likely he or she is to make explicit during the team discussion, the two different agendas of the problem. Similarly with integration, the more likely each individual member is to think of the solution in integratively complex ways, the more is his or her ability to identify integrating frameworks between the two concepts and therefore the more likely he or she is to suggest these possibilities of integration during

the team discussion. Such reasoning has also been made previously by (Wong, Ormiston, & Tetlock, 2010) who suggest that team level integrative complexity can be linked to the integrative complexity of the individual team members. Therefore value diversity in a top management team can be expected to increase the likelihood that the team will find an integratively complex CSR solution.

Decreased chance of polarization

In the first part of this chapter I proposed that the higher the value diversity in a top management team, the lower the likelihood that the team will polarize towards either extreme of either social impact or profitability. I used two arguments to support this reasoning, the first built on a social comparison perspective and the second built on the persuasive argumentation theory. I now link this decrease in likelihood of polarization to the likelihood of finding an integratively complex CSR solution. This is because as a result of polarization team member attitudes influence one another such that they converge, but they don't converge towards a mean, in fact they converge towards any one extreme (Moscovici and Zavalloni, 1969). Polarization of attitudes therefore will result either in a team where all team members strongly favour social impact only, or a team where everyone is solely focused on profitability. In either case, the chances of finding an integrative solution are highly reduced, because such a team will be focused on a single goal and is likely to pursue that goal at all costs, including the cost of the second non-represented goal in the team. To summarize, higher levels of value diversity have been predicted to decrease the chances of polarization, but the lower the likelihood

of polarization, the higher the likelihood of finding an integrative solution. Therefore it can be argued that higher levels of value diversity in a top management team will be associated with a higher likelihood that the team will find an integratively complex CSR solution.

Negative Affect and Dissatisfaction

In the first part of this chapter I proposed that higher levels of value diversity in a top management team will lead to the creation of negative emotions like anger and frustration in the team members and this will also lead to them feeling less satisfied with working in the team. The main underlying cause for this creation of negative affect and dissatisfaction was argued to be attitudinal dissimilarities which have their roots in deeply held values. I link this increase in negative affect and dissatisfaction with a possible reduction in the quality of team processes and argue therefore that such a team will be less likely to find an integrative CSR solution. A primary association between team member affect and team member satisfaction with interpersonal interactions and the quality of team performance is well established in the literature (Barki & Hartwick, 2004; Barsade, 2002; Bartel & Saavedra, 2000; Kelly & Barsade, 2001; Totterdell, Kellett, Teuchmann, & Briner, 1998). I argue that this association should be even more pertinent in the context of a complex and value laden task like finding an integrative CSR solution because of two reasons. The first reason is that because it is a value laden task, team-members are more likely to get emotionally charged during team discussions, and the experience of negative affect will make it more difficult to approach the problem

in a balanced way. The second reason is that because it is a complex task intellectually to integrate such seemingly disparate goals, the team members need to be sufficiently motivated to persist till they find an integrative solution and negative affect and dissatisfaction in working with the team, can demotivate the team members from persisting on the problem (Grandey, 2008; Kruml & Geddes, 2000). This argument would suggest then that value diversity in a top management team can be expected to decrease the likelihood that the team will find an integratively complex CSR solution.

Confusion and Uncertainty

In the first part of this chapter I proposed that higher levels of value diversity in a top management team will lead to the creation of uncertainty and confusion, and cause coordination problems in the team. The main underlying cause for the creation of such uncertainty and confusion was argued to be differences in priorities and approach caused by differences in value orientations. I argue that this increase in uncertainty and confusion will lead to a reduction in the quality of team processes because of (1) ambiguity regarding the direction and extent of progress on either goal and (2) absence of an understanding of what is expected from each team member by other team members. There is some prior evidence in the literature that uncertainty, confusion, and coordination problems can reduce the quality of team processes and team performance (Behfar et al., 2010; K Jehn, Greer, Levine, & Szulanski, 2008). I argue that this association is even more pertinent in the context of a complex task like finding an integrative CSR solution because unlike a simple task, there is already a certain amount

of embedded ambiguity in the task because of the two contending goals. Therefore, I propose that the creation of extra confusion and uncertainty because of value diversity will make it even more difficult for team members to coordinate effectively on this problem. This argument would suggest then that value diversity in a top management team can be expected to decrease the likelihood that the team will find an integratively complex CSR solution.

A COMBINATION MODEL

The first two effects of value diversity (increased stimulation to think in integratively complex ways and decreased chance of team polarization) suggest that the higher the value diversity the greater is the likelihood that the team will reach an integrative solution that meets both value goals. However, the second two effects of value diversity (greater negative affect and greater confusion and uncertainty) suggest that an increase in value diversity can decrease the quality of the team processes and reduce the likelihood of reaching an integrative CSR solution. The question at this stage then is, *what might be the resultant effect of value diversity given the two opposite effects suggested by these different theoretical perspectives?* To answer this question it is useful to examine which of the four predicted effects might dominate at low levels of value diversity and which might dominate at higher levels.

Increased Stimulation for Integratively Complex thinking

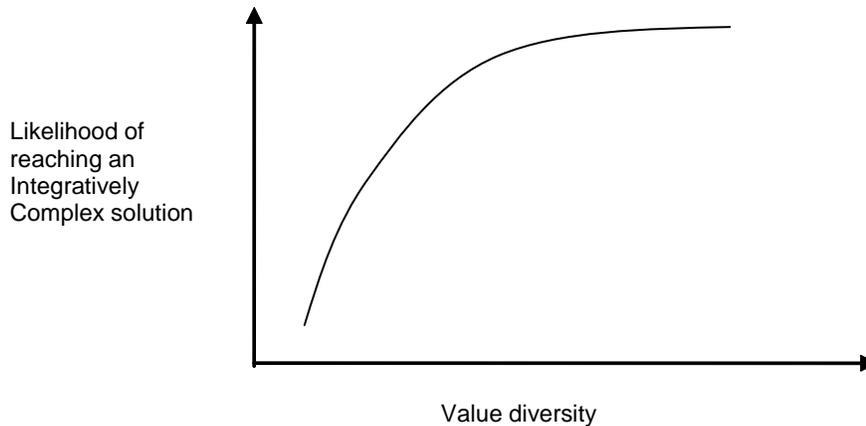
Based on the arguments presented in the preceding section, higher levels of value diversity has been predicted to increase the chances that the team will find an integrative solution by stimulating each team member to think of the problem in more integratively complex ways. As an example, when all members favour social impact, the team members have very little external incentive to think about the problem in integratively complex ways. At this stage, the addition of a little bit of value diversity in the team, will have a significant impact on increasing the incentive for team members to include the second goal of profitability in their thinking. This increase is steep in the beginning when the team is moving from a very congruent team to one that has more value diversity. However, beyond a point, the curve flattens out as there is sufficient representation of both values in the team to provide incentives to include both aspects of the problem into the thinking, and increasing the value diversity beyond this point does not produce any further benefit.

The reason behind such a decreasing marginal impact of increasing value diversity in the team, can be explained by looking at the two theoretical mechanisms through which team members value stances are predicted to stimulate individual motivation to approach the problem in a more integratively complex manner. The first theoretical mechanism is related to the social comparison perspective, where the presence of team members who are high on particular values will make those values the valued directions for the team, and therefore provide an opportunity to increase individual standing in the team by being able to suggest an idea that integrates both the

valued directions. The second theoretical mechanism is related to the social context postulate of the value pluralism model where, the presence of team members who are high on particular values heightens the risk of excluding that value goal from any suggestion that is made. To understand why these mechanisms suggest a decreasing marginal impact, take an example of a team where the value diversity is very low such that all the team members value social impact very highly. In such a team there is no external incentive to think of the problem in integratively complex ways, nor is there any risk associated with taking a simple one sided approach. However, when a little bit of value diversity is introduced in the team such that the goal of profitability is also mildly represented, then this does two things to increase the likelihood of integrative thinking (1) it presents an alternate valued direction for the team which now presents a new opportunity to increase standing (2) it increases the risk associated with presenting a viewpoint that does not include this second goal. When value diversity is increased even more, then the stimulation to think in integratively complex ways increases even more, because of the relative strengthening of the second valued direction for the team, and the increased representation of persons who favour the second goal. However, there will come a stage when both the goals of social impact and profitability are sufficiently represented in the team to stimulate team members to integrate both viewpoints into their thinking. This point of adequate representation of both goals is likely to occur much before reaching the point of maximum diversity in the team because, it is only necessary to represent both social impact and profitability to the extent that both goals are recognized as being valued by the team, they need not have to equally represented. Therefore the curve (as depicted in figure 3.1) is expected to flatten out after a point

such that increasing value diversity beyond this point does not add significantly to an increase in motivation for integrative thinking and therefore does not significantly impact the likelihood of finding an integrative solution.

Figure 3.1: Effect due to increased Stimulus for Integratively Complex Thinking



Decreased chance of polarization

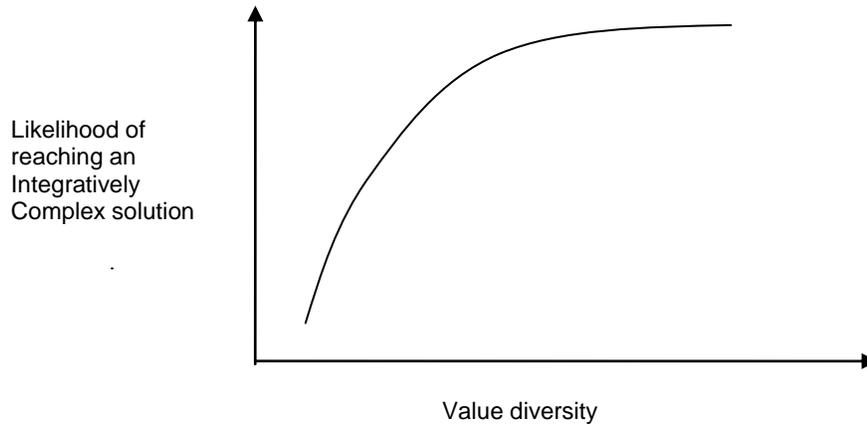
Based on the arguments presented in the preceding section, higher levels of value diversity has been predicted to increase the chances that the team will find an integrative solution because value diversity decreases the likelihood of polarization. As an example, when all members favour social impact, the team has a very high tendency to polarize in the direction of social impact. At this stage, the addition of a little bit of value diversity in the team, will have a significant impact on decreasing the teams tendency to polarize towards social impact. This increase is steep in the beginning when the team is moving from a very congruent team to one that has more value diversity. However, beyond a point, the curve flattens out as the team has reached a point where

there is enough diversity to prevent it from polarizing at any cost and increasing the value diversity beyond this point does not produce any further benefit.

The reason behind such a decreasing marginal impact of increasing value diversity in the team, can be explained by looking at the two theoretical mechanisms through which polarization is expected to occur. The first theoretical mechanism is related to the PAT perspective where increasing the value diversity in the team would bring to the team an increase in pro or con arguments favouring each of the two goals of social impact and profitability. The second theoretical mechanism is related to the social comparison perspective where increasing the value diversity in the team reduces the possibility of one value overshadowing the other as being the valued direction for the group. To understand why these mechanisms suggest a decreasing marginal impact, let's take an example of a team where the value diversity is very low such that all the team members value social impact very highly. This team is very likely to polarize towards social impact because it is clear that the valued direction in the team is social impact (SC perspective) and the majority of arguments in the team will favour social impact (PAT perspective). However, when a little bit of value diversity is introduced in the team such that the goal of profitability is also mildly represented, then this does two things to decrease the likelihood of polarization (1) it creates a certain degree of ambiguity in the team regarding what the valued direction for the team is, and (2) it introduces arguments favouring the goal of profitability into the team discussions. When value diversity is increased even more, then the likelihood of polarization decreases even more because of the creation of more ambiguity regarding the valued direction in the team and also because of a further increase in arguments supporting the second goal of profitability.

However, the marginal impact of an equivalent increase in value diversity, will be less, because there will be fewer unique arguments favouring profitability that are introduced into the discussion this time (this is due to the possible overlap of arguments presented by different people) and a smaller incremental increase in the valued direction of the team. Thus the incremental effect of increasing the value diversity in the team keeps on decreasing, and there comes a stage when both the goals of social impact and profitability are sufficiently represented in the team to prevent it from polarizing. This point of adequate representation of both goals is likely to occur much before reaching a point of maximum diversity in the team because, it is only necessary to represent both social impact and profitability to the extent that the team does not lose sight of one and polarize completely towards the other. Such a non linear effect associated with the introduction of minority dissenting members in a team has similarly been described by Nemeth (1985), where the maximum effect is brought about by the first dissenting member, and the marginal effect of adding more and more dissenting team members keeps decreasing. Therefore the curve (as shown in figure 3.2) is expected to flatten out after a point such that increasing value diversity beyond this point does not impact the chance of polarization anymore and therefore does not impact the likelihood of finding an integrative solution.

Figure 3.2: Effect due to reduced chances of Polarization



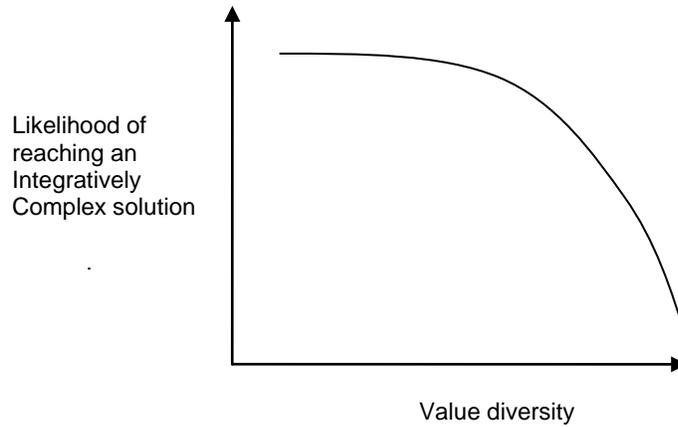
Negative Affect and Dissatisfaction

Based on the arguments presented in the preceding section, higher levels of value diversity has been predicted to decrease the chances that the team will find an integrative solution because of the creation of negative affect like anger and frustration which can reduce the quality of team processes, and decrease the motivation for team members to work together for longer periods which might be needed to persist on a complex task with two competing goals. I argue that these effects of negative affect will be more pronounced at higher levels of value diversity than at lower levels. The decrease in the effectiveness of working together is lower when levels of value diversity is low, because team members will usually able to tolerate mild levels of differences without letting it generate much negative affect. However the slope of the curve becomes progressively steeper as value diversity in the group increases. This is because the process through which value diversity leads to a decreased change of finding an integrative solution is more or less powerful depending on the atmosphere prevalent in the group. When the level of negative affect in the team is high and when the team is not

being able to perform effectively, the atmosphere is tense and strained. In such an atmosphere, team members are likely to be more sensitive and unaddressed value issues and opposing value stands are likely to be more salient and cause further anger and frustration among team members (Barsade, 2002; Kelly & Barsade, 2001). On the contrary, when there is less interpersonal conflict in the group and the group is also performing effectively, the atmosphere in the group is cheerful and exuberant. In such an atmosphere group members are likely to be more tolerant of differences, and they are also likely to be more accommodative and generous in their attributions of other's varied viewpoints and stances. Thus the same quantum of increase in value diversity, is expected to lead to a greater increase in negative affect when the group atmosphere is tense and strained, than when it is relaxed and cheerful.

This is a feedback sort of effect where the level of negative affect in the group at each point plays an active role in influencing the extent to which an increase in value diversity can trigger the formation of subsequent anger and frustration within the team. Thus this effect (as depicted in figure 3.3) is predicted to become more pronounced as we move from lower levels of value diversity to higher levels of value diversity.

Figure 3.3: Effect due to Negative Affect and Dissatisfaction

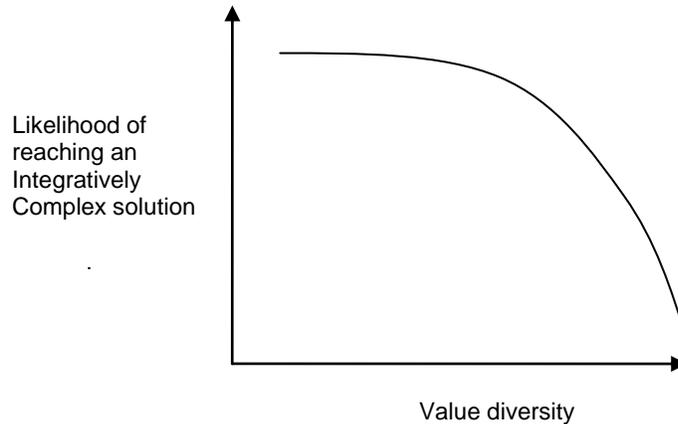


Confusion and Uncertainty

Based on the arguments presented in the preceding section, higher levels of value diversity has been predicted to decrease the chances that the team will find an integrative solution because of the creation of confusion and uncertainty which can reduce the quality of team processes. I argue that these effects of reduction in the quality of team processes due to the creation of confusion and uncertainty will be more pronounced at higher levels of value diversity than at lower levels. The decrease in the effectiveness of working together is lower when levels of value diversity is low, because team members will usually be able to tolerate mild levels of confusion and uncertainty without letting it get in the way of their progress. In fact small amounts of confusion and uncertainty can even help by breaking down routines and thus stimulating out of the box thinking. However higher levels of confusion and uncertainty can create coordination problems, can lead to a lack of focus and impede a group in effectively working together. Therefore this effect (depicted in figure 3.4) is also predicted to become more

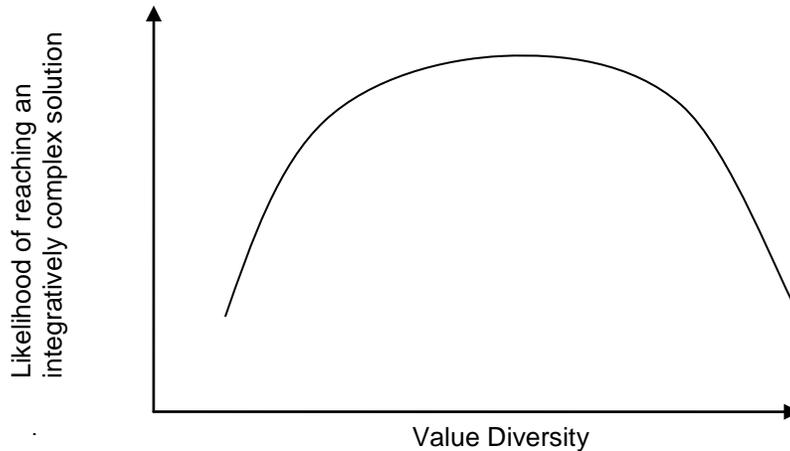
pronounced as we move from lower levels of value diversity to higher levels of value diversity.

