A structured framework to understand CSR decision-making: A case study of multiple rationales

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Abstract

The organisational justifications made for CSR-related decisions and actions are examined over time using a structured framework premised on instrumental, political, integrative and ethical as well as first and second-order rationales. Using material from semi-structured interviews and drawing on documentary sources, we find that the decision-making processes underlying CSR-related initiatives were complex and multi-layered with varied patterns of motivation and justification that was modified over time. While an instrumental rationale was always apparent, political, integrative and ethical rationales were also important in the context of first and second-order rationales. The paper provides a framework to help understand the justification of CSR initiatives in a structured way and has implications for both theory and practice.

Keywords: CSR initiatives; structured framework; instrumental; political; integrative; ethical; first and second-order rationales; case study

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1. Introduction

This paper examines the organisational justifications made for CSR-related decisions and actions. It draws on material collected through semi-structured interviews and documentary sources to analyse two CSR initiatives undertaken by a major insurance company, Aviva plc. Studying the CSR initiatives of a financial company such as Aviva is interesting not least because of the potentially conflicting motives underlying such initiatives; in addition, Aviva was a major company involved in the Accounting for Sustainability (A4S) project,[1] which confirms their commitment to CSR programmes and hence analysing their CSR initiatives is likely to be interesting and informative. We were fortunate to obtain privileged access to the company which agreed to document some of its experiences in this on-going engagement (see also Hopwood et al., 2010).

In this analysis, we draw on literature which depicts CSR actions as being motivated by instrumental, political, integrative and ethical rationales (Garriga and Melé, 2004) and also by adding a temporal dimension to the idea of first and second-order rationales. We refer to this as the IPIE2T framework. In particular, we refer to the rationales that were used to justify a chosen course of action by delineating first (immediate) and second-order rationales (longer-term) in order to examine the interplay of rationales and the timing when anticipated benefits from particular actions are likely to be realised.

The decision-making processes involved in these decisions proved to be complex and multi-layered. Our analyses indicate varied patterns of motivation and

[1] The Accounting for Sustainability Project (A4S) was established by HRH Prince of Wales in 2004 to help ensure that sustainability – considering what we do not only in terms of ourselves and today, but also of others and tomorrow – is not just talked and worried about, but becomes embedded in organisations' 'DNA' (Hopwood et al., 2010).

justification, sometimes implicit and sometimes more explicit, that developed over time. An instrumental rationale was always apparent, suggesting that CSR initiatives are likely to be endorsed and be sustainable only to the extent that direct business benefits are also realised.

The contribution of this paper is to develop a framework to understand the justification of CSR initiatives undertaken by Aviva plc. in a structured way by examining how instrumental, political, integrative and ethical rationales were used over time, and considering how various rationales played a role when a commitment to undertake CSR initiatives was made or renewed. In this context, we provide empirical evidence that CSR decisions take a sequential attention approach to instrumental, political, integrative and ethical dimensions in the context of first and second-order rationales, and which changes over time. It therefore also responds to calls in the prior literature to analyse instrumental, political, integrative and ethical dimensions and "their connection in the most relevant theories and consider their contributions and limitations" (Garriga and Mele, 2004, p.66) by adding a temporal dimension. Prior literature has examined corporate sustainability issues on a theoretical and empirical basis (e.g. see Salzmann et al., 2005 for a review). Salzmann et al. (2005) conclude that there is a lack of descriptive studies examining the role and importance of the business case for sustainability. In addition, Boesso et al. (2013) examined descriptive, instrumental and strategic approaches to corporate social responsibility and their association with corporate performance. They conclude that each approach is associated with corporate performance, albeit differently. For example, the instrumental approach to CSR is positively associated with short-term corporate performance measures. Further, Hahn et al. (2015, 2018) illustrated the necessity to integrate economic, environmental and social dimensions at the same time in the context of corporate sustainability and suggested that the paradox perspective caters for interconnected but conflicting economic, environmental and social concerns. We contribute to previous studies by showing that even though alternative and possibly conflicting dimensions may be relevant in the context of CSR decision-making, these alternative dimensions may have different significance over time in the context of first and second-order rationales. In addition, we respond to the call for more descriptive studies on sustainability by examining alternative rationales and their importance over time in the context of the CSR initiatives analysed in this study.

2. Corporate social responsibility rationales

We develop a framework of CSR rationales termed IPIE2T to analyse two major CSR initiatives undertaken by Aviva. The classification of CSR justifications into instrumental, political, integrative and ethical rationales presented by Garriga and Melé (2004) is used to suggest that each CSR initiative is likely to be multi-faceted and justified using several of these rationales. This section develops the framework that will be utilised when analysing the two CSR initiatives undertaken by Aviva.

The classification of rationales into instrumental, political, integrative and ethical provides a framework for discussing companies' motives and justifications for engaging in CSR initiatives. *Instrumental* rationales suggest that corporations aim to maximise profits for shareholders and that CSR programmes are endorsed to the extent that they are not inconsistent with this objective (Friedman, 1970). 'Creating a competitive advantage' (Husted & Allen, 1998 quoted in Husted & Allen, 2000, p. 25) and 'cause-related marketing', designed to boost revenues and/or to build relationships with customers or other stakeholders by strengthening the brand, which consumers may now associate with a social responsibility or ethical dimension are also consistent with the instrumental rationale (Garriga & Mele, 2004).

