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SMALL TOWN MULTINATIONAL: CSR AND THE INSTITUTIONALIZATION OF DIVERSITY AS AN ORGANIZATIONAL VALUE AT CUMMINS INC.

HEIDI ANNELIES REED

Ph.D
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The Hong Kong Polytechnic University

Department of Applied Social Sciences

Small Town Multinational: CSR and the Institutionalization of
Diversity as an Organizational Value at Cummins Inc.

Heidi Annelies Reed

A thesis submitted in partial fulfilment of the requirements
for the degree of Doctor of Philosophy

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Certificate of Originality

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Heidi REED

Dedication

I would like to dedicate this thesis to my parents Nancy Jo and Tom Reed whose insights and support have made this work possible.

Abstract

Corporate social responsibility (CSR) has become an important research theme in academia; however, little research has been done on the maintenance of such practices. Although rooted within management strategy, scholars propose that the concept of diversity has the potential to achieve social change (Ahmed, 2007). Cummins Inc. has a history of over six decades in the area of diversity management making it an ideal corporation to study how a CSR value like diversity can be maintained beyond initial adoption and implementation. A global company with a small town origin, Cummins has continually linked the value of diversity to its founding identity of providing for the community. This study therefore inherently examines the impact Cummins' progressive values have had on the communities and institutions with which it works.

Throughout its history, Cummins has engaged in hotly debated diversity related initiatives ranging from pulling out of apartheid South Africa to lobbying for gay marriage in the U.S. Sometimes these initiatives have been to the short-term detriment of the company's bottom line and reputation making them a difficult "sell" to employees. This study suggests that relying on organizational identity rather than business case or moral arguments can help management justify socially responsible practices in a weak institutional environment. In contrast, in a strong institutional environment it is more difficult to claim that a behavior which society expects can be part of a company's unique identity. The data from Cummins suggests that in a strong institutional environment, employees are most convinced by arguments that the practice is "the right thing to do" as well as that there is a business case. This combination of morality and fiscality allows for the careful nuance that the practice is in the "self-interest, not selfish interest" of the company (Cummins, 2004, p. 47-48). By adapting strategies based on the strength of the institutional environment, the evidence suggests that a company can better maintain a socially responsible practice.

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I would like to humbly thank the members of my dissertation committee for their thoughtful review and support in the writing and submission of this thesis. It is with their esteemed guidance that I have been able to see the culmination of years of hard work summarized in this modest paper. In particular, I would like to thank my supervisor Professor James Lee for his kind compassion and wisdom as I have traveled on this journey of becoming not only a researcher but a story-teller. With each chapter, page, and sentence he has been there to support and encourage me as I slowly made progress. In addition to his help is a team of professors and staff, especially Fanny Cheng, who have always been there to answer my many questions along the way. I will never be able to thank you enough.

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I would also like to thank the employees and retirees of Cummins for their open and enthusiastic support of my research. Their passion for diversity and their excitement at the idea of sharing their work with me was very touching. I am grateful for the amount of time these employees and executives were able to give despite their very busy schedules and numerous commitments. I am forever appreciative of their openness and for their interest in telling me the story of diversity at Cummins Inc.

Prologue

During my undergraduate studies in anthropology, I hungered to explore far off and exotic worlds. I will never forget the first opportunity I had to conduct a field interview in a pseudo-indigenous farming community in the Jamaican Blue Mountains. As I excitedly began, I quickly became disappointed as I realized my interview participant, a matriarch of the community, was frustrated by my questions. After several minutes, her face became increasingly stern until she finally demanded “You, you ask so many questions. Why don’t you ask questions about your own people?” Undoubtedly, it is in part due to this woman that led me to choose the topic of this thesis as I try to explore “my own people.”

I grew up in Columbus, Indiana which has been the headquarters of Cummins Inc. for the almost 100 years that Cummins has operated. Columbus is a small town in traditionally conservative, majority white southern Indiana. Columbus, however, is filled with diversity in every sense of the word. The headquarters of Cummins attracts employees from all over the world making the city rather unique. To celebrate this diversity, every year we host an event called *The Ethnic Expo* in which people celebrate their ethnic and national heritage with food, dance, and even educational booths. True to any small town festival, the *Ethnic Expo* is ushered in with a community parade. In our parade, Columbus residents, often times employees of Cummins, wave flags from across the globe and some even don traditional costumes. My father worked for Cummins for over twenty five years and as an expatriate in their Belgian office for six years. As I was born in Belgium, my mother always insisted that my sisters and I wave Belgian flags.

The title of my thesis, *Small Town Multinational*, reflects not just the nature of Cummins but the nature of the Columbus people. People in Columbus are “small town” in everything from having a strong sense of community to sometimes having a tendency to gossip about each other. But we are not “small town” in the sense of having a small world view. I was born in Belgium, raised in Indiana, and I now work in China. I am “small town,” and I am “multinational.” Cummins was founded and remains in Indiana but now has locations in over 100 countries and territories with 60% of its workforce outside of the U.S. Cummins is “small town” and Cummins is “multinational.” In learning more about this company and its interaction with the Columbus community, I know that my fieldwork has not only been a process of intellectual but also of personal discovery.

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Chapter 1: Introduction

Overview

Columbus, Indiana, population 44,000 (Indiana University, 2013), would seem to be a rather unlikely town for the headquarters of a multinational corporation. With operations in 197 countries and territories, Cummins Engine Inc. has called Columbus its home since its founding in 1919 (Cummins, 2012a). While many modern corporations are struggling to adapt to the increased demand to be more socially responsible, this small town, multinational has led not just industry but society in taking a progressive view on diversity and social change. Noted by Drucker (1984) in *The New Meaning of Corporate Social Responsibility*, Cummins was one of the earliest multinationals to develop formal (and successful) corporate social responsibility (CSR) practices. It has maintained these practices and is consistently well ranked in CSR against its peers (Cummins, 2014).

As one of the first companies to develop the diesel engine, Cummins' philosophy on CSR was largely developed in the 1950s under the presidency of J. Irwin Miller, grand-nephew of the founding president of Cummins. Miller took great care to ensure that Cummins advanced the Columbus community, believing that there was a business case to do so. He had a strong understanding of the intimate relationship between business and community which became increasingly important as Cummins grew bigger. As time passed, Miller realized he needed to draw in the best talent from around the world to develop Cummins into the global corporation it is today, and to do that he had to create a town that people from around the

world would want to live in. As a result of this vision, the city of Columbus, as one resident phrased it, “looks like the United Nations” (Interview Participant Carlyle, 2010). While the statement may be a bit exaggerated, tours through the Columbus facilities attested to the researcher the number of international staff members employed by Cummins. These employees ranged from France to India to Nigeria and beyond.

Miller quite literally built the city of Columbus by forging a public-private partnership to help pay for high-profile architects to design community buildings including I.M. Pei, Eliel Saarinen, Eero Saarinen, Richard Meier, and Harry Weese. The direct result of this highly innovative approach is that Columbus, Indiana, despite its small size, was ranked sixth in the United States for architectural quality and innovation by the American Institute of Architects in addition to receiving numerous other architecture awards (ICVB, 2011). Drucker (1984) states that “Miller specifically aimed at endowing his small industrial town with the ‘quality of life’ that would attract to it the managerial and technical people on whom a big high-technology business depends” (p. 55). Miller indeed succeeded in his goal to attract talented individuals from around the world, as Cummins still continues to do today, and the small town, multinational was most currently ranked 150th on the 2012 Fortune 500 list (Fortune500, 2012).

Cummins’ philosophy on community building goes well beyond its historically famed architectural program. Although the majority white city of Columbus remained heavily isolated from the sometimes violent civil unrest and racial tension of the American 1950s, Miller saw Cummins as having the ability to play an important role in the growing Civil Rights Movement. He saw Cummins and all companies as having not just the capacity but the duty to be an active

agent of social change. Miller realized that through hiring marginalized members of society, corporations could elevate and integrate such persons into the community. A deeply religious and Christian man, Miller is memorably quoted as saying “The most important service to others is service to those who are not like yourself” (Interview Participant Nguyen, 2010). In speaking of what one magazine termed “the revolutionary role of business,” Miller wrote:

You don't like the idea that business has anything to do with social reform, but your business and mine ultimately go under if society goes under, and societies have gone under. Whose business is it then to tackle troubles? Who should be the instruments of reform? No one is going to solve the problems of our time unless he is powerful and expert and organized. Two great independent institutions exist in our society today, which qualify for such a description. One is business. Business understands how to organize, how to respond to change, how to survive under attack and how to overcome obstacles here and now. ('Business Man of the Year', Saturday Review Miller, 1968)

Miller ensured that his beliefs on the role of business in society would be carried on by subsequent Cummins leadership. In November of 1970, then Cummins president Henry B. Schact, echoing the earlier words of Miller, wrote:

Cummins is particularly aware of the pace of changing social values; we have a lot of work to do to meet all our responsibilities. ...

The major stresses and strains in our society today result from our current institutional inability to handle change. Business, one of the major segments of our society, can make a fundamental contribution in this area. If business can adapt to the changing nature of our society, it will help answer many of the questions that are being raised today. The enormous economic weight of our system can and, indeed, must provide ways to alleviate poverty and hunger in this country. It must provide ways to recognize the illiterate, to recognize the underprivileged, and to help make useful human beings out of them. It must accept this as a logical cost of doing business. Failure to accept this will

mean that the chaos that we have seen in the last five years will be replaced by anarchy in the next five. Specifically, a cost of doing business for Cummins is taking on more of the social burdens of today. It means taking the illiterate, the black, and the poor white and putting them to work. It means setting up systems and procedures where people can find their dignity. It means doing it at the expense of those who are better off, if necessary.

The cost of doing something now, as great as it will be, is overshadowed by the cost of not doing anything, for no corporation can function without relative social stability.

(Schacht, 1970)

This profound prose about the role of business in society highlights Cummins as an innovative agent in progressive thinking and social change. The perceived responsibility to help solve the problems of society combined with the business need for attracting global talent have combined in Cummins' history to form its current value of diversity. For Cummins, that promoting diversity "is the right thing to do" has, at the same time, continuously been seen within the context of there being a "business case" to do so. The evidence from this thesis suggests that this view of diversity within a socially responsible framework while at the same time being financially sound has allowed this value to flourish and take root in the company's ethos. In describing in detail the origin and progression of the value of diversity and its use as a socially responsible practice at Cummins, this thesis will, in fact, tell the story of a town and a company both of whom rely on each other and both of whom shape and are shaped by each other.

Statement of the Problem

While there have been numerous studies on the initial development of CSR practices within the literature, whether or not or how those practices have been maintained remains a largely under-researched area (Randel, 2002). Studying the maintenance of a socially responsible practice reveals the true nature of that practice: is it merely symbolic and for marketing purposes, or is it a deeper part of the organization and done for more altruistic reasons? Furthermore, while starting CSR practices has become increasingly popular, practitioners need to have a better understanding of why and how these practices are continued beyond the initial and often limited adoption phase.

More specifically, by examining the effective institutionalization of diversity as an organizational value in a multinational corporation, this study responds to the demand for more investigations of diversity in organizational settings (Zanoni et al., 2010). Qirko (2012) denounces the failure of the applied social sciences to contribute to the diversity management research noting that in a 2009 study, fewer than half of respondents in the U.S. and Europe felt that their companies leadership was committed to diversity (National Urban League, 2013). He believes these results indicate the extent to which academia has failed to deliver adequate research to inform practice. Further to this, Xun (2007) believes that workplace discrimination in China demands attention now more than ever and that diversity management practices can alleviate growing social problems. Zanoni et al. (2010) note that previous studies in diversity have focused on examining organizational inequalities and demonstrating the failure of existing diversity management practices. The researchers call for “the critical literature to become

more performative, explicitly dealing with stimulating social change . . . with alternative descriptions, vocabularies, and voices to open up new avenues and lines of interpretations that produce ‘better’ research ethically, politically, empirically, and theoretically” with an “engaged and pragmatic ethos on diversity” (Zanoni et al, 2010, p. 18-19).

More broadly, there is a continued need to better understand the increasingly complex relationship between business and society. Post et al. 2002 argue that the modern corporation has become so large and complex that it is often times more powerful than government. With the increase of CSR practices, Wood (1991b) reflects that the research is “being oriented toward understanding why, how, and to what ends business organizations interact with the societies of which they are a part. The direction is toward a better society, a better world. The question, however, of who will define that society, that world, remains unanswered” (p. 400).

Purpose of the Study

The concept of diversity, although rooted in management strategy, has the potential to achieve social change (Ahmed, 2007). In examining the institutionalization and maintenance of diversity as a socially responsible practice, this thesis seeks to answer not only the why, how, and to what end Cummins has done this but also who has defined the direction of that process. The purpose of this study then is to examine the unique history and story of diversity as a socially responsible value and practice at Cummins. The study seeks to place this value and practice within the context of Cummins’ rich and deep corporate culture and so explores its history and identity. By studying the institutionalization including the formation and

maintenance of a socially responsible practice dating back over six decades, this thesis contributes to the literature describing how and why companies have adopted CSR practices while further examining what conditions are needed for a practice to be maintained.

In order to examine the process by which diversity initiatives are developed in a company headquartered in a small town and then exported to an international context, this case study will draw on data from the U.S., Europe, and Asia. The data for this case study were largely drawn from the headquarters and supplemented by data from China and Belgium. In this way, the researcher was able to examine Cummins' small town characteristics while acknowledging its multinational status.

These three countries, the U.S., China, and Belgium are chosen for very strategic reasons. Cummins began in Columbus, Indiana where its headquarters remains making the U.S. an obvious and critical data point. In 1956, Europe was the first location for Cummins to open a foreign manufacturing facility making it a historically important location in terms of Cummins' multinational status (Cruickshank and Sicilia, 1997). Cummins' first major operations in Belgium began in the 1970s and continue to expand into present day. Belgium is used as a hub for Cummins to assist other business units in Europe, the Middle East, and Africa. As Cummins' first initiatives on diversity related to (and continue to relate to) race, Belgium is also an interesting case. Divided into three regions, the Flemish (Dutch-speaking), the Walloon (French-speaking), and the (bilingual) Brussels-Capital, Belgium is a blend of linguistic, social, economic, legal and cultural features (Arriijn et al., 1998).

Due to its unique history, Belgium simultaneously encompasses both the Dutch and Anglo-Saxon model of ethnic minority policies at the same time that it adopts more Francophone integration policies and citizenship models (Coene and Longman, 2008). While many European countries, such as the United Kingdom, hold similar views to the United States on racism, including a primary concern with “access racism” (specifically employment discrimination), France has developed largely different views (Bleich, 2003). French policymakers and interest groups have historically rejected the North American analogy, believing that racial or ethnic categorization “are inherently socially divisive and therefore pernicious. . . In short, race and ethnicity are terms that the French prefer to avoid rather than to embrace” (Bleich, 2003, p. 173). Accordingly, despite the Anglo-Saxon and Dutch influences and similarities, Belgium has adopted many policies and models based on the French system which are in conflict with American views on diversity.

