

Corporate Social Responsibility and Businesses: Examining the Criteria for Effective Corporate Implementation Utilizing Case Studies

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Abstract

A number of business organizations and entities have implemented corporate social responsibility (CSR) programs as an integral component of their overall operations. This practice has proven to be socially effective and beneficial to the financial bottom line. Management literature is replete with discussions in various areas concerning the most effective CSR programs for corporate implementation. Using the case study method, the authors examine the CSR programs at both Boeing Company and ExxonMobil Corporation and highlight each company's effective implementation components.

Key Words: Boeing, Case Study, Corporate Social Responsibility, ExxonMobil, Implementation

Introduction

Over the past three decades, corporate social responsibility (CSR) has become an ideological cornerstone for many companies, and it is now considered by researchers and practitioners as a fundamental practice of any successful firm (Lindgreen, Swaen, & Johnston, 2009). The essence of CSR involves companies going beyond their own interests and legal obligations to recognize responsibility for the impact their business practices, policies, and corporate identities may have on its stakeholders, society and the environment (Vallaster, Lindgreen, & Maon, 2012). However, many academics and business leaders debate over the definition of CSR and its theoretical underpinnings. While much of the literature on CSR focuses on the antecedents and benefits of CSR (e.g., Aguilera, Rupp, Williams, & Gabapathi, 2007; Basu & Palazzo, 2008; Orlitzky, Schmidt & Rynes, 2003; Pava & Krausz, 1996), few studies examine the specific processes and practices implemented at organizations to further their CSR agendas. As a result, less attention has been paid to what constitutes a successful CSR program and how it should be executed. The Boeing Company and ExxonMobil Corporation are excellent examples of how CSR can be effectively implemented on a large scale.

They have succeeded in making CSR a part of their corporate fabric by structurally organizing it through policy and applying it through organizational authority with a long standing record of effective implementation.

First, this paper will examine the ideology behind CSR as well as the explanations of why CSR is beneficial to organizations. Second, it will specifically examine CSR at Boeing and ExxonMobil as a comparative case study discussing the structures, organizations, executions, and policies behind their programs. Then, by objectively looking into their activities and determining the effectiveness of their programs, it can be deduced that CSR is not only monetarily beneficial for the stakeholders, but it also, creates value at a minimal cost. Thus, the aforementioned approach creates long-term benefits that lead to overall increased sustainability in the market.

Theoretical Approaches

Two theoretical approaches guiding a corporation's implementation of CSR are stakeholder theory and corporate citizenship. Stakeholder theory, as formulated by Freeman (1984) advocates the view that organizations have a duty to not only shareholders but also to others who may be affected by corporate actions, including employees, customers, partners, suppliers, creditors, government and the public at large. Thus management needs to take these stakeholders into account in making decisions even if it might entail reduced profits. Stakeholders are often divided into two categories: a broad group of constituents that can be anyone that might affect or be affected by the company's actions or decisions and a more narrow classification which suggests that the stakeholder must have something at risk in its connection with the firm or is one on whom the firm relies for survival (Schwartz & Carroll, 2008). Frooman and Murrell (2005) describe the distinction in terms of relationships – the stakeholder must be dependent of the firm or the firm must be dependent on the stakeholder; if neither dependence relation exists, there is low interdependence and the attention to the stakeholder's interest less critical.

Corporate citizenship, which is often associated with corporate philanthropy and community involvement, focuses on corporations acting as good citizens by supporting outcomes that society views as meaningful and taking steps to solve social problems (Cross & Miller, 2001). The approach developed from a recognition that organizations own a great deal of wealth and as such have much influence in society and, therefore, should have a responsibility to society to use the resources in a socially beneficial manner. Post (2000, p. 29) defined the term as the “process of identifying, analyzing, and responding to the company's social, political, and economic responsibility as defined through law and public policy, stakeholder expectations, and voluntary actions flowing from corporate values and business strategies. . . . [It] involves actual results . . . and the process which they are achieved” Thus, corporate citizenship is defined as being more action oriented. Nevertheless, it is often used as a substitute terminology for CSR especially in the business community.

Practical Reasons for CSR Implementation

Historically, many CSR practices were not considered to be true business responsibilities of any single firm. In the current economic and social climate, however, organizations are embracing the idea that CSR activities, policies, processes, and procedures are noteworthy and should be executed for the benefit of not only corporations' reputations and profits, but also for the benefit of employees, customers, and the community in general. CSR “humanizes the company in ways that other facets of the job cannot; it depicts the company as a contributor to society rather than as an entity concerned solely with maximizing profits” (Bhattacharya, Sen, & Korschun, 2008, p. 37).

The current movement towards accountability has largely stemmed from the idea of transparency. Stakeholders, including customers, suppliers, and employees, are demanding more information about how businesses are conducted. Given the heightened public outcry for improved working conditions, environmental care, and ethical considerations, companies are being forced to respond. Fuentes-Garcia, Nunez-Tabales, and Veroz-Herradon (2008) reported that there are two reasons why companies have established CSR programs including: (1) the idea of social awareness is recognized globally; and (2) the focus on companies with CSR activities as a basis for consumer purchasing decisions. As a result, companies are responding to “the new social demands of their interest groups by implementing corporate citizenship actions, which includes all their environmental and safety, and social activities that go beyond mere economic interests and break away from the traditional image of a company that focuses solely on generating value for its shareholders” (Fuentes-Garcia, Nunez-Tablaes, & Veroz-Herradon, 2008, p. 27).

The expanded scope of responsibility and ethical consideration also stems from a global backlash against corporate negligence and scandal (Sims & Brinkmann, 2003). Incidents like the Enron scandal prompted the Sarbanes Oxley legislation, which now hold accounting departments much more accountable for ethical decision-making (Prawitt, Sharp, & Wood, 2013). While legislation is a step in the right direction, the idea behind CSR is that legal statutes can only carry over so far and it is not enough to merely meet legal responsibilities. The company itself must adopt a sense of good for the betterment of the stakeholders as a fundamental part of company culture that must be carried down from top to bottom on a consistent basis encompassing goals that are both realistic and organized for accountability (Sims & Brinkmann, 2003).

