



# Motivating socially responsive decision making: the operation of management controls in a socially responsive organisation

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## Abstract

This paper contributes to the burgeoning literature on corporate social performance (CSP) by exploring the internal motivators driving socially responsive decision making in an organisation that publicly promotes its commitment to social responsibility. The paper presents the results of an in depth examination of the perceived influence of control systems on socially responsive managerial decision-making. A case study in a United Kingdom company that consistently publishes audited external social reports was undertaken. The findings indicate the dominant influence of informal controls such as social and self-controls in instilling socially responsive decision making among the managers. This influence is shown to persist despite widely perceived tensions between the informal and formal control systems, particularly in the light of commercial difficulties the organisation was experiencing around the time of the case.

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## 1. Introduction

The concept of corporate social performance (CSP) has received much attention in the past few decades although this has tended to wax and wane. However, in the past few

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years, there has been a resurgence of interest in corporate social and ethical performance, responsibility, accounting, auditing and reporting, particularly in the United Kingdom (UK) (see, for example, Adams, 2002; Friedman and Miles, 2001; Gray, 2002a,b; Gray et al., 1996, 1997; McIntosh et al., 1998; O'Dwyer, 2002, 2003; Ogden and Watson, 1999; Owen and Swift, 2001, Owen et al., 2001; Owen et al., 2000; Wheeler and Sillanpaa, 1998; Swift, 2001; The Observer, 2003; Zadek, 1998; Zadek et al., 1997). Many practitioners and academics have declared that a new paradigm for business is emerging: one that accentuates firms' responsibilities to several stakeholders in addition to the oft revered shareholder (Clarkson, 1995; Donaldson and Preston, 1995; Etzioni, 1988; Freeman, 1983, 1984; Friedman and Miles, 2002; Greening and Turban, 2000; Griffin and Mahon, 1997; Mitchell et al., 1997; Sethi, 1995; Stoney and Winstanley, 2001; Swanson, 1995). It has also led to a situation where discussing a company's social performance is no longer automatically regarded as tantamount to corporate treason (O'Dwyer, 2001).

There is, however, a general lack of research examining the systems which influence managerial decision making in a socially responsive vein. This neglect of the potential role of managers in promoting enhanced corporate social performance is somewhat surprising given that an organisation's social objectives are not met by "some abstract organizational actor; they are met by individual human actors who constantly make decisions and choices, some big and some small, some minor and others of great consequence" (Wood, 1991, p. 699). This paper explores the motives and internal processes that drive a specific group of managers to take socially responsive decisions. In doing so, it examines how various forms of management control influence these decisions. Given that decision issues differ according to their context (Husted, 2000), the paper studies the influence of managerial control systems in motivating socially responsive decisions in a specific organisation that has consistently reported publicly on its concern for social responsibility.

By focusing on how control systems operate to drive processes of social responsiveness, the paper contributes to the burgeoning literature on CSP (see, for example, Carroll, 1979; Clarkson, 1995; Greening and Turban, 2000; Husted, 2000; Sethi, 1995; Swanson, 1995; Wartick and Cochran, 1985; Wood, 1991). The paper responds specifically to Wood's (1991) request for CSP research to attempt to understand "what managerial processes [motivate] the development and implementation of responsive programs and policies" and, in particular to examine "the role of organizational culture in mediating the transmission of ideas, support, information and resources relevant to social responsiveness" (p. 707). With regard to understanding the processes/conditions underpinning principles of corporate social responsibility, Wood (1991) contends that "researchers need to know more about how managers perceive choices in their organizational and societal environments [and] the constraints they experience" (p. 702). We respond to this call by seeking out the voices of the managers and interpreting them in terms of how their actions appear influenced by various forms of management control.

The paper is organised as follows. Section 2 locates the study within the corporate social responsiveness literature focused on the means by which corporations respond to social issues that possess the potential to impact on their ongoing operations. Section 3 discusses how formal and informal control systems influence decision making generally and socially responsive decision making in particular. An outline of the case study method

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