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Promoting corporate social responsibility and sustainability: a model of integrity

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Abstract

Purpose – The purpose of the paper is to propose a model of integrity to help assess corporate responsiveness to this new wave of pressure in the backdrop of the prevailing Shareholder Value Maximization doctrine. In a context of ecological crisis, sustainability is considered in an intergenerational perspective on well-being. Nations are required to maintain the productive base, composed of manufactured, natural and human capitals, to continue producing future generations' well-being. Such macroeconomic challenges require businesses to contribute to human and natural capitals' conservation.

Design/methodology/approach – This paper applies the integrity model to the historical case of the New Lanark mills from Owen's (1991/1813-1816) new view of society. Owen's deeds are compared to his promises in light of community expectations in that time to assess Owen's commitment to social responsibility through "his honoring his word".

Findings – The findings show the importance of the concept of "workability" for a business to create an opportunity set for "performance". Such workability is determined by the business being a person of integrity.

Research limitations/implications – Future researches are invited to use this model to build empirical evidence of corporate irresponsibility in dealing with the new challenges.

Practical implications – This paper's contribution resides in the capacity to uncover any attempt by businesses to subsume their corporate social responsibility and sustainability commitment to the doxic shareholder value maximization (SVM) ideology.

Social implications – The findings recall the importance for corporate activities to be re-embedded in their social and ecological contexts. This requires an overhaul of the business logic.

Originality/value – The originality of the model of integrity resides in its simplicity and practicality.

Keywords Sustainability, Corporate social responsibility, Model of integrity, Robert Owen, Shareholder value maximization, Workability

Paper type Research paper

1. Introduction

The interest for corporate social responsibility (CSR) and sustainability has developed rapidly. According to Elkington (2006), three waves of public pressure have shaped CSR and environmental agenda since the 1960s. Government regulations and corporate activities have evolved through different stages in response to these waves. However, there is increasing evidence that corporations are still acting irresponsibly and unsustainably (Gray, 1994; Meadows *et al.*, 2004). The negative ecological and social impacts of business activity became obvious (Unerman and Chapman, 2014). Ecological boundaries of our planet have been

exceeded because of the scale of business activities (IPCC, 2014). A need for a new corporate paradigm to replace business as usual became an emergency. In fact, most of the efforts are, in the best cases, directed toward a weak sustainability framework (Daly, 1995), whereby the substitution between different capital stocks, such as produced (manmade) and natural capitals, is allowed. However, as evidence of critical levels of each natural capital have been gathered, unsustainability became an endogenous property of our global development path. Hence, sustainability is increasingly considered in a way that requires nations to sustain the productive base to permit future generations to achieve their own well-being. A new wave of pressure is formed, according to which the international community should contribute to natural and human capitals' conservation.

This new wave of pressure requires a radical change in the way we do business. More importantly, new forms of social and environmental responsibility are required to bring economies on a sustainable track. Many scholars celebrated the progress of businesses toward mature stages of CSR and sustainability practices. However, today, CSR initiatives, be they highly integrated into the business model or be seen as generative of a business case for sustainability or not, have become unsatisfactory. To assess the corporate responsiveness to the new macro-economic challenges, it is important to not neglect the continuous obedience of businesses to the shareholder value maximization (SVM) doctrine. In fact, there is a doubt about the possibility for businesses to sacrifice the financial performance in the name of conserving human and natural capitals. This paradox situation might promote some new CSR and sustainability promises and talks by businesses that could not be held. This paper proposes a framework based on a model of integrity developed by Erhard *et al.* (2009) and Erhard and Jensen (2014) to help performing an assessment of such CSR and sustainability promises (talks). We apply this framework to a historical case of the New Lanark mills from Owen's (1991) new view of society. We compare Owen's deeds to his promises in light of the community expectations at that time, to assess the seriousness of his commitment to a form of social responsibility through his honoring his word. Our findings show the importance of the concept of "workability" for a business to create a set of opportunities for "performance". Such workability is determined by the business being a person of integrity.

The paper is structured as follows: in Section 2, we portray the increasing interest of businesses for CSR and sustainability through various strategies and approaches used to integrate CSR into their business models. These practices are revealed in the literature to be reflective of different stages of CSR maturity. In Section 3, we depict the new macro-economic pressures that require corporations to contribute toward conservation of human and natural capitals that they use in their business activities according to a sustainability assumption (be it weak or strong). We explain how the macro-economic challenges create a new wave of pressure for companies to internalize what was previously externalized, a shift that could undermine their financial performance. In a context where shareholder value maximization doctrine prevails, the paradox between SVM and the sustainability assumption (mainly in its strong version) makes the chances for corporations to commit to new forms of sustainability most likely weak. In Section 4, we present the model of integrity to help assessing the responsiveness of corporations to the new wave of pressure. In Section 5, we apply the integrity model to the Owen case. In Section 6, we discuss findings and avenues on how to use the model in future researches.

We also highlight the contribution of the integrity model in revealing unsustainable business practices and forms of CSR hypocrisy. For instance, we explain how the SVM and sustainability paradox leads companies to give a word they know they cannot honor. They create their own conditions for not being persons of integrity, thinking that, in doing so, they preserve their financial performance. However, such behavior results in a lack of workability, which undermines any opportunity for "performance" and for the corporate world to be part of the international community's endeavors toward sustainability.

2. CSR and sustainability assessed: literature review

In this section, we start giving definitions of CSR and sustainability and how companies' practices have been assessed in the literature. This leads us to distinguish two trends of corporate responses to the external pressures: the first trend has led businesses to adopt several stand-alone environmental and social management and reporting initiatives and the second has led to more integrated approaches, which are considered by scholars to be reflective of a mature stage of CSR and sustainability.

2.1 Definitions

According to the European Commission (2001, p. 8), "CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". According to Aras and Crowther (2012), it is not easy to recognize what is or is not socially responsible mainly for the existence of various definitions of CSR. In fact, CSR is concerned globally by the relationship between corporations, governments of countries and individual citizens. Locally, it is concerned by the relationship a corporation has with the local society in which it operates; in other words, it is concerned by the relationship between the corporation and its stakeholders. Hence, CSR is defined to be a company's commitment to operating in an economically, socially and environmentally sustainable manner while recognizing the interests of its stakeholders, including investors, customers, employees, business partners, local communities, the environment and the society at large (Aras and Crowther, 2012).

The modern-day expression of "sustainable development" is traced back to the 1980s. In 1987, Our Common Future is published to define sustainable development as "a development that meets the needs of the present without compromising the needs of future generations to meet their own needs" (World Commission on Environment and Development, 1987, pp. 4-5). According to Chabrak and Richard (2015, p. 94), "since the Brundtland report and the first Rio Summit, sustainable development has become a desirable goal for which implementation has proven difficult". This difficulty comes from the elusiveness of the definition of sustainable development, which has undoubtedly led also to its universal adoption. In fact, the definition of sustainable development was vague, which allowed the sustainability debate to be captured by the business world (Chabrak and Richard, 2015). Whether the concern for social responsibility is old, the growing interest for it in popular consciousness is noticeable.