Benefits of CSR Activism

The economic benefits associated with CSR have become apparent. While, the term “corporate social responsibility” acts as a common buzz word, it has become affiliated with corporate annual financial reports and in many cases these business practices actually increase profits and public perception. Corporate citizenship has been aligned with the term “triple bottom line” which is focused on integrating the social, environmental and economic business activities and performance (Glade, 2008). The triple bottom line covers people, the environment, and profit: people who engage in practices that are unbiased and beneficial to the community; the environment which benefits from such practices; and profits which include the internal and external economic impacts to the organization as well as to society (Glade, 2008). Thus, from a stakeholder prospective, customers and potential customers are the primary targets of an organization’s CSR activities.

Research suggests that there is a positive relationship between CSR and consumers’ attitudes toward the company and its products (Sen & Bhattacharya, 2001). CSR can provide additional product value to a firm in three ways: it can increase the perceived value of a firm’s products, provide a firm with a positive corporate brand/identity, and minimize external perceptions of social irresponsibility. CSR enhances product value because customers take into serious consideration the firm’s CSR activities when making a purchasing decision. Prior research has concluded that consumers are willing to pay more for a firm’s product with significant CSR (Bhattacharya & Sen, 2004). Other research has concluded that although some consumers may not be willing to pay higher prices, they are nevertheless more likely to purchase goods from firms that are deemed more socially responsible (Servaes & Tamayo, 2012). Thus, practices considered socially responsible will increase demand for a product (Baron, 2001).

In addition to direct purchase value for a product and/or service, CSR activities have been regarded as a signal for a high product quality. Conversely, firms that are solely driven by profits might have an incentive to cut corners and produce products of lower quality (Servaes & Tamayo, 2012). McWilliams and Siegel (2001) suggest that CSR creates a reputation that a firm is dependable and trustworthy so that consumers will assume that its products are of a higher quality than those from companies not engaging in CSR. Further, consumers speculate that these firms consider CSR investments to be expensive and they will seek out competing firms that acknowledge the importance of CSR because they are identified as having higher quality products (Fernandez-Kronz & Santaló, 2010). Lastly, CSR can also provide value through product differentiation, especially in highly competitive industries. For example, where two companies produce an identical product, but one provides an additional social benefit to its product, consumers will attribute a value to this feature (Orlitzky, Siegel & Waldman, 2012). Since CSR can be considered as a product attribute, these activities are another way to enhance product quality and perceived firm value by raising consumer awareness.

The second major benefit of CSR is that it can improve a firm’s value by creating a positive corporate brand. A corporate brand carries with it the visual, verbal, and behavioral expressions of an organization’s unique business model (Vallaster, et al., 2012). A corporate brand should be the public display of its attributes and values that set the firm apart from its competition. As a result, a firm can use CSR to be identified with a specific cause while improving its own identity. Through CSR activities, firms can display their internal values, concerns and overall attitudes toward preserving the environment, maintaining positive work conditions, and going beyond what is expected of them. In short, investment in CSR is evidence of a firm’s reliability and honesty which positively impacts brand value (Melo & Galan, 2012).

Lastly, CSR is essential for every company because a perception of social irresponsibility can have severe negative consequences for a firm. In short, an organization’s success is dependent upon its ability to satisfy normative expectations (Lange & Washburn, 2012).

Organizations that are perceived as acting negligent or out of compliance in comparison to its competitors will have a difficult time maintaining market share and attracting future investors (Muller & Kräussl, 2012). “Perceptions of social irresponsibility are likely to generate stronger observer reactions and ultimately loom much larger for the firm than perceptions of social responsibility” (Lange & Washburn, 2012, p. 301). In other words, people will spend more time thinking about negative behavior than positive behavior. Therefore, it is better to participate in these types of CSR behaviors strictly because it’s expected through social norms, and a firm does not want to be perceived as a company that doesn’t care.

In addition to the focus on customer-driven CSR, research at the micro organizational level often views a firm’s employees as the relevant stakeholders. Firms perceived as ranking high in CSR are attractive to prospective employees. (Turban & Greening, 1997). Rupp, Shao, Thornton, and Skarlicki (2013) found that job applicants were more likely to accept jobs at companies perceived as being socially responsible and that employees’ own citizenship behaviors were associated with the organization’s CSR. Gully and colleagues (Gully, Phillips, Castellano, Han, & Kim, 2013) found that organizations that value CSR and wish to attract employees who fit within their culture and value system should communicate their values in advertisement and recruitment materials. CSR behaviors also have positive effects on existing employees, ranging from increased organizational commitment, employee engagement, OCBs, and lower turnover (Aguinis & Glavas, 2013; Kim, Lee, Lee & Kim, 2010). Internal and external CSR activities were found to positively correlate with employee motivation, with internal CSR more strongly related to motivation than external CSR dimensions (Skudiene & Auruskeviciene, 2012).

The second prong of our CSR inquiry covers the philanthropic level of Carroll’s (1979) pyramid, often called corporate citizenship. Integrating corporate citizenship with an overarching framework enables organizations to “conscientiously evaluate options and assess whether actions or decisions relating to current operation may have an adverse long-term impact on the firm, the planet, and key stakeholders. In other words, viewing sustainability through an holistic framework serves as a means of integrating theories of applied ethical decision-making and corporate citizenship” (Benson, Gupta & Mateti, 2010, p. 11). According to McElhaney (2009), organizations need to develop corporate citizenship strategies and determine what partnerships are critical to the execution of their CSR strategies. Further, McElhaney (2009) also suggests that there are specific activities that organizations need to establish in developing a corporate citizenship policy. The activities include: (1) communicating that the organization will be committed to executing corporate citizenship; (2) developing a corporate citizenship strategy that is aligned with the top three business objectives; and (3) integrating corporate citizenship culture into the organization via governance, policies, processes, and procedures.