Figure 3.4: Effect due to Confusion and Uncertainty



Summarizing the above arguments, the first two effects of value diversity (increased stimulation to think in integratively complex ways and decreased chance of team polarization) will be more pronounced at lower levels of value diversity while the second two effects of value diversity (greater negative affect and greater confusion and uncertainty) will be more pronounced at higher levels of value diversity. Given the directions of these two effects, (the effects of the first two mechanisms being positive and the effects of the second two being negative, the resultant prediction as depicted in figure 3.5 is an ‘inverted U’ shaped prediction.

Figure 3.5: Inverted-U-Prediction



Proposition 8: *Diversity in the team with regard to social and wealth values can be beneficial to a team in finding an integrative CSR solution, but too much of it will reduce the chances of reaching an integrative solution.*

Hypothesis 8a: The relationship between social value diversity and likelihood of finding an integrative CSR solution will be curvilinear (inverted-U shaped), such that moderate diversity will be associated with a high likelihood of finding an integrative solution, and very low diversity or very high diversity with low likelihood of finding an integrative solution.

Hypothesis 8b: The relationship between wealth related value diversity and likelihood of finding an integrative CSR solution will be curvilinear (inverted-U shaped), such that moderate diversity will be associated with a high likelihood of finding an integrative

solution, and very low diversity or very high diversity with low likelihood of finding an integrative solution.

Assumption of independence of effects 2, 3, 4 and 5

In this model I have examined the different effects of value diversity as it relates to attitude polarization, integrative complexity of thought, anger, frustration, dissatisfaction, uncertainty, confusion, and coordination problems. Although it is possible that some of these affective and cognitive outcomes might be linked to one another so that they might influence each other, for the sake of parsimony I do not explore such interaction in this model. The primary aim of this study is to investigate the influence of value diversity on the likelihood of finding integrative CSR solutions. With this aim in mind, I make predictions about the different possible effects of value diversity to build the argument as to what the resultant influence will be on the likelihood of finding an integratively complex CSR solution. While one advantage of making individual predictions for each of the effects is that I can test each of these effects individually and thereby add to the literature on the effects of value diversity (over and beyond the final prediction of integrative CSR solutions), the disadvantage is that it somewhat distracts from the main focus on integratively complex solutions. Also because I elucidate each effect as an independent prediction, there appears to be an implicit assumption that each effect is independent of the other. There would be two sub-assumptions in such an assumption of independence. The first sub-assumption is that each effect will occur (as a function of value diversity) whether or not the other effects occur, and the second is that each effect will not be related to the other (ie: they

will not influence each other through interactive effects of dampening or accentuation due to the presence of another effect). I now address each of these sub-assumptions with respect to the model.

In this theoretical model the assumptions that I make related to the independence or non independence of the various effects are as follows:

1. Effects 2, 3, 4, and 5, will each occur to some degree as a function of value diversity without the requirement that some other effect of value diversity should also hold true.
2. There is no Interaction between Effects 2, 3, 4, and 5

In the context of exploring the consequences for the model if each of these assumptions are relaxed, I note that (a) assumption 1, is sufficient for the creation of the logic used in the model to make the final prediction of an inverted-U shaped influence on the likelihood of reaching an integrated solution and (b) assumption 2 is not necessary for the inverted-U shaped prediction to hold as an output of the model. This is because although, the relaxing of assumption 2 will lead to more predictions about the interaction between each of these effects, and the possibility of one effect influencing the other, it will not make a difference to the assertion that no matter what, each of these effects will occur to some degree. Again, relaxing assumption 2 will not alter the logic of the second stage of theorizing where I explore how each effect might contribute to increasing or decreasing the likelihood of finding an integrative solution and make predictions about the nature of each curve. Relaxing assumption 2 will also not alter the logic that because of the two different types of increasing and decreasing influences, the

resultant influence of value diversity is likely to be an inverted-U shape such that some amount of value diversity will increase the likelihood of finding an integrative solution, but very high levels of value diversity will decrease the likelihood. To summarize, the theoretical approach taken in this research carries an implicit assumption that the different effects of value diversity will occur independent of each other. For the predictions of the model to hold it need not be assumed that each of these effects might not influence one another or that there is no interaction between them. These interactive effects have not been included in the model in order to keep it simple at this stage. The assumption that is required for this simple version of the model is that each effect will indeed occur to some degree, as a function of value diversity, whether or not some other effect occurs. Each effect may indeed be heightened or dampened due to the presence of another of the effects and perhaps these interactions could be explored in a more advanced version of the model posed in this research. Including the effects of these interactions might advance the model to suggest that either the increasing or the decreasing effects of value diversity will be more powerful than the other, and therefore the peak of the inverted-U shape might not occur near the centre but might shift to the right or left. However, there will still be a final prediction where teams with either extreme of value diversity will be less likely to find integrative solutions than teams in the middle.

THE MODERATING EFFECT OF TRUST

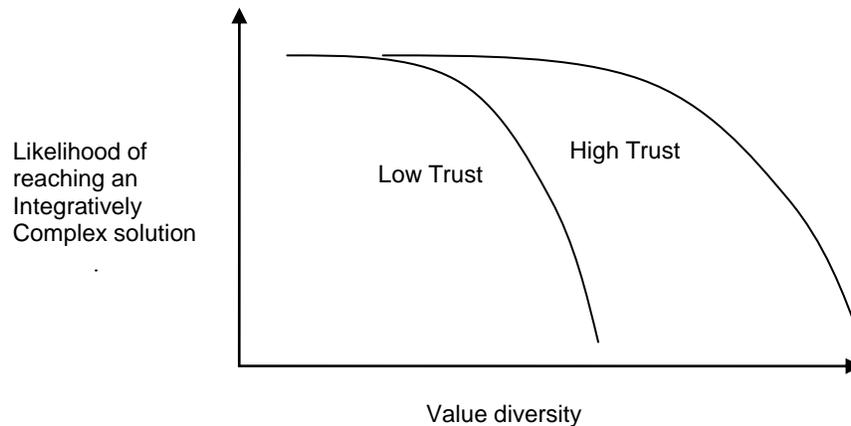
Vertical shift of curves

In both past and contemporary research on trust, there has been a general consensus that when the level of trust is increased, a group experiences superior group processes (Bromiley & Cummings, 1995; Butler Jr, 1999; Golembiewski & McConkie, 1975; G. Jones & George, 1998; Mayer, Davis, & Schoorman, 1995; Schoorman, Mayer, & Davis, 2007). Empirically as well, there are quite some studies that have found a direct relationship between trust in groups and group performance (Dirks, 1999; Friedlander, 1970; Kegan & Rubenstein, 1973; Klimoski & Karol, 1976). Therefore under most circumstances it can be expected that teams that share higher levels of trust will be more likely to succeed in their attempts to find solutions to whatever problem they are working on. Thus for the same level of value diversity, a team that is high on trust will be more likely to work on the problem more effectively and keep searching until it finds an integrative solution that addresses both value goals, than a group that is not. Because of this all four curves (3.1 – 3.4) are predicted to shift vertically such that the curves move upwards for groups that are high on trust and downwards for groups that are low on trust.

Horizontal shift of curves

Trust is not predicted to influence or interact with the extent of individuals thinking in more integratively complex ways or with the process of attitude polarization itself. Therefore there is no prediction of a horizontal shift in curves 3.1 and 3.2 because of trust. However, trust can influence the processes related to curves 3.3 and 3.4 (greater negative affect and greater confusion and uncertainty) such that there could be a horizontal shift of these curves depending on whether the level of trust in the team is low or high. There is research to suggest for example that trust building activities could remove some of the emotional and interpersonal obstacles to effective group functioning and permit group members to devote a greater proportion of their energies toward actual task work (Morris & Feldman, 1997), or that trust can operate in an organizational setting by serving to facilitate the effects of other determinants on work attitudes, perceptions, behaviours and performance outcomes (Dirks & Ferrin, 2002). Dirks (1999) found empirical support for the moderating role of trust in influencing how motivation is converted into work group processes and performance. Simons and Peterson (2000) found empirical support for the moderating influence of trust in influencing how task conflict gets converted into the more destructive interpersonal conflict. Building alongside these arguments, I propose that trust will play a moderating role in reducing the influence of the disruptive effects of value diversity like negative affect, uncertainty and confusion on reducing the effectiveness of the team process. I suggest that curves 3.3 and 3.4 will shift to the right as the level of trust in the team increases and the direction of this shift is shown in figure 3.6.

Figure 3.5: Horizontal shift of curves 3.3 and 3.4 due to trust

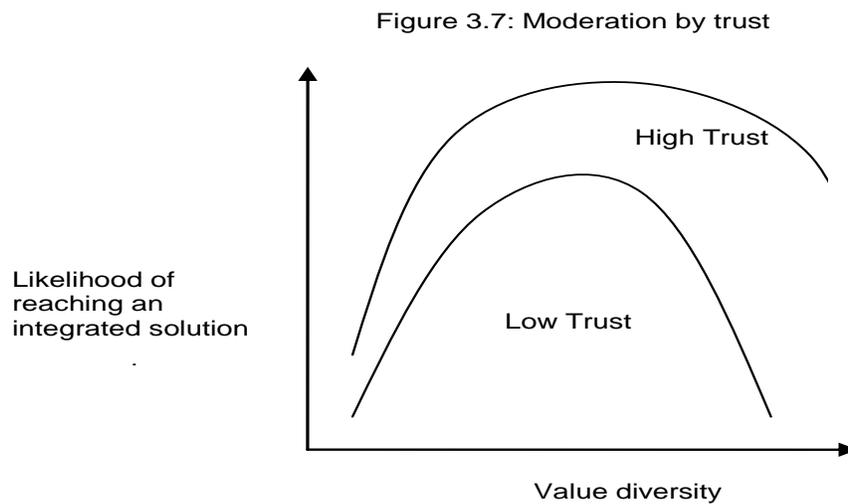


Therefore I suggest that trust can act as a buffer, such that teams that are higher on trust can tolerate higher levels of value diversity without experiencing as much of a decrease in performance due to negative affect and confusion, as might occur in a team where the trust is low. Putting together the vertical shift of all four curves and the horizontal shifts of curves 3.3 and 3.4, I predict that the inverted-U shape will be both higher and wider for teams where the level of trust is high as compared to teams where the level of trust is low (figure 3.7).

Proposition 9: *Trust increases a team's likelihood of persisting on the problem till it finds an integrative solution and also increases a team's ability to withstand higher levels of value diversity without as much disruptive effects so that the likelihood of finding an integrative solution goes up.*

Hypothesis 9a: Trust will moderate the relationship of social value diversity impacting the likelihood of finding an integrative solution such that the greater the level of trust in the team the higher and broader the shape of the inverted U

Hypothesis 9b: Trust will moderate the relationship of wealth value diversity impacting the likelihood of finding an integrative solution such that the greater the level of trust in the team the higher and broader the shape of the inverted U



CHAPTER 4: RESEARCH PHASE 1

RESEARCH DESIGN OVERVIEW

There were two phases of empirical studies that have contributed to the compilation of this thesis. The first phase comprised of two preliminary studies one which examined the context of CSR (and social entrepreneurship) and the other which looked at the psychological association between the values associated with social impact and wealth and their relationship to behaviour. The first of these studies was qualitative in nature and comprised of 4 mini case studies and field interviews. This qualitative research was conducted after the building of the basic theoretical model, and I conducted this research to understand the field context better, refine and fine-tune the theoretical model, and verify that the variables used and the mechanisms proposed made sense in this particular CSR context. I also gathered survey data, to supplement the interview data in the construction of the mini-case studies. By doing this, I was also able to pre-test some of the scales to use in the survey during the second phase of research. In summary, this second phase of research was used, (1) to refine and develop the existing theoretical model, and (2) to choose an appropriate setting for conducting the empirical studies in the second phase.

In the second preliminary study I explored the relationship between social focused and wealth focused values, and their respective influences on driving behaviour in the context of having to make a decision which involved a trade-off between earning money and creating social impact. In this study I also explored the stability and context

dependence involved in the reporting of social and wealth focused values. The learnings from this study was useful (1) by setting the context for the rest of the research through a preliminary exploration of wealth and social values and their influence on behaviour, and (2) for the design of phase 2 studies.

The second phase of empirical research comprised of two studies, an individual level online experiment where participants were asked to imagine that they were a part of a top management team, and a team level simulation where participants actually played out the different roles of top management team members as they interacted with one another. These two studies were specifically designed to test the hypotheses developed from the central theoretical model of this thesis. The two studies conducted in phase two of the research therefore, are (1) designed explicitly to test the theoretical model in a CSR management context and are (2) the studies I focus the most on in this research since they were designed to directly test the specific hypotheses developed in the theoretical section.

The first empirical study was an online CSR experiment. One goal of this experiment was to investigate how peoples' personal values might influence their preference for various types of CSR strategies. A second goal of the experiment was to understand how the knowledge of the values of one's team members might stimulate a person to think of the problem in more or less integratively complex ways. This experiment was used to test hypotheses related to propositions 1, 2 and 3. The second study in phase 2 was a team level simulation study. The motivation behind this study was to examine the team level effects of value diversity due to the interaction between

various top management team members, and examine the resultant impact on the integrativeness of the CSR ideas suggested by each team. This study was conducted in the setting of a day-long top management simulation exercise that first year MBA students participated in as part of their MBA class ‘Global Leadership and Management’. During the simulation, each team member took on a different role of the top management team and the setting paralleled a real life competitive environment with limited resources, performance pressures, and tight deadlines. This study was used to test hypotheses related to propositions 4 through 9. I present the details of the study designs, the methods used and the associated results of each of the phase 2 studies in chapters 5 and 6 respectively.

PHASE 1: MINI CASE STUDIES AND BACKGROUND INTERVIEWS

This study was qualitative in nature and comprised of 4 mini case studies and field interviews. This qualitative research was conducted after the building of the basic theoretical model, and I conducted this research to understand the field context better, refine and fine-tune the theoretical model, and verify that the variables used and the mechanisms proposed made sense in this particular CSR context. Because I was guided by existing theory, this study was neither strictly exploratory nor was it purely theory building, in the sense of Eisenhardt (1989). Rather I used the cases and background interviews to understand the context better and to confirm the existence of variables and mechanisms that I had theorized about. A second objective of this phase of qualitative study was to refine the existing theory section, identify potential moderators, control variables and boundary conditions. I also used the qualitative study to explore to what

extent context might influence the predicted mechanisms. I also gathered survey data, to supplement the interview data in the construction of the mini-case studies. By doing this, I was also able to pre-test some of the scales to use in the survey during the second phase of research.

A final and more general motivation in undertaking this qualitative study was to identify variables other than value diversity which could help answer the basic puzzle addressed in this research which is ‘how can organizations simultaneously fulfil social and financial missions’.

Mini Case Studies

The setting I chose to conduct the case studies was the Global Social Venture Competition (GSVC), which began in 1999 as a student-led initiative at the Haas School of Business. Today the partners include Columbia Business School, Goldman Sachs Foundation, London Business School, Indian School of Business and Yale School of Management. The purpose of GSVC is to actively support and promote the creation and growth of successful social ventures around the world. The competition rewards social ventures that are most likely to succeed in accomplishing both their financial and social missions. The Global Social Venture Competition was a relevant setting to explore the ideas related to this thesis because it is a team level competition and it is also a competition where the focus is on the same two goals namely:

1. The ideas must have clear and quantifiable social objectives

2. The ideas should try to be financially profitable and self-supporting through revenue generation

To develop the mini case studies, I chose 4 out of the 6 participating teams from London Business School which had successfully made it through the first round of judging. Out of the 2 teams I left out, the members of one team were not responsive in allowing me to interview them, and the other was really a single person initiative, and so it did not meet my criteria for a team-based study. The four teams that responded were very cooperative in allowing me to interview them, sharing their personal details and CVs with me and letting me in on their ideas, internal documents, and future plans. Since I interviewed them during the period when they had come up with their initial ideas but were still in the process of developing them further, one team also allowed me to observe them during one of their team meetings. I present basic details of these teams in table 4.1.

Table 4.1: Teams included in the Mini Case Studies

Team name (disguised on request)	G-Team	K-Team	U-Team	T-Team
	Internet search engine that uses money generated by the searches to plant trees	Foundation for giving subsidized educational loans to the underprivileged	Development program for teenage girls based on fitness, kindness, culture, and environment	Central aggregation point for information related to local sports facilities and activities
Number of members	4	2	3	3
Number interviewed	3	2	2	1
Integrative Solution	No	No	Yes	Yes
Polarization?	Yes	Yes	No	No

All interviews were audio recorded and then transcribed except for one person who said he preferred if I took notes instead. All the interviews were between 30 minutes to 1 hour long. Because of the existence of a robust instrument to measure personal values I also decided to collect the values data quantitatively, apart from finding this through the interview. I also collected survey data on some other items related to the team processes and perception of differences within the team. By collecting these items quantitatively I not only got the advantage of having used

multiple measures for developing the case studies, I also got to pre-test some of the key quantitative scales that would be used in future studies. Appendix 4.1 summarizes the interview guide. Since the qualitative study was used for theory refining rather than hypothesis testing, the questions in the interview guide do not point to particular hypotheses, but to the broad topics that were identified for qualitative analysis.

Analyzing these mini case studies gave me some insights which were useful for refining the theoretical model and for the design of the studies in phase 2. Specifically, I noted that polarization had indeed occurred in the two teams that had arrived at non-integrative solutions. Both of these teams had come up with ideas which focussed on social impact alone, and they were strongly resistant to considering the inclusion of a profitability agenda. The case studies helped me verify that trust would be an important moderator to consider, and that age, work experience, team size, and intelligence would be relevant variables to control for. Finally, I also learnt from conducting these case studies that a social venture competition (which had been my original plan to conduct the phase 2 quantitative study in) would not be an ideal context after all. This is because although the GSVC was a good fit in terms of being a field setting with a team level activity focussed on trying to integrate the goals of social impact with profitability, there was a self selection bias of the participants, such that only those who valued social impact would choose to participate in such a competition.