2.2 Corporate responses assessed

According to Elkington (2006), the world went through different waves of pressure, until the international community came to realize that CSR and sustainability are the responsibilities of all citizens including the businesses and that a new corporate

paradigm should replace business as usual. This evolution is explained not only by the increased benefits to shareholders from these social practices but also by the will of people to care about social responsibility. Issues like climate change have affected concerns about CSR through the problem of greenhouse gas emissions and particularly carbon dioxide. Average people know the size of their carbon footprint and act to minimize it (Aras and Crowther, 2012). A growing concern with the supply chain of business is also obvious. World citizens are more concerned with the exploitation of people in developing countries, especially with the question of child labor and sweat shops. For companies, it is no longer acceptable to say that the conditions under which their suppliers operate are outside of their control and so they are not responsible (Aras and Crowther, 2012). Because more customers have called companies to account for, firms should find new business models to spread social responsibilities outside their boundaries until affecting their suppliers. Finally, profound changes in governance and globalization leading to new role for governments and more involvement of civil society are raised.

Because companies started responding to these waves of external pressures, an increasing corporate awareness to CSR and sustainability is perceptible (Gray and Bebbington, 2001). If, in 1990, 30 per cent of companies still consider that environmental issues have no relevance for their business and 50 per cent had taken no steps to adjust to the developing environmental agenda; in the 2000s, this percentage was down to single figures in most of the industrialized nations. Today, companies are increasingly answerable to a wider range of stakeholders on the impact of their activities on society and the environment. Therefore, CSR is rapidly moving from the margins to the mainstream of corporate activity. No longer are corporate managers concerned with greenwashing practices – the pretense of socially responsible behavior through artful reporting (Aras and Crowther, 2012). Rather, they are more concerned with giving equal attention to each of the "legs of the stool" to maintain an effective relationship with stakeholders.

Many corporations started developing social and environmental policies and charters as well as the required audit and management systems toward their implementation as a result of the external pressures. According to Visser (2011), business responsibility, which typically manifests a different stage of CSR, is viewed to be related to five overlapping economic periods:

(1) in the ages of greed, CSR is defensive, as initiatives are undertaken only if and when it can be shown that the shareholder value will be protected as a result;

(2) in the philanthropy period, CSR is charitable, whereby the company supports various social and environmental causes through donations and sponsorships;

(3) in the misrepresentation period, sustainability and responsibility are seen mainly as a public relations opportunity to enhance the brand, image and reputation of the company, making CSR promotional;

(4) in the management period, CSR is strategic, as CSR activities are related to the company's core business; and

(5) in the responsibility period, CSR is considered to be systematic, whereby the company focuses its activities on tackling the root causes of unsustainability and irresponsibility, and on bringing solutions through innovative business models that revolutionize the value proposition and the whole processes.

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Acting in a symbiotic environment also concerns these companies, leading them to lobby for progressive national and international policies (Visser, 2011).

According to Aras and Crowther (2012), there are different stages of maturity to reflect CSR adoption. Initially, companies start engaging in window dressing activities by changing wording to reflect CSR language without substance. Then, many corporations start looking at their processes and seeking more efficient operations that might also reduce their costs. Cost containment is the second stage, whereby companies re-engineer business processes to reduce consumptions of water and energy that also reduce costs and improve financial performance. Hence, CSR actions are not motivated by a sense of social responsibility but by the financial imperative of maximizing shareholder value. The third stage is called "stakeholder engagement", whereby companies start being concerned by employee and customer satisfaction. The fourth stage consists in communicating about these initiatives by developing CSR reports. The fifth stage is called "sustainability", which would imply radical changes to business practices and a significant amount of process re-engineering. Then, comes the "transparency" stage, whereby companies start to be concerned by the supply chain and require their suppliers to be more socially responsible. The last stage is called "accountability", whereby companies engage in full reconfiguration of the value chain by relocating high value-added operations in developed countries. This stage represents the authors' wish rather than any actuality.

Using Carroll's (1979) seminal work on social responsiveness categories and Wartick and Cochran's (1985) generic firm-level approaches to CSR, Schaltegger *et al.* (2011) distinguish three types of sustainability strategies ranging from defensive to proactive approaches. The first is called the defensive (with limited integration) or compliance strategy (Roome, 1992). Managers deal with sustainability issues in a narrow and reactive manner. Rather than gaining competitive advantage with sustainability performance, their motivation is only to comply with legislation, to reduce reputational and legislative risks and to preserve the existing business and revenue-generating rationale (logic). The second is called accommodative strategy (with integration) or compliance-plus strategy (Roome, 1992). The modest consideration by management of environmental or social objectives such as environmental protection, eco-efficiency or occupational health and safety is reflected in a cautious modification of internal processes. Managers are willing to use sustainability management systems and tools to integrate environmental or social objectives in most of the business processes and sometimes partly in the product range. However, this integration does not question the revenue logic or the core business as such. The third is called proactive strategy (with full integration) as it integrates environmental or social objectives as part of the core business logic to contribute to sustainable development of the economy and society. All business processes, the full product range and the revenue logic are reviewed and directed toward sustainability. The proactive strategy integrates sustainability aspects into the business model. Environmental and social aspects become ingrained into the corporate sustainability strategy that underlies the business model, which becomes subject to fundamental modifications. This stage is what Roome (1992) refers to as "commercial and environmental excellence" or "the leading edge".

2.3 From standalone initiatives …

All the classifications seem to be considering the level of integration of CSR and sustainability initiatives into the business logic and processes as reflective of its maturity. It is obvious that companies concerned with CSR and sustainability started first with adopting stand-alone environmental and social management and reporting initiatives before they moved to a more integrative approach. For instance, a growing interest for certifications, such as ISO 14000[1] and 2600[2], was manifest. By adopting these new international and national social and environmental standards, businesses aimed to show their commitment to comply with all relevant legislation, by adopting an environmental policy and conducting an environmental audit to achieve a continuous improvement in their environmental performance. However, the link between these certifications and the company performance was not always evidenced. For instance, Bouslah *et al.* (2010) examined the impact of forest certification on firm financial performance in Canada and the USA. Their main question was whether there is a "green premium" for certified firms and whether this "green premium" depends on who grants the certification. Their findings suggest that, in the short run, forest certification does not have any significant impact on the firm financial performance regardless of the certification system carried out by firms. However, in the long run, only industry-led certification (including ISO certification) seems to be penalized by the market. Moreover, the certification practices have been criticized for having diluted "best practices" and for encouraging companies to hide for avoidance of disclosure. According to Gray and Bebbington (2001), the quality of verification, the partiality of reporting and failure to link environmental management and sustainability would have led to the worsening of indicators of global degradation.

Many businesses also adopted market mechanisms, such as eco-labeling, to badge products and services that meet the highest environmental standards in their processes. However, the eco-labeling practices have inevitably led companies to engage in lobbying and conflicts, as it is difficult to make a life-cycle assessment of the environmental effect of complex products using a single indicator (Gray and Bebbington, 2001).

