Organizational Dynamics, Vol. xxx, No. xxx, pp. xxx–xxx, 2009
ISSN 0090-2616/$ – see frontmatter
doi:10.1016/j.orgdyn.2009.07.007
© 2009 Published by Elsevier Inc.
www.elsevier.com/locate/orgdyn

Available online at www.sciencedirect.com
ScienceDirect

Pragmatic Visionaries:

Difference Makers as Social Entrepreneurs

SANDRA WADDOCK

In the early 1970s, barely a trace of what is today a rapidly growing infrastructure on corporate responsibility existed. Overall, the responsibility infrastructure encompasses a variety of different institutions that place pressures on companies for greater accountability, responsibility, transparency, and sustainability. Some of these institutions, like social investment, an emergent responsibility assurance infrastructure, business associations, and internal responsibility management approaches, are market based, in that they rely on market mechanisms. Others are based in civil society, including multi-stakeholder dialogues and collaborations, non-governmental organizations (NGOs), activists, interest groups, watchdogs, and ratings and rankings. In parts of the world, legislative and regulatory action is also beginning to focus, in particular, on issues of disclosure and transparency around ESG – environmental, social, and governance – aspects of firms.

Below, I explore how a select group of individuals called difference makers used pragmatic vision and social entrepreneurship to build some of the pioneering institutions of the responsibility assurance framework now emerging. This framework is part of a much more extensive network of emerging institutions around corporate responsibility. It encompasses: (1) standards, codes, and principles that businesses are increasingly expected to live up to; (2) credible monitoring, verification, and certification systems to provide assurance that what is stated by companies is what is actually being done; and (3) generally accepted reporting standards comparable to financial reporting standards, but focused on non-financial or ESG matters.

This infrastructure has created both new visibility for issues of corporate responsibility and also numerous responses and increasingly proactive momentum among companies, particularly multinational corporations who are in the limelight, around ESG issues. Although there are many individuals whose work could be highlighted, space constraints focus this manuscript on the work of only a few of the many difference makers.

SEEDS OF RESPONSIBILITY ASSURANCE

Seeds of the responsibility assurance infrastructure were planted in the U.S. with an organization called the Council on Economic Priorities founded in the late 1960s by difference maker Alice Tepper Marlin. The Council on Economic Priorities did research on companies and "named names" in publishing that research, an early effort at creating visibility around the social issues facing specific companies. Of course, the environmental movement was beginning to take root, too, spurred by tracts like Rachel Carson's 1962 book *Silent Spring*. During the 1960s, there had been much criticism by activists and protestors about corporate practices from consumer advocates like (Ralph) Nader's Raiders and others.

At the time, there were few ways other than activism and protest of holding companies accountable, or pressuring them for greater responsibility, accountability, or transparency. Talk of ecological sustainability (though the word had not yet been invented) was reserved for "tree huggers" and scarcely found within the corporate domain.

By the late 2000s, companies, in the words of the conservative *Economist* magazine, which published a special issue on corporate responsibility in January 2002, "ignore corporate responsibility at their peril." Although there are certainly many social entrepreneurs within and outside of companies today, I want to look at the work of a subset of difference makers, who used social entrepreneurship and pragmatic vision to build early elements of the corporate responsibility assurance infrastructure.

The responsibility assurance infrastructure is enhanced, of course, by many other institutions, including many external non-governmental organizations, activists, and interest groups, as well as by work of other difference makers not included here. The specific examples are illustrative, however, of the pragmatic vision and social entrepreneurship that underpin these types of initiatives. Working from the periphery of the business system – at the interstices between business and society – difference

Please cite this article in press as: Sandra Waddock, Pragmatic Visionaries:, Organ Dyn (2009), doi:10.1016/j.orgdyn.2009.07.007

makers built new entities that leveraged the current system toward positive change. These institutions put pressure on corporations for positive change and greater corporate accountability, responsibility, and transparency.

Below, I will try to frame the difference making capacity – a combination of social entrepreneurship and pragmatic vision that enabled these pioneers to do their work. Then I will briefly assess some of the ways in which companies have responded to this emerging infrastructure.

DIFFERENCE MAKERS

Social Entrepreneurs

Social entrepreneurship has become a hot topic in management thinking since the publication of C.K. Prahalad's *The Fortune at the Bottom of the Pyramid* in 2005.

