

## **Using Action Research to Develop Capabilities for CSR**

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Stream

Sustainability and Social Issues in Management

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### Abstract

This paper tests the proposition that action research conducted within an organisation can develop the kind of leadership capabilities that are likely to enhance sustainability outcomes. It reports the conduct of an action research process used in FOXTEL to develop a component of its overall CSR strategy.

Key words: Corporate Social Responsibility, Sustainability, Triple Bottom Line

### Introduction

This paper reports on a project conducted by the authors within FOXTEL in which action inquiry principles were used as a means of developing a volunteering and gifting strategy. The research aim was to test the link between action research and the formation of the kind leadership capabilities that have been argued in the literature to lead the organisation toward more sustainable practice and outcomes. The evidentiary basis for the paper is qualitative data, consisting of the reflections of the participants during and after the action research process, and in particular the linkages they drew between the process and capability formation. There is a growing literature around the dimensions of Corporate Social Responsibility (CSR). Some see CSR broadly as a response to social pressures (e.g. Husted and Allen 2000). Others see organisations driving social change (Dawson and Bartholomew 2003). There is also a counter literature that seeks to restrict society's rights to expect anything other than profit maximising behaviour (Freidman; 1970; Doanne 2005). For the purposes of this paper sustainability is defined as *discretionary behaviour* (after Angelidis and Ibrahim 2004) towards the continuous renewal of an organisation's resources and the positive impacts that it has on external stakeholders. The way in which organisations fulfil their broader CSR can be measured along the three dimensions of sustainability (Dahlsrud 2006). Social and human sustainability comprises the development and fulfilment of people's needs and the maintenance of social relationships that will thrive in the long term. Environmental sustainability refers to the protection and renewal of the biosphere for present and future generations. Financial sustainability refers to the ability of the organisation to provide for its proprietors' needs now and in the future.

We first turn to the literature to identify the human management practices and the kind of leadership that this literature promotes as sustainable, particularly the linkages that can be hypothesised to exist between action inquiry and these leadership capabilities. The process of action research has been well described and documented by writers from Lewin (1948), who coined the term, to Schon (1984) who gave us the idea of the reflective practitioner. More recently these capabilities have been absorbed into the idea of “whole of person learning,” (Taylor 2007), the outcomes of which look like a leadership profile. Ideally, individuals will have high levels of self knowledge, respect for individual differences, an ability to innovate and learn, to share and an ability to work in teams. Relationships are critical. Relationships between individuals are a “central point of departure for developing an understanding (of) the dynamics and issues” (Taylor 2007, 21).

Action inquiry is first and foremost a practice and the action learning literature mostly records variations on the practice. Generally, speaking it involves the generation of change by people from various functional areas within an organisation or even across organisations who come together to design and implement some sort of action and then reflect critically and collectively on the experience (Greenwood 2007). There is a cyclical process of planning, action, reflection and revision, which is ongoing throughout the evolution of the practices within the organisation (Sankaran 2004). The simultaneous or near simultaneous nature of action and reflection makes action inquiry a specific application of experiential learning (as defined by Kolb 1984). We used Diagram 1 with FOXTEL to explain the process and the nature of cyclical development. This part of the project would be cycle one as depicted in the diagram. Cycle one would be followed by cycle 2, 3 and so on as the program developed through various iterations between action and reflection.

Insert Diagram 1 about here

Decisions about the treatment of humans and the environment typically reflect the political nature of society and management where systems of power and privilege are embedded in social and economic institutions and in management practice (Steingard 2005, 231). Therefore progress towards sustainability is a normative, values based and overtly political process which appears to clash with a supposedly neutral, value –free story of management (Alvesson and Willmott 1996). Individuals and

leaders therefore need to develop techniques to understand the nature of the values and assumptions embedded in existing frameworks and understandings. They need to explore social, political, economic, cultural, technological and environmental forces that foster or impede sustainability.