Relying on the stakeholder and corporate citizenship approaches outlined above, this paper will next examine the CSR strategies and processes adopted by two major U.S. corporations, the Boeing Company and ExxonMobil Corp. Efforts to communicate each company’s CSR activities are also examined. While many of their stated objectives and practices are similar, we shall see that their foci and desired outcomes vary.

CSR at Boeing

The Boeing Company is an aerospace company headquartered in Chicago, Illinois and is the largest combined manufacturer of commercial jetliners and military aircrafts. Revenue for 2012 was a record \$81.7 billion, with earnings from operations of \$6.3 billion and earnings per share of \$5.11 (Boeing Press Release, 2013). According to a press release issued in January 2013, Boeing’s objectives for 2013 include to resolve the battery problems on its 787 fleet “and return the airplanes safely to service with our customers. At the same time, we remain focused on our ongoing priorities of profitable ramp up in commercial airplane production, successful execution of our development programs, and continued growth in core, adjacent and international defense and space markets” (Boeing Press Release, 2013, p. 2).

CSR Strategy

According the Boeings Corporate Citizenship report, which it began to publish in 2006, Boeing’s CSR philosophy is grounded in the following areas: education, environment, military and veterans, disaster responses, health and human services, arts and culture, civic engagement, volunteering, employees’ community fund, and awards (Corporate Citizenship Report 2012, 2013). More specifically, Boeing’s approach to corporate citizenship is integrative, enterprise-wide and includes products, services, processes, and impacts to partners and customers.

In all of Boeing's corporate citizenship programs, the following principles are embraced: (1) developing innovative products and services; (2) conducting business in a profitably and ethical manner with an emphasis on customer service, safety, quality and integrity; and (3) partnering with entities to improve education, health and human services, arts and culture, the environment and civic awareness (Corporate Citizenship Report 2012, 2013). Additionally, Boeing reports that the organization uses a holistic approach to citizenship that constantly promotes the use of resources to greater impact society. The holistic approach includes human capital that partners with global diversity, environment health and safety, ethics, and government operations and human resources (Global Corporate Citizenship, 2013). Boeing's safety and environmental strategies include flying safety, reduction in fuel usage, reduction in green house emissions and minimizing noise (Corporate Citizenship Report 2012, 2013).

CSR Activities

As a basis to develop and execute its corporate citizenship strategy, Boeing has developed an ethics and business program to:

- "Communicate the Boeing Values and standards of ethical business conduct to employees";
- "Inform employees of company policies and procedures regarding ethical business conduct";
- "Establish companywide processes to assist employees in obtaining guidance and resolving questions regarding compliance with the company's conduct and the Boeing Values".
- "Establish companywide criteria for ethics education and awareness programs" (Corporate Citizenship Report 2010, 2012).

As safety is one of Boeing's primary areas for executing corporate citizenship, it has allocated an immense amount of time, effort, and resources to ensure its aircrafts safely serve the flying public ("Working Together to Make Sure Flying Is As Safe As Aviation Safety," 2013). Aviation safety at Boeing includes adhering to regulations, creating and developing airplanes in a safe manner, implementing and using products and services safely and utilizing air traffic and airport structures to support overall safe practices ("Working Together to Make Sure Flying Is As Safe As Possible," 2013). More specifically, Boeing has developed a strategic plan to ensure that it represents strong stewardship for aviation safety including: (1) implementing policies and procedures via technology to promote safe product development processes to develop safe products and services; (2) executing monitoring and feedback of the fleet performance including enacting accident audits; and (3) collaborating with departments and other entities to ensure safe travels ("Making Flying Safer – How Boeing Helps to Advance Safety," 2013). Responding to environmental concerns, Boeing integrates commercial airplanes with operational management practices that are environmentally focused including decreasing fuel usage and reducing emissions (Boeing 2012 Summary Environment Report, 2013). For example, "more than 75 percent of Boeing's commercial airplane research and development efforts contribute to advancing environmentally progressive innovations. This investment reflects Boeing's long tradition of innovation that has helped make air travel 90 percent quieter and 70 percent cleaner since the 1960's" (Boeing, 2012 Summary Environment Report, 2013, p. 10).

Boeing is responding to the needs of commercial airlines and concerns of environmentalists by using innovative technology to create two new Boeing jetliners that are in the testing phase. Boeing "partnered with American Airlines and the U.S. Federal Aviation Administration in the first of a series of ecoDemonstrator flights, which used a 737 aircraft to test environmentally friendly technologies that may further reduce fuel consumption, green house gas emissions and noise" (Corporate Citizenship Report 2012, 2013, p. 14).

Boeing collaborates with other entities to review performance to promote commercial aviation safety. For example, Boeing collaborates with the Commercial Aviation Safety Team (CAST) ("Working Together to Make Sure Flying Is As Safe As Possible," 2013). CAST was established in 1997 and includes representatives from airlines, manufacturing companies, labor and governmental personnel. The common goal of CAST is to help "reduce the fatal accident rate in the U.S. by 83 percent in the 10-year period from 1998 to 2008 by systematically analyzing data from approximately 500 accidents and thousands of safety incidents worldwide" ("Working Together to Make Sure Flying Is As Safe As Possible," 2013).

Boeing is also involved with organizations and governmental agencies to assist with creating a roadmap for improving safety standards ("Working Together to Make Sure Flying Is as Safe as Possible," 2013). The organization is entitled Industry Safety Strategy Group and one of the outcomes of the group is to provide a framework to reduce accidents.