The classic definition comes from Gregory Dees, who argues that social entrepreneurs are individuals who adopt a mission to create and sustain social value (not just private value). They recognize, then relentlessly pursue new opportunities to serve that mission, engage in a process of continuous innovation, adaptation, and learning, and act boldly without being limited by resources currently in hand. They also exhibit heightened accountability to the constituencies served and for the outcomes created (Fig. 1).

Pragmatic Visionaries

Difference makers supplement their social entrepreneurship with what we can call *pragmatic vision*. Notably, pragmatic vision is not the grand vision that one typically thinks of when discussing, for example, corporate strategies. While difference makers might have had a long-term vision of a better world, they typically took multiple small and pragmatic steps toward system change. They found leverage points for change where they could in the face of skepticism from others. This pragmatic vision combined with a set of values and a passionate desire to make a positive difference in the world. Difference makers focus around end values of social justice and equity, sustainability, and solving related social problems. Their values were frequently instilled by family or transformative life experiences that led them to want to work toward a better world.

Figure 1 Characteristics of Social Entrepreneurs as Defined by Dees

- Mission and Values Driven
- Creative Problem-Solvers
- Focus on Opportunity in Social Problem
- Persistent, Passionate, and Purposeful
- Work Incrementally using a Process of Continuous Improvement
- Act boldly with being limited by current resources
- Constantly learning, adapting, and innovating
- Accountable to Their Stakeholders

Working at the Edges

The difference makers typically work at the edges of businesses, not from within business; that is, they work at the interstices between business and society. They attempt to effect change by using the system, and working with it, while simultaneously attempting to raise consciousness about corporate practices they view as negative. One example of this is the work of difference maker Alice Tepper Marlin, who founded the Council on Economic Priorities, which then published major research studies on specific companies. Alternatively, difference makers attempt to shift, for example, the level of transparency around corporate activities.

The pioneering social research KLD Research and Analytics initially created more transparency by selling systematically collected, annually gathered research on the Standard & Poors 500 (largest) companies' social, ecological and stakeholder performance to social investors. Other difference makers tried creating new standards of practice that raise stakeholder expectations about company behaviors. For example, the United Nations Global Compact's more than 5000 signatories to date signed on to uphold its 10 principles, where are based on internationally agreed treaties.

Other institutions provide mechanisms for in-company assurance that stated values are being met, as we shall see below that Social Accountability International does. And these are only a few of the new mechanisms that difference makers and those who worked alongside created to pressure companies for greater responsibility, accountability, and transparency.

Working for System Change from the Interstices

The difference makers' work, supplemented by the work of non-governmental organizations and other activists, as well some internal corporate leaders, has significantly influenced the responses and actions of businesses around issues of corporate responsibil-

Please cite this article in press as: Sandra Waddock, Pragmatic Visionaries:, Organ Dyn (2009), doi:10.1016/j.orgdyn.2009.07.007

ity. Although it is clear in light of the financial meltdown of late 2008 that there is much work to be done to ensure real transparency, the work of difference makers has laid a foundation for having that conversation. In addition, it has created frameworks and mechanisms for providing assurance that what companies say they are doing is what they are actually doing.

Difference makers are not ''of'' business, as are practitioners, nor are they necessarily outsiders, as are activists, interest groups, non-governmental organizations, and academics. Instead, they work from a place on the interstices between business and the societies where business operate, often using well-understood business mechanisms to gain a foothold. The relevant domain of the work reported here can generically be termed corporate responsibility, since the focus is generically on making companies more accountable, responsible, transparent, and ecologically sustainable.

Difference makers' vision tends to be both very big and very small at the same time. While they passionately want to make the world a better place, difference makers frequently start with one relatively small initiative, with a longer-term goal of systemic changes over time. They allow the entities they create to evolve and grow as they gain credibility, legitimacy, and acquire resources. Simultaneously, they are forward-looking and can see the world as it might be if the system changed.

The ''Luck'' of Working Toward System Change

Difference makers also tend to be politically savvy, not in the sense of running for political office, but in knowledge of how the real world works. They know how to get things done in the world, even when significant obstacles are in the way. In that regard, they are also systems thinkers who find leverage points for change and understand the dialectical nature of that change. As systems thinkers, they understand the current system and know how to articulate and frame issues in new and compelling ways, thereby bringing others into networks of like-minded allies who help foster legitimacy and build out the impact of their initiatives. And they understand the nature of the dialectical processes involved in system change (see Fig. 2).