Finally, as a result of their interest for CSR and sustainability, businesses developed forms of reporting and disclosing information on their interaction with the natural and social environments. The new social and environmental reporting came first through the statutory financial statements or other parts of annual reports. However, this kind of reporting came to be seen as unsatisfactory within the conventional financial accounting framework that does not make the social and environmental issues more visible for the community (Gray and Bebbington, 2001). In fact, financial statements are primarily an economic construct within which environmental and social issues will always be subservient. Consequently, many businesses opted for disclosing environmental and social information through voluntary stand-alone reports in accordance with guidelines published by academics, consultants, professional bodies and NGOs. The UNEP/SustainAbility "Engaging Stakeholders Project" initiated in 1998 is among these initiatives. The Global Reporting Initiative's sustainability reporting guidelines, initiated with the support of the United Nations Environment Programme (UNEP) in 1997[3], constitute another framework that has entered the fabric of organizational non-financial reporting (Milne and Gray, 2013). The UN's Global

Compact, initiated in 1999[4], is another framework that seeks to examine the relationships between business and human rights (Gray and Gray, 2011).

Even if they do not make the environmental and social issues submissive to the economic rationale of financial statements (Gray and Bebbington, 2001; Tregidga and Milne, 2006; Spence and Gray, 2008, Milne and Gray, 2013), the stand-alone reports were criticized for having contributed to unsustainable business practices. Either for their limit in scope or for being disingenuous by consisting largely of spurious claims and unmet commitments or for being used for legitimacy purposes and to secure private interests (Cho *et al.*, 2015). In fact, for Cho *et al.* (2015), sustainability reporting makes managers more concerned with deflecting, obfuscating or rationalizing their relatively poor social and environmental performance. According to Milne and Gray (2013), these forms of reporting reinforce business-as-usual and greater levels of unsustainability. For Tregidga *et al.* (2014), they allow organizations to resist substantive change through a process of apparent identity transformation. In fact, many companies claim to be what they are not, creating resistance to change. Finally, the stand-alone reporting makes challenging any understanding to what extent an organization's economic success has been undertaken at the cost of the natural environment and society (Gray and Bebbington, 2001). As a result, integrating both financial and non-financial reporting came to be seen as crucial to overcome the previous shortcomings. The integrated reporting framework championed by the International Integrated Reporting Committee came to be seen as a solution.

2.4 … towards more integrated approaches

Because the previous trend has led businesses to develop some ill-defined forms of social and environmental management approaches and corporate talks that has little, if anything, to do with sustainability (Beder, 1997; Gray, 2010, 2012; Milne and Gray, 2013; Unerman and Chapman, 2014; Cho *et al.*, 2015), and because it has led most of businesses to establish a kind of parallel organization to the existing one to deal with non-economic issues separately from other business issues and to measure a non-economic performance alongside the economic one, a new trend has emerged. Many researchers like Porter and Kramer (2011) and Schaltegger *et al.* (2011) argue for businesses to stop considering CSR and sustainability as an additional expense. For Schaltegger and Wagner (2006a), CSR definitions, based on Carroll (1979), are not appropriate to account for the general economic relevance of corporate societal engagement. Treated as add-ons, which implicitly presume social and economic value to be in conflict with each other, CSR should not lead to the establishment of a parallel organization to the existing one as described earlier. For Buysse and Verbeke (2003), Vogel (2005), Edvardsson and Enquist (2009) and Schaltegger *et al.* (2011), CSR needs to be a proactive approach. For that purpose, businesses need to fully integrate their CSR strategy into their business model. This argument constitutes the departure point toward establishing the concept of shared value (Porter and Kramer, 2011) and the business case for CSR and sustainability (Schaltegger and Wagner, 2006b; Schaltegger *et al.*, 2011) as a new paradigm for the corporate world. Companies that have opted for this integrative approach came to be considered as being at a mature stage of CSR.

However, including sustainability into the profit-centric paradigm may pervert the social and environmental objectives. In fact, the corporate world should be responsible to manage its social and environmental impact regardless of the financial impact. The

previous assessment frameworks reflect different stages of social responsibility and environmental awareness that range from suspicion and compliance to a more advanced stage of commitment and integration. Yet, in the cases whereby CSR initiatives are considered to be mature, the understanding of being socially responsible is linked to its payoff when it comes to maximizing shareholder value. In fact, according to Schaltegger *et al.* (2011), three requirements have to be met to create a business case for sustainability:

(1) The company has to realize a voluntary activity with the intention to contribute to the solution of societal or environmental problems. That is to say, these activities are not just a reaction to legal enforcement and are not conducted for economic reasons as part of conventional business behavior anyhow.

(2) The activity must result in a positive economic contribution to corporate success, which can be measured or argued for in a convincing way. For instance, the activity may give rise directly or indirectly to cost savings, customer retention, sales increase or better profitability.

(3) A clear and persuasive argumentation must exist that a certain management activity has led to both, the intended societal or environmental effects and the economic effect.

But, what would be the corporate commitment to new forms of CSR and sustainability, when they lead businesses to not maximizing the shareholder value? According to Kelly (2003, 2012), extractive ownership models helped managers maximize shareholder value. So far, financial capital is overvalued as a result of the devaluation of other forms of wealth. She observes that natural and social capitals have been extracted, damaged and converted into financial capital at an increasingly accelerated rate. Hence, there is a serious concern about the corporate commitment toward implementing CSR and sustainability, in a context of a new wave of pressure that considers sustainability in an intergenerational perspective on well-being and requires different forms of capitals to be preserved to maintain the productive base to be transferred to future generations.

3. Sustainability redefined and the new wave of pressure

The recent publications by the World Bank and the UN University – International Human Dimensions Programme (UNU-IHDP) and the UNEP create a new wave of pressure to which businesses are expected to respond. The World Bank (2006) report on "Where is the Wealth of nations" introduces a new perspective to assess sustainability. A new indicator, to measure whether national wealth is declining, is introduced accordingly. The "adjusted net or genuine saving" measures:

> […] the true level of saving in a country after depreciation of produced capital; investments in human capital (as measured by education expenditures); depletion of minerals, energy, and forests; and damages from local and global air pollutants are taken into account (p. 15).

This report considers nations wealth like a portfolio, whereby certain assets are renewable and can yield sustainable income streams. Others are exhaustible and can only be transformed into other productive assets, such as infrastructure or human capital, through investment of the resource rents. By applying an economic analysis based on the highest marginal return on investment to guide decisions concerning the optimal size of the assets in the portfolio, the World Bank genuine savings indicator

promotes the idea that a nation could use its savings to invest either in natural assets, produced capital or human capital. Although this new approach consider the importance of conserving three forms of capitals, its weakness is related to being inscribed in a weak sustainability assumption that is "the perception that welfare is not normally dependent on a specific form of capital and can be maintained by substituting manufactured for natural capital, though with exceptions" (UNU-IHDP and UNEP, 2012, p. 365).