Political rationales focus on a corporation's responsible use of business and social power in the context of the company's relationship with society, in particular the social duties and rights that companies assume. In the context of political rationales, the 'integrative social contract' theory assumes that an implicit social contract exists between business and society, suggesting that corporations have some obligations towards society (Garriga & Mele, 2004). In addition, the 'corporate citizenship', approach notes that corporations need to think about and contribute to the community in which they conduct business and in this sense 'citizenship calls upon the firm to engage its social environment proactively' (Husted & Allen, 2000, p. 24; Garriga & Mele, 2004).

Integrative rationales emphasise the integration of social demands into corporate decision-making and that corporations should be organised and operate in a manner consistent with social values. In this context, the 'stakeholder management' approach emphasises the importance of considering the interests of multiple stakeholder groups and what they regard as responsible corporate practices (Agle et al., 1999; Garriga & Mele, 2004; Mitchell et al., 1997; O'Riordan & Fairbrass, 2008; Husted & Allen, 2000).

Finally, *ethical* rationales emphasise the ethical values that underpin the relationship between companies and society, and in this respect companies are expected to accept social responsibilities as an ethical obligation; hence, ethical rationales indicate a concern with doing the right thing to contribute to societal well-being (Garriga & Melé, 2004). In this context, 'the common good approach', designates the common good of society as the core value underlying CSR (Mahon & McGowan, 1991; Velasquez, 1992).

The classification of theories into instrumental, political, integrative and ethical provides a useful framework for discussing companies' motives and justifications for engaging in CSR initiatives. Given that this framework will be used for analysing Aviva's CSR initiatives, it is important to acknowledge that it is often not straightforward to assign an action to a single rationale. Any action or decision may be justified using different rationales and at different times. As Garriga and Mele (2004, p.64) note, "…the concept of business and society relationship must include these four aspects or dimensions and some connection among them must exist". We will attempt to identify and discuss the various rationales which appear to have informed particular aspects of Aviva's CSR programmes analysed in this paper.

We also add a time dimension relating to the timing of their benefits. In this respect, we build on the ideas of first and second-order rationales, where a first-order rationale denotes economic exchange relationships, while a second-order rationale is concerned with promises about the conditions for making future promises (Bartunek & Moch, 1987; Bartunek, 1984; Marks 2011; Anderson, 2012). For example, when the financial benefit of a specific CSR initiative is not demonstrable in advance, then the social benefits need to be made clear for a project to be seen as viable. However, most CSR programmes will probably have to provide instrumental benefits either in the short or long-term. First-order rationales operate with factuality, e.g. whether a particular initiative is profitable, whereas second-order rationales are rationales which are in the process of being formed with their impact to be realised at some point in the future – they emphasise dynamics over time and open up a more systemic perspective on decision-making – and which may facilitate the accomplishment of first-order rationales. As such, second-order rationales support thinking beyond the immediate results because of the extended timeframe and because multiple rationales are interacting with each other. First-order rationales may also be supported by second-order rationales and contain their future potential. Hence, we analyse CSR initiatives against instrumental, political, integrative and ethical dimensions and how they are connected to first and second-order rationales using the IPIE2T framework. This addition of an enhanced temporal dimension, with first-order and second-order rationales, is significant because it demonstrates the complex interplay of CSR dimensions that is at work in specific organisational contexts.

This framework suggests new avenues for thinking about the ‘case for sustainability’. First, using instrumental, political, integrative and ethical rationales, we illustrate the complexity of justifying a CSR activity. Second, by adding a time dimension and building on the notion of first and second-order rationales, we assert that an economic benefit will usually have to be realised at some time. Third, CSR activities are analysed through the concept of first and second-order rationales in order to illustrate the temporality and multiplicity of the underlying justifications. Overall, we contend that the four rationales can each be elaborated into first and second-order rationales. If the justification of a course of action is a rationale, then a second-order rationale is a justification for future courses of action. This explicitly connects different rationales over time.

3. An analysis of two selected CSR programmes in Aviva

This section provides background information on Aviva and examines two CSR programmes undertaken by the company. Analysing the CSR initiatives using the lenses of instrumental, political, integrative and ethical conceptualisations, as well as first and second-order rationales sheds light on the complexity underpinning the initiation, approval and implementation of CSR programmes. The two main CSR programmes analysed are the Street to School initiatives and the environmental programmes undertaken by Aviva. We draw on company documents as well as material collected from semi-structured interviews with corporate responsibility and environment managers from Aviva as well as external stakeholders.

The reason for analysing these specific CSR programmes is that they were both important and diverse, which enables us to examine the motivation and justification for two very different situations. Street to School is the most detailed case as it represents one of the most significant CSR initiatives undertaken by Aviva, and it was also a programme in process of development at the time of undertaking this research, which allowed us to glean insights as the initiatives were implemented.

3.1 Background information

The Aviva Group has been a significant participant in the development of the Connected Reporting Framework (CRF) (see Hopwood et al., 2010). Aviva is a global provider of life and general insurance, long-term savings, pension products and fund management. In 2009, the company rebranded its business in the UK from Norwich Union to Aviva. It has reported on environmental activities since 1999 and issued its first corporate social responsibility report in 2002. The company also employed the A4S framework and was involved in the development of this framework, which combines financial with nonfinancial measures to provide a more complete picture of the company's performance. The company has also been recognised as the most reputable financial services company in the UK by the Reputation Institute.

