

## Exploration into the Relationship between Managers' Sensemaking and CSR outcomes

by Sharon M Jackson, Visiting Research Fellow



### 1. Introduction

This exploratory, qualitative, empirical study aims to understand the relationship between managers' sensemaking of their organisations' espoused Corporate Social Responsibility (CSR) intentions and CSR outcomes, through asking three research questions:

1. **How do managers make sense of the CSR intentions espoused by their organisations?**
2. **What are the outcomes of the sensemaking process?**
3. **To what extent are these outcomes congruent with the organisations' espoused CSR intentions?**

These questions have arisen because of the challenge for organisations to integrate their espoused CSR principles into daily business processes, which can conflict with traditionally understood business objectives of profit maximisation, (Freidman, 1970; Le Mæstrel & Bettignies, 2002). Both practitioner and academic literature have been critical of firms promoting themselves as responsible businesses where there is a perceived gap between rhetoric and action (Christian Aid, 2004; Conley & Williams, 2005).

More worrying is the suggestion of firms deliberately using CSR reporting to hide unchallenged and unchanged behaviours in daily operations (Conley & Williams, 2005; Ramus & Montiel 2005).

**The sector** chosen for this study is the electronic consumer products industry because it has a potentially huge impact on the environment and society and is starting to engage in CSR. Furthermore there are few empirical studies on CSR in this sector.

**The two organisations in this study** Alpha and Delta Electronics (pseudonyms) are both globally recognised, Japanese owned, consumer electronic product manufacturing companies with European Headquarter sites in the UK. This research observes the sensemaking of operational managers who are not in designated CSR roles but are expected to incorporate the organisation's espoused CSR principles in their daily decision making and actions.

**The research method used** is a case study approach (Yin, 2003) to collect data through focus group dialogue which is analysed through Conversation Analysis (CA), a subset of discourse analysis which focuses on "local, in situ construction of meaning" (Giffon, 2006).

**My proposition** is that the way managers interpret organisational CSR intentions can be distorted and lead to behaviours which are incongruent with the espoused intentions. This can go unnoticed because individual's meaning and sensemaking processes give the behaviour a legitimacy which is valid to them in their own reality. By sensemaking I mean what information people select as being relevant to them which then impacts on their interpretation and subsequent behaviour.

#### What is CSR?

CSR has emerged as a relatively new business phenomenon, driven by societal demands for greater corporate responsibility (Waddock, 2000; Zadek, 2003). The general principle underpinning CSR is that businesses are responsible for their impact on the society and environment in which they operate (Margolis & Walsh, 2003).

#### What is Sensemaking?

Sensemaking, can be described as a process which is subliminal, ongoing and iterative. It can be taken for granted and is considered as having a central role to human behaviour (Weick, Sutcliffe & Obstfeld, 2005; Argyris, 1990, 1992). The work of Weick (1995) is central to the literature covering sensemaking theory. He proposes that sensemaking is not accurate, but more about plausibility and acceptance for ease (Weick, 1995, p. 55). It is a cognitive process which moves from "scanning" to "interpretation", and involves "noticing and bracketing" specific, selected words and cues which have to be;

"forcibly carved out of the undifferentiated flux of raw experience and conceptually fixed and labelled so that they can become the common currency for communicational exchanges"

(Chia, 2000, p. 513).

### 2. Theoretical Positioning

The seminal works emerging from the fields of Organisational Behaviour and Organisational Learning to inform this study were; Karl E. Weick's sensemaking in organisations, Chris Argyris' theories of action and defensive routines and Edgar H. Schein's work on organisational culture. The core focus of this study being the theoretical sensemaking process.

#### Sequential Sensemaking Process

Three similar sensemaking frameworks emerged through a literature review. Figure. 1. represents my interpretation of an amalgamation of the three studies to illustrate a sensemaking sequence.

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**Figure 1. Adapted from Daft & Weick (1984), Starbuck & Milliken (1988), Thomas, Clark & Gioia, (1993).**

The main contribution from these studies to my work are the "scanning and interpretation" phases of the theoretical sensemaking process. The process of sensemaking starts with selecting and bracketing cues then moves to a phase of interpretation before decision making and action, or no action. If this is the process that managers engage to make sense of their organisation's CSR intentions, it is likely that outcomes of action may not be congruent with the original intention if the bracketing and selecting process deselects critical elements to produce an inaccurate or incomplete picture for interpretation, thus distorting understanding of the intention. The eventual outcome is likely to be one of the following;

- a) the action is congruent with the espoused intention
- b) the action is not congruent with the espoused intention
- c) there is no action at all.

**Critical to this study** is that at the point of "scanning" information about organisationally espoused CSR intentions, the details selected can be incomplete and inaccurate due to influences which distort the "noticing and bracketing" elements of the process. These influences include managers' perceptions and their own "theories of action", organisational culture and practices, and organisational identity.

### 3. Findings

Two key findings from the empirical study which relate most pertinently to the research questions;

#### Finding 1. Managers' sensemaking process can lead to an outcome of "No Action".

Influences on managers' sensemaking processes can lead to distorted "scanning and interpretation", which combined with defensive routines means that "no action" and maintaining the status quo may be the outcome. Where this happens, managers convince themselves that someone else is "doing" the CSR in their organisation or that it is something for them to do in the future.

#### Finding 2. Organisational culture impacts on CSR outcomes

Where a "business case" is the prime driver for CSR, there can be more failed initiatives and a sense of general cynicism towards espoused CSR intentions. Managers' sensemaking "scanning" phase selects cues from the identifiable culture of sales and profit which can be used in a defensive routine to justify why CSR activities are not enacted in daily business decision making. The exception to this is where individuals select cues aligned with their own tacit knowledge and experience.