Critical thinking and reflection are essential skills that facilitate uncovering taken for granted assumptions (Agyris and Schon 1978). Learners become leaders as they apply critical thinking and critical self reflection at the same time as they are immersed in creating change (Schon 1984; Tilbury and Wortman 2004, 31-2).

Critical thinking and reflection confronts and challenges what is taken as “truth” and what is regarded as “logical”. Whole of person learning sees leaders as needing to be attuned to their feelings (affective competence) and be aware about how these influence their interpretation and response to an issue. Individuals need to take responsibility for a range of emotions. This is more than emotional intelligence; individuals “have intelligent ways of managing their feeling life” (Taylor 2007, 86).

Both education for sustainability (Tilbury and Wortman 2004) and whole of person learning (Taylor 2007) suggest that another essential capability is the ability to work and learn in a collaborative way. Working and learning for environmental sustainability occurs when individuals participate in decision making, in partnerships and with a range of stakeholders. All of these collaborative activities require interpersonal skills such as the ability for immediacy of response, attentiveness to others, capacity for self management, openness to new experiences and openness to others (Taylor 2007, 112-3).

The process of collaborative learning involves participating in partnerships. Partnerships can be formed in response to formal requirements, often encouraged by governments, or they can be voluntary self organising partnerships (Tilbury and Wortman 2004, 64). Both types of partnerships require sharing and creating new knowledge (tacit and explicit), sharing information, collaboration, shared responsibilities and co-operative decision making, innovation and shared goals and resources.

Before a process of change towards an environmentally sustainable world can occur, individuals need to imagine or vision what such a world would look like. They need to explore what

the characteristics of their preferred future or futures would be and examine how realistic this is. Change to this future could require a re-evaluation of lifestyle, values and priorities (Tilbury and Wortman 2004, ix). The envisioning or imaginative process can enhance and integrate any learning that the individual has achieved (Taylor 2007, 82-3). It can also be driven by imagining what sort of world they don't want in the future.

A key capability suggested by both the learning organisation literature (Senge 1990; Chawla and Renesch 1995) and the education for sustainability literature (Tilbury and Wortman 2004) is systemic thinking, which involves synthesising information and building a whole picture to foster an understanding of the interconnections, relationships and dynamic processes. Once this is done it “helps (individuals) see how the effects of even a simple action can have effects on social, economic or environmental conditions beyond the original intention across time and geographic space” (Tilbury and Wortman 2004, 89).

An extension of this systems view is the notion that there is a strong level of interdependence between all the elements of the system at a number of levels. Living systems develop new patterns of organising that could not be predicted by past experience. Systems are therefore ‘self organising’ and at the same time are a reflection of not only the elements of the system, but also an understanding of ourselves (Senge et al, 2005, p201).

A recent and more critical approach to leadership has focused on mindful leadership and ethical leadership and is also supportive of sustainability outcomes. Mindful leaders behave collaboratively, taking others with them in personally satisfying and sustainable ways (Sinclair 2006 xv). Like whole of person learning, mindful leadership requires individuals understand their own motives, values and the way in which their life experiences influenced their approach to leadership. It requires individuals to understand “who I am” and “to lead from within” (Mirvis and Gunning 2004, 70; Senge et al 2005).

A second feature of mindful leadership is that, rather than being individualistic and heroic, it is a collective, shared process (Fletcher 2004, 648). It requires building and valuing relationships with other people. Individuals serve as role models to others and it is a process that is collectively created

(Sinclair 2006, xv, 31). A well developed form of this is when an individual leader develops a sense of being interconnected to not only his/her complete self, but also to others and the entire universe (Mitroff and Denton 1999, 83). This sense, often called, “spirituality”, involves an individual developing a different sense of reality that will lead to decisions which can reflect some form of social justice and to the “holistic well-being of oneself, humanity and the planet” (Steingard 2005, 235). People who are spiritually aware in business are argued to be able to serve outside their own self interest and see their decisions as part of interests beyond themselves and the business outcomes.