Background interviews and talks

To develop a fuller understanding of the real life setting of corporate social responsibility, and to aid my design of the quantitative studies in phase 2, I conducted semi-formal interviews and talks with various people who were either knowledgeable or experienced in the fields of social entrepreneurship. This included top personal in organizations who were responsible for the CSR initiatives of their organizations, successful and just-starting social entrepreneurs, and faculty who were either researching or teaching courses on social entrepreneurship and corporate social responsibility. I also attended presentations given on sustainable business practices and CSR initiatives by organizations who are leaders in their respective fields and I met with the speakers after the presentations and questioned them on questions I had related to my research. These talks helped me in getting an understanding of how CSR decisions get made in the real world and helped me get a sense of what the external validity concerns might be with regard to my research. Specifically, I was able to verify that top level CSR decisions are ultimately taken by the top teams. For example I was told by a certain executive who was responsible for CSR initiatives in her firm, that even though she was the only assigned ‘CSR manager’, the main strategic decisions related to the type of CSR involvements needed to be sanctioned by the entire top management team, and so finally it did become a team level decision. I also got feedback from the field on the perceived challenges and benefits associated with having team members with diverse values. For example one CSR manager who was very pro-social commented,

“Diversity is tough but good because the presence of sceptics makes you think through the details, you try harder to make a business case of the idea to convince them”. The inputs from the interviews also helped me to tailor the generic integrative complexity scale into a scale to measure integrativeness which is relevant and specific to the context of CSR ideas (I use and describe this scale in chapter 6).

PHASE 1: PRELIMINARY STUDY ON VALUES AND BEHAVIOUR

Summary

This study focused on social and wealth related values and their respective influences on behaviour which has implications relevant to these two values. The study was designed to capture the congruence or non-congruence between a person’s values and behaviour in such a way that the person believed it was his or her actual behaviour, and not a part of the experiment. The design of the experiment also ensured that the response measured was a natural behaviour that was performed out of choice rather than by force. Since values are inherently stable characteristics of an individual, I did not want to experimentally manipulate values but wanted to capture the existing value strengths. The value questions were worded exactly as in the original Schwartz survey.

Sample and Procedure

This experiment was designed so that it could be conducted completely over the internet. Subjects were randomly chosen from an existing subject pool of students who

had participated in previous experiments. An email was sent out to the subjects that read: “Dear student, we plan to conduct some experiments at London Business School and would like to know if you are interested in participating in any of them. Once you reply we will contact you individually to fix a time and date that is suitable to you. We have a couple of different experiments and we would like you to complete a short form so that we can allocate you to the experiment that matches your profile the best. By completing the form you are automatically included in a lucky draw for a bottle of champagne and wine, even if you later decide not to participate in the experiments you are invited for. Click on the link below to proceed”. The ordering of questions in the screen was such that the first question captured the values (with power and universalism values randomly ordered), and the second question was the decision task where the participant had to choose between two forms of behaviour (either opting for an experiment with social impact or a normal lab experiment). The temptation to deviate from acting in line with social values was provided in terms of a lower monetary reward, £15 for the social project as compared to £ 20 for the normal lab project. The descriptions of the two projects presented to the participants are given in appendix 4.2. A similar email was sent to another group, in which the online form was exactly the same except that the order of the values question and the experiment choice was swapped. This second sample was collected to check if the value priorities were stable constructs that drove behaviour or if the values reported were subject to be influenced by the behaviour the participant had just exhibited. The total number of emails sent out was 2500 (1000 with links to a page with the normal ordering of questions where the value question was answered first and 1500 with a link to a page where the order of

values question and the decision choice was swapped). The number of responses got was 182 in the case where values question was first and 174 responses where the order was reversed.

Results

Both social and wealth values displayed the expected effect of influencing behaviour such that: (a) the more people valued social impact the more likely they were to choose a project with social impact over one with higher wealth gains, (b) the more people valued wealth (power) the more likely they were to choose a project with higher wealth gains over one with social impact. The mean social values of those who made a pro-social choice was 5.26 (SD=.92), while the mean social values of those who made a pro-wealth choice was 4.92 (SD=.97). The mean wealth value for those who made a pro-social choice was 2.88 (SD=1.66), while the mean wealth value for those who made a pro-wealth choice was 3.53 (SD=1.42). However when asked to make the same choice between the two projects first and fill the values survey after that, people were likely to report higher wealth values (if they had chosen the project with higher payoff) and lower wealth values (if they had chosen the project with lower payoff but a social impact) than they did when they filled the survey before the decision. This interaction between choice of project and whether the values was filled first or later is significant for wealth values (figure 4.1) but not for social values (figure 4.2). The order of reporting values and making the decision does not influence people's rating of social values.

Figure 4.1: Effect of order on the strength of reported wealth values

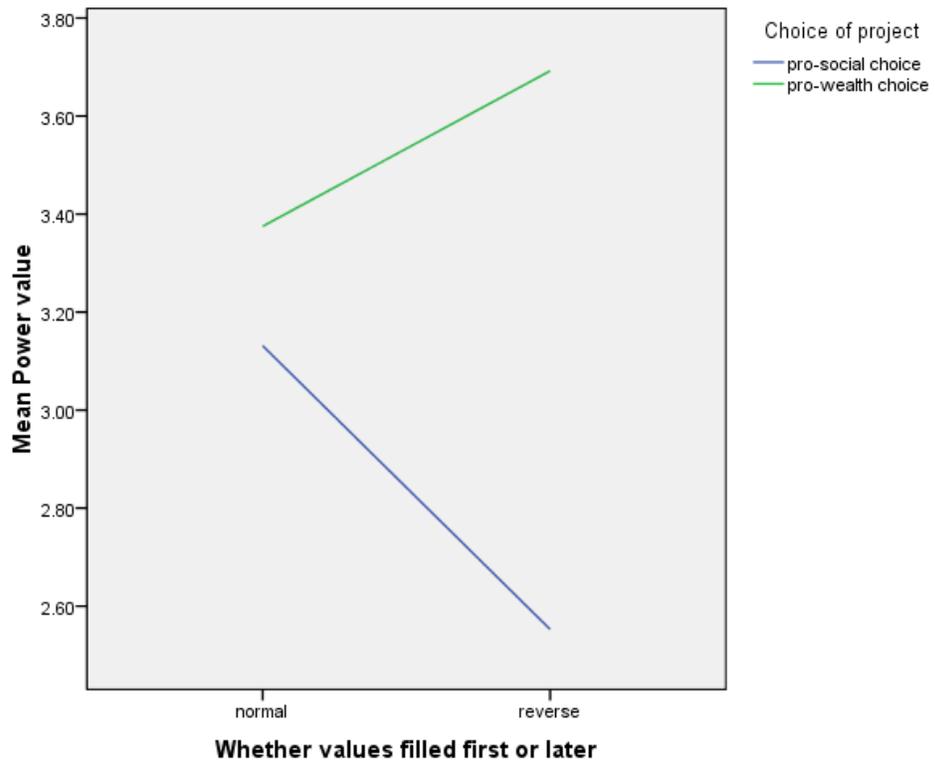


Figure 4.2: Effect of order on the strength of reported social values



These results primarily showed that both social and wealth values did drive participants to behave in ways congruent with their personal values. However these results also showed that participants were likely to adjust their perceptions of their own wealth values (but not their social values) to reflect the choices they had just made, suggesting therefore that wealth values might be less stable than social values.

APPENDIX 4.1: CASE STUDY - INTERVIEW GUIDE

Interview Guide for Semi Structured Interviews

1. Tell me about your educational background and what you do professionally.
2. Tell me why you decided to take part in this competition.
3. What do you hope to achieve through this proposed venture?
4. In your group meetings, how often did the goals of profitability and social impact come up in your discussions?
 - (optional prompt) Did you feel there was a pre-ponderance of arguments favouring one of these over the other?
 - (optional prompt) Can you reflect on how the valued direction of the group might have changed/ evolved during the course of the discussion?
5. How did you arrive at your final idea or plan?
 - (optional prompt) Did you discuss the pros and cons of different ideas and suggestions with respect to profitability or social impact?
6. How well do you think your solution addresses?
 - The goal of profitability
 - The goal of social impact
7. How satisfied or dissatisfied are you with your final solution? Why?
8. How satisfied or dissatisfied are you with the dynamics in your team?
 - (optional prompt) What do you think might have helped or hindered you most in your ability to work together?
9. What would you like to do differently if you were to attempt this task again?
10. What was your overall experience like while working on this project?
 - (optional prompt) What were the most challenging aspects of this task?
 - (optional prompt) What were the most enjoyable aspects of this task?

APPENDIX 4.2: PRELIMINARY STUDY ON VALUES AND BEHAVIOUR – CHOICE OPTIONS

We have two sets of experiments that we are running at present. Presented below is a short description of each of these. Please read them and choose the appropriate radio buttons below to indicate the type of experiment that you prefer participating in.

In House Behavioural Lab Experiments



These are the experiments that we conduct at the school to further our research related to business and people in organizations. We can pay you at the rate of £20 an hour for participating in these experiments.

Environment Conservation Experiments



These are experiments that we are conducting in collaboration with our non-profit partner for research dedicated to preserving the natural environment for future generations. They will be conducted outdoors in natural surroundings and have been designed such that the work you do during the course of the experiment is useful not only for the research but also has an immediate impact on the surroundings. However

because of our tighter budget we can pay you at the rate of £15 an hour for participating in these experiments.

Please indicate your preference of experiments below. Please note that we will try our best to allocate you to the experiment of your choice but this may not always be possible.

CHAPTER 5: RESEARCH PHASE 2 – CSR EXPERIMENT

OVERVIEW

Phase 2 of the research consisted of two empirical studies, the first of which was an online CSR experiment. This experiment was designed to be carried out completely online. The participants for this experiment were first year MBA students of a ‘CSR and Ethics’ class, who voluntarily took part in the experiment. They aged from 23 to 35 with a mean age of 28, and the percentage of women was 27%. Participants represented over 50 different nationalities and the mean post graduate work experience was 5 years. Since the focus of this experiment was the effect on the preferences and behaviour of an individual, the experiment was designed completely at the individual level. Participants’ personal values were not manipulated, for the same reason as in phase 1 research, which is that values are conceptualized as stable constructs and their effects are predicted based on the understanding that they are deeply ingrained beliefs unique to each individual. The values data was collected at a different time (9 days before) from the online experimental tasks. The online experimental tasks were also presented as a separate exercise so that participants’ responses in the values survey would not influence their behaviour in the experimental task.

The particular questions related to my experimental study formed part of a larger exercise and 3 streams of students were randomly chosen to be assigned these questions.

The questions were sent out to 243 students. 222 students responded to the survey, but not all of them filled out answers to every question in the survey. There were 219 students who answered the questions on CSR preferences (a response rate of 90%) and 216 (a response rate of 89%) who answered the open ended email question. There were two agendas to this experiment. The first goal of the experiment was to investigate how peoples' personal values might influence their preference for various types of CSR strategies (testing the hypotheses derived from propositions 1 and 2). A second goal of the experiment was to understand how the knowledge of the values of one's team members might stimulate a person to think of the problem in more or less integratively complex ways (testing the hypotheses derived from proposition 3).

INVESTIGATION OF PROPOSITIONS 1 AND 2

PROCEDURE AND ANALYSIS

Proposition 1 predicted that personal values would determine the preferences for strategic CSR approaches such that people would prefer strategies which were aligned with their personal values, and proposition 2 predicted that people would be opposed to approaches which exclusively emphasized a value that motivationally conflicted with a value that was important to them. The specific hypotheses these lead to were:

Hypothesis 1a: Personal values will determine the preferences for strategic CSR approaches such that the more people value social impact, the more strongly they will prefer approaches that emphasize the social angle.

Hypothesis 1b: Personal values will determine the preferences for strategic CSR approaches such that the more people value wealth, the more strongly they will prefer approaches that emphasize profitability

Hypothesis 2a: Personal values will determine the preferences for strategic CSR approaches such the more people value social impact, the more strongly they will oppose approaches that exclusively emphasize profitability.

Hypothesis 2b: Personal values will determine the preferences for strategic CSR approaches such the more people value wealth, the more strongly they will oppose CSR approaches that exclusively emphasize the social angle.

The independent variables, ‘social values’ and ‘wealth values’, were measured by aggregating the relevant values from the Schwartz values scale (1992) listed in appendix 5.1. Respondents were asked to rate the importance of each value “as a guiding principle in my life” on a 9-point scale ranging from -1 to 7. A score of -1 is for values opposed to ones guiding principles, 0 means the value is not at all important, 3 means the value is important and 6 means the value is very important. 7 is used for rating a value of supreme importance as a guiding principle in one’s life. These value items from the Schwartz value survey have been demonstrated to have relatively stable meanings across 44 countries (Schwartz, 2007). A second advantage of using the Schwartz value scale to measure these values is that it provides a previously tested group of values which generally show high correlation with one another and thus a multi item scale can be constructed to measure each value construct. As argued by Schwartz (1996, p.1), “The reliability of any single value is quite low. Hence chance may play a

substantial role in the emergence or non emergence of significant associations with single values.” Therefore in my study I measured and aggregated all four items under the ‘power’ category to use as a measure of the independent variable denoting wealth values. The reliability (cronbach’s alpha) of this scale was .81. Just to be double sure, all the analysis were also repeated using the single item of ‘wealth’, and the results paralleled those got by using the power scale (I present the results associated with the single value wealth in appendix 5.6). A subscale of the universalism values consisting of ‘equality’, ‘social justice’, and ‘a world at peace’ was constructed to measure social values’. This is because not all the items under universalism (which tends to be a broader concept than social impact or social consciousness) are related to social impact, therefore including all eight items in the scale would reduce its focus. Including just the 3 most relevant items increases the reliability of what is indeed measured as ‘social values’ and yet maintains the advantages of being a multiple item scale. The reliability (cronbach’s alpha) for this 3 item scale for social values was .71. The factor loadings for all the values measured have been presented in appendix 5.2.

The dependent variable, ‘preference for CSR approaches’ was measured by aggregating ratings for the relevant statements from a 12 statement list. In this part of the experiment, the participants were presented with 12 statements which were supposedly raised by various team members in a top management team discussion on CSR strategy. The participants were asked which statements they would be most likely to agree or disagree with by telling them to rate their level of agreement with each statement on a scale of 1 (completely disagree) to 9 (completely agree) with 5 being (neither agree nor disagree). The items used to measure a preference for a CSR approach

that emphasized social impact (exclusively) were, (1) ‘CSR is about business giving back to society. We should definitely donate to deserving causes but we should not expect to receive any financial benefit from the giving’, (2) ‘We can encourage and motivate our staff to volunteer a few hours of work each week on philanthropic projects’, (3) ‘We need to identify a few reliable charitable organizations and support them by donating towards their operating costs on an ongoing basis’, and (4) ‘We owe a moral responsibility to work for benefit the society that we belong to and we should be ready to put aside a small part of our budget to create larger gain for the community’.

The items used to measure the preference for an approach that emphasized profitability (exclusively) were, (1) ‘The primary function of a business is to generate profits for investors; by doing that through ethical means we are already behaving as responsible members of society’, (2) ‘It is the quarterly figures that drive our share prices, so we cannot compromise on our quarterly financial results to invest in long term sustainability plans’, and (3) ‘We cannot let our shareholders down by distracting ourselves with activities unrelated to multiplying the money they trust us with’. These statements were randomly interspersed among other statements which also pertained to CSR approaches but which were neither identifiable as clearly being socially focussed or being profit focussed. A factor analysis (principal component analysis with varimax rotation) of the complete list of CSR related statements that the participants rated (presented in appendix 5.3) reveals that these sets of statements were indeed perceived as distinct factors pointing to a preference for socially focussed approaches or profit focussed approaches.

RESULTS AND DISCUSSION

Table 5.1 provides the regression analyses that tested hypotheses 1a, 1b, 2a, and 2b. Supporting hypothesis 1a, the strength of peoples' social values was positively related to their preference for approaches that were socially oriented. Hypothesis 1b, predicting that the strength of people's wealth related values will be related to their preference for profit focussed approaches, was supported as well. Support was also found for hypothesis 2a: the higher people are on social values, the more they will be opposed to wealth focussed approaches. However, hypothesis 2b which linked people's wealth values with a tendency to oppose socially focussed approaches was not supported. The asymmetry in findings between hypothesis 2a and 2b is quite interesting because it seems to show that high social values lead to a preference for pro-social points of view as well as a strong resistance towards profit focussed points of view while high wealth values only leads to preference for a pro-profits points of view but does not lead to any resistance towards socially focussed points of views. What this means is that the social concern values show a two dimensional effect (both pro and anti): they can increase an individual's preference for pro-social approaches and also increase the individual's opposition of pro-profits approaches. However the wealth values operate only along one dimension (only a pro effect). They increase an individual's preference for approaches that are pro-profits, but do not cause them to oppose an approach that is pro-social. This asymmetry has interesting ramifications for the CSR field where social impact is often thought to be pitted against profitability. The

asymmetry in the functioning of these two values suggests that the divide between social impact and profitability is likely to have been created and maintained by the proponents of social impact (those who value social impact highly), rather than by the proponents of profitability. This is because people who are focused on wealth creation are likely to be less resistant to integrating social agendas with their existing wealth creation agendas, than vice versa. Therefore it might be easier for a bottom-line focused corporation to include a social angle to its business than possibly for charities or non-profits to try and convert their organizations into profitable ventures. In the more specific case of top management CSR teams it would imply that differences in levels of values related to wealth generation (among team members) are unlikely to matter as much as in the CSR context as would the differences in the levels of values related to social impact (since a person high in social values will not only favour social agendas more but will also be likely to oppose profitability oriented suggestions).

Table 5.1: Results of OLS Regression Analysis Predicting Preferences for Social and Profit Focussed Approaches to CSR

	Preference for Social Focussed Approach	Preference for Profit Focussed Approach
Social value	.17**	-.26***
Wealth value	.03	.24***

Adjusted R2	.02	.12
F	3.18	15.09

Standardized coefficients are shown; N=219; * p≤.05, **p≤.01, ***p≤.001

INVESTIGATION OF PROPOSITION 3

PROCEDURE AND ANALYSIS

Proposition 3 predicted that the presence of team members who are diverse in values related to social impact and profitability will stimulate an individual to think in more integratively complex ways about the CSR problem. Participants were divided into 3 conditions, salience of pro-social team member, salience of pro-profits team member, and salience of pro-profits and pro-social team member. They were presented with a scenario that read, *“You are a top management team member in a publicly owned multinational retailer that sources material and manufacturing from 16 different countries and has outlets in over 50 countries. The CEO has tasked you, as a member of the top management team, to provide direction on your company’s corporate social responsibility strategy. You plan to send out an email to the top management team explaining your own stance on CSR, and the main issues you believe your company faces in terms of managing itself responsibly. As you think about how to compose this email, you recall that on a previous occasion one influential member of the top management team had voiced his views on CSR as follows”*: The participants were then shown either one or two quotes of what the influential member(s) had said. One third of

the participants (condition: salience of pro-social team member) were shown a quote where the influential member was shown to have an exclusively social stance which read, *“It is our moral responsibility to ensure that the activities of our company should not result in damage to the environment, communities, or the well being of other people around us. We need to be conscious of our inherent responsibilities as members of a larger society, and take on our fair share of societal duties”*. The other one third (condition: salience of pro-profits team member) was shown a quote where the influential member was shown to have an exclusively profit-focused stance which read, *“We are making decisions that involve the money of people who have invested in our company and entrusted us with the stewardship of their funds. The decision to use that money for anything other than generating a profit (with the aim of gaining the maximum return on investment) is tantamount to theft”*. The last group (condition: salience of pro-social and pro profits team member) was told about the presence of two influential members one of whom was very social focused and the other profit-focused and they were shown both the quotes above. They were then asked to write down what their own email briefing to their team would be. The three versions of the experiment questions are presented in appendix 5.4. It was specifically mentioned that the team member was influential so that it would (1) highlight that this was likely to be a valued direction in the team (incentivizing the participant to think in integrative ways to raise his or her standing in the group: in line with a social comparison perspective), and (2) create a risk associated with not meeting this goal (driving the participant to think in integrative ways by building accountability pressure: in line with the revised value pluralism model).