For many difference makers, there is also some luck (in Thomas Jefferson's sense of the word: ''I'm a great believer in luck and I find the harder I work, the more I have of it.'') or even synchronicity involved. Difference makers are often in the right place at the right time with the right idea, in part because they laid the groundwork for that idea through their hard work. Then like all successful social (or regular) entrepreneurs, they work hard to bring that idea into reality.

Figure 2 Capacities of Difference Makers as Pragmatic Visionaries

- Pragmatic visionaries: start small, think big
- Strongly held values and passionate desire to make a difference in the world
- Forward looking – ability to see the world as it might be
- Systems thinkers who find leverage points for social benefit
- Understand dialectical processes inherent in system change
- Politically savvy in the ways of the world
- Networkers
- ''Lucky'' and hard working

EMERGING STANDARDS AND ACCREDITATION

A core element of responsibility assurance is that key stakeholders can learn what companies are actually doing and what the impacts of those activities are. Yet until quite recently, most companies revealed little about their environmental, social, and governance (ESG) impacts beyond financial information required in annual reports. From the interstices between business and society, the insights of some of the difference makers were that transparency – even unwilling transparency that has come about because of the Internet – was one of the keys to change. Thus, early initiatives that form the foundation of responsibility assurance tended to involve data gathering and research about specific company practices. The work of Alice Tepper Marlin, a true pioneer in this regard, is typical.

Pragmatic Vision

Vision and inspiration are hallmarks of any type of real entrepreneurship, including social entrepreneurship and pragmatic vision. Alice Tepper Marlin, for example, founded the Council on Economic Priorities (CEP) in 1969, and then served as its CEO for 33 years, until CEP spun off Social Accountability International, where she still serves as CEO.

CEP was a nonprofit public interest organization focused on researching corporate responsibility, a pioneer in that field – and ultimately publicly ''naming and shaming'' companies when problematic practices were uncovered. Its systematic methods of analyzing companies were first publicly evidenced in the 1986 book *Rating America's Corporate Conscience* and the somewhat later spin-off shopping guide, *Shopping for a Better World*. These publications helped prepare the book's lead author Steve Lydenberg for his later role as one of the co-founders, with Amy Domini and

Please cite this article in press as: Sandra Waddock, Pragmatic Visionaries:, Organ Dyn (2009), doi:10.1016/j.orgdyn.2009.07.007

Peter Kinder, of KLD (for Kinder, Lydenberg, Domini) Research and Analytics, the pioneering social research firm.

KLD Research and Analytics took research on companies' environmental, social, governance, and stakeholder performance to a new level. It systematically, annually, and with specified criteria analyzed the entire S&P 500 (now the entire Russell 3000 largest companies, and, increasingly, global firms as well). This type of research provided a core foundation for the social investment movement – systemic data on a broad array of companies, gathered regularly by a non-corporate entity.

Tepper Marlin's initial vision for the Council on Economic Priorities was to create an organization that would do research on individual companies and sell that information to investors. Visions sometimes come up short when the realities of the world make themselves known. When that happens, a little pragmatism helps. For example, the Council on Economic Priorities was originally called the Council on Investment Priorities. It broadened its focus to economic priorities and an audience beyond investors when it became clear that few data were available at the time, and that primary research on companies would be necessary. The original vision thus morphed into doing primary research and developing a methodology for doing so, at least for widely recognized consumer-oriented companies. The Council on Economic Priorities emerged, in a ''naming and shaming'' form focused not just on investors, but also consumers and the general public.

Systems Thinking, Leverage Points

The practical realities of the Council on Economic Priorities achieving its long-term goals focused Tepper Marlin on finding leverage points for system change. Progress was slow going, and the forward-looking dream of publishing a consumers' guide for the general public was many years in coming. The research tended to be taken up by the then nascent social investment community and be focused intensively on individual companies, but it was many years before there was sufficient breadth of coverage for the work to be of interest to consumers.

Pragmatic vision evidences itself in the ability to stick with the dream, starting small and growing bigger or more complex, despite obstacles and lack of resources, and to shift that dream to conform to the realities that the organization faces, along with a degree of political savvy that enables the difference maker to move the enterprise along in the world effectively. Despite the nascent state of social investment, the Council's research began impacting corporate practices, as the *New York Times* reported in 1991, when the Council on Economic Priorities released a series of company profiles that, supplemented by the work of social investors, created waves of activism within the environmental community.