While Europe is one of Cummins’ older markets, Asia still promises high levels of growth. Miller recognized that China would be an interesting market as early as the second World War though it would not be until three decades later that he would be able to achieve this dream (Cruickshank and Sicilia, 1997). Cummins was one of the first foreign companies to establish an office in China with Miller, accompanied by his wife, visiting China in 1975 and starting operations in Beijing in 1979 (Cruickshank and Sicilia, 1997). Cummins currently has over 9,000 employees in China with 26 operating entities including 10 joint ventures (Interview Participant Lee, 2011). The company credits its success in China to early (and patient) relationship building (Hanafée, 2011). In connection to diversity, Cummins has successfully started company-wide programs such as its Affinity group initiative which seeks to empower women in the workplace

(Cummins, 2011b). Affinity groups “raise awareness and educate Cummins employees on the importance of diversity, advise senior leaders on diversity-related initiatives and, in some cases, initiate research projects with a diversity component” and are “typically organized around a specific demographic” (Cummins, 2012c). Such efforts in connection to diversity and CSR have gained Cummins a positive reputation within and outside the country with Cummins China being recently selected for the U.S. State Department’s Award for Corporate Excellence “for advancing good corporate citizenship, innovation, and democratic principles abroad” (Cummins, 2010a, p. 13). Its Chinese management views these positive initiatives as an important part of Cummins’ business strategy in China which also happens to be its fastest growing market (Interview Participant Lee, 2011). Cummins’ diversity efforts in China come at a time when the academic literature has indicated that workplace discrimination related to diversity is becoming more and more problematic (Xun, 2007).

The value and practice of diversity at Cummins has a rich and deep history beginning in the small town headquarters of Columbus, Indiana and extending through its global operations throughout the world including in Belgium and China. Though developed in the U.S., Cummins now seeks to actively embrace and foster this value in cultural and national contexts often vastly different than that of its American home. The purpose of this study is to examine this unique history and story of diversity at Cummins as it is developed in its headquarters and then diffused abroad. In so doing, this case study will examine both the institutionalization and subsequent maintenance of a socially responsible practice by a multinational corporation.

A careful and thorough literature review of the CSR research will provide the necessary frameworks and models to gain an understanding of how CSR is conceived both in the West and in emerging countries such as China. The final section of the literature review will further place the practice of diversity management within the CSR academic field of research. The end result of this literature review provides us with the insight that CSR practices must be placed within a multi-level construct in order to be fully understood. Taking inspiration from institutional theory, the Towards a Theoretical Framework Chapter explores the concepts of institutional entrepreneurs or business champions and organizational identity as these relate to the formation of innovative practice. These concepts help to then explain the actors or elements which are able to shape the institutional environment. With these constructs in mind, the data chapters are divided into discussing firstly the Institutional Entrepreneurs of Cummins, secondly Cummins' organizational identity, and finally the institutional environments in which Cummins has acted. In addition to the American headquarters, this case study attempts to provide insight into Cummins' multinational identity by examining its Chinese and Belgian operations. Taken together, these data will provide us with an understanding of the mechanisms through which Cummins has been able to maintain the socially responsible practice of diversity management across its operations. We will see evidence that in a weak institutional environment, Cummins management is able to justify this practice by connecting it to the organizational identity of the company. In a strong institutional environment, Cummins management tends to rely on strategies which argue that the practice is good for the business or that it is the right thing to do.

As enacted by companies, socially responsible practices such as diversity management shape and are shaped by the institutional environment. This thesis shows the potential role that companies may take in connection to the integration of marginalized groups. As a legitimate institution in society, Cummins' action in hiring "diverse" employees such as non-white managers during the 1960s and creating inclusive actions such as their Domestic Partner Benefits Policy in the 1990s provides support to those "outside" of society. Companies have a role in legitimizing or perpetuating the status of oppressed groups, and this thesis has shown the importance of leadership in developing such progressive human resource practices. For these practices to continue and to be maintained beyond their initial founders and leaders, they must be in line with the company's organizational identity, and employees must be convinced that the practice is good for the company or the right thing to do. Depending on the strength of the institutional environment, these arguments become more or less persuasive. This thesis will show that the connection between the practice and to the company's organizational identity is more effective in a weak institutional environment. In contrast, convincing employees of the business case or that the practice is the right thing to do is more effective in a strong institutional environment.

Chapter 2: Literature Review

The study of a socially responsible practice involves an interdisciplinary approach, relying on many different fields of research. Within academia, CSR can be characterized as widely multi-disciplinary with a myriad of frameworks and paradigms. As one of the leading scholars in this area, Carroll (1994) describes CSR as "an eclectic field with loose boundaries, multiple memberships, and differing training/perspectives; broadly rather than narrowly focused, multidisciplinary; . . . and interdisciplinary" (p. 4). Moon and Shen (2010) describe CSR as being in a "continual state of emergence" with "no core theoretical approach, assumptions and method, a field without a paradigm" (p. 617). Since 1960, eight English language journals have been established devoted entirely to the field of CSR (Moon and Shen, 2010). Despite this development, the literature describing the role of the large corporation in the social context continues to be described as "disparate in orientation, methodology, and sophistication" (Preston, 1975, p. 436). This literature review attempts to provide some structure in providing an overview of the relevant CSR literature. In doing so, it seeks to better inform the research question and to develop the basis for a theoretical framework from which to analyze the data. The first part of the literature review will describe the development of the multinational corporation and the historical development of CSR, including the debate for it and against it, followed by a review of CSR theories and models. This review will also include a synthesis of the CSR research in a non-Western context with a specific focus on emerging economies and China. Doing so highlights global perspectives of CSR while focusing on China where much of the data for this case study was gathered. This literature provides a broad foundation for this

study and is supplemented by a synthesis of the relevant diversity literature to better understand the connection between diversity practices and CSR. Finally, a theoretical framework is proposed based on a critical review of the relevant research.

History of the Multinational Corporation & CSR

The multinational enterprise as we know it developed in the 1950s, shortly after World War II, as previously inadequate global communication and transportation infrastructure began to develop. This development further corresponded to the loosening of restrictive government policies and massive liberalization of international trade. Beginning in the 1960s, American businesses started going abroad on a massive scale. Governments hoped that hosting such multinational enterprises would bring economic benefits despite the "intrusion into the national domain by a company whose control is exercised by a headquarters located in another country" (Root, 1990, p. 1).

The modern history of CSR is generally traced back to the 1960s and 70s with the revelation of many poor environmental practices in industrialized countries leading to a demand for environmental and social regulations (Utting and Clapp, 2008). In addition to environmental practices, the situation in apartheid South Africa made clear that corporations hold strong powers of influence in society. Stories that General Motors was selling vehicles to the apartheid government military despite the American government's stance against apartheid led to the development of the Sullivan Principles, a code of conduct for how companies should behave (Williams, 2001). While the need for a code of conduct for multinational corporations was recognized, the push for neoliberal policies in the 1980s

resulted in corporate self-regulation in place of hard regulation. This shifted in the 1990s with a push for regulation of business both at the national and international levels with sanctions for non-complying corporations. The United Nations and the Organization for Economic Co-operation and Development (OECD) have met some of this demand through establishing guidelines. (Utting and Clapp, 2008)

The United Nations defines multinationalization or transnationalization as "the internalization of international market transactions within an individual decision-making unit, the transnational corporation" (United Nations, 1988). Howard and Perlmutter (1969) categorize the international enterprise into three categories; ethnocentric, polycentric, and geocentric. Ethnocentric companies follow policies that are home country-oriented, polycentric companies follow policies that are host country-oriented, and geocentric companies follow policies that are world-oriented. Multi-nationality may be judged by "the pervasiveness with which its executives think geocentrically" (Howard and Perlmutter, 1969, p. 3). This thesis will therefore use the term 'multinational' in order to place emphasis on the geocentric aspects of Cummins.

Defining CSR

Social responsibility is indeed a "nebulous idea" and therefore defined in different ways (Davis, 1960, p. 70). Votaw (1972) remarks that:

Corporate social responsibility means something, but not always the same thing to everybody. To some it conveys the idea of legal responsibility or ability; to others, it means socially responsible behaviour in the ethical sense; to still others, the meaning transmitted is that of 'responsible for' in a causal mode; many

simply equate it with a charitable contribution; some take it to mean socially conscious; many of those who embrace it most fervently see it as a mere synonym for legitimacy in the context of belonging or being proper or valid; a few see a sort of fiduciary duty imposing higher standards of behaviour on businessmen than on citizens at large. (p. 25)

One commonly used definition proposed by Utting and Clapp (2008) is that CSR includes the “range of initiatives adopted by companies, business associations, and so-called multi-stakeholder entities that aim to promote ethical corporate behavior and minimize the negative impacts of business activity on society and the environment” (p. 1). Carroll’s (1999) literature review follows the evolution of how CSR is defined starting with the 1950s. His analysis reveals that the later development of CSR tends to fall under the constructs of corporate social performance, stakeholder theory, and business ethics theory. More recently, Dahlsrud (2008) analyzed thirty-seven of the most frequently used definitions of CSR based on counts from Google and was able to determine five common dimensions: 1) stakeholder, 2) social, 3) economic, 4) voluntary, and 5) environmental. From these disparate dimensions, we can clearly see that there is a wide range and evolution of the understanding of what is included and not included in the definition of CSR. This variety of CSR definitions and dimensions has likewise led to a variety of CSR models and theories many of which will be discussed in the next section.

The ‘Founders’ of Modern CSR

Bowen’s (1953) book *Social Responsibilities of the Businessman* can be marked as the beginning of modern CSR literature (Carroll, 1999, Garriga and Melé, 2004). In his work, Bowen identifies business as an important source of power which can affect a large number of

individuals and questions "What responsibilities to society may businessmen reasonably be expected to assume?" (Bowen, 1953, p. xi). Bowen states that the obligations of businessmen (and women) are "to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (Bowen, 1953, p. 6).

While Bowen may be noted as one of the first to write about modern CSR, Davis can be credited as truly defining the field. In his review of how CSR is defined, Carroll (1999) declares Davis as "the runner-up to Bowen for the Father of CSR" (p. 271). Davis (1960) defines CSR as a "businessman's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest" (p. 70). Davis (1960) proposes that businessmen and women have both socio-economic and socio-human obligations to others. Socio-economic obligations include controlling inflation, providing jobs, or essentially anything affecting the public welfare. Socio-human obligations to others are those that nurture and develop human values such as morale and cooperation.

Davis notes the fallacy of believing that corporations are merely economic units and stresses the need for the business community to acknowledge the existence and importance of socio-human obligations. "Business deals with a whole man in a whole social structure, and all aspects of this situation are interrelated" (Davis, 1960, p. 74). On this note, he suggests that there are three value systems that businessmen and women use to make decisions: 1) technical, 2) economic, and 3) human. Decisions made using a technical value system are made based upon physical facts and scientific logic. Those decisions made under an economic value system

are based on market values which are ultimately determined by consumers. Finally, the human value system is based upon social-psychological needs other than economic consumption. This value system often goes by the term “human relations” (Davis 1960, p. 75).

Figure 1 Davis' (1960) Value Systems

| | |
|------------------|--|
| Technical | Based upon physical facts and scientific logic. |
| Economic | Based upon market values determined by consumers. |
| Human | Based upon social-psychological needs other than economic consumption. |

Davis’ human value system is the most relevant for this case study as diversity at Cummins has historically been viewed within a socially responsible context and not as being market-driven. Although Cummins management has tried to make the business case for diversity in its more recent history, its first diversity initiatives, as will be shown later, originated from a human value system. Davis (1967) believes there are several important reasons for the increased demand for social responsibility. Amongst them, he notes that modern society is now more complex with each part dependent on another part especially due to globalization. He further proposes that there is now more wealth and culture to preserve, making businesses less likely to take risk by acting irresponsibly. Additionally, the social sciences are giving more insight into how business affects society. Furthermore, businesses are aware that if they are lax in their responsibilities, then the government will increase regulation which is rarely in the interest of business. He also argues that society in general shapes the attitudes of business, and society is now more concerned with ethics and responsible action. Finally, he notes that ownership and control are currently more separated which obscures the location of responsibility. This detachment of ownership and control makes the need for CSR even more pressing.

The Arguments For & Against CSR

Some academicians and practitioners, however, debate the need for or the legitimacy of CSR. One skeptic likened CSR to ‘trying to have your cake and eat it too’ (Karnani, 2010). Examining whether or not businesses should be concerned with solving the social problems of our times, Smith (2003) asks ominously “Do we want corporations playing God?” (p. 65). The arguments against CSR range from stating that there is no accountability to non-owners of a corporation unless created by law to arguing that managers should not focus on public good because they are not competent in this area (The Economist, 2005b). Under this line of thought, public interest is ultimately the job of the government which is accountable to its citizens.

Even without government regulation, if businessmen and women act ethically in their duties to the owners of their firm then they will “usually serve the public good” (The Economist, 2005a). Under this argument, companies trying to boost profits will inherently increase social welfare, and in the case that public goods are at odds with profit making ventures, companies will always go against public interest and for shareholder value if given a voluntary choice (Karnani, 2010). Furthermore, CSR opponents argue that governments should correct market failures because businesses don’t have the ability to put together policy and are unable to coordinate thousands of private firms (The Economist, 2005b). For many CSR protagonists, the argument is of course not that companies should not be expected to behave responsibly but that they should not be expected to assume responsibilities normally held by the government (Smith, 2003).

Many of the arguments against CSR can be traced to Milton Friedman. Friedman (1962) goes so far as to say that “Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible. This is a fundamentally subversive doctrine” (p. 133). He argues that only people can have responsibilities, not corporations. CSR therefore must refer to the corporate executives in charge of a company’s decisions. This type of thinking falls under agency theory which posits that corporate executives manage the business on behalf of the owners, and he or she must act in their interest. Thus, a businessman or woman’s responsibility “is to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom” (Friedman, 1970, p. 32-33).

For Friedman, spending money on things that are in the interest of general society and not of the firm’s owners essentially serves as a tax on the corporation instituted not by the government but by the business executive. Only governments can issue taxes so only governments should have the responsibility to provide for the welfare of society. In summary, "there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (Friedman, 1970, p. 133).

In *The Case For and Against Business Assumption of Social Responsibilities* (1973), Davis responds to Friedman and other opponents by summarizing the arguments for and against CSR.