The group focuses on identifying and disseminating “the best practices in prioritizing safety initiatives and ensures that safety initiatives are coordinated and consistent worldwide” (Working Together to Make Sure Flying Is As Safe As Possible, 2013, p.1). An additional outcome of the collaborative efforts of Boeing is that Boeing’s safety record is better now than in the past “with fatal accidents occurring less than once every 2 million flights” (“Making Flying Safer – How Boeing Helps To Advance Safety,” 2013). This is a notable improvement since the 1950s and 1960s in which “fatal accidents occurred once every 200,000 flights” (“Making Flying Safer – How Boeing Helps To Advance Safety,” 2013, p.1).

Boeing has been honored nationally and internationally for environmentally-focused programs. Some of the honored awards as determined by the U.S. Environmental Protection Agency include: (1) Energy Star Partner of the year; (2) Leading Environmentalism and Forwarding Sustainability (LEAFS) Award; and the (3) Energy Star Partner of the Year (Corporate Citizenship Report 2012, 2013). Boeing was named the Utah Green Business achievement award and Green Business of the Year award from Kent, Washington (Boeing 2012 Summary Environment Report, 2013). Most notably, Boeing joined the ranks of other companies by becoming one of the top 50 bioenergy companies as awarded by readers of Biofuels Digest (Boeing 2012 Summary Environment Report, 2013).

Finally, Boeing is committed to providing resources to improve both local and U.S. communities. In 2012, Boeing spent more than \$19.5 million to help improve lives and communities that are associated with military and veterans (Corporate Citizenship Report 2012, 2013). Boeing has partnered with the Trust for the National Mall to restore and renovate the historical monuments at the National Mall in Washington, D.C. Additionally, Boeing has “awarded charitable grants to help launch the National Mall Roving Docent Program, which harnesses volunteer energy to teach visitors and local residents about the revitalization work and to conduct tours” (Corporate Citizenship Report 2012, 2013, p. 26).

CSR control

To monitor and assess the effectiveness of its programs, Boeing has developed internal environmental targets starting in year 2002 for reducing the consumption of CO2 emissions, energy, hazardous-waste generation, and water consumption (Corporate Citizenship Report 2012, 2013). More specifically, “on a revenue-adjusted basis, Boeing has reduced CO2, emissions by 7 percent, energy use by 4 percent, hazardous waste by 19 percent and water intake by 12 percent since 2007. In 2012, 76 percent of the solid waste we generated was diverted from landfills — a 31 percent improvement since 2007” (Boeing 2012 Summary Environment Report, 2013, p. 6).

The Boeing Company produces an annual Corporate Social Responsibility Report which is posted on its website. The communication of CSR activities date back to 2006 when the reports were entitled *2006 Corporate Philanthropy Report* (2013). The focus of the reports was to disseminate information related to how Boeing impacts the world via its products, services, business operations and community involvement (Corporate Citizenship Report 2012, 2013). Additionally, Boeing’s media strategies include communications related to multi-media involving image galleries, new features and speeches (“The Boeing Company,” 2013).

CSR at ExxonMobil

ExxonMobil is one of the world's largest publicly traded companies and is the largest oil and gas exploration, production, supply, transportation, and marketing corporation. In 2012, revenues exceeded \$482,295 billion and earnings were \$44,880 billion or a 25.4 percent return on capital (“ExxonMobil 2012 Financial Statements and Supplemental Information”, 2013). While ExxonMobil has traditionally been concerned with its role as a world leader, its defining moment in terms of CSR occurred in March 1989 when the Valdez oil spill dumped 11 million gallons of oil into Alaska’s Prince William Sound (“The Valdez Oil Spill”, 2013) This tragedy has cost ExxonMobil over 4.3 billion dollars in damages and clean-up costs. Even though ExxonMobil took full responsibility for the accident and actively implemented corrective actions to address the issues, it took ExxonMobil many years to rebuild its reputation with its stakeholders. This incident is the main reason why ExxonMobil remains committed to safety and the environment so as to never repeat the same mistakes in the future (2012 ExxonMobil Corporate Citizenship Report, 2013).

CSR Strategy

According to ExxonMobil’s archives of Corporate Citizenship Reports dating back to 2004, ExxonMobil focuses on the following areas of CSR strategy:

1. Environmental, performance; 2. managing climate risks; 3. safety, health, employee welfare; 4. corporate governance; 5. economic development; and 6. human rights and managing community impacts (2012 ExxonMobil Corporate Citizenship Report, 2013). Rex W. Tillerson, ExxonMobil's Chairman and CEO, emphasizes the importance of CSR in his statement "ExxonMobil's role is to create the technologies and techniques to develop and supply energy to growing populations and economies—in a safe, secure and environmentally responsible manner." (2012 ExxonMobil Corporate Citizenship Report, 2013, p. 2). In addition to the factors mentioned, ExxonMobil also focuses CSR objectives on integrity and risk management while engaging stakeholders in the process making. ExxonMobil puts a high priority on CSR that aligns with its stakeholders which include: government, communities and NGOs, shareholders, customers, suppliers, and employees (2012 ExxonMobil Corporate Citizenship Report, 2013, p. 7).

CSR Activities

ExxonMobil believes that reliable and affordable energy is critical to social and economic progress and requires careful environmental management (2012 ExxonMobil Corporate Citizenship Report, 2013). ExxonMobil accomplishes its environmental performance CSR strategy by incorporating environmental stewardship through "rigorous standards and good practices that consider the needs of the communities" where it operates (2012 ExxonMobil Corporate Citizenship Report, 2013, p.17). ExxonMobil also believes that it can gain a competitive advantage through environmental management. These include risk-based environmental assessments of new projects; modifications to engineering, design, construction, and operations; high standards with respect to marine geophysical operations, waste management, drill cuttings management, water management, air emission, flaring and venting, and energy efficiency; proactive measures to prevent environmental accidents and react quickly in the event of a spill; and remediation of disturbed land (2012 ExxonMobil Corporate Citizenship Report, 2013).