The open ended email responses were then coded for integrative complexity by two independent coders on a scale of 1 to 7. The guidelines for coding were the same as the usual integrative complexity coding guidelines (Baker-Brown et al., 1992). The assessment of integrative complexity typically proceeds on a 1-7 scale in which scores of 1 signify low levels of differentiation (capacity and willingness to tolerate conflicting views) and integration (development of conceptual connections or linkages), scores of 3 signify the presence of differentiation but the absence of integration, scores of 5 signify the presence of both differentiation and integration, and scores of 7 indicate differentiation, followed by the specification of higher order integrative principles. In addition to this the coders were specifically instructed to look out for differentiation and integration only along the dimensions of social impact and profitability, making the scoring scheme even more specific. For example, some responses might have talked about various ways of creating social impact and different reasons why it is important to be socially responsible. For this research, such responses would still need to be scored as a 1, because even though they include multiple angles, all these angles pertain to social responsibility and the dimension of profitability has not been considered. Typically a response that addressed only the social agenda or only a profit driven agenda would be low on integrative complexity while a response that integrated both these concepts into an overarching theme would be high on integrative complexity. The exact coding scheme has been presented in appendix 5.5. The judgements of the two integrative complexity coders correlated at .89. The two raters had a discussion about the items on which they might have disagreed by a score of 2 or more and revised their scores accordingly, and the average of their ratings was used as the dependent variable. I

provide below, prototypical examples of email responses that received scores of 1, 3, 5, and 7.

The following email illustrates a prototypical 1:

“Dear colleagues, As you know in the last couple of weeks I carried ahead a project aimed to define our CSR strategy, principally in order to: - Frame our Corporate Social Responsibility strategy through appropriate Codes of Conduct; - Clearly communicate our CSR strategy to the market and our various stakeholders, from our suppliers and customers to our shareholders I do believe that our CSR should be framed around few core values, which I tried to summarize below: • Being global while being local: we are manufacturing and sourcing products from 16 countries and selling in over 50 countries worldwide. Our brand and presence are strong with the customers, with our employees and with the local communities. We should further strengthen our bonds with the local communities through initiatives targeted to show that we do not just sell products, or offer a job but we care about the communities in which we operate; • Protect the environment being a role model: our manufacturing plants sources many raw materials and are located in various areas across the planet. We should improve our standards in terms of environment friendliness and be a role model for the retail industry; • Be the first mover, go the extra mile: we can never do too much in terms of positively affecting the society and the wider group of people around us, regardless of the fact that they buy or not our products in our retail stores network. We should be one step ahead of the competitors in terms of internal Ethical code and in terms of ethical perception in the market arena in which we operate. I deeply believe we are not simply providing work to people and selling products on a number of markets but we are also importantly affecting the people around us. That is why I do believe that we can improve our CSR strategy, and starting from a renewed focus on a small number of key values we can define a Code of Conduct and Ethics, improve our corporate culture and ultimately the society around us. I am proposing therefore to hold a town hall meeting with the top management of the company in which I will highlight more in detail the findings from the survey I ran within and outside the company, and what I deem to be the best action plan. Looking forward to hear your thoughts I thank you for your attention and send my best regards,”

This response focused on only one point of view, that of creating social impact.

Although the response outlines a few different approaches, each of these approaches is rooted in the social value, as is the overarching objective that unites these ideas,

(“...improve our corporate culture and ultimately the society around us”). The next response illustrates a prototypical 3:

“TO: Top Management Team Members SUBJECT: CSR - strategy, issues and next steps
Dear all, As you know, I have been appointed as the person within the management team to be in charge of CSR strategy. It is a tricky role, which I think requires the maximum transparency between us in order to identify and agree on possible issues and set up a truly shared agenda to work on them. My role is to drive a process that I believe must have the endorsement of you all. First step of this process is to identify main issues; I had private and informal talks with everybody of you and I would like to recap major takeaways and my perspective. Two major points came out as a result: - One says that we as a company are supposed to look at our shareholders first, and what they want is to maximize their return rate of investment; in that way other stakeholders, mainly our workers, the community we are in and our clients, come not in first priority and their issues should have been taken into consideration while taking major decisions only in a subordinate way - The other one tell us the opposite, that we have to focus mainly on how we affect our community, what better we can do to improve life conditions for whom is around us; this would have to be the major driver while management is drawing a strategy. Personally I think the second is the most important issue we as a company we need to face now. I will explain you why in a meeting I ask you all please to have with me next week (my secretary is going to be in touch to see which date best fits). I am going to send you a presentation far in advance of the meeting to better show you my rationals; we are going to use it as a base for the discussion. Of course, different points of view are absolutely welcome and I strongly encourage you to tell me your say. As I said the strongest transparence we have between us, the better coherence we are going to have in taking action. All the best Cheers xxx”

This response shows evidence of differentiation but no evidence of integration. The response recognizes the tension between a social focus and a profit focus, and clearly articulates the difference. The response does not however provide any indication as to how the team might reconcile the tension between these two important objectives. This participant throws open an invitation for team members to bring in more aspects of differentiation but makes no attempt at integrating the two points of view. The next example is a prototypical 5:

“Dear CEO, Regarding the recent developments in our discussions about our company’s corporate social responsibility, I believe this subject is paramount and should be properly addressed to all our stakeholders. The opportunity relies where we look for it and it appears to us when we make enough efforts to find a solution. Many options will not be aligned with our main goal of generating profit and I agree we should ignore them. However, I am sure there must be some social actions that we can align with our strategy. We should look for social actions or programs that in some way are clearly related to us; something that at the same time motivate us. The mutual respects between our customers and us, loyalty and awareness that some social actions can cause are the criteria we should based our selection. Doing so I believe we can perform our ultimate strategy of increasing profits even more efficiently and at the same time delivering something extra for our society. Let’s give the example! Kind regards”

This response not only differentiated between social actions and generating profit, but also examined the possibility of integrating them by asserting that there was a need to identify ‘social actions that we can align with our strategy’. The response also suggested some common factors such as mutual respect, loyalty and awareness through which such integration might be possible.

Although, usually scores of 7 are considered rare in integrative complexity coding, in this particular study 7% of responses received a score of 7. This could be due to two reasons. The first reason might be the relatively clear context of two contending viewpoints of CSR which most of the students would have been familiar with because of their backgrounds (The participants were MBA students who were taking a CSR and Ethics class which had a syllabus that focused on debates and dilemmas in corporate ethics and CSR). This does not undermine the strength of the experiment however, because most managers in a top management position of any organization are likely to have done their MBAs anyway, and to have been exposed to debates surrounding CSR. The second reason could be that, in this study there has been made a deliberate attempt

to increase the likelihood of integratively complex thinking by deliberately exposing participants in the third condition to two contending viewpoints, and thereby subtly incentivizing them (as detailed in the theory section), to think about the situation in more integratively complex ways. This is not a problem either because this was a primary aim of the experiment anyway. The following example is a prototypical 7.

“Dear team, Our aim as a world-class retailer is to serve the interests of all those constituents that hold a stake in our company. Our stakeholders include our shareholders, our customers, and our employees. As such, I believe it is highly important that our company take a socially responsible stance in our corporate strategy. From our shareholder’s point of view, being active in our customers’ communities increases our visibility and benefits our brand. In terms of return to shareholders, social responsibility is a form of advertising for our firm and is an important long-term brand-management strategy. It will build our image in the minds of our customers and so will ultimately benefit our bottom line. So spending on social responsibility is equivalent to spending on traditional advertising. This will ultimately benefit our shareholders. From our customer’s point of view, our socially responsible work will benefit the communities in which our customers live. Either through direct investments into a local community, such as “Habitat for Humanity”(building affordable housing in local communities) types of initiatives, or through indirect large- scale company-wide initiatives, such as company recycling programs or energy-saving programs, our customers will feel the impact of these initiatives. Not only will these initiatives increase our visibility, but will also improve our customers’ quality of life in both the short and long term. From our employees’ point of view, our company’s ever-improving brand and business will lead to a happier work-force in terms of compensation and morale. Our company will benefit from programs that will allow employees to volunteer for community projects as a team representing our firm. This will lead to our work force socializing outside of the workplace. This will improve team bonding among the teams. In these ways, these programs will also boost work force morale and team-building. For all of the aforementioned reasons, the ongoing-viability of our company will benefit, as happier shareholders, customers, and employees will yield a better brand and business. In addition, as a company that benefits from the health of a stable government and community, it is our responsibility to give something back. Our company could not exist without a healthy community that can afford to purchase our products. Therefore, it is in the interest of good ethics as well as good business we incorporate social responsibility into our corporate strategy. Best regards, xxx”

This response shows evidence of both differentiation (returns to society and returns to shareholders) and integration (multiple suggestions of ways in which both can be

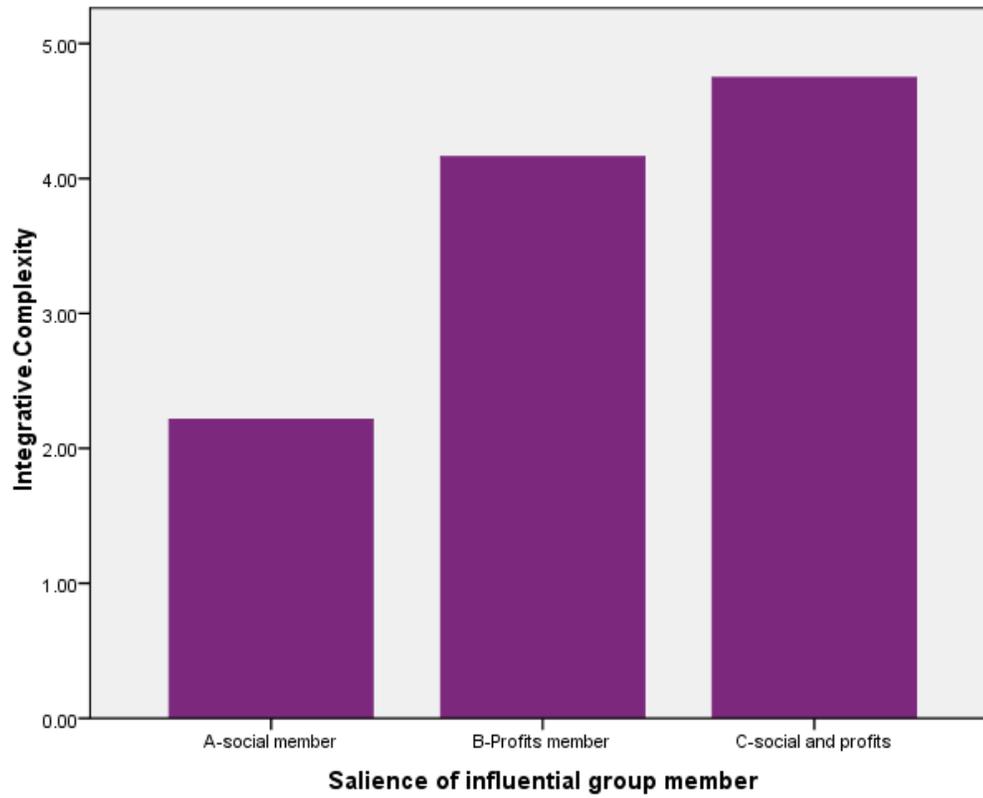
impacted simultaneously). The response also shows evidence of second-order integration by adopting a stakeholder perspective, and outlining which types of CSR activities are likely to impact multiple stakeholders positively such that the end result is “...in the interest of good ethics as well as good business”.

RESULTS AND DISCUSSION

I predicted that salience of multiple influential team members (one who was pro-social and one who was pro-profits) would stimulate the participant to think in more integratively complex ways about the issue. The data supports this argument, as shown in figure 5.1, in the one way ANOVA with the three conditions of salience of pro-social member, salience of pro-profits member and salience of both members, $F(2, 212) = 49.68, p < .001$. Indeed participants who were told about the presence of two influential team members (one pro-profits and one pro-social) displayed a higher degree of integrative complexity in their email briefings to their teams ($M=4.75, SD=1.53$) than did participants who were told about the presence of a pro-social member only ($M=2.21, SD=1.64$) or participants who were told about the presence of a pro-profits member only ($M=4.16, SD=1.67$). Both these differences were significant. However there was a second unexpected difference that showed up and this was between the persons who were told about only a pro-social member and persons who were told about only a pro-profits member. The second group approached the problem in more integratively complex ways than the first group and this difference was also significant. This unexpected difference can be probably attributed to the setting of the experiment: a part

of the CSR and ethics MBA class. I think this setting had already made the social agenda as a 'valued direction'. Because of this, in the second condition (where participants were told of the presence of an influential pro-profits member), this served as the introduction of a second valued direction. Thus in condition 2, the participants were already stimulated into thinking of the situation in integratively complex ways by the creation of two valued directions. The third condition was more conducive to integrative thinking only to the extent it emphasized the importance of each of the valued directions verbally, and made the participants accountable to both sides. Thus, the additional increase in integrative thinking in condition 3 over condition 2, can be attributed to this increase in accountability pressure on both sides, and an explicit mentioning of the two valued directions (while the social valued direction was only implicit in condition 2). An analysis of the responses confirms such reasoning because there were only 2 responses out of 216 which were one sided towards the profitability direction. All the remaining one-sided responses were ones that addressed the social agenda only. Therefore it is highly likely that the context had already introduced the social agenda as being important for this exercise. Although this is a limitation that was not foreseen when designing the experiment I do not think it reduces the usefulness or applicability of the findings. This is because, the context of the larger research that this study is a part of is, 'A top management team working on a CSR strategy', and the social agenda is likely to be salient in that context as well. I controlled for age, work experience, and GMAT score in this experiment and they did not make a difference.

Figure 5.1 One way ANOVA showing differences in Integrative Complexity of the responses



APPENDIX 5.1: SCHWARTZ VALUES SURVEY²

From the list below, you are to ask yourself: "What values are important to ME as guiding principles in MY life, and what values are less important to me?"

Your task is to rate how important each value is for you as a guiding principle in your life. Use the rating scale below:

0--means the value is not at all important, it is not relevant as a guiding principle for you.

3--means the value is important.

6--means the value is very important.

The higher the number (0, 1, 2, 3, 4, 5, 6), the more important the value is as a guiding principle in YOUR life.

-1 is for rating any values opposed to the principles that guide you.

7 is for rating a value of supreme importance as a guiding principle in your life;

AS A GUIDING PRINCIPLE IN MY LIFE, this value is:

opposed								of
to my	not					very		supreme
values	important		important			important		importance
-1	0	1	2	3	4	5	6	7

1) EQUALITY (equal opportunity for all)

² This instructions and scale for this survey was obtained directly from Shalom H. Schwartz by email.

- 2) A WORLD AT PEACE (free of war and conflict)
- 3) SOCIAL JUSTICE (correcting injustice, care for the weak)
- 4) BROADMINDED (tolerant of different ideas and beliefs)
- 5) WISDOM (a mature understanding of life)
- 6) PROTECTING THE ENVIRONMENT (preserving nature)
- 7) UNITY WITH NATURE (fitting into nature)
- 8) A WORLD OF BEAUTY (beauty of nature and the arts)
- 9) WEALTH (material possessions, money)
- 10) PRESERVING MY PUBLIC IMAGE (protecting my 'face')
- 11) AUTHORITY (the right to lead or command)
- 12) SOCIAL POWER (control over others, dominance)

APPENDIX 5.2: FACTOR LOADINGS FOR VALUES

VALUES	Component		
	1 (Power)	2 (Social)	3
EQUALITY (equal opportunity for all)	-.054	.786	.032
A WORLD AT PEACE (free of war and conflict)	.023	.695	.281
SOCIAL JUSTICE (correcting injustice, care for the weak)	.050	.835	.101
BROADMINDED (tolerant of different ideas and beliefs)	-.038	.383	.522
WISDOM (a mature understanding of life)	.272	.040	.478
PROTECTING THE ENVIRONMENT (preserving nature)	-.019	.469	.589
UNITY WITH NATURE (fitting into nature)	-.058	.003	.789
A WORLD OF BEAUTY (beauty of nature and the arts)	.153	.158	.724
WEALTH (material possessions, money)	.676	.021	.221
PRESERVING MY PUBLIC IMAGE (protecting my 'face')	.762	.161	.051
AUTHORITY (the right to lead or command)	.841	-.055	-.036
SOCIAL POWER (control over others, dominance)	.842	-.142	.011

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

APPENDIX 5.3: FACTOR LOADINGS FOR CSR STATEMENTS

	Component			
	1 (Pro-social)	2 (Pro-profits)	3	4
CSR is about business giving back to society. We should definitely donate to deserving causes but we should not expect to receive any financial benefit from the giving."	.751	-.080	.020	-.115
We can encourage and motivate our staff to volunteer a few hours of work each week on philanthropic projects."	.626	.041	.451	.123
We need to identify a few reliable charitable organizations and support them by donating towards their operating costs on an ongoing basis."	.725	-.002	-.018	.004
We owe a moral responsibility to work for benefit the society that we belong to and we should be ready to put aside a small part of our budget to create larger gain for the community."	.608	-.427	-.040	.275
The primary function of a business is to generate profits for investors; by doing that through ethical means we are already behaving as responsible members of society."	-.205	.621	.290	-.159
It is the quarterly figures that drive our share prices, so we cannot compromise on our quarterly financial results to invest in long term sustainability plans."	.271	.709	-.225	.019
We cannot let our shareholders down by distracting ourselves with activities unrelated to multiplying the money they trust us with."	-.181	.644	-.124	.060
We do not need to indulge in cause- related marketing and PR campaigns on CSR to promote our products. The quality of our products should speak for themselves."	.232	-.157	.200	-.698

For a business to be successful in the long term it has to create value for its shareholders and also for its suppliers, customers, employees, and other parts of society."	.078	-.064	.661	.070
Ending dangerous trends in air and water pollution is important to preserve the environment in a way that it supports the production of the raw materials we source for our business in the long run."	-.021	-.039	.730	.120
Investing in local manufacturing plants can help lower manufacturing and distribution costs and also create jobs in local communities."	.128	-.015	.270	.613
Improving basic infrastructure in supplier villages and communities will improve the efficiency of our supply chain."	.112	-.214	.239	.650

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

APPENDIX 5.4: CSR EXPERIMENT - TEAM MEMBER SCENARIOS

Version A

You are a top management team member in a publicly owned multinational retailer that sources material and manufacturing from 16 different countries and has outlets in over 50 countries. The CEO has tasked you, as a member of the top management team, to provide direction on your company's corporate social responsibility strategy. You plan to send out an email to the top management team explaining your own stance on CSR, and the main issues you believe your company faces in terms of managing itself responsibly.