His final conclusion is that as the culture of society is demanding CSR, businesses are obliged to do it regardless of the merits of any other arguments. In arguing for the business assumption of social responsibilities, Davis first proposes that doing so is in the long-run self-interest of the company. He believes that the company which is most sensitive to community needs will have a better community in which to do business. Davis secondly proposes that being socially responsible produces a better public image which means more customers, better employees, and other benefits. Thirdly, Davis proposes that acting in a socially responsible way increases the viability of the business. Under this argument, he proposes his "Iron Law of Responsibility" in which he states that if a business does not use power responsibly then that business will lose their power.

Fourthly, Davis argues that behaving responsibly towards society allows companies to avoid government regulation. As government regulation normally both incurs a cost on the company and restricts business decision flexibility, it is preferable for businesses to make changes in advance of government action. In this way, they can determine socially responsible ways to act that are best suited both fiscally and in terms of other resources and competences to their firm. Indeed, we can see with diversity that many governments, including the American government, now have strict legislation on employee discrimination. This is perhaps an indication that on the whole, companies have not acted responsibly in this area.

Davis further argues that under organizational theory, decision making should be as close as possible to the point where the operating problem occurs with power as decentralized as possible. This again points to the idea that it is better for the company to decide how to

organize itself responsibly rather than to let the government eventually regulate its behavior. As a fifth argument, Davis states that there are now sociocultural norms pushing towards corporate responsibility. He believes that under utility theory, the manager has a utility function in which he or she wants more than just economic satisfaction. He or she wants to also comply with the sociocultural norms. Therefore under these cultural restraints which are increasingly moving towards more socially responsible behaviour for companies, the manager will want to practice CSR.

As a sixth argument, Davis believes that being socially responsible is in the interest of stockholders. For those who have a diversified stock portfolio, certain responsible behaviors are to their advantage. As a seventh argument, Davis proposes that we should “let business try.” Other institutions, such as government, have failed to adequately solve the problems of society including the integration of marginalized persons so let business try. In line with this and as an eighth argument, Davis states that business has the resources. He further points out that business not only has the money but also management talent, functional expertise, and capital resources to help solve societal problems. As a ninth argument, he proposes that problems can become profits. He believes that solutions to social and environmental problems can sometimes be profitable. Finally, he posits that prevention is better than curing, proposing that it is more economical to deal with these problems now rather than later.

To provide a robust discussion, Davis also provides a summary of arguments against the business assumption of social responsibilities. Davis firstly argues that the point of a business is to maximize profit and that business's sole function is economic. The manager is the agent of

the stockholder, and the stockholders demand a profit. Davis secondly argues that there are costs to social involvement. The money has to come from somewhere, and CSR is just an additional cost which cannot be justified based on a return on investment. Thirdly, Davis humorously proposes that businesses "lack social skills." He argues that businesses do not have the skills necessary in the social arena and that business people are "bad" and just want to make money.

Fourthly, he argues that engaging in CSR dilutes the business' primary purpose of maximizing profits. Adding social issues divides leaders' interests thereby weakening business in the marketplace. In the end, society would get less productivity from the business and business' economic role would ultimately be confused. Fourthly, a business' image may be hurt because the company may fail to solve a social problem making the company look bad. As a fifth argument, there would be a weakened international balance of payments. Because of this, the price of products will increase. If productivity decreases, lower efficiency will lead to higher product costs, and the U.S. will lose its competitive advantage.

His fifth argument is that business already has enough power. As such, the further concentration of power in business threatens the pluralistic division of powers among institutions, namely the government. As a sixth argument, Davis argues that there is a lack of accountability. Businesses are not accountable to the people, and we should not give businessmen and women responsibilities when they are not accountable. Accountability and responsibility go hand in hand and without the one, the other should not exist. Finally, CSR at the time of Davis, lacks broad support and faces strong opposition.

After dealing with each of these arguments in turn, Davis's (1973) ultimate conclusion is that as society is demanding that businesses assume more and more responsibilities, companies have no choice but to engage in CSR no matter the merit of any other point. Again, following Davis' "iron law" of responsibility, if a company does not behave responsibly according to the rules of society, it will ultimately no longer receive societal support. Without the support of society, the business will ultimately go under. The size and power of the corporation has even further developed since Davis' work in the 1970s making many of his arguments even more salient. One of the strongest arguments for CSR now is indeed that the modern corporation has become so large and complex that its level of power often rivals those of nation-states (Post et al., 2002). Such companies must assume social responsibilities as they are often just as powerful if not more powerful than government institutions. If this does not occur, society is at risk. Indeed, due to its consumption of resources and corresponding effect on the environment, Zhihai (2007) proposes that business has now become the most prominent player in the social arena in place of government. As such, Zhihai argues that business interests should be aligned with that of the whole community or risk the rapid degradation and decline of resources.

Drivers and "Tools" of CSR

Clapp and Utting (2008) propose that the drivers of CSR are 1) self-regulation by companies or business associations, 2) civil regulation whereby behavior is influenced by civil society organizations and public opinion, and 3) by law and public policy. They additionally state that the so called "tools" of CSR include corporate codes of conduct, the company triple

bottom line (i.e. taking into account the ecological and social performance in addition to financial performance), reporting on economic, social, and sustainability by third parties, environmental management systems, stakeholder dialogues, corporate social investment in community development, and public-private partnerships. Indeed, both local and global institutional bodies have taken interest in governing the business in society relation as can be seen with the Global Sullivan Principles (1977) and the UN global Compact (1999). Both of these document provide guidelines for the ethical behaviour of business.

In connection to this, Preston and Post (1981, p. 57) note that in the course of conducting the primary level of the basic functions of business “a wide range of secondary or consequential effects, which are beyond the essential purpose of the manager” are generated. “Public policy develops when a gap appears between the actual performance of a firm or industry and the performance which is expected by the public. If the firm or industry will not or cannot close that gap voluntarily, it ought not to surprise intelligent managers that a disenchanted public looks to other institutions (including government) for assistance” (Preston & Post, 1981, p. 62).

For Preston and Post (1981), when managers are making decisions relating to corporate behavior, public policy should serve as a guideline. They define public policy as “includ[ing] not only the literal text of law and regulation but also the broad pattern of social direction reflected in public opinion, emerging issues, formal legal requirements, and enforcement or implementation practices” (Preston and Post, 1981, p. 57). Accordingly, they observe that business may also shape and influence public policy especially in emerging areas.

Stakeholder Theory

Whereas Clapp and Utting's (2008) work asks who drives CSR, Freeman's (1984) development of stakeholder theory has had a tremendous impact on the CSR literature in that it seeks to answer who should businesses be responsible to (Wood, 1991b). The stakeholder management approach attempts to equally address the interests of firm stakeholders. Freeman's (1984) seminal work *Strategic Management: a Stakeholder Approach*, departs sharply from agency theory and proposes that managers not only have a fiduciary duty towards stockholders but also towards stakeholders. A stakeholder is "any group or individual who can affect, or is affected by, the achievement of a corporation's purpose" (Freeman, 1984, p. vi) and may include suppliers, clients, employees, in addition to the local community. Previously, business practitioners defined stakeholders as including only the employees, customers, and shareholders in the commonly used "three legged stool" model of business.

Post and Sachs (2002) propose a stakeholder view which "integrates stakeholder relationships within the firm's resource base, industry setting, and socio-political arena into a single analytical framework" (p. 1). Under this framework, wealth is created or destroyed through relationships with stakeholders who may include resource providers, customers and suppliers, and social political actors. The point of the firm is to provide wealth to all significant stakeholders with wealth being redefined as any benefit valued by another party. For Post and Sachs (2002), stakeholders are any actors who benefit from a firm's success. Researchers have developed many ways to measure success under the stakeholder view including the balanced scorecard (Kaplan and Norton, 1996) and the triple bottom line (Elkington, 1997).

From the practitioner side, Antal and Sobczak (2004) state that “issues and stakeholders do not stand still” and organizations must be able “To keep up with or ahead of the emergence of new issues and shifting constellations of stakeholders” (p. 82). Girard and Sobczak (2012) develop a new classification of stakeholders centered on corporate and social engagement where ‘engagement’ may be viewed as an organizational learning process between the managers of an organization and its stakeholders. Girard and Sobczak underline the importance of learning in collaboration with stakeholders as “a necessary condition to improve the organization's impact on its economic, social, and natural environment” (p. 215).

Clearly, stakeholder theory has an important and critical impact on the conception of corporate social responsibility. Indeed, Wood (1991b) notes how researchers from a variety of disciplines including from strategic management to finance have integrated stakeholder theory into their work. Any proposed framework or model is likely to be incomplete without a reference to stakeholders although stakeholder analysis alone does not seem adequate in generating a theory of why and how a company is able to maintain a socially responsible practice.

Mapping the CSR Field

CSR theories and models take many different perspectives highlighting their multidisciplinary nature and making a coherent and organized review of them a challenge. The CSR literature flourished during the 1970s and by the late 1980s, researchers began to attempt to map the CSR field, a difficult task. Heald (1988) and Carroll’s (1999) work provided chronologies of historical developments (though obviously these chronologies are now

outdated) while others attempted to coherently organize the various CSR theories according to themes. Indeed, Preston (1975) divides the CSR literature into three main groups which he calls the institutionals, organizationals, and philosophicals. The institutionals start from the society end of the spectrum whereas organizationals begin with the corporate. Philosophicals, on the other hand, begin with a concept of an ideal or improved condition and develop arguments in support of their idea, or they develop implementation techniques.

Frederick (1998, 1987), proposes that CSR theoretical research has four divisions: CSR 1 in which there is an ethical-philosophical concept of CSR, CSR 2 which is action-oriented and has a managerial concept of social responsiveness, CSR 3 which has a normative element based on ethics and values, and CSR 4 which uses science and religion as a basic normative reference for social issues . Historically, he argues, there has been a transition from CSR 1 to CSR 2 in the literature.

In addition, Brummer (1991) defines four categories of theoretical CSR approaches based on six criteria: motive, relation to profits, group affected by decisions, type of act, type of effect, and expressed or ideal interest. The first approach is the classical approach. This category includes the arguments against CSR. The functional argument is based on the idea that political and civil society institutions are solely responsible for the types of activities proposed by CSR. The property rights and agency arguments hold that there is no responsibility above what is profitable and that managers are only allowed to act in ways that increase shareholder value. The stakeholder perspective approach includes all theories proposing that businesses must take into account the interests of anyone affected by the corporation

(Freeman, 1984). The social demanding approach includes theories that businesses must act as society demands and expects. The social activist approach differs in that it proposes that businesses should follow universal values and norms rather than the changing and sometimes conflicting demands of stakeholders as well as society. Brummer (1991) states that “in considering the interests and welfare of others, corporate executives are to respond to the formers’ ideal or rational interests rather than merely their expressed or current interests” (p. 190).

Garriga and Melé (2004) distinguish their work from earlier works by seeking to map CSR theories from the perspective of the interaction between business and society and provide one of the most coherent mappings. They propose that the prominent CSR theories focus on four aspects of social reality (economics, politics, social integration, and ethics) as based on the work of Parsons (1961). Parsons (1961) proposes that the following four aspects are found in all social systems: adaptation to the environment in relation to resources and economics, goal attainment in relation to politics, social integration and pattern maintenance, or latency in relation to culture and values. From this framework, Garriga and Melé divide CSR theories into instrumental, political, integrative, and ethical categories which are then divided into approaches which are then divided again into subcategories. Though their mapping is the most comprehensive, it is at the same time perhaps overly detailed and as such a bit cumbersome.

While several researchers have attempted to map the CSR field, no one has successfully incorporated all of the proposed CSR models and theories into a meaningful picture. To date, no one seems to have successfully mapped the CSR field with each researcher’s organization of

CSR theories failing in that they are either too simplistic or overly complicated. A chronology alone of CSR, at this point, would be overly simplistic in that it would fail to establish relations with what are now often interrelated views of CSR. At the same time, previous works which have tried to organize CSR according to themes tend to be overly theoretical and abstract making them less precise or overly specific and detailed making them inflexible and unable to account for all the models and theories. Neither old nor young, the field of CSR has a rich history yet it is still emerging and not fully independent of the various broader academic fields which may claim it. The research in this area will continue to evolve especially as new models and theories attempt to take into account perspectives from developing and emerging economies.

Accordingly, this literature review will discuss the evolution of CSR theories and frameworks based on whether they view CSR as a response to society or as a means to increase a firm's profit. This approach may be seen, to some extent, as following Preston's (1975) conception of institutional versus organizational in that it takes into account whether the company should respond based on societal institutions and norms or based on its own organization's needs. Based on these theories and frameworks, the literature review will then examine how researchers have modelled CSR. Finally, the literature review will include a look at how CSR has developed in emerging economies, noting that Western models of CSR are not always directly applicable to these contexts. This literature review thus ultimately informs and shapes the theoretical framework used to guide the research process in examining the institutionalization and maintenance of diversity as a socially responsible practice.

CSR as a Response to Social Issues

Often incorporating the ideas of stakeholder theory, many researchers view CSR as a response by business to modern social problems. Researchers in this category make the assumption and take the focus that businesses have a duty and an obligation to stakeholders and society at large. Given Cummins focus in the past on the obligation and duty it has as a company to behave responsibly, this theoretical orientation seems very appropriate. The evolution of this line of research starts with Davis' work and leads to the idea of corporate social performance. Corporate social performance focuses on the process in which socially responsible practices are undertaken making it a critical area for this case study.

Corporate Constitutionalism

The idea of corporate constitutionalism is arguably Davis' most important contribution to the field of CSR. The development of the concept of corporate constitutionalism (Davis and Blomstrom, 1966, Davis, 1960, Davis, 1967) has had a major impact on the field of CSR and echoes of its spirit can be seen in many of the subsequent models and theories behind CSR. Corporate constitutionalism proposes that constituency groups limit the functional power of business "restrict[ing] organizational power in the same way that a governmental constitution does" (Davis, 1967, p. 68). Through the idea of corporate constitutionalism, he develops two key concepts of CSR: the social power equation and the iron law of responsibility.

Under Davis' (1967) social power equation, "social responsibilities of businessmen arise from the amount of social power that they have" (p. 48). Under his principle of the iron law of responsibility, if businessmen do not use their power responsibly according to the standards of

society, then they will lose that power and other groups will assume those responsibilities (Davis, 1960). In essence, the social responsibilities of businessmen and women need to be commensurate with their social power (Davis 1960). The more powerful the corporation, the more responsibility to society the corporation has. The themes from these two principles can be found throughout the CSR literature.