ExxonMobil's second primary focus is managing climate risk. By 2012 ExxonMobil met its goals to improve its energy efficiency by at least 10-12 % across its refining and chemical operations (2012 ExxonMobil Corporate Citizenship Report, 2013). It also reduced its greenhouse gas (GHG) emission measures by three percent over 2011 and invested over \$330 million in 2012 to improve energy efficiency, reduce flaring and decrease GHG emissions (2012 ExxonMobil Corporate Citizenship Report, 2013, p. 30).

"Excellence in safety, security, and health in the workplace is a core value" for the company (2012 ExxonMobil Corporate Citizenship Report 2013, p. 37). It has moved closer to its goal of "nobody gets hurt" by reducing workforce lost time rate by an average of four percent per year since 2002 and 44% from 2011 to 2012 (2012 ExxonMobil Corporate Citizenship Report 2013). Enhanced safety training and safety management processes are designed to minimize the risks associated with manufacturing and production. Emergency preparedness and response teams are located at every site, and emergency drills are regularly conducted. ExxonMobil is also committed to ensuring the security of its personnel at all locations.

With approximately 59% of its employees located internationally, ExxonMobil is committed to promoting diversity in its workforce (2012 ExxonMobil Corporate Citizenship Report 2013). In addition, ExxonMobil continues to promote leadership opportunities for women globally. In 2012, women make up about 28% of the workforce: 39% of management and professional new hires were women, and approximately 15 percent of executives worldwide are women. Practices designed to attract female employees include a zero-tolerance policy against any form of discrimination or harassment, generous employee benefit programs, flexible work hours, and performance review and development processes (2012 ExxonMobil Corporate Citizenship Report, 2013). In addition, in 2012 approximately 12% of all U.S. executives were minorities, representing a 33% increase over the past decade.

Economic development and supply chain management is an important element of Exxon Mobil's CSR strategy. "ExxonMobil is committed to developing local economic capacity in a way that benefits people, communities, and our business over the long term. This strategic objective is embedded into our project plans" (2012 ExxonMobil Corporate Citizenship Report, 2013, p. 51). ExxonMobil promotes and adheres to contributions to: economic growth, transparency, national content, workforce development, supplier development, strategic community investments and employee volunteerism (2012 ExxonMobil Corporate Citizenship Report, 2013). Specifically, ExxonMobil believes that developing the workforce in countries where it operates including local hiring and training is critical to meeting its long-term hiring needs. ExxonMobil's final primary focus contributes to human rights and managing community impacts.

ExxonMobil states that “through effective communication and consultation” it seeks to establish and maintain community relationships and promote respect for human rights (2012 ExxonMobil Corporate Citizenship Report, 2013, p. 60). Additionally, it addresses socioeconomic issues and fosters a stable business environment by applying universally recognized principles and engaging with local stakeholders (2012 ExxonMobil Corporate Citizenship Report, 2013). Among ExxonMobil’s initiatives are those structured to improve the prevention of spreading malaria in several African countries, advance the fields of engineering, technology, math, and science, especially in the U.S., and helping women in developing countries to obtain economical goals (2012 ExxonMobil Corporate Citizenship Report, 2013).

Exxon has numerous company-sponsored volunteer programs. Over 23,000 of ExxonMobil employees, retirees, and their families have donated approximately 776,300 volunteer hours to 5,300 charitable organizations in more than 40 countries in 2012 (2012 ExxonMobil Corporate Citizenship Report, 2013). When combined with corporate and foundation donations, ExxonMobil and its partners have contributed approximately \$256 million to community investments (2012 ExxonMobil Corporate Citizenship Report, 2013).

CSR Control

ExxonMobil has established well-controlled and documented practices and procedures in the management of its CSR activities. ExxonMobil’s process management systems collaborate together to ensure a healthy, safe, efficient, and productive work environment (2012 ExxonMobil Corporate Citizenship Report, 2013).

At the center of its processes is ExxonMobil’s Operation Integrity Management System (OIMS) which established common expectations for addressing safety, security, health, environmental, and social risks. It develops a systematic and structured approach to evaluate the progress and track accountability across business lines, facilities and projects (2012 ExxonMobil Corporate Citizenship Report, 2013).

The practices that govern Exxon’s policies include the Standard of Business Conduct manual and Best Practices in External Affairs (2012 ExxonMobil Corporate Citizenship Report, 2013). These documents define the global ethical conduct of the corporation and its majority-owned subsidiaries and help the company identify the specific needs and expectations in the communities where it does business (2012 ExxonMobil Corporate Citizenship Report, 2013).

The risk and operations management side of ExxonMobil’s strategic implementation is managed by an overarching management system is called ExxonMobil Capital Projects Management System (EMCAPS). This management system is the “framework to guide capital project development and execution” (2012 ExxonMobil Corporate Citizenship Report, 2013, pp. 18). Environmental policy and infrastructure at ExxonMobil carry an enormous amount of weight within the company and have two major components: The Environmental, Socioeconomic and Health Impact Assessment (ESHIA) and the Global Energy Management System (GEMS). These two components provide a management system and an environmental assessment system to ensure that compliance, risk assessment, processes, and key strategies are developed in order to preserve the environmental safety of the land, community, and employees (2012 ExxonMobil Corporate Citizenship Report, 2013).

ExxonMobil’s procedures are rooted in long standing experiences in the industries, performance indicators. These procedures include the International Petroleum Industry Environmental Conservation Association (IPIECA) and the Global Reporting Initiative (GRI). ExxonMobil uses guidance from IPIECA and GRI in an effort to conform to environmental and economic standards set by these two organizations (2012 ExxonMobil Corporate Citizenship Report, 2013).