''Sunlight,'' or transparency, around environmental issues researched and published by CEP created momentum for company responses. One type of response included protests by company representatives from target companies like Mobil and American Cyanamid. These companies were being targeted for Superfund clean-up sites by the Environmental Protection Agency based on the Council's findings.

Act Boldly

The Council on Economic Priorities' research on brand-name consumer companies was eventually published in a 1986 book entitled *Rating America's Corporate Conscience*. The lead author was, as noted above, was Steve Lydenberg, later a principal in the pioneering social research firm KLD Research and Analytics (with co-founders Amy Domini and Peter Kinder, also difference makers).

By the late 1980s, the book finally morphed into the long-sought consumers' guide, which was called *Shopping for a Better World*. To Tepper Marlin's amazement, the guide sold more than a million copies and garnered a great deal of publicity. Notably, difference maker John Elkington, later founder of SustainAbility and more recently a social entrepreneurship enterprise called Volans, published a similar ''Green Consumers Guide'' in England about the same time period.

As the *Boston Globe* reported in 1988, these guides allowed consumers to begin to make choices based a company's responsibility profile. One consumer, the *Globe* reported, refused to buy Ralston-Purina's ''Meow Mix'' because she disagreed with the company's policies on women and philanthropy. Such responses created reputational problems for the brand, and created some awareness of environmental, social, and governance issues in and about companies.

Today, as a ripple effect from these initial efforts, such consumer information is still available from the social action group Coop America, which has a website entitled ''Responsible Shopper'' that helps guide consumers toward more responsible companies. Further, many consumers are aware of the fair trade movement, in which suppliers of raw material are guaranteed fair prices for their products. For example, large branded companies like Starbucks work hard to ensure that at least some of their product carries the fair trade label. Starbucks does this in part because of its long-standing commitment to corporate responsibility and in part as a response to greater awareness of fair trade issues raised by external stakeholders and organizations like the Council on Economic Priorities (CEP).

Please cite this article in press as: Sandra Waddock, Pragmatic Visionaries:, Organ Dyn (2009), doi:10.1016/j.orgdyn.2009.07.007

Keep Social Vision in Mind

CEP had credibility as a responsibility assurance entity because of its "outsider" status, but it focused first on individual companies and only later on brand-name consumer goods companies in an effort to move its social vision forward. Many companies were still under the radar screen. The long-term vision of CEP was to reach the broad audience of investors, consumers, employees, managers, and the general public. It soon became clear, however, that neither a single product, nor one way of approaching the problem, or even a single entity like CEP, would be sufficient.

Over time, CEP began giving Corporate Conscience Awards to draw further attention to issues of corporate responsibility. Further, CEP began using its emerging networks and research base to work with various magazines on "best of" lists, particularly *Fortune's* best places for women and best places for minorities to work rankings. All of these elements are part of the broader corporate responsibility infrastructure that has emerged in recent years.

The new institutions developed by difference makers created a need for companies who wanted to burnish their reputations to be more transparent around some ESG issues. Corporations are by nature competitive. Placement on various rankings and receipt of awards for good practice serve as incentives for positive action, as well as enhancing company reputation. Reputation, in turn, is critical today because so much of corporate value resides not in tangible assets, but in intangibles like reputation and good will.

As part of the growing infrastructure on corporate responsibility, there are also now numerous ratings and rankings of a company's social performance, broadly defined. Rankings include everything from *Fortune* magazine's pioneering ranking of corporate reputation, which encompasses environmental and social responsibility, to the best places to work for women, minorities and working mothers – to name just a few.

That companies pay attention to these types of assessments – and proudly note them on their Web sites and employee or other stakeholder communications – is evident in the more than 120 million "hits" on Google for "100 best companies." In addition, following the early lead of CEP, other groups, like the U.S. Chamber of Commerce, now give awards for corporate citizenship. *PR News* gives an award for the best corporate responsibility report, and *CRO* (Corporate Responsibility Officer) magazine gives annual corporate responsibility awards, among many others. Again an indication of company responsiveness to such awards is the more than five million Google "hits" for the term "corporate responsibility award."

Start Small, Think Big, Political Savvy

Political savvy in the ways of the world comes in when things need to change, as Tepper Marlin found out as CEP tried to go global. The need to go global also raised her awareness of the need for what has become a second key element of responsibility assurance – codes, standards, and principles that guide action.