3.2 Research methods

The analysis is based on the review of documents and information collected through semi-structured interviews with staff and stakeholders of Aviva. The information used in this study was collected during the Prince's Accounting for Sustainability project. Semi-structured interviews is an appropriate method to gather information as it allowed us to follow-up on information from other sources such as reports as well as probe on issues mentioned during the interviews. This approach allowed us to address the research objective of the study and shed light on the rationale(s) underlying CSR initiatives over time. In addition, we had the opportunity to attend an environmental steering group meeting and observe the discussions that took place. More information is provided in the table below:

Table 1. Interviews and Meetings

Date	Interviewee / Meeting	Method of interview	Length
04/08/2009	Senior Corporate Responsibility manager and another member of their team	Face-to-face	15 pages
05/08/2009	Environmental Steering Group meeting Norwich	Face-to-face	32 pages
20/07/2010	Head of Corporate Responsibility at Aviva	Face-to-face	16 pages
25/09/2010	Head of Corporate Responsibility at Aviva and Railway Children charity manager	Telephone	21 pages
08/10/2010	Railway Children charity manager	Face-to-face	38 pages
26/10/2010	Environment manager	Telephone	15 pages

The interviews were audio-recorded and transcribed verbatim. We subsequently reviewed and analysed the information included in the documents as well as that gathered from semi-structured interviews by initiative (i.e. Street to School programme and Environmental sustainability) to identify factual information and the arguments put forward in relation to the rationales underlying the two CSR initiatives. In particular, we employed thematic analysis (e.g. Braun & Clarke, 2006; Anderson & Thoma, 2021; Nguyen & Kend, 2019) based on the framework discussed in Section 2 (i.e. IPIE as well as first and second-order rationales) to generate themes and analyse information from semi-structured interviews and documentary sources.

4. Street to School Programme

Aviva aimed to be an organisation committed to contributing to the communities in which it conducted business and the company had been involved in various charity partnerships over time. However, these were initially viewed as corporate philanthropic activities and the company had not embarked on any significant initiative that could also be associated with its brand. The Street to School programme was perceived to be an initiative that would make a significant impact on society, while at the same time having a positive impact on the company's brand name and value. As the Head of Corporate Responsibility (HoCR) at Aviva noted,

> 'We'd done lots of different things. Maybe in the old school corporate philanthropy mode…But we weren't famous for anything...wanted to carve out a niche for ourselves in terms of brand association and brand reputation, which is really important.'

Aviva launched the Street to School programme around their corporate brand and their proposition 'One Aviva, Twice the Value', which had been introduced to assist in the merger of previously independent companies to form the Aviva Group. As the HoCR mentioned,

> 'We did launch it around the brand. So it's starting to function as that kind of One Aviva, one cause thing which is very much what we want to do is carve out a niche cause that we could uniquely contribute to with our unique passion and talent as an organisation. So there's a great corporate responsibility programme, but that's the

> platform upon which we're trying to build these pilots of causeway to marketing which is not something we've done before…How do we create twice the value and we promise to double shareholder earnings as part of our re-brand by acting as one Aviva, one big company.'

Aviva proved keen to endorse a CSR initiative that would be significant and would also differentiate the company, hopefully granting them a competitive advantage:

> 'We are on our way as a brand to owning the street child space…the brand association is now there for us…and by engaging our customers we can make a massive difference.' (HoCR)

Hence, the company focused on a significant issue – street children – that is at the core of the company's commercial mission. This was a strategic choice that was perceived to provide a competitive advantage to Aviva and its brand. This suggests the employment of integrative and ethical rationales to foster and enhance the instrumental rationale; and it is consistent with Harwood et al. (2011) who find that moral, social and other motives beyond instrumentalism inform the undertaking of CSR. Burke and Logsdon (1996) suggest that such strategic activities have the potential to give companies a competitive advantage. After identifying street children as a global social issue, Aviva began to look for partners that it could work with to bring children off the streets and back to school and training,

> '...in terms of coming up with so what is our niche going to be, it was based on a lot of testing…with customers, potential customers, but also employees internally as in what makes sense and what's most compelling and therefore what are we likely to be able to galvanise and catalyse action around and make that big difference.' (HoCR)

The Global Street to School programme was launched in 2009 (in the UK, Turkey and India, with a roll out in all of Aviva's countries of operation from 2010). A prime objective of this five-year programme was to get children and young people off the street and into education and training by 2015, a strategy consistent with the company's values which revolve around life trauma, education, and financial literacy. As the HoCR remarked:

> ‘Underneath all of the accounting for sustainability stuff there is always fundamentally at some level a moral decision...but comes from what our brand stands for and our values and just who we are and what we’re about...we made a very bold statement early on, which was that we would help 500,000 children worldwide during our 5-year commitment.’

This suggests that the ethical rationale partly informed Aviva’s involvement in the Street to School programme, as the approach combined social considerations along with economic benefits, such as the impact on the brand. It was also developed to be applicable in many of the global markets in which it operated. Hence, this initiative appears to be consistent with both a triple bottom line, and also with ‘the common good approach’ as both ethical considerations of contributing positively to society and economic considerations influenced the decision.