Social Contract Theory

Not far from Davis, the integrative social contract theory approach assumes that there is a social contract between business and society and stems from John Locke's conception of social contract (Donaldson and Dunfee, 1999, Donaldson, 1982, Donaldson and Preston, 1995). Integrative social contract theory "incorporates empirical findings as part of a contractarian process of making normative judgments. . . [and] recognizes ethical obligations based upon two levels of consent: first, to a theoretical 'macro-social' contract appealing to all rational contractors and second, to real "micro-social" contracts by members of numerous localized communities" (Donaldson and Dunfee, 1994). In being both empirical and normative, the theory attempts to account for the context specific complexity of real business situations. The theory thus requires empirical research on what the ethical attitudes and behaviors of members of relevant communities actually are (Byerly, 2013).

Corporate Social Responsiveness

Other researchers go beyond the idea that companies are merely complying with the norms society may impose on business. Many academics conceptualize CSR as a solution generating response to social problems or issues. As some of the first researchers to publish in

this area, in observing corporate reactions to social demands, Ackerman and Bauer (1976) noticed a pattern which they named the "social response process." Ackerman and Bauer's work notes that the demands of society are not straight forward. They define a time period called the "Zone of Discretion" beginning at the time before an issue becomes a matter of social concern and during which embracing the issue may cause economic and social sanctions. The "Zone of Discretion" ends when an issue, such as child labor, becomes so important to society and that compliance is so widespread that it is simply considered an accepted part of doing business. Between these two points exists the zone of discretion "in which the signals the company receives from the environment are unclear. It cannot avoid responding in some way, but it still has discretion in the timing and strength of the response" (Ackerman and Bauer 1976, p. 92).

Strand (1983) is also concerned about the process of how companies respond to social problems. He develops a systems paradigm of organizational adaptations to the social environment based on systems theory. For Strand, "[t]he very rationale for the existence of an organization, the goals and objectives that determine its viability and performance, and the human resources and processes that shape the organization's products and services are constrained and moulded by its cultural and social context. An organization's social performance is an indistinguishable component of its effectiveness" (Strand 1983, pg. 91). Strand divides the research field of organizations adapting to the social environment into three subfields; 1) social responsibilities, 2) social responsiveness, and 3) social responses. Social responsibilities consist of the demands and expectations placed on organizations by society. Social responsiveness consists of the processes in which organizations receive, interpret, and

process these societal demands. Social responses include not only the behavioral response of the organization but also the results of the response. (Within general system theory, these three subfields correspond to input, throughput, and output (Strand 1983).) Strand believes that the least amount of research has been done in the area of social responses and that it is important to view social change within the “framework of reciprocal causality between social systems and society's institutions” (Strand 1983, p. 96).

Jones (1980, p. 65) highlights the frustration of not being able to definitively label business decisions as totally socially responsible or totally socially irresponsible. As such, he believes that it is the decision making process itself that should be judged and not the actual decision. When making decisions, businessmen and women should try to minimize the social costs of their decisions to the extent appropriate. “This is corporate social responsibility as a means, not as a set of ends” (Jones 1980, p. 65). His issues management conception of CSR is then process focused as opposed to outcome focused. Vogel (1986) likewise discusses the importance of determining what economic and political factors influence corporate decisions related to society.

Corporate Citizenship Approach

The term corporate citizen originated within the business community during the 1980s and then spread to the management literature (Vidaver-Cohen and Altman, 2000). In the corporate or business citizenship approach, the “firm is understood as being like a citizen with certain involvement in the community” (Garriga and Melé, 2004). For business as for individuals, “[c]itizenship is a status bestowed upon those who are full members of a

community. . . . There is no universal principle that determines what the rights and duties (of citizenship) shall be, but societies in which citizenship is a developing institution create an image of ideal citizenship against which achievement can be measured and towards which aspiration can be directed” (Altman & Vidaver-Cohen, 2000, p. 146-147 citing Marshall 1950).

The “duties” of corporations as citizens have steadily increased. “As access to new technologies and expanded markets becomes available to companies in every industry worldwide, business decision-makers have begun to realize that the bar for excellence has been raised – companies must now do much more to excel in the competitive business environment of the new millennium” (Vidaver-Cohen and Altman, 2000, p. 145). With this expansion of duties, indeed the commitment from the business community to the ideals of corporate citizenship can be seen. This is evident in the landmark joint statement on “Global Corporate Citizenship—The Leadership Challenge for CEOs and Boards” created and signed during the World Economic Forum in New York, in January 2002 by CEOs from thirty-four of the world’s largest multinational corporations including Coca-Cola Company, Deutsche Bank, Diageo, Merck & Co., McDonald’s Corporation, Philips, and UBS (Matten and Crane, 2005).

Matten and Crane (2005) divide the conventional use of corporate citizenship into different views. The limited view defines corporate citizenship more in terms of charitable donations and other community actions. The equivalent view of corporate citizenship defines corporate citizenship in the same way as CSR is defined, highlighting the economic, social, and legal responsibilities of business. In the extended view, “[r]ather than being on the same level with other ‘private’ citizens, ‘corporate’ citizenship as we have defined it implies that

corporations have replaced some of the functions of the institution deemed the most powerful in the traditional concept of citizenship” (Matten and Crane 2005, p. 174). Under this extended view, business is seen as replacing functions that governments are no longer adequately performing.

Altman and Vidaver-Cohen (2000) propose their multi-phase “Institutional Infrastructure Investment” process as a model for corporate citizenship. The five phases are 1) identification of threats to the institutional infrastructure of the community in which the business operates, 2) investigation into what threats the company is uniquely positioned to address, 3) innovations are developed to address these threats 4) implementation in which the innovation is activated and tested, and 5) integration in which the Institutional Infrastructure Investment becomes a stable, long term commitment. Clearly, the models and theories falling under corporate citizenship have important implications for this case study on Cummins’ institutionalization of diversity as a responsible practice.

Issues Management and Corporate Social Performance

Related to the ideas of corporate citizenship but perhaps more broadly and holistically focused, issues management pertains to the processes businesses use when responding to social issues. Wartick and Cochran (1985) provide a summary of the origin of issues management explaining that the purposes of issues management “are to minimize ‘surprises’ emanating from the turbulent business environment and to prompt systematic and interactive responses to environmental change” (p. 766). Within the construct of issues management, corporate social performance “is the three dimensional integration of corporate social

responsibility, corporate social responsiveness, and social issues” (Wartick and Cochran, 1985, p. 758).

Sethi (1975) attempts to provide an analytic framework for evaluating corporate social performance believing that any framework should be able to remain stable over time while able to accommodate changes in public expectations as well as changes in the nature of corporate activities. Like Ells, for Sethi (1975) corporate performance is culturally and temporally determined. “The same business activity may be considered socially responsible at one time, under one set of circumstances and in one culture, and socially irresponsible at another time, in another place and under different circumstances” (Sethi, 1975, p. 59). Taking these principles into account, he devises a framework of three corporate behavior dimensions which can be viewed as proscriptive, prescriptive, and anticipatory and preventive respectively.

The first dimension is defined as social obligation. Social obligations are economic and legal in nature. Those following the line of Friedman would believe that corporate behavior should only fall in this area. Sethi acknowledges that for a brief time, a business may operate within only this dimension “in magnificent isolation, oblivious to the conditions outside its ‘world’ and exploiting the external environment as if it were there for the taking” (Sethi 1975, p. 61). Eventually, and in accordance with Davis’ “Iron Law of Responsibility,” the business will fail as “[n]o social system will tolerate this arrangement for any length of time, and the other elements—social institutions and subsystems will mobilize their resources to reduce the power of these units and restore a balance of power within the system” (Sethi 1975, p. 62).

Social responsibility therefore falls in the second dimension and is derived from social contract and moral agency. "Social responsibility implies bringing corporate behavior up to a level where it is congruent with the prevailing social norms, values, and expectations of performance" (Sethi 1975, p. 62). Sethi notes that while laws codify social norms, they are slow to create. A business that is able to comply with social norms and expectations before laws are passed will achieve legitimacy at a lower social and institutional cost.

The third dimension, social responsiveness, describes business behavior which anticipates changes in the future stemming from their own current activities or emerging social problems in which businesses may be expected to play a role. Under social responsiveness, "[c]orporations should initiate policies and programs that will minimize the adverse side effects of their present or future activities before such side effects assume crisis proportions and become catalysts for another wave of protest against business" (Sethi 1975, p. 63).

Wood (1991a) believes that previous research has yet to produce a satisfactory definition of corporate social performance and elaborates on Wartick and Cochran's (1985) definition by stating that Corporate social performance is "a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships" (Wood 1991b, p. 693). She therefore develops three principles of corporate social performance. The first is legitimacy and can be viewed as a structural principal. Society can establish and enforce the balance of power among institutions therefore society defines the legitimate functions of institutions. The second principal is public responsibility or the duty to act

affirmatively for social well-being. Under this principal, CSR will differ between companies because different companies are responsible for breaking and therefore fixing different things. This is a relational principle as it focuses on the relation of business to its environment. The third principal is managerial discretion which looks at the individual's right and responsibility to decide and act, noting that such decisions and actions are bounded by economic, legal, and ethical constraints. She expands this discretionary dimension to include business's social impact as well as its social policies and programs. Wood further identifies environmental assessment, stakeholder management, and issues management as specific responsive processes used by companies to interact with the external environment.

In viewing CSR as solutions oriented responses to social issues, the conceptions of CSR presented in this section provide important elements of the interaction between society and business when developing a socially responsible practice. While the researchers in this area have provided evolved processes for such responses, these processes nonetheless perhaps diminish too much the nature of a company as an economic and for-profit institution. The next section will provide an overview of the research in which CSR can be seen not just as a response to society but as a means of generating strategic economic advantages for the company.

CSR as a Profit Oriented Strategy

Whereas the previous section focuses on CSR as a response to societal problems, this section focuses on research oriented towards how companies can capitalize on such responses. Academics, as well as companies like Cummins, often describe the motivations for CSR under the categories of being "the right to do" or arguing for "the business case." The researchers in

this section would likely argue that doing good will lead to doing well. In arguing for a business case for CSR, academics and practitioners propose that CSR practices result in increased company performance. Coming from a profit oriented perspective, Drucker (1984) frames CSR as something which should not be seen in terms of taking away from profits but as something which, if done correctly, should actually increase profits. Drucker states that:

There are also those, again especially among businessmen, who feel that to convert problems into business opportunities is prosaic and not particularly "romantic." They see business as the dragon slayer—and themselves as St. Georges on white chargers. But the proper "social responsibility" of business is to tame the dragon, that is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth. (Drucker 1984, p. 62)

In essence, the previous section can be said, in Drucker's words, to view business men and women as the dragon slayers of social issues whereas in this section, researchers view the "taming" of social problems as creating economic opportunities for companies. Indeed, for Drucker and for many academicians and practitioners, CSR should not be looked at as a philanthropic or altruistic duty or as an activity which limits the profits of companies through creating obligations. It should instead be viewed within the context of being mutually beneficial to society and to the company.

Enlightened Value Maximization (2000)

From a purely economic view, the role of business is to maximize profits for its owners (Friedman, 1962). Agency theory holds that shareholder maximization must be the most

important factor for decision making (Jensen and Meckling, 1976, Ross, 1973). Jensen and Meckling (Jensen and Meckling, 1976, p. 5) “define an agency relationship as a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent.” For a corporation, executive managers serve as the agents of shareholders who have the role of the principal. While Ross (1973, p. 136) notes that under the right conditions “the agent will always choose the act that the principal most desires,” Jensen and Meckling (1976) discuss ‘agency costs’ and why agents may not always make the same decisions that owners would noting that individuals have a tendency to favour strategies favorable to themselves.

Jensen (2000) refines the shareholder maximization approach with the concept of enlightened value maximization in which long-term value maximization or value-seeking becomes the firm’s objective and should be used as the criterion when considering trade-offs among stakeholders. “In so doing, it solves the problems arising from the multiple objectives that accompany traditional stakeholder theory by giving managers a clear way to think about and make the tradeoffs among corporate stakeholders” (Jensen, 2000, p. 32). Jensen warns that “Without the clarity of mission provided by a single-valued objective function, companies embracing stakeholder theory will experience managerial confusion, conflict, inefficiency, and perhaps even competitive failure” (Jensen 2000, p. 33).

CSR as a Competitive Advantage

For some researchers, CSR may be viewed in the context of providing businesses with a competitive advantage. Winter states that (2001) “‘Competitive advantage’ is typically defined

as superior financial performance” while noting that “[beyond this point, however, conceptual clarity starts to fade. The idea of superior financial performance may be evoked by a range of phrases such as ‘above normal returns’, high quasi-rents’, value creation’, and other near-synonyms for ‘making money’” (p. 168). The following are some of the principle ways that researchers believe CSR can create a competitive advantage.

Strategic Philanthropy

For Porter and Kramer (2002), even philanthropic behavior can be used to create a competitive advantage. The researchers use investing in philanthropic activities as a way to improve the context of competitive advantage and propose that these investments create greater social value than individual donors or governments because the company has a better understanding of the problems and how to solve them. Such actions may be considered as strategic philanthropy. While Porter and Kramer (2002) believe the term strategic philanthropy has been ill defined, they offer no further solid definition stating only that strategic philanthropy has some “tenuous” connection between charitable contributions and the company’s business. Corporations can use charitable acts to improve the company’s competitive context or “the quality of the business environment in the location or locations where they operate” (Porter and Krammer, 2002, p. 59). Such strategic philanthropy would align social and economic goals, improving long-term business prospects.

As the leading scholars on competitive advantage, Porter and Krammer (2002) divide the competitive context of the local business environment into four interrelated elements which all have the ability to shape potential productivity:

- 1) Factor condition
- 2) Demand condition
- 3) Context for strategy and rivalry
- 4) Related and supportive industries

The first element is the factor condition. The factor condition deals with employee education, natural resources, high quality technological institutions, and physical infrastructure. The second element relates to demand conditions. Demand conditions include the size of the local market, product standard appropriateness, and the level of sophistication of local customers. By changing demand conditions through philanthropy, companies can increase the size of their market and the sophistication of their customers. For example, when Apple Computer donates its products to schools, it not only provides a social benefit to the schools but expands its future market by making students and teachers more “sophisticated purchasers.” The third element, context for strategy and rivalry, deals with the “rules, incentives, and norms governing competition in a nation or region [that] have a fundamental influence on productivity” (Porter & Kramer, 2002, p. 62). This encompasses a range of interests including intellectual property protection, preventing cartels or monopolies, reducing corruption, and policies to encourage investment. When, for example, corporations campaign against corruption practices, they benefit themselves as well as society. The fourth element is related and supporting industries. When a company is connected to high-quality supporting industries and services, the company’s productivity can be enhanced. By developing local industries, the corporation positions itself to eventually abandon costly and inefficient outsourcing of services.