In the inclusive wealth report (UNU-IHDP and UNEP, 2012), the definition of sustainability by the Brundtland Commission is revised to consider an intergenerational perspective on well-being. Accordingly, the focus should be on well-being and not on economic growth as an end in itself. Also, well-being should be considered not just for people living today, but for future populations as well (UNU-IHDP and UNEP, 2012). Many implications derive from this new definition of sustainability. The major one is not to consider material wealth to be the unique constituent of well-being. Attention is to be extended to preserving other determinants for human prosperity, such as social and ecological factors (education, health, clean air and water and spirituality significant ecological landscapes) that are sometimes direct constituents of well-being (UNU-IHDP and UNEP, 2012; Stiglitz *et al.*, 2010). As a consequence, there is an increasing need to assess whether economies and mainly businesses are destroying the productive base that supports current and future generations' well-being. The inclusive wealth report (2012) calls for the emergency for countries to sustain the factors that satisfy current needs (food, clothing, shelter, personal relationships and leisure activities), as well as the adequate productive base to continue producing the same needs in the future. Therefore:

> […] sustainable development requires that relative to their populations, each generation should bequeath to its successor at least as large a quantity of what may be called a society's productive base as it had itself inherited from its predecessor (p. 15).

"Sustainable development [is] a pattern of societal development along which (inter-generational) well-being does not decline" (UNU-IHDP and UNEP, 2012, p. 15). The inclusive wealth report is considered as a good initiative towards sustainability in an intergenerational perspective on well-being. However, by espousing an assumption of more or less complete substitutability between natural capital and other capital stocks, it also promotes a "weak sustainability" assumption.

The social and ecological crises we are crossing today require a "strong sustainability" assumption (Daly, 1995). In fact, consistent with scientific evidence, all capitals (manufactured, natural and human) are complementary and not substitutable. If they were substitutable:

> […] there would have been no reason to accumulate manmade [manufactured] capital in the first place, since we humans were already endowed by nature with a near perfect substitute. But historically we did accumulate manmade capital – precisely because it is complementary to natural capital (p. 51).

For instance, environmental characteristics such as irreversibility, uncertainty and the existence of "critical" components of natural capital that make a unique contribution to welfare, which cannot be replicated by another capital component, are clear instances in favor of a strong sustainability assumption. Because one of the main discernible aspects of the industrial revolution is the systematic depletion of natural and social capitals in favor of manufactured capital, the major challenge today is to orient corporate strategies

toward new forms of CSR and sustainability to fulfill capitals' conservation requirement, in accordance with the sustainability assumption (be it weak or strong). Such a shift constitutes a new wave of pressure that requires from businesses a serious adaptation and even transformation of the dominant business logic of SVM. Therefore, corporate managers will be facing a paradox between maximizing the shareholder value to satisfy the market, which requires extraction and depletion of other forms of capitals, and the sustainability assumption that requires conserving them. Hence, new frameworks are demanded to assess the corporate responsiveness to this new wave of pressure by revealing which businesses are still subsuming CSR and sustainability strategies to SVM. In fact, despite its arbitrariness (Chabrak, 2014), scholars actively contributed to the SVM naturalization. It results in an unconscious adherence of the corporate world toward a simplistic economic view of accountability, without considering the vital responsibility toward the community and the environment. As a form of doxa, SVM goes unquestioned; there is nothing to do except what is done; and what is done is right – and what should be done (Bourdieu, 1977). Managers think they have a choice. In reality, they are simply driven toward maximizing the shareholders' value without being able to consider other stakeholders interests. It is against this backdrop of the false choice offered to managers that we introduce a new model of integrity to assess the corporate responsiveness to the new wave if pressure. Our task is to uncover the doubtful commitment to sustainability and the prevailing corporate hypocrisy. Rather than striving to solve the social and ecological crises, we feel that, for the sake of SVM, the corporate world would be more inclined to endure the same practices that are leading nations to follow an unsustainable growth path with a slight human and ecological touch.

4. The integrity model to assess the corporate world commitment to social responsibility and sustainability[5]

According to Erhard *et al.* (2009) and Erhard and Jensen (2014), integrity (the condition of being whole and complete) is a necessary requirement for workability, which determines for an individual, group or organization the available opportunity set for performance that is "measured not only as results, but as joy, well-being, the admiration of others, and just about anything else in life that one values" (Erhard *et al.*, 2009, p. 70). Integrity provides an unambiguous and actionable access to the opportunity for superior performance and competitive advantage. In fact, workability is defined as:

> […] the state or condition that constitutes the available opportunity for something or somebody or a group or an organization to function, operate or behave to produce an intended outcome, i.e. to be effective; or the state or condition that determines the opportunity set from which someone or a group or an organization can choose outcomes, or design or construct for outcomes (p. 41).

Because there is a cascade beginning with integrity [integrity-of-design, integrity of implementation and integrity-of-use], flowing to workability and from workability to performance:

> […] any diminution of whole and complete (a diminution of integrity) is a diminution of workability, and any diminution of workability is a diminution in the opportunity for performance. Integrity is thus a requisite condition for maximum performance (p. 42).

Integrity is about honoring one's word. By doing so, individuals create whole and complete social and working relationships with others and an actionable pathway to being whole and complete with oneself or, in other words, to being an integrated person. Giving its word to others means also giving its word to itself, even if it is seldom recognize that it has in fact given its word. Erhard *et al.* (2009, p. 23) give an example of this failure:

> […] think of occasions when the issue of self-discipline comes up, and the ease with which we often dismiss it – of course, always "just this one time." In such self-discipline cases, we fail to recognize that we are not honoring our word to ourselves; and, that in doing so, we have undermined ourselves as a person of integrity.

They add:

> [w]e take the conversations we have with ourselves as merely 'thinking'. And when in those conversations we give our word, giving our word occurs to us as just more thinking, rather than having just committed ourselves [given our word] to ourselves (p. 23).

A person who is out of integrity with herself most likely will not be in integrity with others. She will show up for others as inconsistent, unfocused, scattered, unreliable, undependable and unpredictable.

For an organization, integrity is defined as an organization's word being whole and complete. An organization's word consists of what is said between the people in that organization and what is said by or on behalf of the organization. Erhard *et al.* (2009) give, as an example of a State's word, the government's monopoly on violence to maintain peace by preventing the private use of violence by citizens on each other. Giving its word requires the government to provide compensation for citizens for certain actions such as the case of eminent domain where a public taking is ruled to be in the overall public interest the government has promised as part of its word.

According to Erhard *et al.* (2009), a word consists of each of the following:

- what the organization says (all what was said to be done or will not be done);
- what the organization knows (their word also being constituted by what they know to do and doing it as it was meant to be done);
- what the organization is expected to do (unless it has explicitly said to the contrary, the organization is cause in the matter of what the community expects of it, it is then led to be highly sensitive, and motivated to ferret out those expectations and to take action to manage them);
- what the organization says is so;
- what the organization says it stands for; and
- all what came first considering moral, ethical and legal standards.