Aviva then worked with leading charities and experts (e.g. Railway Children) to provide support for various street children projects. These activities are consistent with integrative and ethical rationales by focusing on stakeholder management. Aviva’s collaborators were carefully chosen to obtain the greatest possible social impact (Porter & Kramer, 2002). The involvement of Railway Children, Aviva’s UK partner, also helps to establish credibility. Aviva planned from the outset to involve staff and customers in cause-related marketing. The initiative seems to be consistent with an instrumental rationale; engaging various stakeholders was also identified as important, not only because such involvement would contribute to the success of the programme, but also because

> ‘...this was something that’s really helped us on our brand journey towards acting as one Aviva…And we wanted to be able to ultimately engage our customers through cause-related marketing activity.’ (HoCR)

Aviva employees were keen to support these initiatives, illustrating that the company was successful in raising awareness of this programme and engagement levels among employees, consistent with the notion that employees perceive the company’s CSR activities to be substantive as opposed to symbolic (Donia & Sirsly, 2016). The

‘Word on the Street’ programme whereby employees spent a night in the street for Aviva’s local charity partners in order to raise funds is one example. Aviva contributed to this good cause by matching the amounts raised by employees, thereby actively involving various stakeholders. As part of the Aviva Runaway Awareness and Prevention Education in Primary Schools programme, employee volunteers delivered education modules in primary schools to make children aware of the dangers of running away from home. Aviva supported and encouraged such initiatives by giving employees time off work to be involved in corporate responsibility activities. This is a good example of an instrumental rationale in the form of ‘cause-related marketing’. This is consistent with Donaldson and Preston (1995) who suggest that companies may manage relationships with their stakeholders for instrumental reasons, as well as Clarkson (1995) who notes that companies manage relationships with their primary stakeholders as an important way of implementing their social responsibilities. Railway Children were involved in ‘road shows’ within Aviva, to engage staff around the issue of street children and foster employee engagement. This is an example of a corporate working together with an external stakeholder, with the aim of increasing awareness of a CSR programme, whilst engaging employees as another stakeholder,

> ‘And then we have to tell the story differently to engage different audiences internally so we had to work very hard on how we communicate to most of our people. So awareness increased from 27% to 80% in a short period of time...But then if you flick over to the marketing guys and the product development guys who we needed to launch the cause-related marketing side of things it’s a very different ball game. It’s about public relations value, it’s about brand tracker impact and ultimately we’re testing at the moment to see if we can make some impact on consideration to purchase some products. So you’re talking very, very different languages there internally. But the useful thing I think is having it coming down from the top, having it consistent globally right across the brand makes it much easier to leverage it in the different regions and markets.’ (HoCR)

When presenting this initiative to the board of directors, those responsible for the CSR strategy were asked searching questions about Aviva’s involvement:

> ‘So we went in with a…we will positively impact half a million kids. And they went like great but we really want to know what the genuine impact is. Which is a wonderful thing to get challenged back on by the board. So it’s not just about reach

> and being able to shout about that. But we actually want to know "are we really making a difference in their lives?".' (HoCR)

Thus, while tangible benefits were important, the board of directors was concerned with the genuine impact on children. Evaluating this programme based on information reported in the 2009 annual report and information gathered during the interviews, it seems that the Street to School programme combined integrative with ethical and political as well as instrumental rationales. In this context, Aviva and the Railway Children agreed on the terms of the contract such as the impact (e.g. number of children involved), but also with how Aviva and the charity will help these children (Aviva annual report, 2009). This seems consistent with the idea that managerial decisions in relation to sustainability issues are influenced by stakeholder expectations (Fischer et al., 2020). The fact that Aviva is interested in having a positive impact on the children was observed by a manager at Railway Children who noted:

> 'After a series of meetings where clearly what we were saying is if you want to come in and just set projects up and invest in bricks and mortar then we aren't the people. If you want to actually look at what's going on to begin to engage in that and to really look at how your reach as an organisation, because that is the wonderful thing about Aviva, the reach they have…to the thousands of customers…so all of a sudden we've got a huge audience...And it became pretty evident after a bit that here was an organisation that really did want to get into those details…'

This would also enhance Aviva's brand name and value, thereby reinforcing the importance of the instrumental rationale. Interviews with corporate responsibility managers suggest that Street to School was a value-based proposition, while they also referred to business benefits:

> 'The focus of the CSR activities is not simply to reduce or manage the risk lever or the values lever in the sense that this is the right thing to do. Rather it also satisfies the business opportunity lever and this CSR initiative was viewed as a values driven business opportunity...This is Aviva's corporate responsibility proposition and community investment strategy and they perceive this initiative as a values-driven business opportunity that is global and unites Aviva and various stakeholders around one key issue.' (HoCR)

When we probed to gather more information about the business benefits, the HoCR agreed that they were constantly trying to accomplish both objectives consistent with prior literature (e.g. Farooq et al. 2014):

> 'Yeah and I don't have any qualms about the fact that I'm constantly trying to do two things that are intentional…trying to do the right thing in terms of we want to genuinely impact the lives of these unrecognised young people. That's what we're about as a business. Our brand is about recognition. We've just done one of the biggest, most successful corporate re-brands in history...The tension between those two things for me is just a creative tension.' (HoCR)

In 2010, Aviva piloted cause-related marketing schemes designed to present the company's charitable objectives to its customers. In one scheme, every time a customer bought or renewed an insurance policy, the company donated 1% of the business written to Railway Children, capped at £80,000. The company tested various alternative donation schemes and the pilot phase reached 700,000 customers raising nearly £80,000 of donations to the charity partner. This was done in collaboration with brokers and this helped to achieve an additional goal to engage yet more stakeholders. Brokers also had the opportunity to sign up to a recognition wall and donate which helped raise £117,000 over a month. As the HoCR noted: 'Loads of the guys, the brokers signed up on the recognition wall and got involved in the cause', illustrating that instrumental rationales figured prominently while also increasing stakeholder engagement.