Porter and Kramer's (2002) work compliments Burke and Logsdon's (1996) study which demonstrates that the closer the philanthropic activity is to the mission of the corporation, the greater the wealth created than other kinds of donations. For Burke and Logsdon (1996), CSR "is strategic when it yields substantial business- related benefits to the firm, in particular by supporting core business activities and thus contributing to the firm's effectiveness in accomplishing its mission" (p. 496). They identify five dimensions of CSR which are important to the success of the firm: 1) centrality, 2) specificity, 3) proactivity, 4) voluntarism, and 5) visibility where:

Centrality is a measure of the closeness of fit between a CSR policy or programme and the firm's mission and objectives. . . Specificity refers to the firm's ability to capture or internalize the benefits of a CSR programme, rather than simply creating collective goods which can be shared by others in the industry, community or society at large. . . Proactivity reflects the degree to which behaviour is planned in anticipation of emerging economic, technological, social or political trends and in the absence of crisis conditions. . . Voluntarism indicates the scope of discretionary decision-making by the firm and the absence of externally imposed compliance requirements. Visibility denotes both the observability of a business activity and the firm's ability to gain recognition from internal and external stakeholders. (Burke and Logsdon, 1996, p. 496-499)

A Resource View of the Firm

Beyond philanthropy, competitive advantage strategies based on the resource view of the firm and the dynamic capabilities of the firm provide businesses with an incentive to engage in CSR. The resource view of the firm proposes that the ability of a firm to perform better than competitors depends on the interplay of the relationships between human, organizational, and physical resources over time (Barney, 1991, Penrose, 1995, Wernerfelt, 1984). Barney (1991) proposes that the most likely resources to lead to competitive advantage are those that are valuable, rare, and inimitable and that the organization must be organized well in order to use the resources it has. To this end, socially complex and causally ambiguous resources such as reputation, corporate culture, long-term relationships with suppliers and customers, and knowledge assets can provide opportunities for major competitive advantages (Barney, 1986). Such resources can also include a firm's positive relationship with stakeholders (Harrison and St John, 1996, Hillman and Keim, 2001).

Hart (1995) applies the resource based view to CSR believing that "valuable, costly to-copy firm resources and capabilities provide the key sources of sustainable competitive advantage" (p. 986). He critiques management theory as having too narrow and parochial a concept of the environment in that it tends to only count the political, economic, social, and technological aspects while ignoring the natural environment. He therefore proposes three interconnected strategies (pollution prevention, product stewardship, and sustainable development) which can create a competitive advantage for the company.

We can see from its terminology that Hart (1995) follows the sustainable development approach. This approach takes into account both present and future generations when achieving human development and includes the World Commission on Environment and Development Brundtland Report (1983). Gladwin et al. (1995) provide a comprehensive review of how sustainable development has been defined. The sustainability view of CSR is tied more to the protection of the environment rather than on society making it less relevant for this case study.

Litz (1996) describes a resource-based view of the firm as one in which the “inter-firm performance differentials [are] a reflection of the different underlying resource endowments enjoyed by competing firms” (p. 1355). He integrates Kuhn and Beam’s (1982, Kuhn, 1974, Kuhn, 1963) three stage model of adaptive behavior relying on the concepts of stakeholder interdependence, ethical reflection, and issues management. Kuhn’s model of adaptive behavior begins with stimulus perception (recognizing that there is a problem), followed by selection of an optimal response (determining a solution to the problem), and concludes with the performance of the response (solving the problem) (Kuhn & Beam, 1982).

Litz (1996) utilizes stakeholder theory (Cochran, 1990, Freeman, 1984), business ethics (Carroll, 1987, Velasquez, 1982), and issues management (Chase, 1982, Mahon and Griffin, 1999, Post et al., 1983) to enrich and modify Kuhn’s model as follows: 1) first stakeholder perceptions are determined, 2) then there is ethical deliberation to determine how to ameliorate those perceptions, and 3) finally through issues management the company takes action.

In the end, we can see through Litz's (1996) work that the resource based view has strong connections to the issues management research from the previous section. In combining the issues management and resource view of the firm literature, we can see that from a CSR perspective, resources are utilized and valued to the extent that they are able to be used to respond to social issues. Accordingly, under Barney's (1986) view that resources may be socially complex and causally ambiguous, diversity can be viewed as a competitive advantage providing resource for Cummins.

Strategies for the Bottom of the Pyramid

Though it has less relevance for Cummins today, strategies for the bottom of the economic pyramid has become a very prominent topic within the CSR literature following the work of Prahalad and Hammond (2002) and Hart and Christensen (2002). Prahalad and Hammond (2002) propose that the bottom of the economic pyramid (those at the lowest end of the economic scale) is just as much a profitable area to market to as the middle and top of the economic pyramid. They call for companies to adjust managerial strategies to make products/services which are accessible and needed by poorer communities. While Cummins has increasingly adopted its products to local markets, the data does not suggest that this strategy is one which Cummins currently employs.

CSR as Marketing

Finally, CSR can also be used as a marketing tool or can be conceptualized from a marketing framework. Cause related marketing involves the firm "communicating through their advertising, packaging, promotions and so on their corporate social responsibility, namely

their affiliation or work with non-profit organisations or support for causes” with the point being “to attract consumers wanting to make a difference in society through their purchasing” (Bronn and Vrioni, 2001, p. 207-208). Varadarajan and Menon (1988) provide an in depth summary of the advantages of cause related marketing summarized in the table below.

Figure 2 Proposed Uses of Cause Related Marketing

| | | |
|-------------------------------------|---|--|
| • gaining national visibility | • enhancing corporate image | • thwarting negative publicity |
| • pacifying customer groups | • generating incremental sales | • promoting repeat purchases |
| • promoting multiple unit purchases | • promoting more varied usage | • increasing brand awareness |
| • increasing brand recognition | • enhancing brand image | • reinforcing brand image |
| • broadening customer base | • reaching new market segments and geographic markets | • increasing level of merchandising activity at the retail level for the brand |

(Varadarajan and Menon, 1988, p. 60)

Murray and Montanari (1986) also take a marketing approach to CSR. They critique previous models of CSR as being mere taxonomies that focus on content without an additional focus on process. In contrast, their model combines both the “what” and “how” of CSR behavior. To do this, they take the view that social responsibility is a product, allowing them to take a marketing approach to responsive management. The marketing approach to responsive management focuses on increasing the company’s competitive advantage and enhancing the benefits of socially responsive behaviors. This corresponds to Drucker's (1974) proposal that the marketing department is the best organizational unit to assess what social impact the firm can have. Murray and Montanari’s (1986) model provides a framework for management to plan, implement, and control social responsibility activities. Thus social responsibility management is the “management of exchanges between the firm and its environment” (Murray and Montanari, 1986, p. 815). They argue that putting social responsibility in the product management context does not dismiss the moral justifications for CSR but allows social

responsibility to be evaluated and justified as cost-effective (as opposed to always being viewed in terms of non-productive costs). By taking a product management/marketing approach, "social responsibility begins to take on the properties associated with more conventional goods and services" familiar to businessmen and women (Murray and Montanari, 1986, p. 818).

In contrast, Thumwimon and Takahasi (2010) propose that the human resources department should be in charge of establishing CSR policies as it can play a critical role in contributing to owner and employee understanding of CSR concepts as well as analyzing community and employee needs. This seems closer to Cummins' vision of CSR in that although their CSR actions are communicated externally, this does not seem to be done for product marketing reasons especially as Cummins is a business to business corporation and not business to consumer.

Overall, the research viewing CSR as a profit-oriented strategy have importance for this case study given that Cummins has continuously has tried to make the business case for its socially responsible practices. At the same time, it seems that this research fails to encompass the broader goals and aims of Cummins when it has expressed a desire to "tak[e] on more of the social burdens of today" and be an "instrument of reform" (Schacht, 1970, Miller, 1968). The next section will provide an overview of the most prominent and relevant CSR models in seeking to find a compromise between the CSR as a response to society and CSR as a profit oriented strategy research.

CSR Models

Following the many theories and conceptions of CSR, researchers have proposed a variety of CSR models which have slowly evolved as they encompass the themes of the CSR literature and research. The following models rely largely on the ideas from the CSR as a response to society research as being more relevant to the background of Cummins. These models attempt to take into account the societal contexts in which businesses operate while at the same time attempting to balance the internal and inherent needs of the company.

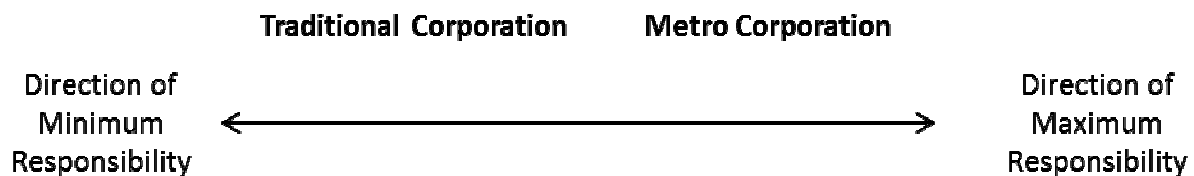
Eells' (1956) Continuum of Social Responsibility & Subsequent Development

One question within the literature is how does one determine which behaviors are socially responsible and which are not? If socially responsible behaviour is determined by the norms of society, then is it not possible that what is considered to be a socially responsible or irresponsible behavior may change over time? In *Corporate Giving in a Free Society*, Eells (1956) develops one of the first models of social responsibility, creating a continuum of organizational behaviors ranging from irresponsible to responsible. The placement of any behavior or aggregate of behaviors can be determined by comparing the behavior(s) to norms. This continuum can therefore accommodate changes in societal norms with corporate behavior potentially changing its place on the continuum over time.

Corporations towards the irresponsible end view profit maximization for owners as their sole purpose and are referred to as "traditional corporations." Corporations at the responsible end are, in contrast, referred to as "metro-corporations." These "metro-corporations" balance the interests of many groups impacted by the corporation and become socially responsible for

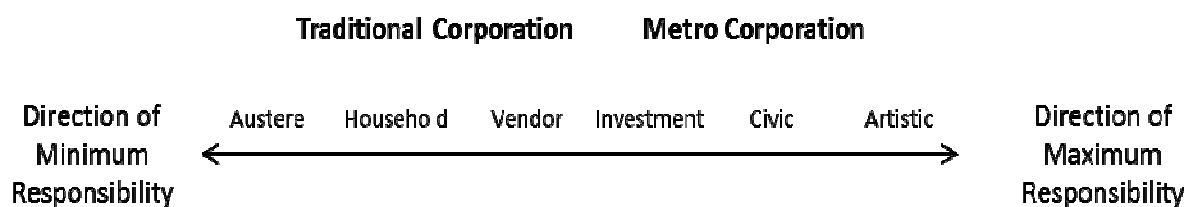
them. In essence, the traditional corporation is only concerned with the “economic man” whereas the metro-corporation is concerned with the “whole man.” (Eells, 1956)

Figure 3 1 Eells' (1956) Continuum of Social Responsibility



Walton (1967) expanded and elaborated on Eells' continuum concept, creating six models of social responsibility (a) austere, (b) household, (c) vendor, (d) investment, (e) civic, and (f) artistic. The six models are based on abstract rationalizations for observable behavior based on a time sequence. The austere model can be viewed as equivalent to Eells' traditional corporation with the civic model being the equivalent of the metro-corporation with the other categories falling in between.

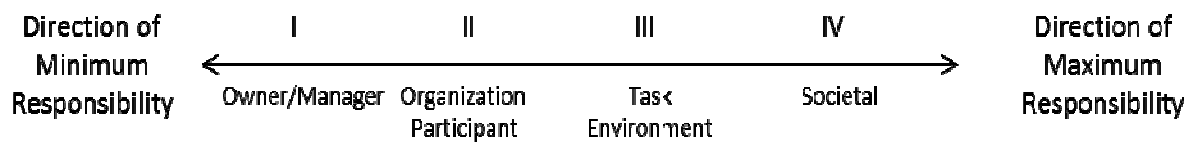
Figure 4 Walton's (1967) Continuum of Social Responsibility



Although Eells (1956) and Walton (1967) succeed in capturing the institutional environment through examining social norms, their models fail to provide a proper framework for a multi-level analysis. The models do not account for the organizational behaviour or

individual discretion involved in creating a socially responsible practice. In line with this, Zenisek (1979) later re-evaluated the Walton and Eells models believing them to be inadequate as they focused only on managerial attitudes or values in place of actual organizational behaviors. He proposes a heuristic typology which partitions the continuum of social responsibility into four phases. Each phase is represented by a model or ideal type.

Figure 5 Zenisek's (1979) Four-Celled Model (Partition) of the Social Responsibility Continuum



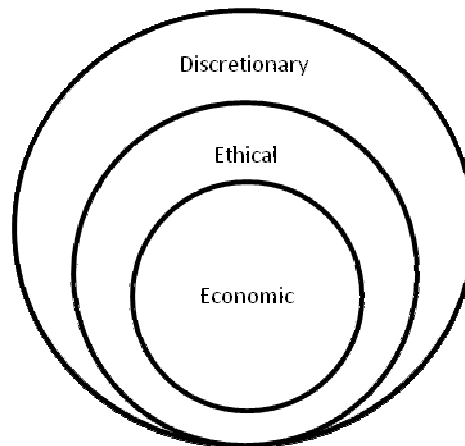
In this way, his model encompasses both managerial attitudes and organizational behaviors within a framework of societal expectations. All three components are independent yet interactive, requiring researchers to consider them simultaneously. He hoped his model would allow for more empirical research, however, his model remains largely unused by empirical researchers (Carroll, 1999).

Committee for Economic Development (1971) Three Concentric Circles Model (Widening Circles Approach)

By the 1970s, the demand for socially responsible business was becoming stronger. In 1970, the Opinion Research Corporation conducted a public opinion survey, the results of which showed that two thirds of the respondents believed business had a moral obligation to help other major institutions achieve social progress, even at the expense of profitability (Carroll, 1999). This prompted the Committee for Economic Development to develop their own model of social responsibility based on the input of academics and the business community, making it

a practitioner guided approach. In 1971 the CED proposed the "three-concentric circles" approach to CSR.

Figure 6 CED's (1971) Three Concentric Circles Model



The inner circle "includes the clear-cut basic responsibilities for the efficient execution of the economic function -- products, jobs, and economic growth." The intermediate circle "encompasses a responsibility to exercise this economic function with a sensitive awareness of changing social values and priorities." The outer circle "outlines newly emerging and still amorphous responsibilities that business should assume to become more broadly involved in actively improving the social environment." (CED, 1971, p. 15). Businesses should attempt to progressively "widen their circle" of social responsibility making this model known as the widening circle approach.