The consequence of this is that leadership becomes a moral activity which impacts well beyond the business, a notion entirely consistent with the taking on of CSR. It requires questioning the assumptions that underpin business and the focus on narrow corporate goals. As discussed previously this can be done through critical reflection. This process enables a questioning of the purpose of leadership and the way the dominant view of leadership reflects cultural and gender influences (Sinclair 2006, 30-31).

## **Methodology**

Taking these literatures together we determined a suite of leadership capabilities to make explicit as development outcomes for the FOXTEL employees participating in the action research project. These capabilities included: visioning, critical thinking and reflection, building participation in decision making, developing partnerships and networks, systemic thinking, and underpinning all these capabilities, an enhanced capability for critical self reflection. By critical self reflection we mean an ability to think critically about the self while immersed in action. Our aspiration was to make the links between the HR strategy and the CSR strategy more apparent so that they could be observed. The action research project was built on the principles of action research described above in the literature review and included a cycle of action, planning and review as shown in diagram 1.

In addition to the actual experience of the project which forms a case study, the data we collected included the connections made by the participants between the new experiences they enjoyed/suffered and the degree to which these experiences had stretched them in terms of the identified leadership capabilities. We recognise that theory built solely on the basis of interviews with

leading stakeholders can be “just retrospective sense making by image conscious informants” (Eisenhardt and Graebner 2007, p28). To correct for such bias in the process of critical self reflection, we asked participants to keep reflective diaries throughout the process, which would give us a picture of the impact of the process on these abilities in the moment.

### **Volunteering and Gifting at FOXTEL**

Our observation of the broader FOXTEL culture is that it is characterised by an exuberant spirit, a strong identification with the company and a youthful dynamism. The company’s readiness to respond to the new challenges implicit in the idea of sustainability was the reason for our initial approach.

The motive behind FOXTEL executive’s desire to develop a broad CSR strategy is to strengthen the organisation. Management believe that members of the youth employee demographic want meaning as well as work. The CSR strategy is expected to assist the HR objective of improving engagement scores in the regular internal surveys. FOXTEL would like to become an employer of choice. These pressures influence management towards a conception of the organisation taking on some elements of the community institution, where staff feel attached to the company’s community efforts. There is a general recognition that CSR may lead over time to a softening of the brand image. However, the FOXTEL executive is loath to link the company’s CSR efforts to its marketing/branding efforts. For moment, the CEO wants to engage in CSR, because “it is simply a good thing to do.”

There is recognition among management of three subcultures that are defined along functional lines that might be termed “the engineers,” who value technical innovation “the creatives” who value the artistic aspects of television production and “sales” who value marketing achievements such as market penetration and growth and who are especially brand conscious. These groups work under different conditions and in different locations. While there is no apparent antagonism between the cultures, the strategy that emerged for supporting volunteering and gifting would ideally be designed to have an appeal to all types. In this way the CSR strategy in general and the volunteering and gifting strategy in particular would serve as an integrating force within the culture.

We used a workshop approach with representatives from across the organisation. 12 people from different parts of the organisation were invited (and accepted) to participate. FOXTEL has state of the art conferencing technology, and we were able to connect the two large employee centres in Sydney and Melbourne to create a virtually unified workshop space.

We ran three separate workshops and during the times between the participants would consult through their networks to develop the information that we needed to design a successful volunteering and gifting strategy. The discussion during the first workshop identified the optimisation of participation in the new volunteering and gifting program as a key objective. 5.2 million Australian's are involved in some form of voluntary work (2006 Census) and yet typically volunteering programs in companies received poor responses in the order of 2 – 10 % participation. The key challenge would be to identify the kind of program that would tap employees' intrinsic motivators.

The final workshop fine-tuned the prototype for the volunteering and gifting program based on the reaction of the wider employee base. It then set aside a period of reflection. People moved into a focus group style of relationship. They were now asked to consider how their creation of that program had stretched them in terms of the leadership capabilities.

### **Connections Between Action Research and Leadership Capabilities**

The discussion that follows sees the process through the eyes of the participants but is structured around the leadership capabilities that we wanted to develop.