Generally:

> […] an organization's word is given by its actions, and by its agreements, its formal contracts, and its communications through annual reports, policies, slogans, advertising, and the interaction of its personnel with customers, employees, suppliers of all types [including materials, parts, services, and capital] (p. 59).

To honor its word, an organization is expected to either keep its word or, as soon as it knows that it will not, mainly in a situation where it is faced with two conflicting

commitments and must choose one over the other, the organization should say that to those who were counting on its word and should therefore clean up any mess it caused by not keeping its word to maintain its integrity. According to Erhard *et al.* (2009), on one hand, for an organization to keep its, word it should do what it said it would do and by the time it said it would do it. In this model, organizations that would apply cost–benefit analysis to honoring their word may lose their completeness and become untrustworthy, reducing both the workability of their activities and their opportunity for performance. On the other hand, if the organization was not able to keep its word, it is to those whose interests were not served and not to the organization itself to determine how the resulting mess would be cleaned up.

Peoples are not aware of the lack of integrity and workability they are in because of the relation they have to the world, that creates a kind of a "veil of invisibility", paraphrasing Rawls (1971) in his theory of justice. For Erhard *et al.* (2009, p. 78), the "veil of invisibility" results in the "Integrity-Performance Paradox": "people and organizations, while committed to performance, systematically sacrifice integrity in the name of increasing performance and thereby *reduce* performance". Erhard *et al.* (2009) distinguish seven factors that make the detrimental impact of being out of integrity on performance invisible:

(1) when integrity is considered as a virtue rather than as a necessary condition for performance;

(2) when peoples and entities do not recognize their being out-of-integrity (self-deception);

(3) when most believe integrity to be keeping one's word;

(4) when peoples have a fear by the prospect of acknowledging that they will not keep their word;

(5) when integrity is not seen as a factor of production;

(6) when peoples fail in doing a cost-benefit analysis on keeping their word before giving their word; and

(7) when they do such an analysis on honoring their word.

The veil of invisibility exists because peoples positions, views, opinions, rationalizations, justifications, judgments, stories and what they know are what their past experience tells them. All these prejudices are set as a wall of bricks between people and what they are dealing with. They act as lenses, rather broken ones. They create blind spots to make some elements seem possible, others impossible and some possibilities to not be seen at all so that the situation seems distorted to fit their point of views. Hence, people are in a doxic relation with the world in a way that things from their past knowledge are taken for granted, which produces the most committed adherence to the established order by making its own arbitrariness seem natural. Doxa has endless capacity to set misrecognized limits (what is commonly called a sense of reality) (Bourdieu and Passeron, 1977). For Erhard *et al.* (2009), most of the time, "the unworkability and confusion, that is, the mess in our lives, is just the way life is – like water to the fish or air to the birds". All seem natural objective, closed, self-evident and undisputed. They add:

It is as though there is a two-drawer file cabinet, one labeled "past" and one labeled "future", and you unwittingly file your past in the future drawer! All the evidence will leave you and others believing that the present is unquestionably given by the past, as the future you are living into is a default past-derived future that impacts your ways of being and acting in the present to be consistent with realizing that past-derived future.

As a result, anything that would happen will still be more of the past.

To go beyond the "veil of invisibility" and the Integrity-Performance Paradox it creates, which undermines possibilities for peoples to honor their words, it is important for them to change their relation to the world. They have to create a "created future", which future will give them the "being" and action in the present that are consistent with this created future and not a being and action that are restrained by the past and its prejudices. For that, they need to remove the almost certain default past-derived future from the "future drawer" to make an empty space and a room for that "created future". They need to free themselves from the weight of the tradition and the inherited false theories that limit their being and action in the present. In this way, they become free to create a future, a future that fulfills the matters of fundamental interest or importance (what really matters) to the relevant parties (the persons who granted them the position they have). Hence, they create conditions for them to honor their word. Being a person of integrity makes it possible for the relevant parties (such as the stakeholders) to recognize that, in the realization of the created future, there is an opportunity for their self-expression. Hence, the relevant parties see an opportunity to personally make a noteworthy contribution and to help realizing the future that becomes theirs. It is in this way that workability is achieved and performance is increased (Erhard *et al.*, 2009).

5. Robert Owen: New Lanark Mills case

Robert Owen was born on 14 May 1771 in Newton, Wales. By the age of 30 years, he became among the most important cotton-spinners in Britain. He was famous for his "new views of society", some of which will be described in this section. In 1799, he married Caroline Dale, whose father owned the New Lanark Mills. On New Year's Day, 1800, he became the manager of the mills. For Owen, the new factories, with a workforce of some 2000 people, including 500 pauper children apprenticed from local warehouses, provided an ideal venue for applying his principles of justice and kindness management. At the beginning, the workers were most of the time drunken, prone to considerable jealousy, theft and dishonest, falsehood and deception, dissentions and quarrels. After a decade, the mills turned out to be famous for not only its approach to labor, whereby workers became models of industry, sobriety and orderliness, but also for the quality of its cotton thread, which brought to Owen and his partners a highly lucrative trade and extremely high profit margins. The new view of society or essays on the principle of the formation of the human character and the application of the principle to practice were written by Robert Owen between 1813-1816 to reflect on his own experiment to assist the well-being of his country and of society in general.

Owen's principles were based on his view that the (social) environment determines character. He states:

[…] any general character, from the best to the worst, from the most ignorant to the most enlightened, may be given to any community, even to the world at large, by the application of proper means; which means are to a great extent at the command and under the control of those who have influence in the affairs of men (Owen, 1991, p. 12).

For Owen, the social system of private property and the religious order have subordinated all human affairs to the drive for profit, which has prevented improvement and created misery and vice. Thus, to eradicate these, after having allowed those characters to be formed, there is no place for any means of corrections. Blame, punishment and artificial rewards should all be dismissed. The solution to all these problems is in bringing individuals to believe that their happiness can be increased when the happiness of all around them is extended. Owen regrets that man has "blindly conspired against the happiness of man, and to have remained as ignorant of himself as he was of the solar system prior to the days of Copernicus and Galileo" (p. 42).

Owen's happiness principle is a statement on what performance is for a business and for a community. He states the happiness of self, clearly understood and uniformly practiced, can only be attained by conduct that must promote the happiness of the community. In his address to the inhabitants of New Lanark when he opened the Institute for the Formation of Character on New Year's Day 1816, he stated:

[…] what ideas individuals may attach to the term "Millennium" I know not; but I know that society may be formed so as to exist without crime, without poverty, with health greatly improved, with little, if any misery, and with intelligence and happiness increased a hundredfold: and no obstacle whatsoever intervenes at this moment except ignorance to prevent such a state of society from becoming universal (p. 120).