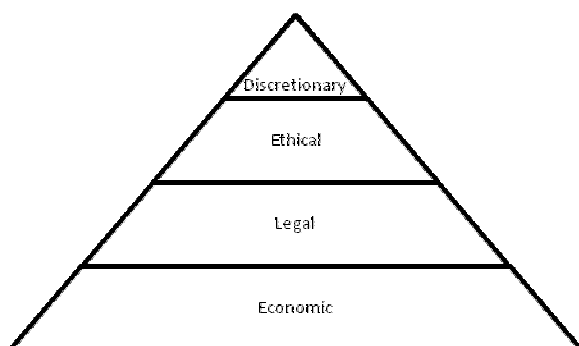
Supported by the research and work of Davis and Blomstrom (1966), the model implies that there is a natural progression in company behavior from meeting only the basic economic requirements to then becoming more philanthropic in nature. It fails to account for the fact

that companies may indeed engage in socially responsible discretionary acts such as charitable contributions while at the same time breaking the law or maltreating employees. Such fallacies were later corrected under Carroll's (1979) pyramid of social responsibility.

Carroll's (1979) Pyramid of Social Responsibility Model

In compensating for the shortcomings of the CED widening circle approach mode, the three dimensional pyramid of social responsibility credited to Carroll (1979, Schwartz and Carroll, 2003) continues to be one of the most widely used and cited CSR models. Under this model, CSR can be divided into four categories of responsibilities. The four responsibilities are, in order of their relative magnitude, economic, legal, ethical, and discretionary responsibilities. Therefore, of the four responsibilities, the majority of effort should be spent on economic responsibilities while the least amount of effort should go towards discretionary responsibilities. The goal of the corporation should be to find the correct balance of its efforts and not merely to behave responsibly in one area and then claim to be a “good” company. For example, a company may engage in a great deal of philanthropy while underpaying its workers or maintaining poor work place safety conditions.

Figure 7 Carroll's (1979) Pyramid of CSR

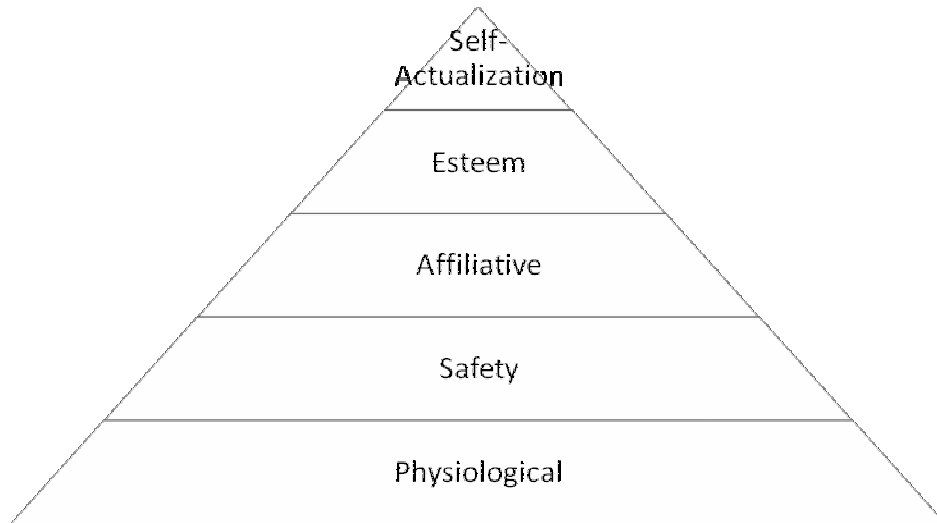


Under economic responsibility, business can be viewed as the basic economic unit of society with a responsibility to produce goods and services and to sell them at a profit. Businesses must fulfil their economic responsibilities within a framework of rules and regulations. For a company to be ethically responsible, it must fulfil expectations society may have of business beyond the legal requirements. For example, a company may not legally be required to provide the safest working conditions possible in its factories, but society may believe a company should do this. Finally, a company has discretionary responsibilities for which society does not give a clear message but which include purely voluntary, philanthropic contributions.

Tuzzolino and Armandi (1981) Organizational Need Hierarchy

Other models have relied on the social sciences for their development. Derived entirely from the social sciences, Tuzzolino and Armandi (1981) based their model on Malsow's (1954) hierarchy of needs in order to operationalize CSR. They posit that "[the] corporate institution is at a pivotal point in its life cycle, swirling in reformist ferment, and delicately poised between resurgence and imminent decline. The clash of stockholder and civic interests persists, an affluence/effluents trade-off . . . Role conflict and role ambiguity endure as serious organizational problems" (Tuzzolino and Armandi 1981, p. 22).

Figure 8 Tuzzolino and Armandi's (1981) Organizational Need Hierarchy



Tuzzolino and Armandi (1981) propose that the physiological needs of the enterprise correspond to whether or not the company is profitable. Without profits, a company naturally “dies.” To determine safety, one can examine the dividend policies or pay-out ratios of a company in addition to looking at the extent to which they are vertically or horizontally integrated. Further to this, where a company is part of a conglomeration or not will enhance its safety as well as whether or not it has a competitive position. If the company experiences organizational slack or the inefficient use of its resources, then this can also reduce its safety. Affiliative needs can be viewed as the “social” needs of the company and be increased by belonging a trade association, providing industry publications, belonging to lobby groups, or collaborating with other external organizations. Esteem needs would include the company’s market position, product leadership, financial ratios and margins, market share, image creation,

price leadership. For a company to become self-actualized, it must succeed in all the previous areas. Internally, being self-actualized could involve developing employee relations policies such as compensation policies, job enrichment, and pension plans. The company would work with employees to achieve goal alignment between the employees' interests and the company's interest. Externally, self-actualization would deal not with employees but with community and government relations. Self-actualization could involve corporate philanthropy, affirmative action, pollution abatement, product reliability.

Dalton and Cosier (1982) CSR Matrix

Dalton and Cosier (1982) propose another model based on three fundamental principles for CSR and a model for making CSR decisions. They use a four-cell matrix based on the constructs of illegal versus legal and socially responsible versus irresponsible. Companies should keep their behavior within the legal and responsible quadrant, but the researchers note that all areas have criticisms. Their first principle in making a decision is *primum non nocere*, "above all, knowingly do no harm," taken from the Hippocratic oath. The second principle is organizational accountability. An organization is responsible for its impacts to or for society. The third principle is double standard. The social responsibility owed is equal to the amount of social power exercised. Essentially, the larger the company, the more it should do. This seems to simply reiterate Davis' social power equation.

Figure 9 Dalton and Crosier's (1982) CSR Matrix

| | | Socially | |
|---------|--|-------------|---------------|
| | | Responsible | Irresponsible |
| Legal | | | |
| Illegal | | | |

Development and Evolution of the Corporate Social Performance Model

Wartick and Cochran (1985) elaborate on Carroll's model by converting it into a framework of principles, processes, and policies. They believe that the ideas of social contract and moral agency are the premise for social responsibility. Under the idea of a social contract, "business exists at the pleasure of society; its behavior and methods of operation must fall within the guidelines set by society" (Wartick and Cochran, 1985, p. 759). Under the idea of moral agency, business "acts as a moral agent within society" (Wartick and Cochran, 1985, p. 759). They believe that it is no longer possible to "myopically" argue for mere economic responsibility because corporations have become too large and powerful. Such "megacorporations" by engaging in "lobbying, providing Congressional testimony, and establishing political action committees have added a political dimension" to their existence thus preventing the view that they are merely economic institutions (Wartick and Cochran, 1985, p. 760). A further social dimension can be added in that business is "critical to the

realization of social goals such as equal opportunity, worker safety and health, and environmental protection” (Wartick and Cochran, 1985, p. 760).

Figure 10 Wartick and Cochran (1985) Corporate Social Performance Model

| Principles | Processes | Policies |
|--|--|---|
| Corporate Social Responsibilities | Corporate Social Responsiveness | Social Issues Management |
| 1) Economic 2) Legal 3) Ethical 4) Discretionary | 1) Reactive 2) Defensive 3) Accommodative 4) Proactive | 1) Issues Identification 2) Issues Analysis 3) Response Development |
| Directed at: 1) The Social Contract of Business 2) Business as a Moral Agent | Directed at: 1) The Capacity to Respond to Changing Societal Conditions 2) Managerial Approaches to Developing Responses | Directed at: 1) Minimizing “Surprises” 2) Determining Effective Corporate Social Policies |
| Philosophical Orientation | Institutional Orientation | Organizational Orientation |

Reproduced from Wartick and Cochran (1985, p. 767)

Wood (1991a) refines Wartick and Cochran’s model (1985) while integrating previous researchers’ work. She argues that Carroll’s (1979) four categories (economic, legal, ethical, and discretionary) are in fact domains and not principles. Drawing on his work in addition to Davis (1973) and Preston and Post (1975), she then constructs an institutional-level principle of legitimacy, an organizational-level principle of public responsibility, and an individual-level principle of managerial discretion. The model further integrates Ackerman’s (Ackerman, 1973) social responsiveness processes (monitoring environmental conditions, addressing stakeholder demands, and creating and implementing plans to respond to changing conditions). She translates this process into environmental assessment, stakeholder management, and issues management. Wood broadens the corporate social performance model to social impacts of business behaviour and corporate social programs and policies.

Figure 11 Wood (1991b) Corporate Social Performance Model

| |
|---|
| Principles of corporate responsibility: <ul style="list-style-type: none">• Institutional principle: legitimacy• Organizational principle: public responsibility• Individual principle: managerial discretion |
| Processes of corporate social responsiveness: <ul style="list-style-type: none">• Environmental assessment• Stakeholder management Issues management |
| Outcomes of corporate behaviour: <ul style="list-style-type: none">• Social impacts• Social programs• Social policies |

Reproduced from Wood (1991b, p. 388)

For Wood (1991b), under the institutional principle of legitimacy, “Society permits business to exist, allows them to have power, and grants them legitimacy” (p. 390). We can clearly see Davis’ (1973) ideas of corporate constitutionalism in this principle. Secondly, the organizational level principle of public responsibility provides that “Businesses are responsible for outcomes related to their primary and secondary areas of involvement with society” (p. 390). Following Preston and Post’s (1975) work, this principle highlights that businesses should only assume responsibilities related to their business. For example, under this principle, an oil and gas company should have more responsibilities to protecting the environment than a company providing accounting services. Finally, the principle of managerial discretion is focused on the individual and proposes that “Managers are moral actors” and that “Within every domain of corporate social responsibility, they are obliged to exercise such discretion as is available to them, toward socially responsible outcomes” (p. 390).

Wood’s model provides the most coherent and cohesive of all the models thus far presented. It comprehensively integrates CSR as a response to social issues literature while noting that there is an individual component in that ultimately it is managers who make CSR

decisions. Her work demands a multi-level analysis which has the advantage of providing a more holistic and accurate reading of the data. As Wood (1991b) states, “Despite the great diversity of topics studied under the banner of business and society, or social issues in management, the field takes on coherence and direction when seen within the framework of corporate social performance” (p. 400). Wood’s model is therefore relevant and ideal for this case study.

Non-Western CSR Development, Theories, and Models

CSR in Emerging Economies

As the literature review on CSR history and theories shows, CSR has largely developed in the West. CSR has, however, become a truly global field in the last two decades. Multinationals not only deal with CSR in their home countries but must develop CSR practices appropriate in all the countries in which they operate. One might expect to find that the development of CSR in emerging economies would progress in a similar fashion, but this does not seem to be occurring with each emerging economy going through its own “journey” of CSR. For example, in the Philippines, CSR is characterized by voluntary company philanthropy whereas in Indonesia, the government has created some of the strongest CSR laws in the world which are being heavily protested by the business community who view them as a social tax (CSRAsia, 2010).

Again, one might expect, in looking at emerging economies, that there should be some trends and patterns based on the economic stage of emergence the respective country is in, but this also does not seem to be the case. Moon and Chapple (2005) have determined that

there is no correlation between per capita GDP and CSR. Instead, a number of factors shape a country's CSR development, emerging or otherwise. For example, Williams and Aguilera (2006) have noted that socialist societies have more favorable opinions on CSR than more libertarian ones while Laufer (2003) notes that higher levels of media freedom correlate to increased pressure for CSR.

In looking at the level of CSR in emerging economies, some studies have proposed that relation-based versus rule-based governance cultures can have a strong impact on CSR (Lattemann et al., 2009). In a relation-based governance environment, people use private means such as personal connections and private forces (which could involve illegal acts such as bribery) to settle disputes. In contrast, a rule based governance environment is characterized by 1) checks and balances between and among law-making, law-interpreting, and law-enforcement functions 2) the presence of independent courts which are free from political influence 3) transparent, fair, and efficient enforcement of the law 4) a high level of public information, and 5) a high level of public trust in public rules and orders with public rules being used to settle disputes.

A relation-based culture can be good and efficient when market exchanges in the economy are limited in scale and to the local area and scope of intra- and inter-firm activities. Rule-based governance systems, on the other hand, inherently involve large investment in infrastructure making them less likely to exist in emerging economies. Li (2004) suggests that emerging markets will shift more and more in the direction of rule-based governance systems

because to remain relation-based would be too costly and inefficient when applied to a large scale economy.

While the nature, level, and implementation of CSR in emerging economies seems to be dependent on many factors potentially unrelated to the country's status as an emerging economy, it does seem that the presence of CSR in these countries comes from a developed country to developing country push. Moon and Chapple (2005) show that high levels of inward foreign direct investment increases the likelihood of CSR practices. Zhang (2010b) argues that CSR is further developed through the adoption of global social norms due to trade and participation in institutions like the World Trade Organization.

According to Sen (1999), governments in relation based societies are not as focused on social issues because there are no checks and balances in the political system, and citizens do not have as much say in or ability to influence social issues. This suggests that more rule-based countries would have higher levels of CSR than more relation-based countries. Latteman et al. (2009) applied this hypothesis in comparing China (more relation-based) to India (more rule-based) in regards to CSR. The researcher's data suggests that even though China has a higher level of economic development (looking at income per capita and economic growth rate) than India, China's CSR communications are significantly lower than India's. Furthermore, Lattemann et al. (2009) notes that the safety issues with Chinese products tend to result from deliberate actions more frequently (for example, adding melamine to products in China versus poor hygiene in food factories in India). The study proposes that this is due to China's more relation-based governance environment.

Lattemann et al. (2009) views the governance environment as having two institutional constraints. The first institutional constraint is formal and pertains to the laws, regulations, and state policies found in a country or given institutional environment. The second institutional constraint is informal and includes the culture and social trust found in a country or given institutional environment. North's (1990) study on institutional theory shows that formal constraints can be changed more quickly by the state than informal. Therefore, even with China's rapidly developing legal system and rule of law improvements, there may still be a lag in culture causing the country to be dominated by relation-based governance structures well into the future. Indeed, Su, Mitchell, and Sirgy (2007) show how the culture of guanxi (which would be a relation-based system) has a negative effect on CSR.