As you think about how to compose this email, you recall that on a previous occasion one influential member of the top management team had voiced his views on CSR as follows:

“We are making decisions that involve the money of people who have invested in our company and entrusted us with the stewardship of their funds. The decision to use that money for anything other than generating a profit (with the aim of gaining the maximum return on investment) is tantamount to theft”.

What will your email to the team be?

Version B

You are a top management team member in a publicly owned multinational retailer that sources material and manufacturing from 16 different countries and has outlets in over 50 countries. The CEO has tasked you, as a member of the top management team, to provide direction on your company's corporate social responsibility strategy. You plan to send out an email to the top management team explaining your own stance on CSR, and the main issues you believe your company faces in terms of managing itself responsibly.

As you think about how to compose this email, you recall on a previous occasion one influential member of the top management team had voiced his views on CSR as follows:

“It is our moral responsibility to ensure that the activities of our company should not result in damage to the environment, communities, or the well being of other people around us. We need to be conscious of our inherent responsibilities as members of a larger society, and take on our fair share of societal duties.”

What will your email to the team be?

Version C

You are a top management team member in a publicly owned multinational retailer that sources material and manufacturing from 16 different countries and has outlets in over 50 countries. The CEO has tasked you, as a member of the top management team, to provide direction on your company’s corporate social responsibility strategy. You plan to send out an email to the top management team explaining your own stance on CSR, and the main issues you believe your company faces in terms of managing itself responsibly.

As you think about how to compose this email, you recall on previous occasions two influential members of the top management team had voiced their views on CSR as follows:

Member 1: “We are making decisions that involve the money of people who have invested in our company and entrusted us with the stewardship of their funds. The decision to use that money for anything other than generating a profit (with the aim of gaining the maximum return on investment) is tantamount to theft.”

Member 2: “It is our moral responsibility to ensure that the activities of our company should not result in damage to the environment, communities, or the well being of other people around us. We need to be conscious of our inherent responsibilities as members of a larger society, and take on our fair share of societal duties.”

What will your email to the team be?

APPENDIX 5.5: CODING SCHEME FOR INTEGRATIVE COMPLEXITY

This coding scheme is taken from Suedfeld, Tetlock, & Streufert, 1992

Scores of 1 indicate no evidence of either differentiation or integration. The author relies on unidimensional, value-laden, and evaluatively consistent rules for processing information.

Scores of 3 indicate moderate or even high differentiation but no integration. The author relies on at least two distinct dimensions of judgment, but fails to consider possible conceptual connections between these dimensions.

Scores of 5 indicate moderate to high differentiation and moderate integration. The author notes the existence of conceptual connections between differentiated dimensions of judgment. These integrative cognitions can take a variety of forms: the identification of a superordinate category linking two concepts, insights into the shared attributes of differentiated dimensions, the recognition of conflicting goals or value trade-offs, the specification of interactive effects or causes for an event, and the elaboration of possible reasons why reasonable people view the same event in different ways.

Scores of 7 indicate high differentiation and high integration. A general principle provides a conceptual framework for understanding specific interactions among differentiated dimensions. This type of systemic analysis yields second-order integration principles that place in context, and perhaps reveal, limits on the generalizability of integration rules that operate at the scale value of 5.

Scores of 2, 4, and 6 represent in-between ratings that are to be given for passages that fall between two odd numbered scores.

Additional Note:

In coding these statements the coders were told to look out for differentiation and integration only along the dimensions of social impact/responsibility, and profitability. For example, some responses talk about various ways of creating social impact and different reasons why it is important to be socially responsible. For this study, such responses were scored as a 1, because even though they include multiple angles, all these angles pertain to social responsibility and the dimension of profitability had not been considered.

APPENDIX 5.6: RESULTS USING SINGLE VALUE WEALTH

**Results of OLS Regression Analysis Predicting Preferences for Social and Profit
Focussed Approaches to CSR**

	Preference for Social Focussed Approach	Preference for Profit Focussed Approach
Social value	.17**	-.27***
Wealth value (using a single item measure)	-.02	.22***
Adjusted R2	.02	.11
F	3.35	14.28

Standardized coefficients are shown; N=219; * p≤.05, **p≤.01, ***p≤.001

CHAPTER 6: RESEARCH PHASE 2 - TMT SIMULATION

OVERVIEW

The second study in phase 2 was a team level simulation study. The motivation behind this study was to examine team level effects that are reflective of the interactions among top management team members. This study was conducted in the setting of a day-long top management simulation exercise that first year MBA students participated in, as part of their MBA class ‘Global Leadership Assessment for Managers’. The participants were 455 full time MBA students. They represented a total of 58 different nationalities and had an average post graduate work experience of 5.3 years. The age range was between 23 to 39 with an average age of 28.3 years, and the percentage of women was 24.2%.

During the simulation exercise, teams of 6 to 7 members acted as management teams over divisions of a manufacturing organization. It was a multi-round simulation exercise that required the teams to make ongoing decisions regarding their divisions’ business strategies. In the simulation, teams competed against each other (with the economic rules simulated by the computer) and they had to make decisions about production, research and development, budgeting, marketing and corporate social responsibility. Each team member took on a different role of the top management team.

For example one person took on the role of the CEO, while another member was the operations head, and another the marketing head, etc. Each team had its own break out room to use for top management team discussions. The simulation was divided into 5 quarters, (although the participants were not told that quarter 5 would be the last quarter). At the start of the simulation and at the start of each quarter the teams were briefed about the goals and tasks of that particular quarter by the simulation organizers. Teams were divided into a few different industries and were made to compete with other teams in the same industry during the simulation. Since it is difficult in real life to get access to top management team members, this simulation was a wonderful setting to study the dynamics of a top management team because it paralleled a real life competitive environment with limited resources, performance pressures, and tight deadlines. Further, the teams were all similar to one another in demographic composition, background, gender makeup, and work experience, so the inter-group variations due to differences in demographic diversity were minimized. Another unique advantage of the simulation was that it provided a controlled environment where each of the 65 teams was presented with exactly the same task and exposed to exactly the same set of stimuli so that noise due to external influences could be minimized.

PROCEDURE AND ANALYSIS

Sixty five teams in total took part in the simulation and the team size was usually 7, except for a few teams which had 6 members. The teams were presented with a CSR related task, (in addition to other tasks that they had to carry out as part of the top management team) in each odd quarter, i.e. in quarters 1, 3, and 5. The other tasks that

the teams had to carry out in quarters 1 to 5 were all business decisions related to strategy, pricing, budgeting, marketing or Finance. There was no CSR related tasks in quarters 2 and 4. The CSR task in quarters 1 and 3 was to come up with a suggestion for a CSR idea to be presented to the board. They were told that it had to be a socially useful idea and it could need funds to implement or it might be self-sustaining or revenue generating. It was emphasized that during this idea-generation stage, the board was interested in sourcing high-quality ideas which could help address corporate social responsibility in an effective and meaningful way and that the board had placed no constraints around how this can be done. They were reminded to explicitly mention what (if any) revenue generation possibilities existed in the idea and what kinds of costs might be accrued in the course of implementing the idea. During quarter 5 they were asked to reflect on what their groups' attitude and views on CSR had been during the previous quarters and how their group had, and in future might, approach the issue of reconciling the goals of profitability and social impact. The details of the instructions given to the groups in each quarter are presented in appendix 6.1.

The personal values of the team members were collected separately using a paper based survey and the questions were answered by each participant individually. The values were collected at the end of the week when the simulation was conducted, and the participants were given no reason to believe that the values survey was related to the CSR tasks completed as part of the team simulations. Once again the Schwartz scale described in appendix 5.1 was used to measure the strength of personal values. The specific items used to measure social values were the same three as were used in the CSR experiment described in chapter 5, and once again the four items under the value

type 'power' were aggregated to use as a measure of wealth values (although all analyses was also repeated using the single item of 'wealth' as well). Value Diversity was calculated as the coefficient of variation (i.e., standard deviation of group members divided by the mean for the group), consistent with previous diversity research (Allison, 1978; Cummings, 2004; Simons, Pelled, & Smith, 1999).

The levels of anger, frustration, confusion, uncertainty, satisfaction and trust within the team were collected after the team level simulation (at the end of the same week) using a paper based survey. These questions were all worded to capture an emotion or rating that was related to the experience of working with their particular team. However, each of the questions was answered individually by each team member without discussions with the other team members and the individual responses were then aggregated to the team level. The items related to the levels of anger, frustration, satisfaction, confusion, uncertainty, and coordination conflict were all rated on a 7-point Likert scale anchored by "1= Never/None/Not at all" and "7=Constantly/Always/Totally". Levels of anger and frustration that team members experienced while working in the team were measured by items such as "*I was angry working in this group*" for anger (reliability measured by cronbach's alpha = .91) and "*Working in this group is a very frustrating experience*" for frustration (reliability measured by cronbach's alpha = .86). Satisfaction was measured by items like, "*To what extent are you glad you are a part of this team?*" (reliability measured by cronbach's alpha = .82), while "*I am unsure about what is going on in my group*", and "*I am confused about what is expected of me in this group*" are examples of items used to gauge the levels of uncertainty (reliability measured by cronbach's alpha = .86) and

confusion (reliability measured by cronbach's alpha =.84) in the teams respectively. The scales for measuring anger, frustration, confusion, and uncertainty were developed by Peterson, Jehn, and Sanchez-Burks for another project (A note on the source of the questions in these scales is presented in appendix 6.5). Levels of coordination problems in the team were measured using the scale items for people coordination conflict as described in Behfar, Mannix et al, (2010), using items like "*How often is there tension in your team caused by member(s) not performing as well as expected?*" (reliability measured by cronbach's alpha =.80). a principle components factor analysis for the variables of anger, frustration, satisfaction, confusion and uncertainty presented in appendix 6.6 however shows that the variables of uncertainty and confusion are very closely related to each other, capturing pretty much the same phenomenon. Therefore I have conducted the analysis related to these variables twice. First using uncertainty and confusion as two different constructs and next, using them as a single construct. Intra group trust was measured using a scale previously used by Simon and Peterson (2000) to measure trust in a top management team, with items like "*To what extent are the members of your team certain they can trust each other?*" (reliability measured by cronbachs alpha =.82). The full list of items in the scales for all variables are provided in appendix 6.2.

The CSR ideas submitted in quarters 1 and 3 were coded for the degree of integrativeness that they displayed with respect to social and profitability goals. 62 out of the 65 teams responded to the CSR question and so only these responses were used for testing propositions 8 and 9. The coding guidelines for these ideas were developed using the generic integrative complexity coding guidelines, but they were adapted to a

context of measuring the degree of integration in the CSR ideas or solutions rather than the integrative complexity of a given thought process. The rating was done on a 1-7 scale where scores of 1 indicated ideas which addressed a unidimensional agenda only, and scores of 7 indicated ideas which have a social agenda but which also mention revenue generating potential. Typically these CSR ideas were integrated with the business or financial strategy of the firm such that the same idea led to a positive social as well as financial impact.

The continuum between a score of 1 (signifying a completely unidimensional idea)³ and a score of 7 (signifying an idea which had both social impact and revenue generating potential) was bridged by two main levels of partial attempts at integration. The first intermediate level was when the idea had a social agenda and a cost to implement it and where the teams acknowledged the presence of such a cost (signifying an awareness of the financial dimension) and perhaps tried to justify the cost by allocating it to a PR (Public Relation) budget. The second intermediate level was when the ideas had a social agenda and had been developed to be cost neutral to implement or have cost savings implications (signifying a conscious attempt at minimizing the financial downside, but not actively trying to reap a financial benefit as in a score of 7).

The first intermediate level was broken up into three further categories depending on whether the costs associated with the social activity were merely

³ Usually, this categorization comprised of ideas which focused on social impact exclusively, but in the rare cases where a team had reported along the lines that they only believed in profits and would therefore not even consider CSR those teams were also given a score of 1.

acknowledged (a score of 2), were acknowledged and then justified by means of an allocation to a PR budget (a score of 3), or were acknowledged, allocated to a PR budget, and explicitly designed to bring in financial benefits through advertising (a score of 4). The second intermediate level was broken up into 2 categories depending on whether the attempt was to keep the social activity cost neutral (a score of 5) or there was an attempt to push to actually get a financial benefit to the company through the cost savings created by the social activity (a score of 6). The exact coding guideline is presented in appendix 6.3. The rating was done by two independent raters who initially had an agreement of 78%. The raters then had a discussion about the items that they had disagreed by a score of 2 or more and then re-rated those ideas. The agreement after this was 94%. I give below prototypical ideas that received scores of 1, 3, 5, and 7. The following idea illustrates a prototypical 1:

“We suggest a corporate partnership with UNICEF to provide drinking water to every child in South America. SA is a big market for us and desalination is a speciality that we NEED to be focussing on.”

This idea focuses only on the social agenda of providing drinking water and desalination. There is no evidence of having considered the financial angle at all and no mention of the possible costs involved in the partnership with UNICEF or the activities to be undertaken. The next idea illustrates a prototypical 3:

“We will implement a one day off for each employee and do some charity activity all together. Benefits: team building, increase our image. Costs of the operation: 1 day of each employee.”

This idea articulates evidence of having considered both the social angle (working for a charity) as well as the financial angle (cost to the company, in terms of ‘1 day of each employee’). The response also mentions that cost can be partially justified by an increase in image or team building benefits, making it deserve a score of 3. The next idea illustrates a prototypical 5:

“To invest in R&D and process engineering to develop more efficient and green products. This is in line with our global strategy and will help our positioning (high quality). Costs in R&D will be accrued to implement this strategy, but the cost will be netted in increased process efficiency”.

This idea shows evidence of having considered both the social (‘efficient and green products’) and the profitability (‘costs in R& D will be accrued’) angles, but it also shows an integration of the social and financial angles by putting forth the argument that efficient processes are both better from a social angle and also from a cost point of view. The argument for cost-neutrality, warrants a score of 5 for this idea. The following idea illustrates a prototypical 7:

“We propose investing in small power generation units and, in collaboration with a microfinancing project in Africa, provide inexpensive units to farmers in the region. This will give us the volume to allow proper investment in the technology and sell at full price in other regions. This is a growth market which we can invest in while getting an instant social return in Africa.”

This idea shows evidence of having considered both the social angle, ‘social return in Africa’, as well as the profitability angle, ‘growth market which we can invest in’. The idea has integrated the social focus and the financial focus into a single strategy, such that it is not just the farmers in Africa who will benefit from the chosen social activity, but the company itself benefits in terms of investing in technology to produce a

new product that it can sell at full price in other markets to make profit. The integration of social and financial goals into a single project justifies a score of 7 for this idea.

Average age, average work experience, and average GMAT score were used as control variables because the input from the qualitative interviews suggested that these factors might influence the likelihood of thinking of an integrative CSR approach.

Appendix 6.4 provides the means, standard deviations, and correlations for all variables.

All analysis in this study were conducted at the team level because this study was conducted to investigate propositions 4 to 9 which are all team level effects only. Although some of the variables used in this study were initially measured at the individual level, they were then aggregated to the team level in order to investigate the team level effects. For example, personal values were measured at an independent level, but the independent variable of interest in this study was value diversity in the team so the coefficient of variance of the values was used as a team level measure of value diversity. Anger, frustration, confusion, uncertainty, and people coordination conflict were all measured at an individual level, but the questions were worded to capture experiences related to working in the team and so the responses were aggregated to the team level and this aggregation is supported by the ICC and rwg scores. To show agreement or consensus among within-team responses before aggregating them to the group level I calculated the James, Demaree, and Wolf (1993) within-group agreement (rwg) index for each measure I wanted to aggregate, for each of the 65 teams in this study. The average rwg indexes were .81, .86, .87, .73, .76, .70, and .76 respectively, for people coordination conflict, satisfaction, trust, uncertainty, anger, confusion and

frustration respectively. The ICC (1) and ICC (2) scores also show support for aggregation of these variables to the group level. The ICC (1) values were as follows: people coordination conflict = .15, satisfaction = .21, trust = .12, uncertainty = .11, anger = .13, confusion = .08 and frustration = 0.25. The ICC (2) values were as follows: people coordination conflict = .55, satisfaction = .65, trust = .48, uncertainty = .47, anger = .52, confusion = .37 and frustration = 0.70. The integrativeness of the CSR solutions was coded directly at the team level, based on the outputs of each team during the simulation exercise.

RESULTS

PROPOSITIONS 4 AND 5 (EFFECTS DUE TO ATTITUDINAL DISSIMILARITY)

Table 6.1 provides the regression analyses that tested hypotheses 4a through 5d. Supporting hypothesis 4a, higher levels of diversity related to social values was related to lower levels of satisfaction in working within the team. Hypothesis 4b, however was not supported suggesting that diversity of values related to wealth did not influence satisfactions levels. Support was also found for hypothesis 5a: the greater the diversity in the team with regard to social values the higher is the likelihood of experiencing frustration when working together, but there was no support for hypothesis 5b, which made a similar prediction for diversity in values related to wealth. Hypothesis 5c which predicted that higher levels of diversity related to social values will lead to the experience of anger within the team was supported, but hypothesis 5d which made a similar prediction related to diversity in wealth values, was not supported. Diversity in social values explained 10 percent of the variance in team satisfaction, 13 percent of the

variance in the experience of frustration in working with the team and 11 percent of the variance in the experience of anger within the team.