It is also noteworthy that in 2011 more than 14% of the UK employees were engaged with the programme through volunteering, fundraising or donating. The company also reached 4.6 million customers with Street to School messaging and donated over £69,000 to Railway Children through '£ per policy' customer incentives. Over £34,000 was donated to the global charity partner as a result of employees completing the survey, a cause-related marketing device (Aviva corporate responsibility report, 2011). These examples illustrate the company's eagerness to engage with and involve other stakeholders as well as having an instrumental rationale:

> ‘When people hear about Street to School…the positive brand attributes, the trust in Aviva goes up to an astonishing 91%. It’s 70% of people say they’d be more likely to purchase from us when they hear about Street to School…we can look at customer impact in terms of our brand tracker…And we can track that specifically where we do transactional cause-related marketing, as if you renew or buy this and we’ll give £5.’ (HoCR)

Yet Aviva continued to be interested in the impact on children, as well as the number helped, which could arguably be interpreted as the company trying to measure both the ‘return on their investment’, and also evaluating *how* they helped these children,

> ‘Impact on the kids which interestingly is what our executive board ask me about when I go and see them. It might sound hard to believe but what they ask about is how many kids are we helping and how are we helping them. So we’re trying really hard to measure that…we work with the kids in terms of awareness and prevention, we work around interventions for ‘at risk’ kids in terms of outreach to them. So we find them…we connect them with services. We work with them in terms of health and wellbeing. We work with them in terms of safe spaces, so getting them back home safely…or getting them into an alternative form of safe accommodation. And we’re getting them back into, or maybe sometimes for the first-time education or training or employability work by more vocational training.’ (HoCR)

In 2011, the profile of the Street to School initiative was raised internationally and the campaign ‘You are the Big Picture’ continued to raise funds for Street to School and the programme was extended to other markets.

Aviva also developed a global measurement framework, which enabled them to quantify the inputs, outputs and generally the impact of the programme:

> ‘…we have helped over 128,000 people in our programmes.’ (Aviva annual report, 2010, p. 86)
>
> ‘What we’ve now got is a global measurement framework for how we are measuring the inputs and outputs or outcomes from our Street to School…we have a very very balanced scorecard of the stuff we’re measuring and we’ll be reporting on in our corporate responsibility…And that’s both about…yes there’s some outcomes there for the brand, but actually predominantly the outcomes are…what impact can be made for children.’ (HoCR)

This illustrates that an integrative rationale, a consideration of economic, legal, and ethical aspects as well as the triple bottom line have influenced the initiation, implementation and commitment to the Street to School programme.

The focus of the company over time has been on measurable outcomes, not only with regard to the funds raised and number of children helped, but also with respect to brand association, showing an instrumental rationale and a focus on competitive advantage. Aviva also used its position and power, as discussed in political theories, by engaging with MPs on the Street to School programme along with their UK charity partner, Railway Children, aiming to raise awareness of children at risk in the streets. Aviva's customer reach and networks placed them in a good position to use this power in a responsible manner and contribute to society.

In the 2011 annual report, Aviva again emphasised the tangible outcomes of the CSR initiative, noting that the global Street to School programme helped 400,000 children since its inception in 2009 (Aviva annual report, 2011). The company along with their UK charity partner also continued to engage MPs.

The discussion of the Street to School programme suggests that instrumental, integrative, political and ethical rationales have all informed this initiative, albeit the importance of each perspective has been different at various stages of the programme's life cycle to date. Even though the instrumental rationale in terms of the 'return on investment' and in particular the impact of the programme on children as well as on Aviva's brand were undoubtedly important, the emphasis at the initiation seems to have been on laying the foundations for creating a competitive advantage (thereby having a positive impact on the brand, which is consistent with the generation of profits albeit in the longer-term). Hence, the second-order rationale was more apparent in the initial stages of the programme, while more measurable outcomes, which can be thought of in the context of a first-order rationale, became more important after the programme was implemented. Ethical, social and political aspects have also played a role throughout the life cycle of the Street to School programme to date, albeit to varying degrees.

5. Environmental sustainability

Banerjee (2008) argues that environmental initiatives are often aimed at “low hanging fruit” that provide win-win outcomes. This may suggest that corporations’ temporal horizons are driven by short-term shareholder value rather than being based on long-term environmental sustainability. However, there are also a multitude of ways in which organisations account for or justify their environmental initiatives – as instrumental, integrative, political or ethical as well as the emphasis given to each aspect.

General Accident and Commercial Union, two of the companies that were the precursor to the Aviva Group, provided an early exemplar of what would become a key feature of the later Aviva Group’s strategic “One Aviva” approach to sustainability activities. Concerns with how climate change would affect risk calculability led the two companies to become early movers in the financial services sector, with efforts to integrate environmental management into strategic decision-making and operational activities that may have granted them a competitive advantage, which is consistent with an instrumental rationale. In 1995, General Accident became a founding signatory of the UN Environment Programme Insurance Initiative (Lecomte, 1998) and in the same year General Accident also participated in the Berlin Mandate, which was a precursor to the Kyoto agreement in 1997. Following key staff appointments, the impetus for integrating environmental issues continued, leading to the board of director’s approval of an environmental policy in November 1998. This culminated in a preliminary environmental statement in March 1999 and a full Environmental Report in March 2000. Continuing the theme of external engagement and policy influence, the merged CGU helped establish the Forge Group of insurers and banks in 1998. Aviva has chaired this sector-led initiative for more than a decade overseeing the development of guidance on environmental management and reporting in 2000 and CSR best practice in 2002 (BBA, 2002). This reflects the company's eagerness to adopt strategies for creating competitive advantages and in particular the development of relationships with primary stakeholders in the context of instrumental rationales (Hillman & Keim, 2001; Garriga & Melé, 2004). This initiative also appears to be consistent with an integrative rationale, whereby the company attempts to balance the interests of various stakeholders, while trying to make a positive social impact.