Globalization, combined with CEP's interest in publishing a student-oriented shopping guide, had raised all sorts of issues around labor practices, human rights, and environment. These issues were particularly evident in developing countries, where many large multinationals were sourcing the kinds of goods (e.g., clothing, sports equipment) that students bought, but few data were available.

In 1991, CEP gave a Corporate Conscience Award to Levi Strauss & Co., which had, under the guidance of difference maker Robert Dunn, produced the first company-based code of conduct applied to its supply chain. (Dunn, another difference maker, later ran one of the U.S.'s largest business associations for corporate responsibility, Business for Social Responsibility.) Levi-Strauss acted as a result of internal recognition of some of the issues around supply chain management that anti-sweatshop, labor, and human rights activists were later to publicize around companies like Nike Inc., Liz Claiborne Inc., and Gap Inc.

To gather momentum, CEP began convening a working group of other companies interested in developing their own codes. Tepper Marlin recalled that large multinational companies, in particular, followed this lead and quickly began developing their own codes of conduct. The problem was that – although a the framers of these company-based codes looked at the model provided by Levi-Strauss, and the recommendations of the International Labor Organization – the codes they produced were, in Tepper Marlin's words, "vastly different."

Systems Thinking, Networking

As Tepper Marlin considered how to effect change in this broader domain, the leverage point seemed to be exactly with codes of conduct. She added, however, another core element of responsibility assurance – the provision of certification and auditing for companies with these extended supply chain. Her networking had exposed her and others at CEP to the new issues that globalization had raised, and being politically savvy allowed her to move a new initiative forward with a different framing than CEP.

The outcome of the struggle to rationalize codes of conduct, along with some exposure to the ISO (International Organization for Standardization) organization's approach to quality management, was key to the formation of a new organization, Social Accountability

Please cite this article in press as: Sandra Waddock, Pragmatic Visionaries:, Organ Dyn (2009), doi:10.1016/j.orgdyn.2009.07.007

International (SAI), incorporated in 1997. As SAI evolved, it emerged as a leader in the second core element of responsibility assurance: credible monitoring, verification, and certification services for companies that want to demonstrate to stakeholders that their practices are in line with their stated codes of conduct and values.

SAI has fundamentally the same goal as CEP of improving social and environmental practices of companies, but is much more focused on the globalized environment. It uses three main strategies to accomplish this goal. The first is setting international social and environmental standards around labor issues. Second is accrediting qualified auditing organizations that then certify that factories are in compliance with codes and are meeting established standards. Third is building capacity through training and technical assistance to facilities that want to implement the SA 8000 labor standards, which are now widely accepted.

The original CEP lasted a few more years, but eventually the board shut it down and Tepper Marlin turned full attention to SAI, which has become the world leader in its domain. The emergence of SAI International highlights two key elements of the responsibility assurance system: clear standards, in the case of SAI, around labor issues, and credible monitoring, verification, and certification processes for companies that seek to reassure activists that their supply chain practices are responsible.

Among the many companies that work closely with SAI are Timberland, Gap, Toys ''R'' Us Inc., and Chiquita International. All have taken seriously the need to assurance that their supply chains are in conformance with company codes of conduct. They often become involved because they are clear about the corporate values that they wish to promote, or because they have faced controversies that have forced them to focus on these issues.

A Process of Emergence

What some observers have called code mania has resulted in a proliferation of codes of conduct, standards, and sets of principles, which are a key aspect of responsibility assurance, since they set out expectations for companies to meet. Perhaps the principles that have gained the most corporate attention are the United Nations Global Compact's ten principles. They came about after a speech by former United Nations Secretary General Kofi Anna to the World Economic Forum in 1999, when Annan called for a new social compact between business and society.

Difference makers John Ruggie, Harvard Kennedy School of Government professor, and then special assistant to Annan (and currently special representative to the U.N. on Corporations and Human Rights), and Georg Kell, now executive head of the Global Compact, saw the potential in articulating the principles based on globally accepted United Nations treaties and documents. They encouraged Annan to make the speech. The response from business leaders to the speech was positive and strong. Somewhat unexpectedly, Ruggie and Kell found themselves needing to create a new institution, the Global Compact, which Kell has headed since its inception.

Business uptake on the Global Compact, whose ten principles cover human rights, labor rights, environment, and anti-corruption, has been swift and widespread. In part, uptake has been so swift and global because of the credibility that the United Nations itself provides. At this writing there are more than 5000 corporate signatories globally who agree to uphold the principles, and another 100 or so joining each month.

