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## Book Review: Building the Responsible Enterprise: Where Vision and Values Add Value

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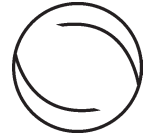
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## Book Reviews

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Sandra Waddock and Andreas Rasche

*Building the Responsible Enterprise: Where Vision and Values Add Value*

Stanford, CA: Stanford University Press, 2012. 349 pp. ISBN: 978-0-8047-8195-4 (pbk)

**Reviewed by:** Hans Hansen, *Texas Tech University, Lubbock, Texas*

*Building the Responsible Enterprise* outlines the context and plan for developing and managing a responsible enterprise. It is rooted in corporate social responsibility (CSR) but goes beyond CSR in a few important ways. While it is well integrated and informed by fields outside of organizational studies, it takes a value-based perspective on responsibility. While I think this is somewhat rare for an academic text, I also think it may offer the only viable route to long-term corporate responsibility. In this review, I will outline the content of the book, attempt to place it alongside other approaches to CSR in the literature to characterize its contribution as well as illustrate its distinctive points.

The book provides an accessible and theoretically informed perspective and practice on corporate social responsibility. Describing a context where companies are increasingly being held accountable for their stances on societal and social rights, responsible enterprises are those that live up to clear constructive visions and core values consistent with the societies in which they are embedded. The authors take a systems approach, in a new way, to analyze the impact that business has on social and environmental problems. The context of responsibility, not dissimilar to a triple bottom line approach of financial, social, and environmental performance, includes four spheres, each with dominant values: the business sphere, the political sphere, civil society, and the natural environment or ecological sphere. The next part of the book discusses the role of vision and leadership in building responsible enterprises, stating strong leadership is needed to bring a responsible vision into reality. They also devote attention to how such value-based visions add value. The next set of chapters highlight management practices in pursuit of CSR. In the last section, the book moves beyond CSR's technical approach, to a values-based perspective that entails new understandings about the corporation's role in an interlinked economy, political system, and civil society. They outline a shift in perspective and change in attitude.

Waddock and Rasche focus on values as the key to responsible enterprise and, given the content of the text, it is easy to see how the values perspective takes center stage in the book. This is perhaps the least common perspective within CSR, but perhaps the most plausible way forward. The book's perspective is decidedly value-centered, meaning organizations do what's responsible because it is the right (moral and ethical) thing to do.

In my review of the field of CSR and sustainability, which this book considers aptly, I found three broad research approaches and three related, somewhat overlapping, motivations for corporations to pursue CSR and sustainability. Much of the research on CSR, I believe, has been

preoccupied with the link between social and financial performance, with little consensus. This text sides with better financial performance for firms that engage in responsible behaviors. Other social and environmental performance research approaches include the resource-based view (RBV), which seeks to establish a competitive advantage by practicing CSR, and legitimation, from within an institutional theory framework, which is often paired with a stakeholder theory perspective. This book too takes a stakeholder perspective, but places the emphasis on aligning corporate values with the values of stakeholders. Motivations for corporations to engage in sustainability range from improved financial performance (including increased financial performance through attaining competitive advantages thru CSR practices) to legitimacy-seeking and moral or social responsibility.

The legitimacy perspective is a powerful one in the existing research on CSR and one that does not receive attention in this text. Institutional theory states that if organizations are to survive, they must conform to the rules, social norms, and prevailing belief systems in order to be seen as legitimate and be awarded social acceptance (DiMaggio & Powell, 1983; Meyer & Rowan, 1977, Zucker, 1977). Applied to CSR, it says companies pursue CSR practices not out of any value-based interest but only in the interest of their own survival. Companies are under regulatory, normative, or mimetic pressure to pursue responsibility. That means they are doing so because they have to (regulatory), or to fit in with broader social norms (again, in the interest of being seen as legitimate, and not because they care about social problems or the environment), or simply because they are copying the practices of other firms seen as legitimate (in the interest of their survival, not the environment).

Admittedly, it is somewhat of a cynical explanation of why companies do good. This is why I like the values-based approach taken in this book. It provides a more hopeful future for CSR. If the dominant rationale for engaging in responsible practices, such as sustainability, is the pursuit of legitimacy, then ideas like sustainability themselves risk a tenuous existence as a myth-infused fad, one that can be delegitimized as easily as it has gained legitimacy over the past two decades. If the primary reason corporations engage in sustainability comes from normative or mimetic pressure, then the future of sustainability is hardly sustainable. Values around responsibility may indeed be the only way forward.

Lastly, what makes this book distinctive is the coverage of human rights and sustainability as integral to responsible enterprises. The section of the book on actual practices will be very valuable to students and practitioners at all levels. Waddock and Rasche devote substantial time and space to an explanation of sustainable practices, but also current measures and standards, such as ISO 26000 for corporate social responsibility and SA 8000, a new social accounting standard that has a human rights element. Human rights are something that corporations, especially in a global context, must consider more carefully, by considering subtle ways their operations and activities affect human rights. This area deserves much more attention, and it is nice to see it attended to in this book. In that regard too, values are our most viable hope, and this book offers new and unique perspectives on what can be done to build responsible enterprises.

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