Aviva claims to be the first insurance company to go carbon neutral. As a senior corporate responsibility manager noted:

> 'we convinced the senior executive that to be carbon neutral was in our company's interest, partly as a social concern, but partly because we understand that climate change, even to a small degree, has a direct impact on windstorms and freak weather, which when it comes to insuring your house is very very important, because the risk of floods and windstorms, is one of the main ways in which a premium is calculated.'

The then Chairman announced the move to become a carbon neutral insurer:

> 'Our response to the widely reported threat from increased carbon emissions and rising temperatures is to become the first 'carbon neutral' global insurer. Aviva's purpose is to provide prosperity and peace of mind to our customers…Our instinctive response to the widely reported threat from increased carbon emissions and rising temperatures was to step forward and take the lead as the first global insurer to become "carbon neutral". We have six maturing projects in hand delivering the remaining carbon credits we need…I'm very pleased that we have managed to find projects that not only offset our carbon output but also promote local community benefits.' (Lord Sharman of Redlynch OBE, Chairman, Aviva Group plc., 2008)

The company focused on reducing carbon emissions and also offsetting any remaining emissions. Its strategy was driven by a range of factors including minimising environmental impacts, risk management and being a "thought leader" on sustainability. As an example, the Environment manager mentioned the following to us:

> 'I was in Kenya for the week…I was looking at one of our carbon off-setting projects…to work out all our carbon emissions for the year to get our footprint and then purchase voluntary carbon credits from projects to take it down to zero. But it's just one thing purchasing the carbon credits but it's another thing actually going to see the projects. Well this one was energy efficient stoves so it's the moving from open

> fires to cook on, to having a little energy efficient stove. And the energy efficiency increased by about 70%...And that you ‘ve got the economic benefits because those people aren’t either spending a day collecting firewood or they are not buying firewood or they are not buying charcoal as much’

These objectives appear consistent with an integrative rationale, as Aviva sought to mobilise resources to respond to social and environmental issues, while at the same time taking instrumental considerations into account. In addition, it is also consistent with an ethical rationale, as the company contributed to the common good by considering social, environmental and economic factors when making decisions that would have a long-term impact.

As noted previously, the company sub-contracted the use of carbon that could not be dealt with internally within the organisation:

> ‘At the end of 2006 Aviva formalised our carbon management strategy. For a number of years we had been collecting data and seeking ways to reduce the carbon footprint from our buildings energy consumption and business travel. We had also begun to pay up to a 2 per cent premium in order to purchase zero emission and renewable electricity where it was available. (Aviva blog, 29 September 2010)

The above suggest that an ethical rationale and the consideration of a triple bottom line has informed Aviva’s environmental initiatives to a major extent. The company was prepared to pay a two per cent premium in order to purchase zero emission and renewable electricity, underlying the ethical aspects of the company’s involvement in environmental initiatives. However, the company would not undertake a specific CSR initiative unless there was ultimately a financial benefit, as the following quote suggests:

> ‘...we don’t just do the environment for the environment’s sake in that we’re a business and we’re not a charity. What we’re looking for is that point where there is a benefit on a financial basis as well as being a benefit on a carbon reduction basis. And if possible on the reputational basis as well which they normally go hand in hand.’ (Environment manager)

Aviva was one of the first of three organisations to introduce the CRF into its Annual Reporting practices and was also the first insurer in the UK to report on environmental performance indicators – greenhouse gas emissions, finite resource use and waste. As part of this reporting practice, Aviva had integrated three nonfinancial environmental performance indicators into both its annual report and corporate responsibility report since 2007. It should be noted that not only did the company report key environmental measures, but also began to articulate its CSR strategy in terms of key performance indicators and to actively manage the performance measures:

> 'We've measured elements of our CSR performance, such as environmental data, for a number of years. Now for the first time, we are publishing CSR key performance indicators across more areas of our business.' (Aviva corporate responsibility report, 2008, p. 8)

Hence, there are clearly instrumental rationales underlying the measurement and evaluation of environmental-related measures, as reducing energy usage and waste will result in reducing costs. Achieving certain environmental key performance indicators will likely maximise shareholder value, while at the same time have a positive impact on the environment, thereby underscoring the importance of instrumental but also ethical rationales.

The above suggest that the principles of the CRF are deployed at Aviva to show how sustainability performance is interdependent with financial performance – in this way the CRF helps to promote an instrumental case for sustainability internally. Not only does this raise awareness and change the way people manage and work, but it also makes good business sense.

Aviva also tried to positively influence other companies to disclose information about their carbon footprint and actions undertaken to address this:

> 'The carbon disclosure project, which is basically a survey that has been put together on behalf of investors to get companies from the FTSE Global 500 to report, to disclose their carbon footprint and what they're doing about it. Now CDP were set up in 2000 and Aviva invested as one of the founder investor companies to say if you produce this

> information we will use it in our investment decisions. So we've been involved in it both from an investing point of view, using the information. And also from a respondee point of view at a group level to say look we're doing it, other people should do it as well…' (Environment Manager)

As well as being involved in major environmental initiatives, Aviva has also taken other small steps designed to have a positive environmental impact, while at the same time resulting in cost savings. Setting printers and copiers to default on double-sided printing as well as investments in video-conferencing facilities were but some of the initiatives undertaken, which were designed to lead to win-win outcomes. For example, duplex printing would reduce reliance on paper and also result in cost savings, while utilisation of video-conferencing facilities would not only help the company manage travel-related costs, but also with reducing carbon emissions. Videoconferencing was used for 1,700 hours of meetings between April and November 2008 with a 25 per cent reduction of air travel for those utilising the state-of-the-art facilities (Aviva corporate responsibility report, 2009). An additional benefit is that the above would save managerial time while taking staff work/life balance issues into consideration, thereby having a positive impact on the welfare of their employees. Considering employee interests but also engaging and involving employees in various initiatives figured prominently:

> '…I have created a team site which links in with all of my environmental champions so it's a place where we can exchange thoughts and ideas.' (Environmental Steering Group meeting).