Table 6.1: Results of OLS Regression Analysis Predicting Satisfaction, Anger, and Frustration

	Satisfaction	Frustration	Anger
Social value diversity	-.35**	.39***	.38**
Wealth value diversity	.09	-.01	-.01
Adjusted R2	.10	.13	.11
F	4.48	5.66	5.13

Standardized coefficients are shown; N=65; * $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$

Mediation by anger and frustration

Hypothesis 5e predicted that anger will mediate the effect of social value diversity on team satisfaction. Using the procedure suggested by Baron and Kenny (1986), I found that the significant effect of social value diversity on team satisfaction ($B = -.34, p = .005$) became non significant ($B = -.28, n.s.$) when anger was controlled for. Thus the mediating role of anger between social value diversity and satisfaction was confirmed. Hypothesis 5f was not relevant anymore since neither anger nor satisfaction was related to diversity in values related to wealth. Hypothesis 5g predicted that frustration will mediate the effect of social value diversity on team satisfaction. This hypothesis was supported because the significant effect of social value diversity on team satisfaction ($B = -.34, p = .005$) became non significant ($B = -.09, n.s.$) when frustration was controlled for. Thus the mediating role of frustration between social value diversity and

satisfaction was also confirmed. Hypothesis 5h was not relevant since neither frustration nor satisfaction was related to diversity in values related to wealth.

PROPOSITIONS 6 AND 7 (PROBLEMS ASSOCIATED WITH DIFFERENCES IN PRIORITIES AND APPROACH)

Table 6.2 provides the regression analyses that tested hypotheses 6a through 7b. Supporting hypothesis 6a, higher levels of diversity related to social values was related to higher levels of uncertainty when working within the team. Hypothesis 6b, however was not supported suggesting that diversity of values related to wealth did not influence the experience of uncertainty. Support was also found for hypothesis 6c: the greater the diversity in the team with regard to social values the higher is the likelihood of experiencing confusion when working together, but there was no support for hypothesis 6d, which made a similar prediction for diversity in values related to wealth. Hypothesis 7a which predicted that higher levels of diversity related to social values will lead to the experience of people coordination conflict within the team was supported, but hypothesis 7b which made a similar prediction related to diversity in wealth values, was not supported. Diversity in social values explained 16 percent of the variance in uncertainty, 14 percent of the variance in the experience of confusion in working with the team and 4 percent of the variance in the experience of people coordination conflict within the team. The analysis was also repeated by combining uncertainty and confusion into a single variable and this analysis showed that diversity in social values explained 16 percent of the variance in uncertainty/confusion (as a combined construct).

Table 6.2: Results of OLS Regression Analysis Predicting uncertainty, confusion, and people coordination problems

	Uncertainty	Confusion	People Coordination Conflict	Uncertainty /Confusion
Social value diversity	.39***	.40***	.27*	.42***
Wealth value diversity	.12	.05	-.04	.074
Adjusted R2	.16	.14	.04	.16
F	6.88	6.07	2.32	7.22

Standardized coefficients are shown; N=65; * $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$

Mediation by Uncertainty and Confusion.

Hypothesis 7c predicted that uncertainty will mediate the effect of social value diversity on people coordination conflict. Using the procedure suggested by Baron and Kenny (1986), I found that the significant effect of social value diversity on people coordination conflict ($B = .26$, $p = .035$) became non significant ($B = -.10$, n.s.) when uncertainty was controlled for. Thus the mediating role of uncertainty between social value diversity and people coordination conflict was confirmed. Hypothesis 7d was not relevant anymore since neither uncertainty nor people coordination conflict was related to diversity in values related to wealth. Hypothesis 7e predicted that confusion will mediate the effect of social value diversity on people coordination conflict. This hypothesis was supported because the significant effect of social value diversity on

people coordination conflict ($B=.26$, $p=.035$) became non significant ($B=-.07$, n.s.) when confusion was controlled for. Thus the mediating role of confusion between social value diversity and people coordination conflict was also confirmed. Hypothesis 7f was not relevant since neither confusion nor people coordination conflict was related to diversity in values related to wealth. The same pattern held when the analysis was repeated using uncertainty and confusion as a single construct. The significant effect of social value diversity on people coordination conflict ($B=.26$, $p=.035$) became non significant ($B=-.10$, n.s.) when the combined variable, uncertainty/confusion, was controlled for.

PROPOSITIONS 8 AND 9 (EFFECT ON THE INTEGRATIVE COMPLEXITY OF THE CSR SOLUTION)

Table 6.3 presents the results of the OLS regression analysis to test the hypotheses related to propositions 8 and 9 which predicted the effects of value diversity and trust on finding an integrative CSR solution. Hypothesis 8a predicted that the relationship between social value diversity and likelihood of finding an integrative CSR solution will be curvilinear (inverted-U shaped), such that moderate diversity will be associated with a high likelihood of finding an integrative solution, and very low diversity or very high diversity with low likelihood of finding an integrative solution. In model 1, social value diversity and its square are significant predictors of the Integrativeness of the CSR solution, demonstrating a curvilinear relationship as predicted. The coefficient for the squared term is negative, suggesting an inverted-U relationship as predicted, and indeed the graph in figure 6.1 (which is based on model1) shows that this is the case, and that

the top of the resulting U shape is somewhat in the middle of the data range of social value diversity. Hypothesis 8b predicted that the relationship between wealth related value diversity and likelihood of finding an integrative CSR solution will be curvilinear (inverted-U shaped), such that moderate diversity will be associated with a high likelihood of finding an integrative solution, and very low diversity or very high diversity with low likelihood of finding an integrative solution. However model 2 shows that wealth value diversity and its square are non-significant predictors of the Integrativeness of the CSR solution. Hypothesis 8b is therefore not supported.

Hypothesis 9a predicted that trust will moderate the relationship of social value diversity impacting the likelihood of finding an integrative solution such that the greater the level of trust in the team the higher and broader the shape of the inverted U. However model 5 shows that social value diversity squared when multiplied by trust (after centering all variables that were multiplied) is not a significant predictor of the Integrativeness of the CSR solution. Therefore hypothesis 9a was not supported and trust does not moderate the relationship between social value diversity and integrativeness of the CSR solution. Hypothesis 9b (predicting that trust would moderate the relationship between wealth value diversity and integrativeness of CSR solution) was not tested because the main effect between wealth value diversity and integrativeness of the CSR solution (hypothesis 8b) was found not to hold true. Although the data did not provide support for hypothesis 9a which was based on a prediction of the moderating influence of trust between the team members, it seemed unlikely that intra team trust would not influence the process of finding integrative solutions. Therefore I investigated whether trust might have a main effect in influencing the likelihood of finding an integrative solution. I

tested for both linear and curvilinear effects and found that trust does seem to have an independent curvilinear effect on finding integrative CSR solutions. Therefore in models 4 and 5 (listed in table 6.3) I conducted the regression including both trust and trust squared as predictors, along with social value diversity and wealth value diversity. The results show that trust squared explains around 30% of the variance in the likelihood of finding integrative solutions. The curvilinear effect is an upright-U shape and what the data suggests therefore is that both very low levels as well as very high levels of trust are conducive to finding integrative solutions while a mid-level of trust is relatively non-conducive. I find this effect of trust fascinating, and I provide a post-hoc explanation for why trust might have such a curvilinear effect in chapter 7. Specifically, I hypothesize that there might be two different influences of trust at play, one which is operational at very low levels (a resistance to yielding effect), and the other which is operational at very high levels (formation of a safe and positive atmosphere), each of which support the building of integrative solutions in their own unique ways. I elaborate more on these mechanisms in chapter 7, under the section on future directions, where I plan to test these predictions deductively through future studies.

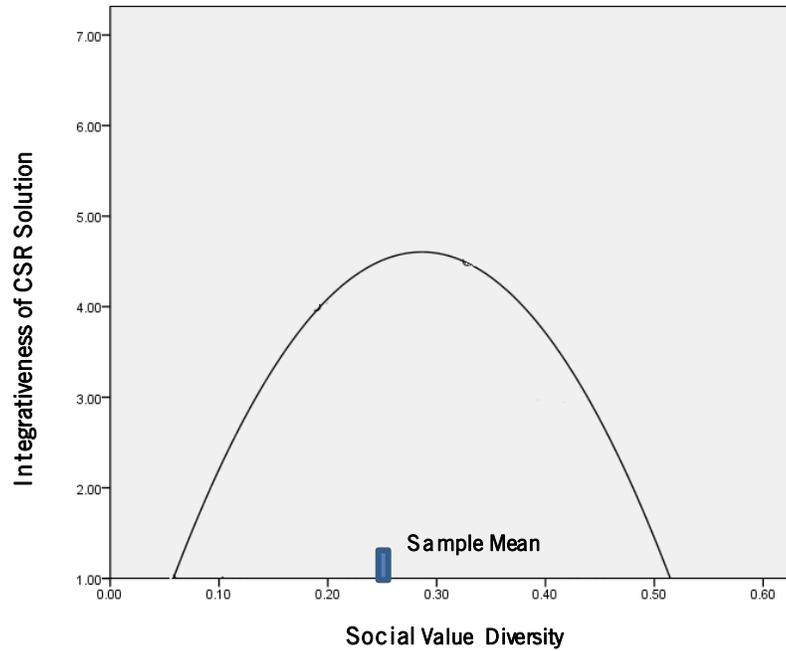
Table 6.3: Results of OLS Regression Analysis with Integrativeness of CSR solution as dependent variable

	Model 1	Model 2	Model 3	Model 4	Model 5
Social value diversity	.31**		.32**	.33**	.34**

Social value diversity squared	-.35***		-.36***	-.42***	-.49***
Wealth value diversity		-.037	-.05	-.25	-.26
Wealth value diversity squared		.038	-.04	.15	.16
Trust				.07	-.02
Trust squared				.31**	.29**
Social value diversity squared X Trust					.15
<i>Control Variables</i>					
Average GMAT score	-.23*	-.30**	-.23*	-.22*	-.20
Average age	-.15	-.09	-.16	-.12	-.11
Average work experience	.32*	.33*	.34*	.32*	.3*
Adjusted R2	.21	.06	.19	.26	.25
F	4.29***	1.71	3.06***	3.35***	3.07***

Standardized coefficients are shown; N=62; *p≤.1, **p≤.05, ***p≤.01,

Fig 6.1 Graph for Hypothesis 8a



DISCUSSION

The purpose of this study was to examine some of the predicted effects of value diversity in a setting that mimicked the working of a top management team. Although I had made parallel predictions for diversity in values related to wealth and for diversity in values related to social impact, a key finding from this study is that the effects of these two types of value diversity are not symmetric. While diversity in values showed the predicted effects created by attitudinal dissimilarities and differences in priorities the same did not hold true for diversity in wealth values. So also, the curvilinear effect that was predicted with respect to an integrative CSR solution was found to hold true only for social value diversity and not for wealth value diversity. This asymmetry between

the social values and wealth values might have been because the values related to wealth are not as deeply held as values related to social impact and therefore differences on this dimension do not disturb people as much as differences along the social value dimension. This line of reasoning is further strengthened when these results are viewed alongside the asymmetrical findings of the CSR experiment, where social values were found to have a pro and a con effect, but wealth values had only a con effect. This asymmetry in values is discussed in more depth in chapter 7 where these results are analyzed alongside some more findings from phase 1 research which again showed an asymmetry between the malleability and strength of these two types of values.

The present study was successful in supporting most of the predictions that were made for social value diversity. These results will add much to the literature on emotions in teams, because social value diversity alone explains 13% of the variance in frustration and 11% of the variance in anger experienced while working in the team. The results also suggest that the single variable of social value diversity explains 16% of the variance in uncertainty and 14 % of the variance in confusion respectively. Although it was not a specific agenda of this study to look at the sources of negative emotions, confusion and uncertainty, I think that this result is an interesting result in of itself, especially given that the same effects were not found for diversity related to wealth values, the latter having shown an equivalent level of reliability in the measurement of the values. Previous research on diversity and differences as sources of emotional tension and confusion in groups does not make a difference between different types of value diversity, and makes only general level arguments relating attitudinal differences leading to negative affect and confusion. My study shows that certain values can be held

more deeply and therefore differences in such types of values (eg social values) might be more likely to lead to negative emotional affect and various forms of confusion than differences in other types of values which are held less deeply (eg: wealth values).

One of the most valuable findings of this study however comes with the support for hypothesis 8a, suggesting that a medium amount of diversity in the team related to social values can increase the chances of the team finding an integratively complex solution, as compared to either too little diversity or too much diversity. Another interesting finding is that while the results suggest that trust might not moderate the effect of social value diversity on reaching an integrative CSR solution, model 4 suggests that trust might be an interesting predictor of integrative solutions in its own right. However, this is an inductive reasoning at this stage and I elaborate more on the possible theoretical mechanisms leading to such an effect in chapter 7.

APPENDIX 6.1: TOP MANAGEMENT TEAM SIMULATION – INSTRUCTION MEMOS

TO: The Management Team

FROM: Lauren Drew, VP for Corporate Social Responsibility

Subject: Your Idea is Needed (Quarter 1)

Of late our corporation has become increasingly conscious of our Corporate Social Responsibility (CSR), and we are trying to integrate socially relevant activities into our existing business in all of our divisions, including your Specialty Electric Motor division.

We are looking for creative ways to do this through creating new products, marketing mechanisms, financing strategies, sales tactics or another method. In each odd quarter (quarters 1, 3, 5, 7, 9, etc.) you are required to submit one idea that will help promote our corporate social responsibility. It has to be a socially useful idea - it may need funds from the parent organization (namely, Corporate), or it may be self-sustaining (or better yet, even revenue generating). During this idea-generation stage, you should adopt the mindset that anything is possible in the future and you need not constrain yourself by the current budget, scope of operations, target markets or stakeholders. The board is interested in sourcing high-quality ideas which could help address corporate social responsibility in an effective and meaningful way and has placed no constraints around how this can be done.

The quality of your idea will be used by the board to ascertain your division's ability and enthusiasm to support the corporate social responsibility initiative.

Team Name: _____

Industry Colour: _____

GLAM Team Number (A1, A2, B1, B2 etc.) _____

Quarter 1

(Please use additional sheets if you need more space)

Our idea to help promote corporate social responsibility is:

(Make sure to mention what (if any) revenue generation possibilities exist or what kinds of costs might be accrued in the course of implementing this idea)

TO: The Management Team

FROM: Lauren Drew, VP for Corporate Social Responsibility

Subject: Your Idea is Needed

(Quarter 3)

As I mentioned to you in my previous email, our corporation has become increasingly conscious of our Corporate Social Responsibility (CSR). After your last two quarters experience in running your business, we request you to once again submit an idea to integrate socially relevant activities into our existing business.

We are looking for creative ways to do this through creating new products, marketing mechanisms, financing strategies, sales tactics or another method. It has to be a socially useful idea - it may need funds from the parent organization (namely, Corporate), or it may be self-sustaining (or better yet, even revenue generating). I want to re-emphasize that during this idea-generation stage, you should adopt the mindset that anything is possible in the future and you need not constrain yourself by the current budget, scope of operations, target markets or stakeholders. The board is interested in sourcing high-quality ideas which could help address corporate social responsibility in an effective and meaningful way and has placed absolutely no constraints around how this can be done.

The quality of your idea will be used by the board to ascertain your division's ability and enthusiasm to support the corporate social responsibility initiative.

Team Name: _____

Industry Colour: _____

GLAM Team Number (A1, A2, B1, B2 etc.) _____

Quarter 3

(Please use additional sheets if you need more space)

Our idea to help promote corporate social responsibility is:

(Make sure to mention what (if any) revenue generation possibilities exist or what kinds of costs might be accrued in the course of implementing this idea)

TO: The Management Team

FROM: Lauren Drew, VP for Corporate Social Responsibility

Subject: Your views on CSR

(Quarter 5)

Thank you for the ideas that you have submitted in the first and third quarters. We are now in the process of picking out the final ideas that we would want to implement going forward. We are inclined to choose ideas that create social impact in a way that enhances our profitability (for eg: recycling copper parts) rather than initiatives like donating to charities which we have to implement at the cost of profitability. However, there has been some concern raised regarding trying to merge the agenda of profitability with creating social impact and we must share with you that there have been some really great ideas but they have no revenue generating potential. Before we take any further steps we would like to hear your views on this issue.

How would your group recommend we reconcile the issue of profitability versus creating social impact? Please also let us know whether this point came up in your team discussions in the first and third quarters and if so how you went about resolving it for yourselves.

Your input is key to our formulating a CSR strategy that is meaningful to all our stakeholders and we are eager to know your thoughts on this matter.

Team Name: _____

Industry Colour: _____

GLAM Team Number (A1, A2, B1, B2 etc.) _____

Quarter 5

(Please use additional sheets if you need more space)

APPENDIX 6.2: TEAM LEVEL DYNAMICS SURVEY QUESTIONS

These questions will be rated on the following scale:

1	2	3	4	5	6	7
Never			Sometimes			Constantly
None			Somewhat			Always
Not at all						Totally

FRUSTRATION

Working in this group is a very frustrating experience.

Overall, I experienced a lot of frustration in my workgroup.

I am always running into obstacles trying to get my work done in this group.

UNCERTAINTY

I am unsure about what is going on in my group.

Things are unclear about what was happening in the group.

CONFUSION

I am confused about what is happening in the group.

I am confused about what is expected of me in this group.

ANGER

I was angry working in this group.

How angry were you while working in this group?

PEOPLE COORDINATION CONFLICT

How often is there tension in your team caused by member(s) not performing as well as expected?

To what extent is there tension in your team caused by member(s) not completing their assignment(s) on time?

How much tension is there in your team caused by member(s) arriving late to team meetings?

SATISFACTION

To what extent are you glad you are a part of this team?

How satisfied are you working with this team?

How satisfied are your fellow team members with being a member of this team?

How much do you like other members of your team?

TRUST

To what extent are the members of your team certain they can trust each other?

To what extent do you expect to get complete truth from your team members?

To what extent do the members of your team show absolute integrity?

To what extent do your team members count on each other to fully live up to their word?

To what extent do your team members respect each other's competence?

APPENDIX 6.3: CODING SCHEME FOR CSR IDEAS

Scores of 1 would indicate ideas which address a unidimensional agenda (only social impact or only profitability).

Scores of 2 would indicate ideas that have a social agenda and a cost to implement it and who explicitly acknowledge that there will be a cost incurred to implement.

Scores of 3 would indicate ideas that have a social agenda and a cost to implement it and who try to justify the cost by allocating it to a PR budget.

Scores of 4 would indicate ideas that have a social agenda and also incur a cost to implement but which explicitly mention how the cost might be treated as an advertising or PR cost and eventually help the business by bringing in increased sales.

Scores of 5 would indicate ideas that have a social agenda and are cost neutral to implement.

Scores of 6 would indicate ideas that have a social agenda and have cost savings implications.