The Global Compact's principles are sometimes criticized because the United Nations has no enforcement capability to ensure that signatories are actually living up to the standards. Several multinational companies at a recent Global Compact Leading Companies Retreat, however, demonstrated that they were taking the principles seriously. They use the principles as internal talking points for issues like human rights, which were previously off the table for discussion. They claim to have adopted the Global Compact in part because the principles are in alignment with stated company values and in part because they want to be in the company of other signatories, learning from them as they deal with the issues raised by globalization.

The ongoing work of difference maker Georg Kell, head of the UNGC, in seeing the big picture of systemic change that is needed to ensure that companies live up to these standards and taking steps to ''delist'' companies that are not active, as well as establishing networks and learning forums for signatories, has been instrumental in creating a new conversation about the role of businesses in societies today.

STANDARDIZED SUSTAINABILITY REPORTING

The third element of the responsibility assurance system is ''beyond financial'' – sustainability or environmental, social, and governance reporting. As we saw with the proliferation of codes of conduct in their early days, there was a clear need for such a system to be as standardized as financial reporting is if it were to be at all effective. The story of Joan Bavaria, founder of what is now Trillium Asset Management (originally Franklin Research and Development) and, sadly, recently deceased, helps to tie the pieces of responsibility assurance together.

Trillium, (then Franklin) one of the early social investment firms, was founded in 1983 by Bavaria, a consummate systems thinker, networker and forward-

Please cite this article in press as: Sandra Waddock, Pragmatic Visionaries:, Organ Dyn (2009), doi:10.1016/j.orgdyn.2009.07.007

looking difference maker. Her skill in bringing others together around common purposes was attested to by many of the other difference makers. Based on listening to her clients' concerns about putting their values into their investment strategies, Bavaria founded Franklin (Trillum).

Trillium proved a solid foundation for Bavaria's social entrepreneurship, for she went on to found Ceres, the environmental organization that created the Ceres Principles, which are focused on environmental issues, and its network of 50+ environmentally-committed companies. Realizing the need for connection among social investors, she was also the founder of the (US) Social Investment Forum, the social investment community's main professional association.

Using Ceres as ballast, Bavaria backed the founding of the Global Reporting Initiative, (GRI), today the *de facto* standard for environmental, social, and governance reporting. Difference makers Allen White (vice president, Tellus Institute) and Robert K. (Bob) Massie (then executive director of Ceres), were the founders. White and Massie had the initial vision of creating a global reporting initiative that would do for environmental, social, and governance reporting what generally accepted accounting principles (GAAP) do for financial accounting and auditing.

Bold, Pragmatic Vision

The initial vision for GRI was bold, albeit pragmatic, focusing on engaging investors more deeply in seeking corporate responsibility – creating a corporate accountability structure that companies would respond to that went beyond financial accountability. In line with the start small, think big element of difference making, the GRI got started with a seed grant from an individual donor of $100,000; then the founders went on to raise millions of dollars to support the initiative. As co-founder Allen White recalled, they "created a big tent" so that even potential critics, as well as supporters, could have a voice in its creation.

Challenge the System Incrementally

The difference makers challenged the system incrementally, by finding leverage points like ESG reporting that could ultimately shift companies' attention to those issues. During the late 1990s, when GRI was getting started, companies led by pioneers like Royal Dutch Shell, Ben & Jerry's, and The Body Shop, were already beginning to issue reports, variously called environmental, social, and governance, triple bottom line, or sustainability reports.

The problem that Massie and White converged on was that there was no systematic approach or standardization to this type of reporting. Companies were (and often still are) issuing sustainability reports based on idiosyncratic criteria, making comparing one company's performance to another very difficult.

Be Inclusive – Create a Big Tent

Sometimes, as Massie recalled, there is a degree of opportunism involved. He points out that the Internet really was popularized only in the mid-1990s, and e-mail use was just beginning around 1995. Creating what White calls the "big tent" allowed GRI to develop with the participation of both supporters and critics.

This collaboration was only possible because the founders took advantage of these new communications tools. The Internet enabled them to get work done far more quickly than would have been possible in an era without global, nearly instantaneous communication. The big tent needed to be inclusive of all different points of view, geographies, company types and interests, creating a global network of interested parties with input into developing the reporting framework and standards.