Overall, both first and second-order rationales seem to be prevalent when evaluating Aviva's environmental management programmes, as the company realises immediate benefits in the short-term (e.g. cost savings), while current integrative aspects lay the foundations for future first-order benefits.

6. Discussion

6.1 Theoretical implications

Our analysis shows justifications for observed actions often involved instrumental, political, integrative and ethical rationales. Certainly, no action observed was justified by a single rationale. Moreover, what constitutes a particular rationale is defined by a multiplicity of actions. The mutual constitution and shifting between rationales within organisations occur in a routine and pragmatic fashion without the need to agree on well-specified objectives fully worked out in advance. In each of our two initiatives, one rationale contained other rationales in a way that cannot be neatly separated out. Each action typically also has elements that can be described in terms of several rationales. This is partly a consequence of organisational attempts to include nonfinancial aspects of performance into strategic and routine sense-making at an organisational and managerial level, but also because there are second-order dimensions to current organisational actions.

Companies need to have mechanisms to help employees agree on courses of action and this implies the need to connect the present with the future: to connect the short-term with the longer-term in light of the company's history. Rationales thus speak not only to the present, but also to the past and the future. Organisations operate and link actions across and over time, with the present sandwiched between learning from past experience and the future horizon of expectations.

The concept of first and second-order rationales provides a way of analysing such courses of action that foregrounds the importance of temporality – that gives emphasis to the interplay and interrelation of different rationales over time. Whereas first-order rationales are concerned with taken for granted outcomes, which typically delineate differences between rationales, second-order rationales are concerned with defining the premises of future first-order rationales.

Focusing on second-order rationales means giving attention to the premises of future first-order rationales. Second-order actions comprise of elements that can be described in terms of future first-order rationales. We have shown how Aviva engaged with political, integrative and ethical rationales in two disparate initiatives. Our analysis suggests that it is through political and societal directed action that Aviva was able to bring about changes to the lives of street children and help to maintain its market position as a leading insurer worldwide. The more commercially instrumental Aviva gained reputational benefits with customers, the more political and integrative the company became. We suggest that first-order rationales are simultaneously reliant upon second-order rationales to continually frame and maintain first-order rationales. Street to School-type initiatives comprise of second-order political and integrative activities, which help to define future first-order premises that may still be political and integrative, but may also become instrumental or ethical. In this way, a second-order rationale can create the premises for a different rationale in first-order term; that is, there is no necessary or automatic matching between first and second-order rationales.

Similarly, for environmental performance and climate governance, no other insurer was defining itself as carbon neutral; there was no competition between insurers in terms of carbon management as a form of market differentiation. Aviva was concerned to be part of new markets for insurance and financial services products, but accessing new customers is only partly possible through using an instrumental rationale. India's market for financial services could not be accessed fully by Aviva via an instrumental rationality. Access to future customers and customers' goodwill is an instrumental decision that relates to the integrative rationale and to become involved in the problem of access for education for young citizens. The types of second-order rationales that companies must confront in this context are decisions about for how long to continue with an integrative and political rationale and when to invoke instrumental calculation. Whatever the outcomes, this may imply there could be very different trajectories for broadly similar initiatives as the enactment of a particular initiative will depend upon the rationale from which it is observed and whether it is understood as a first or second-order rationale.

We have suggested that companies can and do develop strategies and justify activities using instrumental, political, integrative and ethical rationales, even though not all of them are necessarily present on every occasion. Internalising integrative, political and ethical concerns means that firms must decide when to let each rationale prevail in relation to particular roles and over time.

The difficulty in classifying Aviva's initiatives solely in terms of one rationale underlines how first-order rationales remain connected to second-order rationales. Under the newly established and worldwide name 'Aviva', the company described itself as being on the way to becoming a global insurer and financial services actor, but was also aware that it was not as yet acting as one company across all the countries in which it operated. Working with street children and carbon neutral operations are second-order rationales premised on constituting a first-order organisation as 'One Aviva'.

6.2 Practical implications

We now attempt to identify some lessons and principles from the experiences that Aviva has had with its CSR decisions and with embedding sustainability more generally. The practices outlined were all observed in action and can be interpreted as having many of the aspects of the IPIE2T framework. We believe that these suggestions can provide useful guidelines for other organisations attempting to integrate and embed sustainability policies into their strategies and behaviours.

Quick wins

There is much to be said for harvesting the low hanging fruit first. Focus on things that can be done quickly based on existing organisational practices. Aviva had a lengthy track record of monitoring its environmental impact in a variety of ways.

Small wins

Be prepared for small wins at first. There may not be large instant successes and set-backs are likely to occur. Even actions with relatively small impacts can be useful in generating an organisational culture by making the commitment to sustainability visible to a large number of staff.

Tone at the top

Senior management commitment and support is absolutely vital, together with frequent evidence of continuing senior management interest. However, this is not sufficient in itself. Not everything starts at the top and trickles down. Much useful innovation occurs at very low levels in the organisation, with successful ideas being picked up and transplanted into different areas of the business. Front line employees often have important insights into actions which can have a significant impact on the overall operations of the business.