#### **Visioning**

Our exposition of the visioning process had been that it was aimed a “imagining a better future”. Participants were generally conscious that the futuristic nature of thinking inherent in the objective, which reframed the nature of legitimate corporate activity and considered models that had never been tried. One in particular reflected on the iterative nature of the process and argued that this provided the means to progressively extend thinking further and further into the future.

“We went in circles from original ideas to newer ideas and then back to original propositions, but each time we were looking further and further forward, so we ended up

with both short term measures that we could implement now and then longer term measures that might wait until the next cycle.”

The significance of this quotation becomes clearer when it is understood that the group had originally set itself the task of developing a suite of measures that could be implemented in the short term and later evaluated. The staged implementation process that emerged suggests that visioning was more than a purely symbolic imagining of outcomes, but blended with a process more akin to long term planning.

### **Critical thinking and reflection**

The capability of critical thinking and reflection had been explained to the group as “examining not only how to work better but whether particular work is valuable.” The following quotation illustrates the application of administrative assumptions about the organisation that would not ordinarily have been brought to the mind of this member of the creative sub-culture.

“As well as having the ideas, we had to think in a more fine grained way about admin issues, like a particular idea might be good, but might need a lot of admin to make happen. That just soaks up our resources. We needed to find ways of doing it with minimal admin. “

An outcome of this negotiation between creative and administrative issues was a decision to propose the outsourcing of the administration of the gifting process. Thus outsourcing was recognised as allowing a second organisation with scale economies that could perform the function at low margins to both minimise the overhead cost of the program to FOXTEL and maximise the amount of gifted money that could go toward the actual community based beneficiaries.

The process also challenged the existing assumptions of strategic thinkers within FOXTEL. A natural extension of strategic thinking is that FOXEL will make a bigger impact for good in the community if it could engage in activities that are unique in the sense that they deploy FOXTEL’s unique core competencies, which are in creative production, media and corporate functions such as finance and human resource management.

“We evaluated and reevaluated strategies again and again. We started out wanting to do something that would use FOXTEL’s unique strengths, like the street TV program (a program where FOXTEL supplies skills and equipment to allow homeless children to make films), but we kept coming back to the more generic stuff.”

By more generic stuff, this participant refers to activities that are universal enough to allow participation by any member of the company. Opinion among employees surveyed by the group was divided about the appeal of deploying in voluntary activities the same skills that they use at work. Some wanted to provide high value added services pro bono, while others wanted a personal outlet, which would enable them to do something different to the normal fair provided by their working life.

Of those ideas that were either rejected or modified, most of the modification occurred as a result of the group’s own self critical process. However, views from the executive about the viability of particular options were also fed back to the group and so there was some accommodation between the bottom up and top down decision making model.

“Although a lot of our ideas have been rejected (i.e. by the group) along the way, we’ve got the satisfaction of knowing that the proposal is going up to executive with a new kind of argument – that it should be accepted because it’s wanted by the staff.”

This is not to say that the action inquiry process had made some sort of permanent alteration to the nature of policy discourse within FOXTEL – that would be going further than could be expected of an isolated experiment – but that in this case and for this program and additional rationale would be employed in the proposal to the executive and would sit alongside the standard rationales for change.

### **Participation in decision making, networking and developing partnerships**

This particular project was especially strong on participation and networking because it managed consultation across the entire company. As one participant reflected “I cast a much wider net beyond my team and the people I would normally talk to.” Another participant commented on how the process of building participation expanded the horizon of her thinking by challenging a preconception.

“I suppose I thought at the beginning that I could just sit down and design a program that would be ideal for FOXTEL based on my knowledge of the organisation. But now I’ve seen what many others think and want and I feel much more confident about the outcomes.”

Another comment is more framed in terms of the politics of adoption.

“I consulted a range of areas that I would not normally take to in developing a new idea...so now I’ve got buy in.”