Political savvy manifested itself repeatedly in the development process for the GRI, because there were numerous competing systems and because businesses wanted to avoid overly stringent reporting requirements. As GRI began to develop, numerous competing groups – particularly corporate-sponsored groups – attempted to undertake similar projects to GRI and gain dominance, with their own (sometimes less rigorous) standards of reporting. But when competitors or critics became evident, White and Massie went to them, talked to them, and invited their participation in the GRI project.

As they continued this inclusive approach, their reach naturally included companies. For instance, members of Ceres and other multinationals who, as White put it, "didn't want to dance to 50 to different drummers" on reporting issues, i.e., numerous different standards in different parts of the world, became involved. Massie and White also brought in global non-governmental organizations, like World Wildlife Fund, Greenpeace, and Transparency International, labor and trade unions like the AFL-CIO, accountants, academics, and business school faculty members, all of whom gave input into the GRI, as well as company representatives. The participation of critics was essential, too, to providing legitimacy to the emerging standard, which is now offered as a public good, for free on the GRI website.

Business Uptake

GRI's reporting framework, though complex and not without criticism, has become the *de facto* global standard for ESG reporting. More than 700 companies officially claimed to use the GRI standards in their ESG reports in 2008, including large multinationals like

Please cite this article in press as: Sandra Waddock, Pragmatic Visionaries:, Organ Dyn (2009), doi:10.1016/j.orgdyn.2009.07.007

Volkswagon, Starbucks Corp., and Shell Oil Co. But as Allen White recently noted, no one knows how many companies are actually using GRI, since it is a public good. There are actually many more companies that use the framework without necessarily reporting it to the GRI.

The accounting firm KPMG, which claims a goal of furthering "the ideal that corporate responsibility reporting becomes as commonplace as financial reporting and assurance," estimated in 2008 that some 80 percent of the world's largest 250 companies now produce some form of sustainability report. In addition, KPMG studied the largest 100 companies in 22 countries, and found that 45 percent of them are now issuing such reports.

Many critics of corporations suggest that sustainability reports are simply window dressing, or in the common jargon, "greenwashing." In 2008, for the first time, however, KPMG's global head of sustainability services stated that such reports would likely pass a greenwashing test, if one were available. As he noted, current reports have evolved significantly over the 15 years that KPMG has been doing these studies. They now typically include a corporate responsibility strategy with specific objectives, maturing management systems, and a seemingly credible desire on the part of companies to systematically manage their stakeholder-related and environmental responsibilities.

MAKING A DIFFERENCE FOR CORPORATE RESPONSIBILITY

These stories, briefly told, illustrate how difference makers have over time built the organizations and institutions that still form the core of the evolving and rapidly growing corporate responsibility assurance infrastructure. Obviously, there are many more institutions – including some founded by other difference makers – that might be discussed. Their work was accomplished through social entrepreneurship and pragmatic vision and as the uptake on various initiatives by companies illustrates, with a good deal of impact. Along with activists, NGOs, pressure groups criticizing the system, numerous academics writing about corporate (social) responsibility and business ethics, and many individuals within corporations, the difference makers have moved questions about the proper role of business in society to the fore.

Still, the economic downturn of late 2008 highlights the reality that much more needs to be done to ensure that all companies set high environmental, social, and governance standards for themselves – and live up to them. Collectively, the difference makers and their associates are part of the broader movement that ecologist Paul Hawken in a book by that name terms "blessed unrest."

Organizations Hawken identified as shaping blessed unrest share a common set of human- and earth-centered values focused on sustainability, social equity and justice, and livability in all spheres of society. Unlike the millions of NGOs studied by Hawken, however, the difference makers have collectively attempted to create a connected and systemic approach – in the cases addressed here – to responsibility assurance. More broadly, along with numerous others, they have focused on pressuring companies for greater corporate responsibility generally.

The work is clearly not yet done. The dialectical process involved in any social movement and large-scale system change, such as the building of an infrastructure around corporate responsibility, continues. It evolves as new needs emerge and environments shift and change. The dynamics of the current system, with corporate emphasis on short-term profits and shareholder wealth maximization, and a mantra of growth at all costs – always in question by the difference makers – are being more seriously considered by the broader public in light of the dramatic economic failures of 2008.