CSR in China

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While CSR has been a growing concept in the West since the 1960s, its arrival and proliferation in China is much more recent and can be complex to examine. To begin with, what is included under the term corporate in corporate social responsibility? Chinese-owned companies can take the form of state-owned enterprises, collectively-owned enterprises, domestic joint-ventures which may have an institution as a part owner, limited liability companies, and privately owned companies. Companies with part or whole foreign ownership in China include joint ventures, foreign-funded shareholding, and wholly-foreign-owned. Enterprise ownership type should affect the company's view and implementation of CSR (Li, W. & Zhang, 2010), and initial research indicates that ownership type including "government owned" and "foreign owned" have a significant impact on a company's CSR behavior (Chen,

2009, Li and Zhang, 2010, Zhang et al., 2010b). Thus far, the increasing presence of Western enterprises in China as well as the increasing amount of international business in which Chinese companies engage has served as a catalyst for the current proliferation of Chinese CSR (Chen, 2009, Krueger, 2008). We can see, however, that Chinese companies as well as the Chinese government engage in CSR not only because the West forces them directly or indirectly but because they are starting to recognize it as intrinsically useful (Wang and Juslin, 2009).

West to East Push of CSR

Western companies push CSR onto Chinese companies in a variety of ways. One way is through Corporate Codes of Conduct. Corporate codes are a very popular form of business self-regulation and are utilized by many multi-national enterprises (MNEs). They fall under the category of soft-law and business self-regulation but are increasingly being created with the input of governments and civil society (Utting, 2001). In the absence of highly developed regulatory structures, as in China, corporate codes reflect an attempt to address the operational challenges of globalization and extend accountability of MNE behavior overseas (Mamic, 2003). Due to pressure from various groups including consumers, investors, NGOs, and home country governments, MNEs often force their Chinese subsidiaries and suppliers into adopting the MNE's corporate codes (Ip, 2009, Ngai-Ling and Pun, 2005). Such MNEs include Wal-Mart, Nike, Adidas, Avon, Motorola, Gap, and Carrefour which monitor code compliance with audits throughout their supply chains (Ip, 2009).

Foreign companies can also push CSR through market forces. Lam (2002) has shown that foreign investment enterprises have better ethical performance than exclusively Chinese

owned firms specifically in regards to wage and working conditions. Furthermore, business culture in Western investment enterprises is more protective of workers' rights to organize and to job security (Lam, 2002; but see Yan, 2007).

Zhang (2006) argues that CSR is further developed in China through the adoption of global social norms due to trade and participation in institutions like the World Trade Organization. Economic globalization and integration leads to laws at a worldwide level developing in the same direction especially as legally undeveloped countries, like China, transplant foreign laws into their own system in order to accelerate the growth of their legal system and “catch up” (Alford, 1999, Xinghua, 2008). Under this mode of thought, the more China wishes to develop its business relations with the West, the more it must adopt Western initiated regulations and policies. While Western initiated CSR practices may find their way into China through multiple means of transmission, overall evidence of the strength of this transmission can be seen in a study by Chapple and Moon (2005) revealing that high levels of inward foreign direct investment significantly increases the likelihood of CSR practices (but see Yan, 2007). The West has indeed brought mainstream CSR to China and continues to push for its growth.

Domestic push for CSR

CSR in China cannot entirely be traced to the West. An increasing number of Chinese companies as well as the government are realizing the benefits of CSR and are pushing CSR initiatives according to their own agendas (Wang and Juslin, 2009). At the company level, firms engage in CSR, regardless of whether they are Chinese, American, European, etc. and not

simply as part of an altruistic belief system. Corporations act on “enlightened self-interest” or the “idea that a charitable act that benefits the recipient will also redound to the advantage of the donor, either indirectly or in the future” (Joseph, 1989, p. 147). From the financial side, a meta-analysis of the many studies exploring the correlation of CSR to a company’s profits found that there is indeed a positive relationship between corporate social performance and corporate financial performance (Orlitzky et al., 2003). Reasons to engage in CSR go beyond direct financial benefits as well. Choi and Wang (2007) propose that managers with strong benevolence and integrity values engaging in good CSR practices can benefit a firm through more easily developing trusting relationships with stakeholders. Baron and Diermeir (2007) further propose that companies may use CSR as a defensive measure rather than as a means to increase finances.

Recently, CSR has caught the attention of Chinese companies as a way to rebuild social legitimacy (Moon & Shen, 2010). The privatization or liberalization of state-owned enterprises, which formerly had social responsibilities determined by the government, has created a number of companies ‘left to their own devices.’ The 2008 contaminated milk scandal and others involving toothpaste, dog food, lead toys, etc. have led some Chinese companies to recognize the value of CSR and branding to build customer trust (CSR Asia, 2010, p. 6). Along this line, the Bank of China launched the first Socially Responsible Investment (SRI) fund in 2006 and China Mobile was the first Chinese firm to issue a complete CSR report in 2007 (See, 2009).

We can look beyond the micro level of the individual firm though and see that at a macro level, CSR is good for Chinese industries as a whole. CSR is specifically good for China

because it involves Chinese companies in the global supply chain, currently directed predominately by Western MNEs. It further allows the cultivation of Chinese cross-border enterprises thus helping to evade trade barriers, and moderating trade friction in the area of anti-dumping, anti-allowance, special safeguard measures, anti-monopoly, 337 IP infringement investigations, etc. (Zhihai, 2007).

At the government level, we can see that China is taking a strong interest in CSR. We can especially see the connection of CSR to current public policy. In 2005, President Hu Jintao created the “Harmonious Society” as a guiding principle for government policy making. Hu Jintao defined a harmonious society as one “which gives full play to modern ideas like democracy, rule of law, fairness, justice, vitality, stability, orderliness, and harmonious co-existence between the humankind and nature” (‘Harmonious society concept draws world attention’, People’s Daily, 14 December 2005). The policy addresses social and environmental challenges and deprioritizes economic growth where it conflicts with the above Society (See, 2009). The idea of a harmonious society as described by Hu Jintao has strong, positive connections to the ideals of CSR though it must be noted that words in the policy have different meanings than in the West, such as democracy (See, 2009). This policy as viewed in terms of the relationships between labor and capital and producers and consumers may ultimately help improve the relationship between individuals and society following CSR ideals (Zhihai, 2007).

There is a recognized need by both academicians and practitioners to develop models of CSR that can be better applied to non-Western countries, and research on how CSR is different in these countries is increasing. Much of that research is being done in China. Based on

surveys of CEOs and business owners, Xu and Yang (2010) propose that there are nine dimensions of CSR in China. Three of these are uniquely Chinese. The dimensions similar to the West are 1) economic responsibility, 2) legal responsibility, 3) environmental protection, 4) people focus (corporations must provide for staff safety and occupational health and any legitimate employee interest, 5) customer focus (corporations must make quality products keeping consumer safety in mind as well as maintain relevant rights and interests, and 6) charity undertaking. The uniquely Chinese dimensions are 1) to provide job opportunities, 2) to act in good faith (corporations should honor contractual obligations and provide genuine goods at fair prices), and 3) to ensure social stability and harmony and to promote national development and prosperity. The Chinese dimensions described by Xu and Yang (2010) indicate that there are indeed differences in the concept of CSR in China.

In recognizing that in China “the norms, values and business environment are different compared to the West, and they all have influences on CSR concept and performance,” Wang and Juslin (2009) have proposed the more culturally relevant Harmony Approach to CSR. This approach takes the five cardinal relationships in Confucianism and adapts them to modern business relationships as follows:

Figure 12 Wang and Juslin’s (2009) Harmony Approach

| The Five Cardinal Relationship | Modern Business Relationships |
|--|--|
| The ruler and subordinate relation | Relation between governmental administration, NGOs, and company |
| The father and son relation | Relation between customers and company |
| The husband and wife relation | Relation between company and employees |
| The elder brother and younger brother relation | Relation between managers and ordinary employees |
| The friend and friend relation | Relation between company and business partners (supplier, distributor, etc.) |

Given their unique histories and cultural contexts, it is not surprising that CSR should develop differently in emerging countries such as China. Highlighting the demand for an emic model of Chinese CSR, Reed's (2013) case study demonstrates the extent to which the differences in eastern and Western conceptions impact CSR practices by Western companies in China. Understanding these differences strongly affects the implementation of socially responsible practices as enacted by multinational corporations within foreign and emerging market contexts such as China.

Diversity and CSR

As this research study pertains to how a socially responsible practice is formed and then maintained, it was important to determine which CSR practices at Cummins extended the furthest back into its history. Preliminary examination of Cummins shows that their earliest CSR recognition within the business literature is strongly connected to their diversity initiatives. In 1974, the *Business and Society Review* ranked Cummins as one of *The Ten Best Companies for Profiles in Corporate Responsibility* due mainly to their policies on equal employment (Moskowitz, 1974). Such recognition in the area of diversity has been maintained with Cummins being chosen as a top company by *DiversityInc's* list of the top fifty companies for diversity for the fifth consecutive year and by *Diversity MBA Magazine's 50 Out Front Companies for Diversity Leadership: Best Places for Diverse Managers to Work* (Cummins, 2012a).

Cummins defines diversity in their 2009 Sustainability Report "on a personal level" as "his or her cultural and personal differences, as well as life and professional experiences" and "at the organizational level" as being "created through the distinct personalities and capabilities

of each individual within the group” and that together “The Diversity of individuals and organizations creates an environment where innovation and ideas flourish”(Cummins, 2009, p. 83). While this current definition is comprehensive, what has been included (and excluded) by the term of “diversity” has changed considerably in the literature as well as at Cummins over time. In the academic literature, diversity management is defined as “value[ing] and harness[ing] workforce differences, such as individual characteristics, backgrounds, orientations and religious beliefs, so that individual talents are being fully utilized and organizational goals are met” (Shen et al., 2009, p. 238).

Neither Cummins nor academic studies seems to have adequately addressed the ethical dilemmas which may arise from these definitions. For example, it is not clear how diversity management addresses value conflicts between employees which may arise from their differences. Furthermore, should diversity management promote equal rights to workers or should it take a pluralistic or relativist approach? Despite the limited conceptual development of diversity management, the literature review will show how the practice of diversity has nevertheless evolved, changing the focus from a social justice based approach to a business case approach.

Defining Diversity in a Management Context

The connection between diversity and CSR is evident although diversity is of itself worthy of an entire field of study. The study of diversity management as it is understood today dates back only to the mid-1990s; however, research on specific socio-demographic groups in organizations, such as gender and race, date back to the 1970s (Zanoni et al., 2010). Businesses

have taken two different approaches to diversity based on the more modern idea of diversity management and the older idea of affirmative action and equal opportunities. These two ideas may be broadly seen as being business case versus social justice oriented.

The affirmative action approach includes “program[s] designed to equalize hiring and admission opportunities for historically disadvantaged groups by taking into consideration those very characteristics which have been used to deny equal treatment” (Shaw, 1988, p. 763). Van Dijk et al. (2012a) describe the history of the affirmative action and equal opportunity approach in the U.S. where such policies and programs were used in the 1960s to increase the representation of disadvantaged minority groups in the workforce. Researchers point out that “Although the intent of affirmative action is to ensure equal opportunities, these policies are, in many cases perceived as ineffective and unjust” (Martín-Alcázar et al., 2012, p. 211). Van Dijk et al. (2012a) also note this backlash proposing that it led to the creation of the business case oriented rather than social justice focused diversity management approach.

In contrast to the affirmative action approach, diversity management seeks to enhance the business case for diversity while at the same time highlighting the value of individuals. This is in contrast with the affirmative action approach which considers the past victimization of demographic groups. With diversity management, employers aim to take advantage and capitalize on the differences between individuals in the workplace (Yang and Konrad, 2011). Bartz et al. (1990) describes diversity as more than just different demographics but as an “understanding that there are differences among employees and that these differences, if properly managed, are an asset to work being done more efficiently and effectively” (p. 321).

Following this ideal, diversity management can be defined as “a voluntary and planned program designed to make differences between employees a source of creativity, complementarity, and greater effectiveness” (Stockdale and J., 2004, p. 12). Furthermore, diversity management “does not only recognize but also values and harnesses workforce differences, such as individual characteristics, backgrounds, orientations and religious beliefs, so that individual talents are being fully utilized and organizational goals are met” (Shen et al., 2009, p. 238). In this way, we can view diversity management as a means of creating a competitive advantage.

Monks (2007) finds, however, that because of the way legislation and national policies shape how diversity is managed, it is not possible to arbitrarily divide managing diversity and providing equal opportunities into two separate approaches. Armstrong et al. further describe diversity and equality management systems working together to provide a wide range of management tools for fostering diversity including “written policies on diversity and equality management, diversity/ equality training for staff, and monitoring recruitment, promotion, and relative pay by gender, age, and ethnic origin” (2010, p. 978).

In moving towards a diversity management approach, Naschberger (2008) notes that candidates should ultimately be chosen based on talent and skill and not simply on diverse attributes alone. She proposes a six point structured approach to enacting diversity management initiatives which integrate change leaders. For Naschberger (2008), successful diversity management initiatives are characterized by the following:

- 1) There must be strong support by a willful leader,

- 2) the company and its employees must be prepared and informed of the change process,
- 3) the company must have the will to fight against any misconceptions and false ideas about the project,
- 4) the project should have specific objectives and targets,
- 5) diverse candidates should be chosen based on competence (there should be no compromise on this point), and
- 6) diversity should be promoted as a theme of social dialogue.

Nashberger is not alone in highlighting the importance of leadership in diversity management (Ng and Sears, 2012). Indeed the work of Semache (2009) demonstrates the extent to which organizational culture can equally stifle diversity as it can foster it.

The Business Case vs. Social Justice Rationale for Diversity

Several scholars note that although there has been significant research in the area of diversity since the mid-1990s, there has to date been little research finding that either diversity or equality initiatives have an effect on firm performance (Dijk et al., 2012a, Monks, 2007). Other studies have actually shown that high levels of diversity negatively effects group performance (Williams and O'Reilly, 1998, Cummins, 2013). Studies finding a positive correlation between diversity and equality management and the bottom-line are often context specific and difficult to generalize (Jackson, 2004).

One such study is Martín-Alcázar et al.'s (2012) model of diversity which divides diversity dimensions into two constructs. The first construct, labeled demographic diversity, includes observable demographic characteristics. The second construct, labeled human capital diversity, includes personal attributes related to human capital measures. Using these constructs, the researchers found that demographic heterogeneity had an effect on group

working and performance “not only in itself but also by fostering the other type of diversity (related to employees’ knowledge, skills, abilities, values and cognitive approaches)” (p. 523). The effect was particularly notable when performing complex group tasks. Indeed, other studies have been more successful at demonstrating a positive relationship between diversity and innovation (Dijk et al., 2012b, Yang and Konrad, 2011, Sohail et al., 2011, Bassett-Jones, 2005).