To remedy the social evil and diffuse happiness, Owen (1991) designed and then implemented a system based on preserving the health of body and peace of mind to prevent his workforce from being out of repair and falling prematurely to decay. The system was based on offering a vigorous education and a reasonable working and living environment for his workforce. In the same address, when he opened the Institute for the Formation of Character, he stated:

[…] this institution, when all its parts shall be completed, is intended to produce permanently beneficial effects […]. For this purpose, the Institution has been devised to afford the means of receiving your children at an early age, as soon almost as they can walk. By this means many of you […] will be enabled to earn a better maintenance or support for your children; you will have less care and anxiety about them; while the children will be prevented from acquiring any bad habits, and gradually prepared to learn the best (p. 111).

Education was not only reserved to the youngest but it was also provided to the older classes of the village inhabitants. In the same address, Owen stated:

[…] the three lower rooms (in the Institute) will be open for the use of the adult part of the population, who are to be provided with every accommodation requisite to enable them to read, write, account, sew or play, converse or walk about (p. 112).

Education should be a pleasant experience. He added in the same address:

[…] two evenings in the week will be appropriated to dancing and music, but on these occasions, every accommodation will be prepared for those who prefer to study or to follow any of the occupations pursued on the other evenings (p. 112).

To make the promise of social change a reality, Owen honored his word through concrete actions and deeds. He stopped the practice of employing young children in the mills and offered them education as an alternative to work. They were offered jobs only when they reached the age of 10 years. He also built two large schools where day and evening classes were offered for the young and old villagers. "The Institute for the Formation of Character" was the first to be built in 1816, whereby all improvements in education were adopted. The children were taught to read well and to understand what they read, to write correctly, so that they may comprehend and use with facility the fundamentals of arithmetic. This task was to be completed in the school of the village without expense to their parents, during five years, that is from five to ten. Education becomes pleasant and enjoyable. He also believed in the importance of emphasizing on the educational system, patience, kindness and the need to help others to be happy. For Owen (1991, pp. 10-11):

> […] the human mind […] was capable of very great malleability, and a good character could be instilled in each by demonstrating that the happiness of the individual was contingent upon that of the community, and by fixing this association in children's mind.

On his entrance into the playground, a child is told to contribute all in his power to make his playfellows happy and to never injure them. Older children educated in this way enforce that practice on the youngest they have to oversee, as they have experienced the endless advantages from acting on this principle. Then, the character early formed is durable, as it is seen to be advantageous for the individual and the community. Thus, happiness ensures its speedy and general and willing adoption.

To support these reforms, attention was then given to the domestic arrangements of the community. Owen's attention was to render houses more comfortable, streets safer and cleaner, the best provisions available for lower rates and no advantage was taken of them or means used to deceive them. To improve the living environment, Owen opened a "village store" to sell quality goods at reasonable prices. He also built public dining room and kitchens. Moreover, he created a system of health and preventive medicine. For instance, he set up a sickness fund with mandatory contribution to pay for a doctor to see anyone who was ill. He also promoted childcare and workplace nurseries. Another initiative to improve the living environment was to create a community responsibility to maintain order in the workers' housing in the village, through community responsibility. Owen maintained the landscape and the environment so that workers are surrounded by gardens, have abundance of space in all directions to keep the air healthy and pleasant and have walks and plantations before them. The responsibility system has also enforced rules for cleanliness, social inclusion, early intervention, religious tolerance with neighborhood, prohibiting drunkenness by imposing fines, etc. Committees elected by the villagers themselves were in charge of supervising the compliance with the new rules.

He also reduced the length of the working day while keeping productivity. He even tried to persuade British legislators to regulate conditions of labor in the new mills through a Factory Act. But his initiative encountered indifference and hostility. He used silent monitors to regularly evaluate performance and to encourage good work without the need for physical punishment. Hence, a small wooden block was hung next to each worker's machine with a color facing out to show how hard that person had been

working: black for bad, blue for indifferent, yellow for good and white for excellent! Workers performance was then recorded in the "Book of Character" to show their overall behavior.

6. Discussion and concluding comments

Owen sketched a practical system by which equal advantages were introduced among the poor and working class. When Owen introduced his principles of kindness management, the industrial world was dominated by other practices that went unquestionable because they came unquestionable as if they were natural. In his dedication to the British public, Owen (1991, p. 2) says:

> […] you will find errors described, and remedies proposed; but as those errors are the errors of our forefathers, they call for something like veneration from their successors. You will therefore not attribute them to any of the individuals of the present days; neither will you for your own sakes wish or require them to be prematurely removed.

For his principles to be implemented effectively, it was necessary for him to withdraw some of the circumstances, which tended to generate, or increase early bad habits, that is to say, he was required to change long acquired habits and to undo "that which society had from ignorance permitted to be done" (p. 37). Hence, Owen's principles and management system required him to be in a created future and not in a past-derived future.

First, Owen's principle of happiness was not the standard of performance at the time. His principle of happiness would not be chosen and achieved if he continued listening to the past, think and act in opposition to the facts that continuously exhibit themselves to him, and if he adhered to the supposition that each individual forms his own character and thus should be accountable for all his sentiments and habits, and merits awards or punishments accordingly. For Owen, these erroneous foundations made all systems since the earliest ages unsupported and in direct opposition to all experience and to the evidence of human beings senses. The created a future of "happiness for all" required removing the wildest imaginations of ignorance past-derived future from the "future drawer". This condition was necessary for him to be able to develop in the present the "New Institution" to form man's character, as "man never did, nor is it possible he ever can, form his own character" (p. 43).

Second, Owen gave his word, through his declarations and writings, and honored it through the system he devised and implemented to achieve such a performance. He knew what to do and did it as it was meant to be done. He was the cause in the matter and what he said was so and he stood for it despite the community, and even his workers were not expecting such a word from him. In fact, his deeds were not the moral, ethical and legal standards society was expecting at the time. On the contrary, he acted on principles the reverse of those instructed to him and found out that this was beneficial for him, his workers, the community and his business. At the time, manufactures were regarded to be a source of national wealth. When left to their natural progress, extended manufacturers generated new character in the country inhabitants that was formed upon a principle quite unfavorable to happiness, which has produced lamentable and permanent evils. In fact, the desire for a continued increase of wealth and its acquisition has:

> […] introduced a fondness for essentially injurious luxuries among a numerous class of individuals who formerly never thought of them, and they have also generated a disposition

which strongly impels its possessors to sacrifice the best feelings of human nature to this love of accumulation. To succeed in this career, the industry of the lower orders, from whose labour this wealth is now drawn, has been carried by new competitors striving against those of longer standing, to a point of real oppression […]. In consequence, they are at present in a situation infinitely more degraded and miserable than they were before the introduction of these manufactories, upon the success of which their bare subsistence now depends (p. 95).

Owen's view of the industrial revolution was not the prevailing perception at the time. Later, many scholars recognized Owen's view. As described by Polanyi (2001), the social developments associated with the rise of the market are the "Satanic Mill". He states:

[…] at the heart of the Industrial Revolution of the eighteenth century there was an almost miraculous improvement in the tools of production, which was accomplished by a catastrophic dislocation of the lives of the common people (p. 33).