A secondary level finding is that managers do not read their organisations' CSR communications.

### 4. Discussion

The main findings from this study provide some insight into how managers' sensemaking processes can prevent them from taking any action related to CSR intentions, therefore, a likely contributory factor to the problem of a gap between rhetoric and action in the context of the commitments organisations espouse towards the environment and society.

This study shows that the information managers scan and select is influenced by their own perceptual filters, tacit experience, theories of action, organisational culture and identity, all of which impact on their interpretation and subsequent behaviour.

Some managers believe that they understand the CSR intentions and that they are acting in alignment with the organisationally espoused CSR principles. However, both the literature

and the findings from this empirical study indicate that managers can adopt inaccurate perceptions (Mezias & Starbuck, 2003). They can "preserve" their perceptions, incorrect or otherwise, through defensive routines. Through their defensive routines people convince themselves that they are acting congruently with espoused intentions.

A fascinating observation from this study is that, even if the prevailing organisational culture is aligned with the espoused CSR intentions, managers' own sensemaking can "derail" interpretation and subliminally sabotage enactment of CSR intentions. This indicates that, for CSR aspirations to be embedded, it is necessary for there to be sensemaking coherence between organisational interpretive systems and individuals' interpretation and meaning making. Effectively this means the necessity for an explicit interrelationship between organisational sensemaking and individual sensemaking.

The scanning phase of the sensemaking process appears to play a critical role in terms of how CSR intentions are interpreted and what the outcome of action will be. Where an individual notices cues that are different to their own "reality" they may have to "do something" which they feel inadequately trained in or knowledgeable about, therefore feel threatened.

**The model emerging from this research** builds on the three theoretical sensemaking sequences used to guide this study, see Figure 1., which assume that an action, either good or bad, will be the outcome. These could be described as actions of "commission"; however, this study found that an alternative outcome of the sensemaking process is "no action", i.e. the action of "omission" and maintaining the status quo, as shown in Figure 2.

#### Figure 2. Impact of managers' sensemaking on CSR Outcomes © Sharon M. Jackson, 2009.

A "no action" outcome of the sensemaking process is possible even when people are fully aware of the espoused CSR intentions of the organisation they represent and what is expected of them. They appear to draw on their tacit knowledge and from selected words (Chia, 2000) in an attempt to complete an interpretation that they feel comfortable with, filling any gaps in their perception with socially constructed data.

The empirical study revealed two very interesting practical examples.

a. **Deselecting the present** members of the focus group commented 10 times during two hours that there were too many lights on in the room yet nobody turned them off. The conversation analysis shows the managers to say in five years time one of us would get up and turn off the extra lights.

b. **Deselecting responsibility** - an IT Manager skillfully refused to accept cues and prompts from her peers that IT has an important role to play in meeting their CSR aspirations. She deselected cues which do not align with her own interpretation of her responsibility to act, which she had reached through her own sensemaking processes.

These individual examples seem relatively unimportant, however, if this scenario is happening in organisations, all over the world, every day, this could be a significant indicator as to why organisations are not achieving their espoused CSR intentions and why goals to reduce emissions and energy use, necessary to reduce the impact of climate change, are not being met.

#### Organisational culture, identity, sensemaking and CSR

At Delta the managers selected cues from their prevailing image about the sale of their products, such that when talking about their espoused contribution to community they selected cues to link selling products with societal need. The findings from this study suggest that an overriding culture of "business and profit first" does not help managers understand what is expected of them in terms of CSR or to motivate them to engage in CSR activities.

In general, CSR intentions in daily business do not seem to make sense to people where the bedrock character of the organisation is to "sell things and to make money".

#### Implications for embedding CSR

One of the perennial challenges of embedding CSR can be that CSR is not usually a defined strategy, or a single policy, but more an aspirational construct to which managers are expected to contribute. In both of the study cases, managers were confused about their organisation's CSR intentions.

Without understanding more about the relationship between organisational sensemaking and managers' sensemaking, distorted interpretation of espoused CSR is likely to remain unchallenged. There is a view that CSR management education is not currently effective in providing managers with skills and knowledge necessary to embed CSR in organisations (Giacalone and Thompson, 2006). The findings in this study suggest that CSR teaching and consulting, including in HE, requires a fundamental shift in the way executive education is designed and delivered.

#### 5. Conclusion

The findings from this research study suggest that the best results for enacting CSR intentions are likely to occur in an organisational culture, underpinned by a moral framework, but only when there is alignment between individual sensemaking and organisational sensemaking.

However, these findings should be treated cautiously as only two cases were studied. It is not, therefore, possible to draw any generalisable conclusions from this study alone. Further research is recommended.

From a practical view, this suggests the necessity for novel CSR communication methods, including discussion forums and communities of learning to find out what CSR means to managers and how they interpret CSR in their own day-to-day reality.

This study makes a contribution to theory, in that "no action", status quo is a possible outcome of sensemaking, and also contributes theoretical insight into the phenomenon of the interrelationship between organisational sensemaking and individual sensemaking.

#### About the Author

Sharon Jackson has been teaching and writing about embedding CSR and sustainability principles through organisational learning since 2000. She is Director of Carlton CSR in the UK and of the European Sustainability Academy in Crete. She holds Associate Faculty and Visiting Lecturer roles at Cranfield School of Management, Murray Edwards College, Cambridge University and has delivered workshops at AUEB. To contact Sharon email; Sharon.Jackson@EuroSustainability.org

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