Scores of 7 would indicate ideas that have a social agenda and also have revenue generating potential. Typically, these CSR initiatives are integrated with the business or financial strategy of the firm.

APPENDIX 6.4- MEANS, STANDARD DEVIATIONS AND CORRELATIONS

N=65; * < .05, ** p < .01

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13
1 Social value diversity	-												
2 Wealth value diversity	.11												
3 Anger	.38**	.03											
4 Frustration	.39**	.04	.87**										
5 Satisfaction	-.34**	.06	-.78**	-.83**									
6 Uncertainty	.41**	.16	.69**	.75**	-.61**								
7 Confusion	.40**	.09	.66**	.74**	-.57**	.79**							
8 People coordination conflict	.26*	-.01	.52**	.55**	-.63**	.43**	.50**						
9 Integrativeness of CSR Idea	.14	.04	.07	.12	-.17	.16	.06	.13					
10 Trust	-.25*	-.07	-.65**	-.72**	.77**	-.63**	-.62**	-.61**	-.24				
11 Avg. GMAT score	.18	.02	.07	.13	-.07	.04	.12	.05	-.25	.06			
12 Avg. age	.08	.08	.21	.27*	-.18	.11	.25*	.05	.06	-.22	.32*		
13 Avg. work exp	.01	.16	.19	.20	-.18	.09	.22	.19	.19	-.27*	.29*	.71**	
Mean	.25	.34	1.72	2.17	5.85	2.08	2.12	1.9	3.7	5.61	696.72	28.33	5.30
S.d.	.11	.12	.57	.72	.51	.57	.55	.53	1.93	.41	10.01	.85	.58

APPENDIX 6.5: NOTE ON SCALE FOR ANGER, FRUSTRATION, UNCERTAINTY AND CONFUSION

(Cites of sources of the scale items based on the scale creation notes of Sanchez-Burks, Peterson, & Jehn)

Frustration

Working in this group is a very frustrating experience. (Peters, O'Connor, & Rudolf, 1980)

Overall, I experienced a lot of frustration in my workgroup. (Peters et al., 1980)

I am always running into obstacles trying to get my work done in this group. (Keenan & Newton, 1984)

Anger

I was angry working in this group. (Izard, Libero, Putnam, & Haynes, 1993; Kaiser, Dyrenforth, & Hagiwara, 2006; Leach, Iyer, & Pedersen, 2006)

How angry were you while working in this group? (Izard et al., 1993; Kaiser et al., 2006; Leach et al., 2006)

Uncertainty

I am unsure about what is going on in my group. (Simon & Houghton, 2003)

Things are unclear about what was happening in the group. (Simon & Houghton, 2003)

Confusion

I am confused about what is happening in the group? (Created by ETTY JEHN)

I am confused about what is expected of me in this workgroup. (Britt, 1999)

Note: The above questions have been adapted for group focus from the cites mentioned in brackets.

APPENDIX 6.6: CONFIRMATORY FACTOR ANALYSIS FOR ANGER, FRUSTRATION, SATISFACTION, CONFUSION, UNCERTAINTY AND COORDINATION CONFLICT

	Component				
	1 (Uncertainty and confusion)	2 (Satisfaction)	3 (People coord conflict)	4 (Frustration)	5 (Anger)
(Satisfaction 1) To what extent are you glad you are a part of this team?	-.149	.839	-.175	-.173	-.147
(Satisfaction2) How satisfied are you working with this team?	-.206	.807	-.246	-.278	-.188
(Satisfaction 3) How satisfied are your fellow team members with being a member of this team?	-.182	.806	-.137	-.245	-.119
(Frustration1) Working in this group is a very frustrating experience.	.276	-.356	.198	.735	.256
(Frustration 2) Overall, I experienced a lot of frustration in my workgroup.	.272	-.310	.201	.766	.238
(Frustration 3) I am always running into obstacles trying to get my work done in this group.	.405	-.267	.174	.691	.169
(Anger 1) I was angry working in this group.	.312	-.208	.132	.209	.834
(Anger 2) How angry were you while working in this group?	.293	-.207	.161	.269	.820
(Uncertainty1) I am unsure about what is going on in my group.	.815	-.173	.128	.177	.124
(Uncertainty2) Things are unclear about what was happening in the group.	.787	-.152	.132	.236	.173
(Confusion 1) I am confused about what is happening in the group.	.826	-.158	.134	.179	.201
(Confusion 2) I am confused about what is expected of me in this group.	.785	-.110	.077	.158	.177
(People coord 1) How often is there tension in your team caused by member(s) not performing as well as expected?	.142	-.223	.778	.094	.238

(People coord 2) To what extent is there tension in your team caused by member(s) not completing their assignment(s) on time?	.161	-.161	.838	.090	.154
(People coord 3) How much tension is there in your team caused by member(s) arriving late to team meetings?	.072	-.103	.799	.196	-.060

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

CHAPTER 7: CONCLUSION & FUTURE DIRECTIONS

CONCLUSION

In this dissertation I address the central question of how value diversity in a top management team might aid or hinder the team in its quest to find integrative solutions that meet both the competing goals of wealth creation and social impact. In order to do this I first elucidate five different effects that can arise as a consequence of the influence of the personal values of the top management team members in this context. The first effect I discuss is the effect of a person's own values on his or her preference for CSR approaches. The second effect is the effect of other team members' values on each individual team member's motivation to approach the problem in integratively complex ways. The third effect is a team level effect of attitude polarization that can arise due to the convergent shift of team-member attitudes towards an extreme. The fourth and fifth types of effects are disruptive influences of value diversity which can reduce the quality of team processes. The first type of disruption can occur due to the creation of negative emotions like anger and frustration of working with dissimilar teammates, while the second type can occur due to the uncertainty and confusion created by differences in value orientations. I then argue that the resultant impact of these effects on the ability of the team to come up with an integrative solution that meets two conflicting value goals, is such that there is an inverted-U relationship between the likelihood of reaching an

integrative solution and the diversity (or spread) of either social or wealth related values in the team.

Summary of Results:

I had predicted that Personal Values would determine the preferences for CSR approaches such that people would prefer strategies which are aligned with their personal values (proposition 1) and also be opposed to approaches which exclusively emphasized a value that motivationally conflicts with their personal values (proposition 2). I found that the strength of people's social values was positively associated with the degree to which they endorsed approaches that were pro-social and the strength of people's wealth values was positively associated with the degree to which they endorsed a pro-profits approach. I also found as predicted that the more people valued social impact the more they were in opposition to approaches that were pro-profits only. However, the same was not true for wealth values. People who valued wealth strongly were not more inclined to oppose strategies that were pro-social.

I had predicted that the presence of team members who are diverse in values related to social impact and profitability would stimulate each individual team member to think in more integratively complex ways about the CSR problem (proposition 3). I found as predicted, that participants who were briefed about two different types of team members were more likely than participants in either of the first two conditions to think in more integratively complex ways. A further unexpected difference that showed up was that participants who were briefed about the pro-social member displayed less

integratively complex thinking than did participants who were told of only a pro-profits team member.

I had predicted that higher levels of value diversity would result in more anger and frustration within the team as well as lower levels of satisfaction (propositions 4 and 5). I also predicted that higher levels of value diversity would lead to more uncertainty, confusion, and process coordination conflict among team members (propositions 6 and 7). I found that diversity in social values was positively associated with feelings of anger, frustration, confusion, uncertainty, and process coordination conflict and negatively associated with satisfaction within the team. However diversity in wealth values did not show these effects.

I had predicted that there would be an inverted-U shaped relationship between the likelihood of finding an integrative CSR solution and value diversity (proposition 8). I found that the inverted-u prediction was supported for diversity in social values such that teams with a mid-level of diversity were more likely to suggest integrative CSR ideas than either highly homogenous or highly heterogeneous teams. However this prediction was again not supported for diversity related to wealth values. I had also predicted that there would be a moderating influence of trust (proposition 9) but this prediction was not supported.

CONTRIBUTIONS

IMPLICATIONS FOR VALUES LITERATURE

A key contribution that this research makes to the values literature is the observation of asymmetries between the workings of the two types of values that have been studied in this research (values related to social impact and values related to wealth). The results from the preliminary study, the CSR experiment, as well as the team level simulation study show asymmetries between the workings of social and wealth values. These observed differences between social values and wealth (power) values suggest that there are differences involved in the functioning of these values that could be related to: (1) asymmetry in stability and (2) asymmetry in directional influence. The asymmetry in stability is such that social values are more stable while wealth values are more easily subject to post behaviour revision like a cognitive dissonance effect. The asymmetry in directional influence is such that social values lead to preferences for social points of view as well as resistance towards profits-only points of view while wealth (power) values lead to preferences for pro-profits points of view but they do not lead to resistance towards social-only points of view.

In the preliminary (phase 1) study, both social and wealth values displayed the expected effect of influencing behaviour such that: (a) the more people valued social impact the more likely they were to choose a project with social impact over one with higher wealth gains, (b) the more people valued wealth (power) the more likely they were to choose a project with higher wealth gains over one with social

impact. However, the difference between the two types of values observed in this study was that wealth (power) values showed a cognitive-dissonance like effect while social values did not show the same. This is because when people were asked to make the same choice between the two projects, and they were asked to rate their values immediately after making the choice, people were likely to report higher wealth values (if they had chosen the project with higher payoff) and lower wealth values (if they had chosen the project with lower payoff but a social impact) than they otherwise would have. This is reminiscent of cognitive dissonance and it appears as though people tended to quite easily shift their wealth (power) ratings to reflect the choice they had just made. However, the same did not happen with the reporting of social values, and people were not likely to shift their social value ratings to reflect the choice they had just made⁴.

The results of the CSR experiment showed that the more people valued social impact, the more they preferred approaches that emphasized the social angle, and more they were opposed to approaches that exclusively emphasized profitability. Accordingly, the more people valued wealth (power), the more they preferred approaches that emphasized profitability. However, the extent to which people valued wealth was not related to their opposing approaches that exclusively emphasized social

⁴ This difference that was observed between the stability of the wealth and social values could possibly be explained by a difference in strength, or the degree to which each of these two types of values is tied to one's self concept. If it is true that social values are held more deeply than wealth values then that would explain why the latter were subject to cognitive influences, therefore showing a dissonance effect, while the former did not because they are held more deep within a person's identity and are therefore are not subject as easily to cognitive influences. However this 'differences in strength' explanation of the dissonance effect is something that can be tested and I discuss more about it under the section on 'future directions'.

impact. Therefore social values show a two dimensional effect (both pro and anti): they can increase an individual's preference for pro-social approaches and also increase the individual's opposition of pro-profits approaches while wealth values appear to operate only along one dimension (only a pro effect). They increase an individual's preference for approaches that are pro-profits, but do not lead to the opposition of approaches that are exclusively pro-social.

The results of the team simulation study also displayed an asymmetry between the workings of social and wealth values. High diversity in social values was shown to lead to emotions of anger and frustration as well as confusion and uncertainty in the team, but the same was not true for diversity in wealth (power) values. This difference could be explained again by the reasoning that if social values are held more deeply, they are more closely tied to a person's self concept and therefore people will be more emotionally sensitive to differences and opposing arguments along this dimension. Diversity in wealth values did not seem to influence the likelihood of finding an integrative solution either. This non-effect of diversity in wealth values can be explained by the reasoning that wealth values did not generate the required 'pro' versus 'con' tension between social impact and profitability which formed the keystone of the theoretical arguments in the model of value diversity influencing the search for an integrative solution. For example, diversity in group members' wealth values does not create the required increase in pro-con arguments that are needed to stimulate the search for an integrative solution. This is because according to postulate 2, being high in wealth values does not turn people against pro-social initiatives, and so differences in wealth values among group members only leads to different levels of preference for emphasis

on wealth creation, but the agenda of wealth creation does not get pitted against the social agenda. In contrast diversity in social values sets up two competing goals for the group to resolve because, group members who value social impact highly are also against an exclusive profit focus and so in this case social impact gets pitted against wealth creation.

Both of these asymmetries form relevant insights for researchers studying personal values because they show that not all personal values can be assumed to operate in similar ways. Much of the theorizing around values has been done on a general level, differentiating between the functioning of values, attitudes, and cognitive constructs like mindsets for example, but assuming nevertheless that different types of values would operate at the same level. The asymmetry of stability or strength identified above would suggest however, that some values (like social values) are more stable (or held more deeply) and these values therefore (1) are likely to fluctuate less and to be more stable across situations, and (2) are likely to be strongly tied to one's self concept, making the person emotionally sensitive to issues related with that particular value. The second asymmetry related to directional influence points to incompleteness in the current theorization of the motivational effects of values. Schwartz's (1992) model has been a significant move in formulating an association between the 10 universal types of values to show which ones share motivational emphasis and which do not. However, what this model does not specify is whether values that are opposed to each other merely do not share a motivational emphasis, or whether being high on a particular value actively demotivates the person from pursuing a goal related to the opposing value. The asymmetry in directional influence would suggest for example that valuing

social impact can actually demotivate a person from pursuing wealth, but that the reverse is not true: valuing wealth does not demotivate a person from pursuing social impact. My research suggests that not all value domains are exclusive of one another. Further this inclusivity or exclusivity among values might depend on the focal person in question and what the dominant value of the person in question is. For example someone who values social impact highly, might find that wealth values are in opposition to social values, while someone who values wealth highly might not believe that social values are in opposition to wealth values. This brings us to a second implication for the values literature, which is that the theorization on the interplay between various values cannot be conducted in isolation of the people in question. This is because the relationship between different types of values might be dependent on the particular values of the persons who are being examined. This holds particular significance for example in cross cultural research where there could be a value that is more dominant in persons of a particular culture. The relationship between the different types of values therefore might differ depending on what the dominant value in a particular culture is.

IMPLICATIONS FOR CSR THEORY AND PRACTICE

A key implication of this research for the CSR Literature is the influence of managerial values on the likelihood of finding integrative CSR solutions. Scholars in the field of CSR have been raising a call (Margolis & Walsh, 2003; Porter & Kramer, 2006)

for research that will look at the question of what can influence managers to find integrative CSR solutions, and the results of this research is an answer to that call. In this research I find that, while a moderate amount of diversity in social values can increase a team's likelihood of finding an integrative solution, greater amounts of the same type of diversity can bring down this likelihood. My research also provides evidence of the specific forms of disruptive influences like anger, frustration, confusion, dissatisfaction, uncertainty, and process coordination conflict that can occur at high levels of social value diversity. These results suggest that it might be necessary to tread cautiously when deciding to increase the value diversity in top management teams especially in regard to values like social values which people care about deeply. The importance of this finding underlines and reemphasizes some of the existing literature on diversity which lists some of the affective problems that might arise from high levels of diversity. However the results of my research show that not all types of value diversity need be equally detrimental to group processes. For example variances in wealth values do not appear to create the same affective responses as variances in social values. I also find evidence that merely the awareness of having to work with influential others who have diverse values is enough to stimulate an individual to think in integratively complex ways. The implications of this finding show that if the aim is to increase the likelihood of thinking in integratively complex ways, then it might not be necessary to introduce value diversity in a team. In fact when it is not practical to alter the composition of a top management team, it can be fairly effective to just make the top management team members accountable to two different sets of powerful external

criteria or audiences. This way the integrative complexity of the team members can be raised without risking the disruptive effects of higher levels of diversity.

The asymmetries observed between the workings of values related to social impact and values related to wealth will also be of importance to CSR practitioners. This is because in the field of CSR, social agendas are often pitted against wealth generation agendas, and the question of how to mitigate this tension and find win-win solutions is gaining increasing importance from CSR practitioners. The asymmetries in the workings of the two types of values would suggest that the tension between social impact and profitability is more likely to have been construed and maintained by the proponents of social impact rather than proponents of wealth creation. This is because social values appear to be more stable and also strong social values can give rise to an 'anti-wealth' attitude. Wealth values, in contrast, are more susceptible to change and also they don't give rise to an attitude that is against social impact. Therefore, from a perspective of integrating social and wealth creation agendas these asymmetries suggest that people who are focused on wealth creation will be less resistant to integrating social agendas with their existing wealth creation agendas, than vice versa. While designing managerial training therefore, it would be more effective to direct the training activities at people with high wealth values and introduce the social agenda to them as something that can possibly be included alongside an existing profitability focus, than the other way around (i.e. approaching people with strong social focus and suggesting an integration of the profitability agenda into the social activities).

There is one more implication that will be of specific interest to CSR scholars who are interested in examining the psychological mechanisms related to the stakeholder perspective on CSR. This is because a wealth creation agenda is analogous to holding a much wider multiple shareholder perspective, while a social agenda is analogous to maintaining a much broader multiple stakeholder perspective. In the former, the focus is on the shareholders of the corporation and the intention is to create wellbeing for them through generating more wealth for their use while in the latter the focus is on the wider group of multiple stakeholders and the intention is again to create wellbeing for them. The influence of personal values in either choosing a narrower (shareholder) focus or a broader (multiple stakeholder) focus is such that persons who value wealth and power are more likely to choose a narrower focus and people who value social impact are likely to choose a broader (multiple stakeholder) focus. This relationship between personal values and the choice of a narrow or broad focus is validated by the pro-effects of the two types of values, in the CSR experiment. However, the results of that experiment also showed that social values were associated with an anti-effect towards a profitability agenda while the reverse was not true. This asymmetry can be explained by applying the concept of 'loss aversion' (Tversky & Kahneman, 1991) to the stakeholder focus. Let's take the example of a person who values profitability highly and who therefore naturally has a narrower (shareholder) focus. When this person is presented with an option of creating social impact, then he or she now needs to expand his or her focus to include several others who were earlier outside the focus. Since the person is already focused on creating wellbeing (for shareholders), expansion of this focus to include other stakeholders is something that

symbolizes a gain. On the other hand a person who values social impact highly will naturally tend to have a broader (multiple stakeholder) focus. When such a person is presented with options that are only profit focused, this person has to shrink his focus from its wider and more inclusive attention on several different stakeholders to concentrate on the wellbeing of the shareholders alone. This shift requires a contraction in focus and it therefore symbolizes a loss (through the reduction of the recipients who benefit from the corporations activities). In line with the predictions of Loss aversion theory, people will be fairly resistant to make this shift from a wider (multiple stakeholder) perspective to a narrower (shareholder) perspective. People who value social impact should therefore be opposed to suggestions which emphasize the profitability goal only and indeed this is reflected in the results of the CSR experiment. These psychological dynamics will be of interest to CSR scholars as they examine the possible shifts from shareholder perspective to a multiple stakeholder perspective and vice versa.