For Schumpeter (1975), social irresponsibility was the natural result of a century of economic liberalism.

For instance, child labor and 14 working hours a day were common practices in the times of Owen. Poor children received scarcely any education, as religious and philanthropists considered schooling as a threat for the social order. In the aftermath of the industrial revolution, machinery were the engines for growth, while humans were considered to be a burden to be disciplined to increase productivity. For Owen (1991), as due care to inanimate machines can produce beneficial results, more attention devoted to vital machines (humans), which are far more wonderfully constructed, would produce even more benefits. He stated:

[…] when you shall acquire a right knowledge of these, of their curious mechanisms, of their self-adjusting powers; when the proper mainspring shall be applied to their varied movements – you will become conscious of their real value, and you will readily be induced to turn your thoughts more frequently from your inanimate to your living machines; you will discover that the latter may be easily trained and directed to procure a large increase of pecuniary gain, while you may also derive from them high and substantial gratification (p. 5).

He added:

[…] train any population rationally, and they will be rational. Furnish honest and useful employments to those so trained, and such employments they will greatly prefer to dishonest or injurious occupations. It is beyond all calculation the interest of every government to provide that training and that employment; and to provide both is easily practicable (p. 35).

Because Owen's declarations and actions were not what the society expected of him at the time, it is obvious that the system he devised was not for legitimacy purposes (Gray et al., 1995). In fact, what he said was not for society to build a certain image of his business. What he did was not to meet the society's norms and expectations and to fulfill the implicit contract on which depends the survival of his business according to the legitimacy theory. Rather, his word was given to ensure workability that requires him to consider the fundamental concerns of the relevant parties to achieve the performance he set for his business and community. What Owen said and did is far away from today's window-dressing and impression management CSR practices.

Drawing on Laclau and Mouffe's discourse theory to understand the identity construction by organizations to resist threats and maintain hegemony, Tregidga et al. (2014) portray three evolving identities that have been identified over time. The first

distinct identity corresponds to environmentally responsible and compliant organizations. The second identity corresponds to organizations as leaders in sustainable development and is built on the characteristics of trust, honesty, transparency/accountability and responsibility / commitment. The third identity includes strategically good organizations. This most recent identity is in tune with the times of the "win-win" discourse common in the business world and with the integration approach described by Schaltegger *et al.* (2011). It is built on being good in the business sense and good in relation to responsibility toward the environment and society. What is interesting in Tregidga *et al.*'s (2014) study is the "rise and fall" of these constructed organizational identities over time in function of the economic, political, organizational and reporting contexts in which they emerge. This means that the word these organizations give has one main purpose, that is to maintain legitimacy, power and influence (hegemony). Also, the authors highlight the absence in companies' reports of statements about what constitutes a "sustainable organization". By giving universal statements and being vague, modern organizations leave "the meaning open enough to allow space for, and be unchallenging of growth and profitability" (p. 490). They allow the re-articulation of the sustainable identity as times and contexts change, to meet new hegemonic threats and maintain legitimacy and survive.

For Owen, his deeds were illustrative of his view of performance, defined as happiness and of the system he designed to achieve such a performance, based on kindness management. His deeds were intended to create workability and not for generosity or philanthropy purposes. For instance, the schooling fees were paid out of the profits generated by the village store. The improvement of the surroundings, by erecting convenient dwellings, with gardens attached, forming public walks and all substantial comforts were enabled by employees by their own foresight, prudence and industry, through a monthly contribution to a fund. Such a fund was also intended to secure workers' independence and comfortable provision and asylum in older age. It was also meant to support them when too ill to work or superannuated. Owen did not intend also to placate his labor force. For him, what he did was a condition to make his workers feel happy and simultaneously for his business to get pecuniary profits. He said:

> […] this part of the arrangement would always present a prospect of rest, comfort, and happiness to those employed; in consequence, their daily occupations would be performed with more spirit and cheerfulness, and their labour would appear comparatively light and easy […]. In short, when this arrangement is well considered, it will be found to be the most important to the community and to the proprietors (p. 59).

Hence, the arrangements reflect Owen attempt to create workability by fulfilling relevant parties fundamental concerns, which is the condition to achieve performance. Through "the formation of character", Owen transformed his workforce that became moral, humane, kind, active, healthy and educated. He also brought happiness and self-expression for community and increased profit for his partners.

At the beginning, his declarations and then his deeds were perceived with suspicion. Quickly, the workers and the community came to realize Owen's principles. Owen honored his word formed by his declarations and deeds during the 16-year period. He came to be seen as a person of integrity:

> In consequence, their animosity and opposition to the stranger subsided, their full confidence was obtained, and they became satisfied that no evil was intended them; they were convinced

that a real desire existed to increase their happiness upon those grounds alone on which it could be permanently increased. All difficulties in the way of future improvement vanished. They were taught to be rational, and they acted rationally. Thus both parties experienced the incalculable advantages of the system, which had been adopted. Those employed became industrious, temperate, healthy, faithful to their employers, and kind to each other; while the proprietor were deriving services from their attachment, almost without inspection, far beyond those, which could be obtained by any other means than those of mutual confidence and kindness. Such was the effect of these principles on the adults; on those whose previous habits had been as ill-formed as habits could be (Owen, 1991, pp. 31-32).

His experiment has led to a complete change in the general character of the New Lanark village inhabitants. This reflects that workability having been realized, creates a set of opportunities for the mills to perform and to increase its profits, to the workers to self-develop and to the community to live in happiness, in other words, for performance, as defined by Erhard *et al.* (2009), to be achieved.

To conclude, the model of integrity we offer in this paper is intended to help assess the corporate responsiveness to a new wave of pressure that requires businesses to develop new socially and environmentally responsible initiatives to contribute to conserving nations' productive base that would continue generating the same level of well-being for future generations. The contribution of the model of integrity resides in its capacity to uncover any attempt by businesses to subsume their CSR and sustainability commitment to the doxic shareholder value ideology. For Malsch (2013), socially responsible practices of organizations are in conflict with the rational morality of the market that is determined in economic terms. According to Milne and Gray (2007), there is no motivation for businesses, for the sake of future generation, social equity and environmental interests sustainability to be exposed to the market by voluntarily disclosing their contribution to humanity's exceeding of the ecological carrying capacity of the planet. Cho *et al.* (2015) argue that contradictory societal and institutional pressures may force organizations to engage in hypocrisy and develop façades. They call to acknowledge and incorporate how the prevailing economic system and conflicting stakeholder demands constrain the action choices of individual corporations, which severely limits the prospects for substantive reporting and for sustainability. They state:

> […] can one expect a corporation to declare the full scale impacts it has on planetary sustainability within a system which not only penalizes non-economic activity, but also expects corporations and their managers to pursue and deliver short-term financial gains? (p. 81).