Applying Theory and Practice to CSR at Boeing and ExxonMobil

The CSR policies and programs at both Boeing and ExxonMobil fit within the ethics model of CSR because their focus is on both stakeholders and corporate citizenship. Boeing International engages in close relationships with global stakeholders and contributes the relationships as a big part of their success (“About Boeing International,” 2013). “Boeing supports airlines and U.S. and allied government customers in 150 countries” (“About Boeing International, 2013, p. 1). Boeing employs over 170,000 people in the United States and in 70 countries and maximizes the work of hundreds of thousands of suppliers.

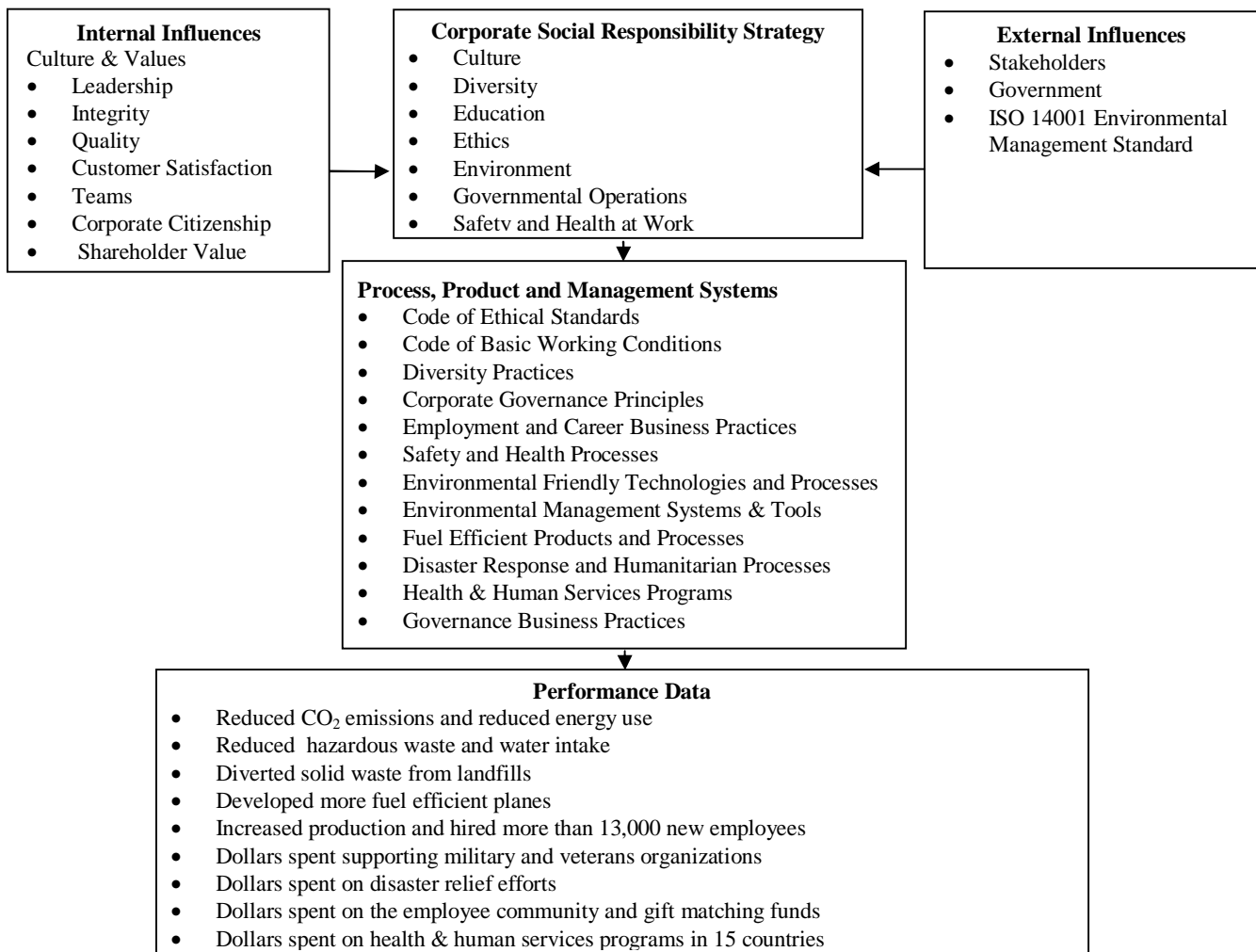
Boeing International “has country and regional executives in 20 offices worldwide. These executives help build stakeholder relationships, coordinate local activities, and develop strategies to create greater value and opportunities for Boeing” (“About Boeing International, 2013, p. 1).

Boeing International via its executive staff: (a) provides strategic council relates to political, social and industrial happenings internationally; (b) works to create an integrative approach related to domestic and global government concerns and developments; (c) executes policies and procedures to comply with rules and regulations (‘About Boeing International, 2013).

Boeing reported, in its 2012 Corporate Citizenship Report, that \$179 million dollars was spent to “help improve lives and communities worldwide” (p. 2). The focus of Boeing’s CSR activities has been to build innovative products and services that contribute significantly to the world. More specifically, Boeing has concentrated its efforts on producing more fuel-efficient aircrafts and producing cleaner, sustainable biofuels with an overall emphasis on enhancing environmental performance (Corporate Citizenship Report 2012, 2013). Boeing champions its strategic initiatives by continuing to partner with various entities including customers, agencies and communities.

Boeing provides a summary of its environmental performance data in order to measure success and to ensure continuous improvements. Boeing increased its production and hired more than 13,000 new employees at the end of 2012 (“2103 Environment Report,” 2013). Boeing’s environmental performance at the close of 2012 included reducing on a revenue-adjusted basis “CO₂ emissions by 26 percent, energy use by 21 percent, hazardous waste by 33 percent, and water intake by 20 percent since 2007. In 2012, 79 percent of the solid waste we generated was diverted from landfills -- a 36 percent improvement since 2007” (“2013 Environment Report,” 2013, p 2). Additionally, Boeing spent (a) more than 19.5 million in 2012 to: support military and veterans’ organizations; (b) donated nearly \$30 million to disaster relief since 2000; and (c) contributed \$42 million to the employees’ community fund and employee/retiree and board member gift matching (Corporate Citizenship Report 2012). The Boeing Company’s CSR strategy and policy is summarized in Figure 1.