Working with others

Support is necessary both internally and externally. A central unit with responsibility for sustainability issues is both a powerful internal message, and also a vital focus and resource for progressing a variety of initiatives. But it needs to be managed in such a way for it to be seen as a support service without taking away responsibility from operating unit managers and staff.

Stakeholders

Sustainable practices are not confined to company employees, important though it is to ensure successful implementation internally. Organisations can influence other participants in their value chains. Customers can be encouraged to purchase products or services which have desirable characteristics from a sustainability perspective.

Business cases

Sustainability should be built into the business case for all initiatives, including new products and services. However, there are multiple criteria to be considered. Some projects will have cost or risk reduction benefits. For example, energy saving both reduces carbon footprint and operating costs. Others may help to give the organisation a competitive advantage relative to competitors.

Experimentation

Ideas and initiatives can be widely scattered within an organisation, and good ideas need to be recognised and exploited. A good way forward seems to be to allow small-scale experimentation across a wide range of areas.

Formalised reporting

Formal reporting systems are a powerful mechanism for embedding organisational practices. Hence, the development of formal information systems for capturing important nonfinancial data such as carbon footprint, waste, and other resource usage are a vital part of managing for sustainability.

7. Conclusions

The literature on CSR has used a variety of theories, such as those characterised by using instrumental, political, integrative and ethical rationales. Although these rationales often overlap in justifying specific decisions, they nevertheless provide a useful set of perspectives from which to view CSR decisions and their justification. This paper focused on organisational actions and on how these were justified in practice by the deployment of such rationales, both initially and on a continuing basis.

The processes studied moved from initial justifications for a new initiative to the ongoing management and control of the projects it created. This involved the construction of performance measurement and management systems designed to provide a variety of types of information aimed at different stakeholder groups. These started in a basic manner but progressed towards the development of more reliable key performance indicators.

An action can serve many purposes and may be acceptable to different parties for different reasons. This perspective is particularly important when analysing a series of related actions over time. To help understand the role of time, we used the idea of first and second-order rationales: first-order rationales operate with objectivity, such as whether a particular initiative is profitable or ethical, whereas second-order rationales are used to judge new activities being formed which facilitate the later accomplishment of first-order rationales. The transition from initial justification to ongoing management can be seen as a progression from second-order towards first-order rationales.

In this paper, we analysed the Street to School programme which represented an initiative intended to have a significant impact on the lives of children, whilst also yielding corporate image and marketing benefits. Integrative rationales figured prominently when analysing the most salient features of this case, although elements of instrumental, ethical, and political rationales were also apparent. This programme was designed to be applicable to a wide variety of diverse societies around the world and was closely related to the company's newly developed 'One Aviva' strategy. Despite its highly qualitative initial justification, its ongoing management spawned the requirement for quantitative progress indicators justified using more evidently instrumental rationales. In addition, we analysed environmental initiatives and conclude that ethical and integrative as well as instrumental rationales informed their continued development.

We have argued that the four rationales set out in this paper do not necessarily conflict with each other, even though we acknowledge that difficult choices may be required. Such choices allow companies to contribute positively to the societies in which they conduct business, whilst still taking shareholders' interests into account. Indeed, both our interview evidence and information in the annual and corporate responsibility reports suggest that the CSR initiatives undertaken almost always had 'win-win' outcomes and had been deliberately constructed to ensure this. They therefore increased shareholder value, while at the same time considering the interests of other stakeholders and the wider community. We suggest that taking all stakeholder interests explicitly into account enabled the company to increase shareholder value (first-order rationale) through working on a second-order rationale. We provide empirical evidence that the mechanisms by which activities became more integrated involved sequential attention to instrumental, political, integrative, and ethical dimensions in the context of both first and second-order rationales. Our findings about the importance of different rationales over time may have implications for the usefulness of accounting information related to CSR activities in the context of performance measurement in particular, which is an interesting area for future research.

The IPIE2T framework deployed here is used to explain how a range of decisions connected with CSR initiatives have been taken, but it seems likely that it can also give insight into other business decisions more generally. Although many such decisions may appear to be taken using only an instrumental rationale, it is likely that other rationales are commonly used to provide complementary justifications, particularly when the consequences of a decision are not easy to predict with any accuracy. Second-order justifications may be used at the initial stages even though a first-order rationale may become dominant at later stages. Thus, although the IPIE2T framework was deployed to explain decisions relating to CSR, it may also be of value in helping understand a much wider range of organisational decision-making behaviour.

Accounting for the multiple rationales companies enact, together with the concept of first and second-order rationales, offers a way to understanding these issues as they develop over time. It also provides a means of helping explain the transition from initial decision-making to ongoing justification and management. It suggests that first-order rationales often contain the potential for a diverse range of second-order rationales, especially in complex organisational contexts where the form of exchange and rationales is not fixed. This paper provides a framework for thinking about and conceptualising the justification of CSR initiatives and has also tried to operationalise these ideas in providing some practical implications, albeit by focusing on a single case study which limits the generalisability of the findings. Future research on these issues could employ multiple case studies and examine whether the rationales underlying CSR programmes have shifted over time. In addition, future research could benefit from theoretical and methodological approaches which can incorporate pluralised actions and rationales within organised contexts. Potential bias in relation to the employment and analysis of interview data is a potential limitation of this study; future research can use additional research methods e.g. ethnographic research methods to triangulate findings. Finally, another limitation is that other rationales such as institutional legitimacy and public responsibility not captured in the framework employed could also justify CSR decisions (Schaltegger & Burritt, 2018) and these may also be fruitfully examined in future research.

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