On the same theme another participant said:

“For me – I spent a lot time kind of recruiting people into the process by asking them for their thoughts and representing those thought as a collective view. So that’s building participation.”

### **Systemic thinking**

During the initial orientation to the project we had described systemic thinking as essentially a process of focusing on productive relationships rather than the productivity of individual units. The bigger picture is that the program was that it would build interconnections between FOXTEL and its community, but there was also a smaller picture that involved building a holistic approach which would orient parts of FOXTEL toward working with each other. One said:

“We were thinking about how ideas might work outside our own program – how it might appeal to others. And we had to sometimes give up sort of cherished ideas, because we realised that they would not fly with others.”

In developing the design of the program, people found themselves considering the interconnections between function areas as they were confronted with implications that would not normally have fallen within their field of responsibility or view.

“People in operational areas had to think about financing issues; people in finance had to think about HR issues and they had to draw lines between the two.”

## Critical self reflection

Critical self reflection differs from the critical thinking discussed above in that its object is a growing self awareness. We explained critical self reflection as asking a question that managers seldom have the time or inclination to consider: i.e. *how do I operate within the process?* What follows is some of the results that people were willing to share.

“I always get excited and then I over ride other people and then cut them off. This forced me to broaden my attention span to listen to the directions of others.”

Action research is inherently a group process and requires mutual accountability in that each participant was forced to explain and advocate a position. The process of advocacy forced people to formulate and reformulate thoughts and process data from multiple stakeholders for presentation to the core group.

“So much of what you do is just in your own head. Having to explain it all – what you had done by yourself – then bringing it back to the group, made me think about how I had gone about things.”

In putting ideas to the group the advocates were forced to take responsibility for the ideas, plus their anticipation of secondary effects.

“It gave people a chance to blow torch their ideas by consulting others – I am often asked to provide ideas but without being confronted by a critical filter that forced us to decide between the appropriate, workable ideas and those that look good but aren’t workable.”

Her term “workable” means in this context, “widely acceptable” within the bounds of risk that everyone is prepared to share.

This growing sense of responsibility for proposals brings forth a capability advocated most clearly in the mindful leadership literature. The sense of accountability and collective responsibility that grows from the group dynamics develops leadership as a collective quality of the group. Some

participants also expressed this collective leadership in the form of a strong sense of organisational citizenship. One in particular said:

“People felt that they were contributing to the good of FOXTEL by being involved.”

We cannot tell from this limited experience whether this sort of sentiment was an outcome of the action inquiry process or indeed a wider expression of a pre existing FOXTEL culture. However, it seems reasonable to incorporate into future research a hypothesis that tests for a link between action inquiry processes and organisational citizenship as a newly recognised factor in the internal sustainability of the organisation.

### **Conclusion**

The evidence provides some preliminary evidence that action research and its associated inquiry process develops the capabilities that are the focus on this paper. However, a great deal more research is needed to track the influences of different human resource strategies on the generation of sustainability outcomes. Of all the leadership capabilities for which we looked, critical self reflection is the most fundamental and appears to be most difficult to develop. However, the act of bringing people together from different parts of the organisation caused the necessary friction between mental models and forced an integration of creative, human resource and administrative concerns that would not have occurred otherwise. It is difficult to imagine critical reflection that does not involve recognition of competing assumptions, a networking act that did not encounter competing interests, a systems approach which does not cut across sub cultural boundaries or a partnership that does not require compromise. The process of action research created all these challenges. Some of the success achieved must be attributed to the vibrancy of the people and the openness of the corporate culture into which we intruded. However, the action inquiry process was in itself highly engaging and in particular engaged the elements of whole of person learning. The extended nature of reflection produced a leadership capacity in the group which was both mindful and collective. This capacity lasted at least as long as the group worked together. Since our data was collected “in the moment” we cannot report whether these capacities stayed with the individuals when they went back to their own teams. Our hope is that further research will give greater clarity to the links between a wider range of HR practices and longer term change towards sustainability.

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**Diagram 1 - The cycle of action inquiry**