Figure 1: Corporate Social Responsibility Framework–Boeing Example



Adapted from (Carden & Boyd, 2012)

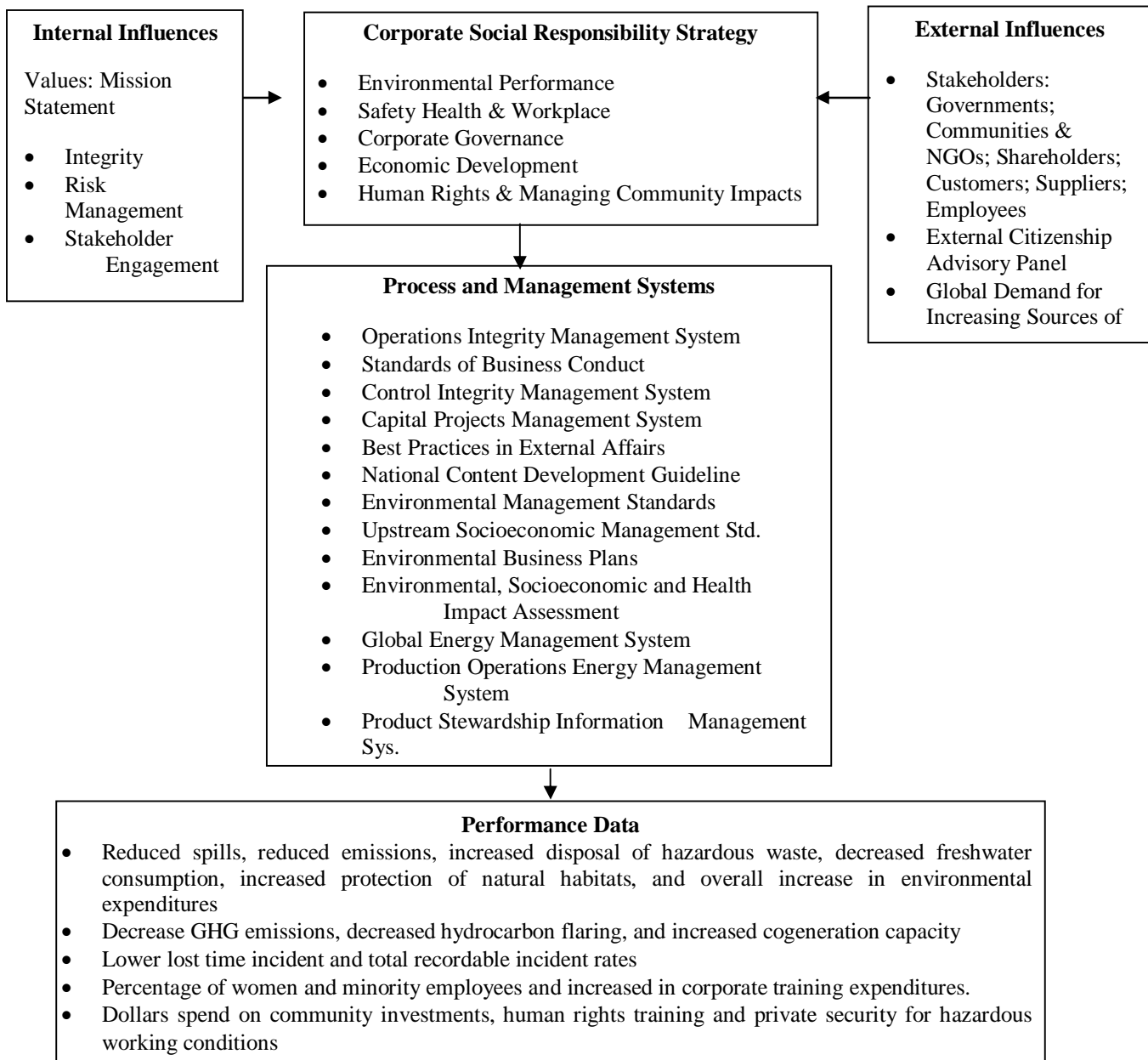
ExxonMobil's stakeholders include its 77,000 employees in 67 countries, 47 governments in the countries where it develops and sells its products, 2.5 million individual and over 2,000 institutional shareholders, 160,000 suppliers of goods and services, thousands of community, NGO and academic organizations, and its millions of individual and industrial customers (2012 ExxonMobil Corporate Citizenship Report, 2013). ExxonMobil has also established an external citizen advisory panel consisting of five individuals from universities and NGOs to serve as an independent reviewer of its CSR activities. In order to best serve these diverse interests, ExxonMobil takes an engagement approach to gather information, listen to concerns, identify material issues and benchmark performance against expectations.

ExxonMobil's engagement with its stakeholders influences its activities with respect to all six strategic areas and is illustrated by numerous case studies in its Corporate Citizenship Report. For example, a unique partnership was formed with AirProducts, both a supplier and customer, and the State Secretary for Infrastructure and the Environment in the Netherlands. The AirProducts plant uses ExxonMobil's excess refinery gas to produce hydrogen and the refiners use the hydrogen to manufacture petrochemicals and in refinery processes. The synergy between the two processes improves overall energy efficiency by more than 15% and reduces carbon dioxide emissions by 200,000 metric tons per year, equivalent to taking 90,000 cars off the road (2012 ExxonMobil Corporate Citizenship Report, 2013).