With continued work by difference makers of all stripes, including many within companies and nongovernmental organizations, it is possible that in the future we will see even more demand for companies to be accountable for their impacts. Responsibility assurance asks that companies be responsible for their practices, actions, and impacts. It asks that they live up to their stated values and codes of conduct in all respects. It demands that companies be significantly more transparent in ways that are credibly verified, typically by external agencies. Arguably, such assurance might have provided enough transparency that some of the dramatic problems in the financial community, not to mention in U.S. automakers, might have more been readily seen by key external observers earlier – and, one could hope, forestalled.

The corporate responsibility infrastructure that has emerged to date is still in is early days. GRI, for example, was founded only in 1997, and actually released its first guidelines only in 2000; the U.N. Global Compact was officially launched as an entity in 2001. All of these initiatives are voluntary, and some critics argue that only mandatory requirements will prevent the lack of transparency that in the case of some financial institutions has resulted in economic disaster. Nonetheless, the difference makers' work has made a difference in pointing out what can and needs to be done to hold companies up to the standards that societies expect of them.

Please cite this article in press as: Sandra Waddock, Pragmatic Visionaries:, Organ Dyn (2009), doi:10.1016/j.orgdyn.2009.07.007

SELECTED BIBLIOGRAPHY

Social entrepreneurship is a topic that has recently received a great deal of attention. The term has been around for a while, and the classic definition of social entrepreneurship comes from J. Gregory Dees, "The Meaning of Social Entrepreneurship." Duke University, posted at: http://www.fuqua.duke.edu/centers/case/documents/dees_SE.pdf, 1998, revised 2001, accessed June 17, 2008. It was popularized by C.K. Prahalad in his 2005 book *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits* (New Delhi: Pearson Education/Wharton School Publishing). Roger Martin and Sally Olsberg provide further insights into the role of entrepreneurship more generally and its link to social entrepreneurs in "Social Entrepreneurship: The Case for Definition," *Stanford Social Innovation Review*, 2008, spring, 29–38. Corporate managers and leaders these days play roles as social entrepreneurs, too. For instance, Manuel London describes such social entrepreneurship within companies in a recent article in this journal, "Leadership and Advocacy: Dual Roles for Corporate Social Responsibility and Social Entrepreneurship," *Organizational Dynamics*, 2008, 37 (4), 313–326. The work of the difference makers is described in depth in my book *The Difference Makers: How Social and Institutional Entrepreneurs Created the Corporate Responsibility Movement* (Sheffield, UK: Greenleaf, 2008) and the infrastructure that they built is discussed extensively in "Building a New Institutional Infrastructure for Corporate Responsibility," *Academy of Management Perspectives*, 2008, 22 (3), 87–108.

Among other sources, the *New York Times* reported on some of the impacts of CEP's research in a December 9, 1991 article by John Holusha entitled "Environmentalists Assess Corporate Pollution Records." The *Boston Globe* reported on the impact of CEP's *Shopping for a Better World* on consumers on December 29, 1988 in an article by Beth Rabinowitz entitled "A Guide for the Consumer with a Conscience." The accounting firm KPMG biannually assesses the state of corporate non-financial reporting. Its most recent report at this writing is: KPMG International Survey of Corporate Reporting 2008, which can be found on-line at http://www.kpmg.com/SiteCollectionDocuments/International-corporate-responsibility-survey-2008.pdf, accessed 12/17/08.

More information about the Global Reporting Initiative can be found at www.globalreporting.org. Information about the UN Global Compact can be found at www.unglobalcompact.org. Information about Social Accountability International can be found at http://www.sa-intl.org/.

We can view the creation of the responsibility assurance infrastructure as part of a broader social movement around corporate responsibility. Background on social movements can be found in Timothy J. Hargrave and Andrew H. Van de Ven, "A Collective Action Model of Institutional Innovation," *Academy of Management Review*, October 2006, 31 (4), 864–888. Further, Paul Hawken has described a yet not widely recognized movement around these broad issues in *Blessed Unrest: How the Largest Movement in the World Came into Being and Why No One Saw It Coming* (New York: Viking Press, 2008).

Sandra Waddock is the Galligan Chair of Strategy and a professor of management at Boston College's Carroll School of Management, and Senior Research Fellow at BC's Center for Corporate Citizenship. Widely published, she holds M.B.A. and D.B.A. degrees from Boston University (Tel.: +1 617 552 0477; e-mail: waddock@bc.edu).

Please cite this article in press as: Sandra Waddock, Pragmatic Visionaries:, Organ Dyn (2009), doi:10.1016/j.orgdyn.2009.07.007