IMPLICATIONS FOR SOCIAL ENTREPRENEURSHIP

Another implication of this research is that it explains the underlying reasons that can explain an ongoing controversy in the field of social entrepreneurship, and also suggests how these differences can be reconciled. While the dominant view of social entrepreneurship embraces the dual focus on the objectives of wealth creation and social impact, the opposite view is that the focus on profitability might erode the credibility of the social objectives of the venture (Sloan, 1998; Weisbrod, 2000). Even within the

community of established social entrepreneurs, there remains a divided opinion on whether it is okay for the founders of a social enterprise to make profits through the operations of the firm. For example, one of the most well known pioneers of social entrepreneurship, Nobel peace prize winner and founder of Grameen Bank, Muhammad Yunus, holds the strong view that a social business is a company that is cause-driven and not profit-driven and that while the company itself may earn a profit, the investors who support it should not take any profits out of the company.

The insight from my research on the asymmetrical effects of social values (that people who value social impact are not only pro-social but also anti-profits, while those who value wealth are pro-profits but not against social impact) explains why there appears to be these two different views with respect to social entrepreneurship. If the primary focus of the firm is to create social impact, then it will be fairly challenging for people (both the founders as well as external observers) to see an alignment between the introduction of a profitability goal and the primary social goal. However, if the firm is founded right from the start as a profitable venture that generates wealth for its shareholders, then introducing newer socially motivated goals, and aligning those with the primary profitability agenda will not be as challenging. This is because, there would be a different ease associated with the possibility of such strategic alignment of the two objectives depending on which objective is adopted first as the primary objective of the firm. Although in theory it is possible that both goals are foundational to the firm, in practice it is more common for one goal to be the primary goal and the second to be a goal that has come up as a secondary (but important) objective. For example if the firm is founded with a primary objective of generating profits for the shareholders and

owners, then this becomes a key non-compromisable objective of the firm. Aligning a social goal with this pre-existing profitability goal is the second step and this can be achieved through integrative ideas. However, if the firm is founded with a key objective of creating social impact, then this becomes a primary non-compromisable objective of the firm, and the agenda of creating wealth for the owners or shareholders becomes a secondary goal which needs to be aligned with the first. Because of the asymmetry in the workings of the two values the former (aligning social goals with pre-existing profit goals) should be easier to do than the latter (aligning profit goals with pre-existing social goals).

Indeed, this observation is mirrored in the experiences of the 4 social entrepreneurship teams that were interviewed as part of the qualitative study in phase 1 of the research. Among the four teams interviewed, two (U-team⁵ and T-team) had finalized on an integrative approach where they decided to run the business as a profitable venture which created wealth for the owners but one that also had social impact. Both these teams had been very clear from the start that they were doing this as an entrepreneurial venture to generate wealth, and that they also wanted it to have a positive social influence. However, G-team and K-team, started out with a strong social motivation. During the course of their discussions they did consider and talk about whether or not to make their venture profitable and in the end both these teams decided

⁵ Team names have been disguised on purpose. U-team eventually founded a development program for teenage girls based on fitness, kindness, culture, and environment. T-team founded a central aggregation point for information related to local sports facilities and activities. G team founded an internet search engine that uses the money generated by the searches to plant trees and K-team created a foundation for giving subsidized educational loans to the underprivileged.

not to make their ventures profitable for the owners. They did chose to make the ventures sustainable but they explicitly mentioned that all profits would be pumped back into the project and that they had decided not to generate any wealth for the owners of the venture.

LIMITATIONS

One Limitation of this study is that the participants in both the empirical studies were MBA students and not actual top management team members. However, given the nature of this research, the setting of a top management team simulation had three notable advantages which even studying real life top management teams would not have offered. Firstly, this simulation exercise provided a controlled setting where all the teams were similar in size and demographic composition, and secondly they were all given identical tasks to perform. Lastly there was also an opportunity to collect their value ratings in a way that could not be linked to the purpose of this task.

A second possible limitation in this research is that the context of the online experiment was a CSR and Ethics Class, and therefore the ‘social impact’ goal might have become more salient than it otherwise would have been. However even in a real-world context, the social goal will become salient when top management team members sit together for a CSR related discussion because top management team members usually set the agenda for a meeting beforehand. Therefore, I believe that the context of conducting this experiment as part of a CSR and Ethics class is justified.

A third possible limitation of this research is that in the top management team simulation study I explicitly asked the teams to try to come up with integratively complex CSR solutions. By doing this I made integratively complex solutions somewhat more preferable 'normatively' than it would have been had I left the instructions blank. I did this because the motivation of this research was to explore how value diversity might influence the likelihood of finding an integrative solution. I therefore wanted to bring to attention of the participants that an integrative possibility was preferred, to see which teams managed to 'get there' and which did not. This is fairly reflective of the external pull that will be needed in a real world situation as well because the literature on integrative complexity does in fact suggest that unless there is a certain amount of external accountability pressure to find an integrative solution, people will not be inclined to put in the extra cognitive effort (Tetlock, Peterson and Lerner, 1992).

Therefore even in the real world context, if the top management team has to search for integrative CSR solutions, there would need to be a certain external pull or accountability pressure created to suggest that an integrative solution would indeed be preferable.

Another possible concern in this study is the conceptualization of wealth as a value. This is because values are frequently described as 'desirable end states or behaviour' (Schwartz 1990, Rokeach, 1973) and it can be argued that 'wealth' is not so much as an end state by itself but a means to something else which the wealth can buy. Such an argument would then suggest that 'wealth' should not be treated as a value. However, there are two reasons why I think that the way the wealth value has been

conceptualized and measured in this research is appropriate. The first reason is that the wealth value has been captured by a question which asked how important the value is as a guiding principle in the participant's life. In such a manner of wording (ie: the wording of the Schwartz values survey), the question of whether wealth is desired by itself or for some other reason is made irrelevant. It is left up to the person to decide what he or she may want to do with the wealth, and the person is only questioned about how important 'wealth' is to him or her. The second reason is that, throughout the research I have used the broader scale of power (which aggregates wealth, public image, authority, and social power) as a proxy for wealth values. The other items in the power scale represent some of the end states often associated with wealth, like authority, power, and public image. Further, I find a very high reliability for this scale and I also find that the results of using either wealth by itself or the 4 –item scale of power, are similar. I therefore conclude that it is indeed meaningful to treat wealth as a value in this context, especially given the way it has been measured.

A concern regarding the external validity of this research is related to the timings of these studies which were conducted just after the biggest financial crash in 50 years which was widely accused of having occurred due to the one-sided focus of bankers on wealth. It cannot be ruled out that the asymmetries observed in the functioning of social and wealth values in terms of the pro and con effects might have been an effect of this financial crisis. The only way to rule this possibility out will be to repeat the study after some years.

Another possible concern in the CSR experiment is whether the priming of accountability and valued social direction might have also inadvertently primed power. In the experiment design, it was specifically mentioned that that the team members whose points of views were presented were influential team members in order to (1) heighten the risk associated with diverging from this point of view and thus build accountability pressure, and (2) highlight that this was likely to be a valued direction for the team and therefore incentivize the participant to raise his or her standing in the team in line with the social comparison perspective. This was done, because the existence of accountability pressure and the existence of the valued directions in the team formed the basis for the theoretical mechanisms based on which proposition 3 was made.

Proposition 3 was not made on the basis of value diversity alone, but was made with regard to value diversity in a top management team context. Therefore for the predictions of proposition 3 to hold it is not only important to have value diversity, but also important to have a base level of accountability and importance of each team member (for the creation of valued directions), both of which are quite naturally occurring in a top management team.

However, it cannot be ruled out that the word ‘influential’ might have also primed power. According to the theoretical arguments made in this thesis, it is only required that there be a certain threshold level of accountability towards the team members favoring each different goal, and similarly it is also required that both the directions are valued somewhat. It does not matter, really if one direction is valued far greater than the other or if the team members are more highly accountable to one set of

persons than another as long as they are somewhat accountable to both. Therefore, I would not expect variances in power between team members to alter the predictions as long as there is a base level of accountability amidst all team members, and a certain degree of accountability is reasonable to expect in a top management team.

However, to rule out the empirical effects of inadvertently priming power (and to show that it is accountability pressure and not power that is creating the effect), I would need to repeat the study with conditions where power is primed to different levels. For example I would have to contrast a condition where the person valuing the social goal has medium power and the person valuing the profits goal has high power with a condition where the person valuing the social goal has high power and the person valuing the profits goal has medium power. If there is no difference in the integrative complexity of these two situations then it will show that differences in power do not matter so much as does the creation of a certain basic level of accountability. It would not make sense to have a low power condition in a top management team context and therefore the comparison can only be made between medium and high levels of power assuming that the existence of medium power is sufficient to create a basic level of accountability.

Finally, my theoretical model does not distinguish between a team where the diversity is low because all the team members are low on a particular value from a team where all the team members are high on a particular value. This is because my hypotheses were built around the effects of the variances in each of the values and not around the mean level of each value in the team. The reason for doing this was that each

value was assumed to have a pro and a con effect and therefore being either high or low on value x also meant that the same person was low or high respectively on (the value direction opposite to x). Both the values were assumed to operate symmetrically in the theoretical model and so this was fine. The empirical results show however, that while the mean of the social values in the team does not influence the likelihood of the team in finding an integrative solution, it does however seem to influence effects 4 and 5. Teams where the social value diversity is high are likely to experience more satisfaction, and less frustration, uncertainty and confusion. I do not have a theoretical reason to explain this relationship as of now, but in my next study on intrapersonal value diversity, which I outline under future directions, I do plan to try to account for possibilities due to differences in the absolute levels of the values.

FUTURE DIRECTIONS

VALIDATING UNDERLYING MECHANISMS THAT DRIVE THE ASYMMETRY

The current research results suggest that there are two types of asymmetries between the values related to social impact and the values related to wealth as have been discussed earlier in this chapter. I plan to deductively test the following three asymmetry postulates in my next research study. The first two postulates follow directly from the results of the current research and I have constructed the postulate 3 as a possible reason underlying postulate 1.

- 1) Asymmetry in directional influence: Social values lead to preferences for social points of view as well as resistance towards profits-only points of view while wealth (power) values lead to preferences for pro-profits points of view but they do not lead to resistance towards social-only points of view.
- 2) Asymmetry in stability: Social values are more stable (and therefore less subject to contextual influence) when compared to the wealth values.
- 3) Asymmetry in strength: Social values are held more deeply (tied more closely to one's self concept) when compared to wealth values.

I plan to test these postulates through an experiment with multiple tasks. I plan to collect the participants' personal values using the Schwartz questionnaire at a time at least 2 weeks away from the experiment date so that I have a base record of the participants' values. I plan to use a task similar to the rating of CSR preferences to test postulate 1. To test the second postulate, I plan to divide the participants into two groups and collect their values again during the course of the experiment such that the first group reports their values prior to the experiment task which involves a value trade off decision (similar to the one used in the preliminary study) and the second group reports it after this experiment task. To test postulate 3 I plan to manipulate the self-concept of the participants along the social and wealth dimensions and then check to what extent their underlying values did or did not change in response to the manipulation for each of the two types of values.

VALIDATING THE MAIN EFFECT OF TRUST ON INTEGRATIVE CSR SOLUTIONS

In the current research, trust was hypothesized to be a moderator that would moderate the influence of value diversity on the likelihood of finding an integrative solution. Although the data did not support this hypothesis, it does point to the possibility that trust might have an independent main effect on the likelihood of finding an integrative solution and therefore I plan to explore and test this relationship through another study. Model 4 in table 6.3 suggests that trust within the top management team members might influence their likelihood of finding an integrative solution such that both very low levels of trust as well as very high levels of trust are more conducive to finding an integrative solution and a mid-level of trust is the least conducive (an upright-U relationship). The regression equation shows that trust squared explains about 30% of the variance in finding integrative solutions and therefore I believe the role of trust should not be ignored. I suspect that there might be two different influences of trust here at play here, one which is operational at very low levels and the other at very high levels.

At very high levels of trust: Very high levels of trust within the team can lead to the formation of a positive atmosphere within the team, where team members will feel safe to raise ideas and possibilities without any fear of being blamed by the other team members for not adequately addressing a certain value. At very high levels of trust the team members will also be less likely to give up prematurely because they will not want to let their team mates down. This suggests that teams that are high in trust will be more

willing to experiment openly with possibilities and also more driven to pursue with the cognitively demanding exercise of trying to find an integrative solution.

At very low levels of trust: Very low levels of trust can lead to a resistance to yielding which will prevent the team from quickly accepting a simple one sided solution. This is because when team members do not trust one another they will be cautious and unwilling to drop their own perspectives and give in to an opposing suggestion from a team member. This suspicion and lack of yielding easily to other team members' perspectives can prevent the team from reaching an easy and quick agreement on the topic, and thus help sustain the search for an integrative solution. As observed by Weingard, Todorova, and Cronin (2009, p.14), "Yielding happens when one perspective simply gives in. It represents a very one-sided solution to the problem with a low likelihood of integration of perspective".

I plan to test these two mechanisms through a study somewhat similar to the top management team simulation but with additional measures to gauge the following dynamics: (1) fear of blame from other team members (2) confidence in suggesting new ideas to the team (3) drive to persist on the problem and (4) resistance to yielding.

EXPLORING INTRA-PERSONAL VALUE DIVERSITY & SUBGROUPS

The theoretical model that I built in this research did not explore the effects of the possible formation of sub-groups within the team. While the logic of the model in its current form and the elucidation of each of the predicted effects will hold even if the

team splits into two subgroups, there remains a possibility that the creation of subgroups might introduce some new dynamics within the team, beyond the five types of effects outlined in this research. Accounting for such further effects of subgroups will need a fresh round of theorizing and this will be an interesting framework to try and develop a new theoretical model for the same CSR top management team context. However, the formation of subgroups typically happens based on the overlap of multiple faultlines in the team, and therefore the new theoretical model will have to explain variations not just because of value diversity, but because of the effects of value diversity in combination with other forms of diversity within the team.

Since my research question was a team level question of how the composition of the team might influence the team's likelihood of finding an integrative CSR solution, I did not test for the effects of intrapersonal value diversity. However, I built on existing literature (the revised value pluralism model) which addresses the question of how an individual person will respond to a context of trying to address two conflicting value laden goals. Because my focus in this research was on the team level outcome, I did not measure the likelihood of finding an integrative CSR solution at an individual level. Although I measure integrative complexity at an individual level in the CSR experiment I do this only in the context of how the values of other team members might stimulate a focal individual to think of the problem in more or less integratively complex ways. In my next research however, I'd like to build an alternate model to explain team level integrative complexity that uses intrapersonal value diversity as a basis. The unique challenge in measuring intrapersonal value diversity in this context is that the motivational conflict between these two values cannot be ignored when forming an

index for intrapersonal value diversity. For example if person A is very low on social values and low on wealth values, this will have a different implication for integrative thinking as compared to a person who is high on social values and also high on wealth values (although the intrapersonal value diversity associated with both these persons will be the same). Again if a person is high on social values but low on wealth values, this is a very different orientation from someone who is low on social values and high on wealth values.

In terms of the dependent variable, I plan to split team level integrative complexity into its two components of differentiation and integration and test the effects of intrapersonal value diversity on the overall differentiation in the team. I also plan to test if the team's ability to be integrative during team discussions is dependent on each individual member's integrative complexity. In short, I plan to test if (1) team level differentiation is driven by the dispersion and variances in values of the team members and if (2) team level integration is related to the team members' cognitive abilities of thinking in integratively complex ways. This is still a preliminary idea at this point, but I plan to develop this further in my future research.

APPLYING THE MODEL TO OTHER CONTEXTS

The model in this paper has been developed in response to the puzzle of how to find integrative solutions in the areas of corporate social responsibility and social entrepreneurship. The key issue in these two scenarios is the tension created by the

conflicting value goals of profitability and social development. However, the model developed to address this issue is not specific to these two value goals. On the contrary, this model can be applied to any context where the problem entails finding an integrative solution that addresses two conflicting value goals. There are several interesting examples of contexts where this model can be applied and I present three of them below. I have chosen these examples such that they span different levels at which the search for an integrative solution can exist. The first is a national level problem, the second an issue that faces a small community of persons (in this case a campus community), and the third a more individual or personal situation.

The Issue of Illegal Immigrants into the United States: An issue that had made headlines a few years back was the problem of what to do with illegal immigrants who had crossed over into the United States and had settled down there. There seemed to be two prominent polarized views regarding how this situation should be dealt with. One view was that all the illegal immigrants should be sent back to their original home countries, while the second was that they should be given a special residential and employment status to remain in the United States.

These two opposite views have their roots in conflicting values. The view that all illegal immigrants should be sent back emerges from the values of national security, social order, social power and authority. The first two of these values (national security and social order) are part of the value type 'security' in Schwartz's universal structure of values. The second two (social power and authority), are part of the value type 'power'. The alternate view that all the immigrants should be allowed to stay on and work at par

with American citizens, emerges from the values of freedom, choosing own goals, and equality. The first two of these values are part of the value type 'self-direction', while equality forms part of the value type of 'universalism'. According to the Schwartz model, the value types of 'power' and 'security', lie opposite to the value types of 'self-direction' and 'universalism'. Thus these two views represent views that represent conflicting value goals.

A Divide Between Ethnic and Foreign Forms of Festivities: A controversial problem in India is the increasing westernization the Indian youth. One manifestation of this is through the college festivals organized mostly by students which very frequently revolve around a western theme. Such festivals where western fashion and music dominate have come under attack for making the Indian youth lose touch with Indian culture and tradition. The counter trend being advocated is an emphasis on cultural festivals founded on Indian ethnicity and tradition. What this has led to in certain places is a tension between ethnic (Indian) and foreign (western) forms of celebration. This tension has its roots in the value tension between the values of tradition and conformity on one hand and hedonism and stimulation on the other.

A Forced Choice between Parenting and Career: In today's societal context where it is common for both partners to be working, a key trade-off that many young parents have to make is between their careers and parenting. There are relatively few instances where employers and employees who have managed to devise a system through which it is possible to pursue both these goals simultaneously. More often, both employers and employees tend to think in terms of satisfying one goal at the cost of the

other, viewing the situation as one that requires a sacrifice of one of the two goals. This thinking again has its roots in the values that underlie each of these two goals. The first goal of parenting has its roots in the value of 'benevolence' which is the value type associated with the concern of the wellbeing of one's immediate in-group or family while the second goal of career achievement has its roots in the value of 'achievement'. These two values of benevolence and achievement are again opposite one another in the universal structure of values by Schwartz.

To conclude, I note that the results of this research make useful contributions to the field of values, CSR, and social entrepreneurship. The theoretical model and the methods are not without limitations but the limitations do not take away from the usefulness of the results. The research has also thrown open a few interesting directions for future research and I look forward to exploring each of these new leads that has come up as a result of the current research.

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