ExxonMobil's focus on safety, health, and welfare responds to the needs of its internal stakeholders, employees and contractors, as well as to the community. Programs aimed at its employees and contractors include its Nobody Gets Hurt initiative, defensive driving programs, emergency preparedness, workplace security, employment practices aimed at encouraging diversity and zero-tolerance against discrimination and harassment, training and development, and employee benefits. Risks to the community are minimized through ExxonMobil's product stewardship and safety which insure that its products comply with all product safety regulations and be disposed of in an environmentally safe manner.

With respect to its corporate citizenship responsibilities, ExxonMobil follows a strategic approach by focusing much of its efforts in communities where it has operations. For example, ExxonMobil's 105-year old plant in Baton Rouge, LA is located in a community where only 35% of the residents have high school degree. In 2012, ExxonMobil launched the North Baton Rouge Industrial Training Initiative which provides free technical training and other skills designed to help area residents to obtain and keep high-demand jobs with the company (2012 ExxonMobil Corporate Citizenship Report, 2013). Similarly, recognizing the need for qualified engineers, ExxonMobil has contributed millions of dollars toward the training of math and science teachers as well as funding many STEM (science, technology, engineering and mathematics) initiatives globally (2012 ExxonMobil Corporate Citizenship Report, 2013). ExxonMobil shows how a multinational company can take an advantageous approach to corporate citizenship by investing in the education of potential employees at an early age. Similarly, by hiring and training locally at each of its facilities, ExxonMobil signals its long-term relationship with developing nations which it hopes will be mutually beneficial to all parties.

The final step in ExxonMobil's OIMS is the assessment and improvement system which examines how each operating unit meets the expectations of the company. This step provides feedback to insure continuous improvement as well as consistency across ExxonMobil's diverse operational portfolio (2012 ExxonMobil Corporate Citizenship Report, 2013). In its 2012 Corporate Citizenship Report, Exxon Mobil reported improvements in environmental performance through reduced spills, reduced emissions, increased disposal of hazardous waste, decreased freshwater consumption, increased protection of natural habitats, and overall increase in environmental expenditures. Performance data regarding climate change management included Decrease GHG emissions, decreased hydrocarbon flaring, and increased cogeneration capacity. Safety, health and workplace improvements included a lower lost time incident and total recordable incident rates, a high percentage of women and minority employees and increased in corporate training expenditures. Exxon Mobil's impact on the community and human rights are measured by the amount it spends on community investments, human rights training and private security for hazardous working conditions. ExxonMobil's CSR strategy and policy is summarized in Figure 2.

Figure 2: Corporate Social Responsibility Framework– ExxonMobil Example

Discussion

Boeing and ExxonMobil exhibit an ability to strategically implement CSR to further their organizational objectives. Although the benefits of CSR on stakeholder's perceptions of a company and its products are widely accepted, it is also suggested that companies should view CSR strategically, that is, CSR is not a one-size-fits-all proposition and is greatly dependent on the nature of the industry, product, and company culture (Greenfield, 2006; Maon, Lindgreen, & Swaen, 2010). Research has shown that CSR is most effective when there is a fit or similarity between the company's mission and the CSR initiative (Becker-Olsen, Cudmore, & Hill, 2006). Further, the focus of CSR must connect to the relevant stakeholders of the company in order to produce the desired reputational effects (Brüggenwirth, 2006). Companies that address CSR strategically are in a better position to leverage their CSR activities to better benefit both the companies and society (Vallaster, et al., 2012). Further, operational management activities must ensure that the organization is able to execute an iterative, enterprise-wide framework focusing on the overall strategic plan for safety and environmental practices (Purtell, 2007). Planning and technology must support the design, capture, and reporting of corporate citizenship data.

These include automated systems that will capture and manipulate data in order to be able to effectively manage the workflow of data and ensure the integrity and accuracy of the corporate citizenship information (Purtell, 2007). Boeing and ExxonMobil understand the importance of tying CSR activities to overall corporate strategy and have successfully integrated their CSR policies and strategic objectives.

Further, Both Boeing and ExxonMobil are in industries that are often subject to harsh criticism. One oil spill or refinery explosion as well as one air crash can damage either company's reputation in an instant. As a result, communication of CSR efforts is critical for both companies (Du & Viera, 2012). Previous research has established that companies with poor CSP reputations must showcase their accomplishments when their record is favorable (Dawkins & Fraas, 2013). Consequently, both companies publish annual CSR reports detailing their activities and results during the previous year.

Boeing and ExxonMobil are examples of how comprehensive CSR programs can be implemented and provide meaningful benefits for a company. While some may argue that CSR programs are costly and take time away from production, these two companies demonstrate how CSR programs can actually save companies money by avoiding accidents, gaining public accolade, and creating a healthy work environment that attracts and keeps the very best talent. While the return on these outcomes is difficult to fiscally account for, the value is intrinsic and can be gauged by the overall growth, production, innovation, and reputation of a company. While strategic CSR and communication of CSR activities have been previously identified as critical for a successful CSR program, Boeing and ExxonMobil demonstrate that implementation of processes and procedures are also essential for achieving company goals through CSR activities. More importantly, both companies have developed metrics for assessing the outcomes of their CSR programs. By adopting a CSR strategy, the way business is conducted encompasses a goal to improve the quality of life on a global basis and create a better future (Vallaster, Lindgreen, & Maon, 2012).

Conclusion

The purpose of this paper was to provide an understanding of the beneficial components, the overall ideology, and the basic nature of CSR as a part of an organization's foundational operations. More specifically, the authors examined CSR at Boeing and ExxonMobil as a comparative case study discussing the structure, organization, execution, and policies behind their programs. Through this effort, organizations and entities will note that the value of CSR includes achieving stakeholder benefits, enhancing organizational sustainability, and advancing social purposes through involvement. By identifying the CSR program suited for an organization's operations, the effectiveness of an organization is enriched as well as local and global communities (Vallaster, Lindgreen, & Maon, 2012).

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