Knowing the conflicting demands of their stakeholders, when businesses give their word, they know they cannot stand for it but they pretend being able to do so. Therefore, businesses engage in an organized hypocrisy (Brunsson, 2002, 2007). It is true that this hypocrisy might help sustain the societal legitimacy of organizations when dealing with significant conflict among stakeholders (Cho *et al.*, 2015). It also creates opportunities for change that are much less likely to arise without it, mainly when organizational talk is aspirational (Christensen *et al.*, 2013) and not duplicitous. In fact, drawing on the performative role of communication, Christensen *et al.* (2013), question the increasing call for consistency between organizational words and action. They add that discrepancies between CSR talk and action should not be seen as sources of hypocrisy and potential threats to organizational credibility and legitimacy. Rather, aspirational

CSR talk may be an important resource for social change, even when such talk is not fully reflected in organizational practices and even when organizations do not fully live up to their aspirations. But aspirations to strive for a different future through some future talks are inhibited by the sense of reality imposed by the past-derived future in which the corporate world evolves, according to which performance is maximizing shareholder value and to do so other forms of capitals should be depleted. In that case, aspirational talk leads to pretense, deceit and decoupling. As noted by Spence (2007), the pervasive nature of the business case makes the transformative potential of social and environmental reporting severely limited, as the word given remains vacuum talks and empty words.

When it comes to honoring their word, while having constructed and maintained several discrepant façades to placate the demands of heterogeneous stakeholder groups (Cho *et al.*, 2015), most businesses end up by using the cost–benefit analysis and acting according to the prevailing institutional force requirements. Because they are not able to see anything else than the worldviews to which they were accustomed, driven by the doxic SVM doctrine, the veil of invisibility results in the "Integrity-Performance Paradox", which justifies to businesses not honoring their word. The façades never transforms into actions. Businesses become less trustworthy. Being out of integrity, businesses fail in considering the concerns of the relevant parties, which undermines workability that is their capacity in rallying these stakeholders. This results in limiting the opportunity set for "performance".

For companies' CEOs and board of directors, time should be devoted to matters they consider more urgent and financially significant. As such, making profit, paying out and increasing the stock price is daily occupation. Because there have been few instances where shareholder value has been materially impacted by a major environmental or social issue (e.g. Union Carbide, in Bhopal and Hooker Chemical, at Love Canal), companies focus their environmental efforts on strategies that protect shareholder value. Hence, any other commitment toward conserving environment and human capitals seems to be doubtful, especially as the climate change scenarios on the disruption of the eco-system seem to be so far, probably to come one day, who knows when! The longer is the time when it comes to keep its word there is more chances not to keep it and being out of integrity.

MacLean (2012) noted that the increasing number of socially responsible investors, the emerging Environmental, Social and Governance (ESG) concerns and the proliferation of international sustainability ratings would create new business risks, which makes SVM strategies more expensive if not associated with a program to reflect a code of corporate environmental [and social] conduct. But, this does not displace the corporate focus from SVM, which remains the foremost priority not to be sacrificed for any other stake. Because considering others' concerns is most of the time perceived by management to be detrimental to SVM, there is virtually no chance to have a productive set of interactions with the relevant parties. By being persons out of integrity, businesses fail to make it possible for the relevant parties to recognize that there is opportunity for them to fulfill their concerns and to achieve self-expression. Hence, these stakeholders cannot make a remarkable contribution, as they do not see the future of the business to be theirs. It is in this way that workability is weakened and performance is lost.

The way businesses are designed should be challenged if we are concerned about achieving a new required performance that is related to maintaining the intergenerational well-being. Any diminishment in the integrity-of-design or the integrity of implementation or the integrity-of-use would lead businesses to become less whole and complete and out of integrity. According to Erhard *et al.* (2009):

[…] when the design of a system lacks any component, or relationship between components, required to perform at the designed-for available opportunity for performance, the design is less than whole and complete and that violates the definition of integrity.

For Owen, the New Institution he designed was to bring happiness. It included all the principles and conditions for their effective implementation and use so that happiness as performance could be achieved.

Today, the corporate world cannot honor its word to produce the required performance of intergenerational well-being because its system was designed and implemented to maximize shareholder value. This creates a veil of invisibility that brings the "Integrity-Performance Paradox" to surface each time it is about honoring its social and environmental word. In fact, when businesses are designed to maximize shareholder value, they cannot produce the performance required by the new wave of pressure because performance in SVM is reduced to increasing short-term profits, payouts and stock prices. This requires businesses to be extractive (taking raw materials from the earth), linear (take, make and waste) and abusive by focusing on labor productivity. As described by Hawken (2010) in the ecology of commerce, the market system does not require companies to include the full cost of the goods and services they produce (be they costs of environmental or cultural damage). Hence, the market system allows these companies to offer a lower price (and therefore have an advantage in business) compared to a responsible company that avoids causing that damage.

For Daly and Cobb (1994, p. 5), "when a discipline (Economics) is both this successful and this severely criticized, one may assume that its assumptions and methods apply well in some spheres and poorly in others. They argue that this view is rooted in the Western theological understanding of human nature, which is basically individualistic, something that Robert Owen has rejected. They call for a paradigm shift to a "Great economy"; instead of *Homo economicus* as pure individual, they propose *Homo economicus* as person-in-community. Instead of having social relations embedded in the economic system, economics for community should reverse this relation so that economy becomes embedded in social relations. It is flawed idea to consider the corporation as something independent of its social context and to focus on shareholder value, which is located in a world of market exchange only (Crouch, 2014). Not every transaction takes place through the market nor can it (Williamson *et al.*, 2014). Hence, corporate activities should be re-embedded in their social and ecological context. Markets and corporations serve citizens when, and only when, they are embedded in the societies of which they are part (Kay, 2014). For Polanyi (2001/1944), the crises of capitalism are rooted in the dis-embeddedness of economic activity from community and social order that includes religion, government, families and the natural environment. The industrial revolution, he says, turned labor and land into commodities to be bought and sold, used and destroyed. But, these were fictitious commodities for they were none other than human beings and the earth.

Using the integrity model, it becomes easy to show the corporate world enduring the same practices driven by the past that have led nations to follow an unsustainable growth path with a slight human and ecological touch. In fact, this model will help uncover how businesses follow an SVM past-derived future instead of creating a created future for sustainability and striving to solve the social and ecological crises by seriously engaging with the representatives of all forms of capitals, including employees, customers, suppliers, policymakers, the community, NGOs and other stakeholders. In future researches, we call scholars to use this model to build empirical evidences of today's corporate irresponsibility in dealing with the new social and environmental challenges.

Notes

1. www.iso.org/iso/home/standards/management-standards/iso14000.htm (accessed 6 May 2015).

2. www.iso.org/iso/home/standards/iso26000.htm (accessed 7 May 2015).

3. See www.globalreporting.org/Pages/default.aspx (accessed 26 March 2015).

4. www.unglobalcompact.org (accessed 26 March 2015).

5. Many quotes are taken from the training lecture notes "Being a Leader and the Effective Exercise of Leadership: An Ontological / Phenomenological Model" - 6-13 January 2015 in Dubai, UAE.

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