Many scholars have complained that the business case rationale diminishes the social justice motivations for diversity management. Noon (2007) states that the business case for diversity has “fatal flaws which can undermine equality outcomes and might ultimately prove to be dangerous for social justice” (p. 773). Noon (2007) further argues that the business case perspective places diversity initiatives in a precarious position in that if it is found that diversity has a negative impact on firm performance, such initiatives will be dropped. While the researcher argues that the business case for diversity has the potential to harm social justice movements, he appreciates that at a minimum, such management practices have brought attention to these issues.

Noting that “Traditional approaches to affirmative action have been unsuccessful in achieving their goal of equitable labor market outcomes and [that] it is unclear that diversity management programs have contributed to business outcomes, ” Syed and Kramar (2009) propose the idea of ‘socially responsible diversity management’ (p. 639). Socially responsible diversity management encompasses the idea that diversity initiatives must be undertaken at a

number of levels and integrate stakeholders. Likewise Krohmer et al. (2010) views stakeholders as partners in company strategies in the area of CSR and diversity management.

Conclusion

CSR as an academic concept has developed alongside the growth of the multinational enterprise. While its diffusion around the world has occurred at different times in different geographies, it is a concept or even philosophy which is gaining importance worldwide. Over time, we have seen that there have been many different ways to frame CSR, resulting in a variety of models most of which are from the West. More recently, academics in non-Western contexts such as China are demanding emic CSR models which account for the unique sociocultural and historical background of these countries. Given the extent to which CSR is connected to values and societal norms, we can see that it is a challenge for multinational corporations such as Cummins to develop CSR practices which may be relevant in all of its geographies. Examining Cummins' use of diversity management as a CSR practice allows us to narrow our research to a more focused and manageable target. The motivations for diversity management often fall under the categories of social justice or the business case. Diversity management is not only seen as the right thing to do, but more and more, academics are trying to justify its practice based on the idea that it has potential financial benefits to the company. We can see that for most companies, the argument for diversity management is made in both categories. Finally, we can see that companies not only adopt diversity management practices for their own reasons but also because there is more and more government regulation in this area.

Chapter 3: Towards a Theoretical Framework

As has been shown by the literature review, while there have been many theories and models concerning why and how companies engage in CSR, no single theory or model has emerged as the leading approach. This is an indication of the complexity of CSR and the degree to which different corporations as well as different societies and cultures in which those corporations operate shape and steer corporate behavior. As multinationals, such as Cummins, operate within a variety of geographical and cultural contexts, it is important to note that such companies may fall under multiple CSR models. Furthermore, their behavior in one country or culture may be largely different from their behavior in another country or culture as they seek to comply with shifting legal regulations and societal norms.

Cummins was one of the first multinationals to incorporate CSR into its corporate culture and identity, and in terms of diversity initiatives related to race, gender, and sexual orientation and gender identity has not only been more progressive than industry but society as a whole. Structuration theory and institutional theory provide a theoretical perspective and framework to examine how Cummins has been able to not only challenge existing views in this area but has helped to change and set standards as well, thus creating new institutional practices.

Structuration theory provides a broad theoretical orientation for this study while institutional theory narrows its application. Structuration theory proposes that there is a duality of structure in which structure both shapes and is shaped by the actions of actors

(Giddens, 1984). Within the process research literature, Sminia (2009) uses the phrase structuration-like theories to encompass the variants associated with Giddens' (1984, 1979, 1976) work including morphogenesis (Archer, 1982), the theory of practice (Bourdieu, 1990), the theory of structure (Sewell, 1992), and the theory of social becoming (Sztompka, 1991). Sminia (2009) argues that all of these works have a common view of agency and structure and that each "sees social process resulting from actions that are bound by the social structure but also have the effect of reproducing and changing the social structure" (p. 104). He then proposes that structuration-like theories are appropriate for process research as they take into account "both purposeful managerial activity such as (rational) decision-making as well as the enabling and constraining effects of structural features such as power, culture and cognition" (Sminia, 2009, p. 111). All of these concepts form important features of institutional theory as discussed below.

Institutional Theory

Institutional theory provides a more concrete level of analysis although themes of structuration can be seen in its application. Understanding the nature of organizations is critical to understanding institutional theory. Indeed, organizations are cooperative systems made up of "whole" individuals acting within a formal system of coordination. The concrete structures of organizations are then the result of the reciprocal influences of the formal and informal aspects of the organization. Corporations can therefore be viewed in terms of formal organizations in that they are "systems of coordinated and controlled activities that arise when

work is embedded in complex networks of technical relations and boundary-spanning exchanges” (Meyer and Rowan, 1977, p. 340).

According to Selznick (1948), “Formal organization is the structural expression of rational action. The mobilization of technical and managerial skills requires a pattern of coordination, a systematic ordering of positions and duties which defines a chain of command and makes possible the administrative integration of specialized functions” (p. 25). The formal structure of an organization forms a “blueprint for activities” including “a listing of offices, departments, positions, and programs” linked by explicit goals and policies (Meyer and Rowan 1977, p. 342). Organizations must act within the constraints of the institutional environment. Under institutional theory, institutions are socially constructed rule systems producing routine-like behavior used to accomplish important social tasks (Jepperson, 1991). Social tasks may include communication, education, production, distribution, maintenance, and governance (Katz and Kahn, 1966). The social task of maintenance is of particular importance to this study as it examines not only the creation but the maintenance of a socially responsible practice. Institutional arrangements can therefore be defined as the specific practices and procedures that reveal the cognitive and normative characteristics of a given institution (Powell and DiMaggio, 1991). One explanation for an organization to follow practices deemed appropriate by society is a need for organizational legitimacy (Suchman, 1995). Symbols may be manipulated in an instrumental use of legitimacy to obtain societal support (Pfeffer, 1975). Legitimacy then may be viewed as an organizational resource acquired from the environments in which the institution is operating (Ashforth and Gibbs, 1990). As Cummins has historically

pushed diversity practices that have not always been accepted by society, this resource based view of legitimacy is important to note.

Within the institutional environment there are both representational and normative rules. Representational rules help form cognitive characteristics and involve “shared logics or modes of reasoning that help to create shared understandings” (Scott, 1994, p. 67). Cognitive characteristics can also be formed by constitutive rules which “define the nature of actors and their capacity for action” (Scott, 1994, p. 61). Normative characteristics are the “traditional mores and informally sanctioned social obligations of the type found in all societies; they also include the more explicit rulings of legislatures and courts, as well as the specialized surveillance and enforcement mechanisms of the regulatory agencies and the police” (Scott, 1994, p. 81). As such, normative rules form the expectations for behavior and enforcement procedures which allow for oversight, assessment, punishment, and reward (Scott, 1994).

Taken together, these specific sets of institutions (i.e. norms/routines) form what is termed the organizational field. In institutional theory, the organizational field is a recognized area of life made up of particular networks of organizations (DiMaggio and Powell, 1983). Organizational fields develop through the social interactions of members which eventually form practices. The more mature the field, the more developed its structures. In contrast, emerging fields have less developed and coordinated structures leaving them more vulnerable to institutional changes (Maguire et al., 2004).

Institutionalization is the process by which institutional arrangements are reproduced until they become embedded in social system routine (Dimaggio, 1988). The

institutionalization process occurs at three levels: the intra-organizational level, the organization field level, and the societal level. Previously, institutional theory focused on the homogeneous and isomorphic behavior of organizations (DiMaggio and Powell, 1983, Meyer and Rowan, 1977). More recent research, however, has largely shifted to examining the transformation of institutional environments (DiMaggio, 1988). Such research therefore has relevance to this case study as it explores a changing institutional environment over a period of ninety years. The environment is not only transformed by time but also by location as Cummins attempts to practice diversity management in its global operations.

Forming a new practice and changing the system in part happens through the impetus of individuals. Through the organizational act of delegation, functions and powers are formally assigned according to practices. These assignments are to roles and official positions and not to individuals; however, “individuals have a propensity to resist depersonalization, to spill over the boundaries of their segmentary roles, to participate as wholes” (Selznick, 1948, p. 26). While theories have assumed that coordination and control of activity are critical to successful organizations, Meyer and Rowan (1977) note that empirical research shows organization members frequently do not follow the “blueprint,” disobeying rules and procedures and going against the prescription of formal structures. Because people act as “whole” people and do not confine their actions to their assigned roles, these “deviations from the formal system tend to become institutionalized, so that ‘unwritten laws’ and informal associations are established. Institutionalization removes such deviations from the realm of personality differences, transforming them into a persistent structural aspect of formal organization” (Selznick, 1948, p. 27). Through institutionalization, what begins as a deviation becomes a practice.

The institutional innovation process describes the formation of new practices, procedures, or expectations of how to act within a particular organizational field (Dimaggio, 1988). There has been expansive and detailed literature on how new institutions and institutional arrangements emerge (Dimaggio, 1988, Fligstein, 1990, Gioia et al., 2000). DiMaggio (1982) outlines a four step process as follows to explain proposing that:

- 1) There is increased interaction of organizations within a field,
- 2) Coalitions and patterns emerge to form interorganizational structures of domination
- 3) Organizations are faced with an increase in information to deal with, and
- 4) The organizations become aware that they share a common 'enterprise'.

DiMaggio and Powell (1983) further expand that there are three isomorphic pressures (coercive, mimetic, and normative) that then cause these organizations to become more and more similar over time. Coercive pressures stem from relevant legislation as well as the influence of any organizations on which there is a dependence. Mimetic pressures arise through benchmarking which is often high during times of uncertainty. Finally, normative pressures can develop when hiring practices tend to bring in employees from similar backgrounds and associations.

To begin this process, DiMaggio (1988) proposes that institutionalization projects responding to specific environmental demands begin with organized actors with sufficient resources. Agents with high levels of resources, knowledge, or strategic social network positions have a greater ability to use political power to shape institutions in their favor (Beckert, 1999).

Institutional Entrepreneurs

Along with this idea that there should be “organized actors” (DiMaggio, 1988), researchers within institutional theory have developed the concept of institutional entrepreneurship. Institutional entrepreneurship is the idea that self-interested agents with adequate command of resources have the power to transform or create institutional structures (DiMaggio, 1988, Maguire et al., 2004). Institutional entrepreneurs challenge existing rules and practices and produce alternative rules and practices that they then champion (Garud and Karnøe, 2003). They are able to 1) recognize outmoded institutions, 2) design new institutional arrangements, and 3) employ strategies such as mobilizing resources and constituents and framing issues to their advantage to implement institutional change (DiMaggio, 1988).

The institutional entrepreneur is an institutional innovator who may be acting from a wide range of motivations. Such motivations include economic, political, or social forces (Oliver, 1992). Whether or not a member in the field will attempt to change the institutional environment correlates to their position in an organizational field (Greenwood and Suddaby, 2006, Leblebici et al., 1991). Those central members who are more integrated into the institutions of the field are less likely to recognize alternative practices or norms. On the other hand, organizations on the periphery of the field which are less integrated are more likely to question the validity of institutions and to promote change (Greenwood and Suddaby, 2006).

Institutional entrepreneurs have many tactics and strategies for instituting change. Fligstein (1997) defines institutional entrepreneurs as “actors with social skills” where social skills are defined as “the ability to motivate cooperation of other actors by providing them with

common meanings and identities” (p. 397). As such, institutional entrepreneurs sustain collective identities and work to bring together the interests of different groups. In collaborating with other actors, they are able to take advantage of convergent interests and influence macro-level institutions through collective action (Zucker, 1988).

Lawrence et al. (2002) show how collaboration through institutional entrepreneurs can develop strong ties with other organizations and can change the nature of legitimate practices in a field. Institutional entrepreneurs may also engage in coalition building and incentivizing behaviors (Leblebici et al., 1991). Institutional entrepreneurs thus frame their proposals in as appealing a light as possible and to the widest audience possible. Indeed, studies have shown that framing has a strong legitimizing effect (Rao, 1998).

There are many factors which influence the success of an institutional entrepreneur. Research suggests the amount of experience and social capital a leader has influences whether or not they will become such an actor within the system (Dorado, 2005). Other research furthers shows that leaders who successfully implement a practice at one organization and then move to another organization are more likely to implement that practice in their new organization based on their expertise and cognitive reasoning to determine that practice as appropriate (Kraatz and Moore, 2002). Kraatz and Moore (2002) also demonstrate that when an organization’s leader moves from a periphery organization, he or she is more likely to introduce institutional change in his or her new environment. Finally, in emerging fields, research suggests it is more important for institutional entrepreneurs to have positions

associated strongly with legitimacy and which allow them to bridge stakeholders and to gain access to resources from a variety of sources (Maguire, et al. 2004).

Business Champions

Business champions can be viewed as a more specific type of institutional entrepreneur. Schon (1965) developed the idea of the business champion through a case study analysis in which he found four major themes for the organizational acceptance of innovations: 1) the idea encounters sharp resistance 2) the idea receives active and vigorous promotion 3) proponents make use of the informal rather than official systems for the introduction, promotion, and development of the idea, and 4) that one person emerges as the 'champion' of the idea. In his study, Schon (1995) found that initially, new ideas for innovation were critiqued as being "unfeasible" and not "sensible" (p. 84). Because of this, Schon found that in the second phase, the idea needed some promotion and that this promotion or "selling" of the idea need not come from the originator. At this point, the innovations in Schon's study were often supported through informal systems, such as being funded through smaller office budgets rather than through larger, organization wide schemes. Only when enough work had been done on the project to show that it had the potential for success was it then pushed through official channels. Finally, given the amount of organizational resistance that Schon saw to innovative and new ideas, he proposed that the innovation must have a "business champion" to ultimately succeed. "Essentially, the champion must be a man willing to put himself on the line for an idea of doubtful success. He is willing to fail. But he is capable of using any and every means of informal sales and pressure in order to succeed" (Schon, 1965, p. 84).

Champions identify with the idea as their own and push for its success beyond the requirements of their job often displaying “persistence and courage of heroic quality” (Schon, 1965, p. 85). For Schon, champions must have power and prestige at a top level in order to have the freedom to promote the idea as well as the “know how” to navigate the informal systems of relationships within the company. Power in this sense can come from hierarchical position, access to resources, technical expertise, or centrality in a socio-metric network of information (Chakrabarti and Hauschildt, 1989).

Some researchers, however, do not believe that champions can come from the top management level. Galbraith (1982) proposes top management as having merely an orchestrator role in which top managers have indirect influence on innovation by providing the structures and climate for innovation. Likewise, Angle and Van de Ven (1989) see top management as having merely a judge and arbiter role while Burgelman (1983) places top management as retroactive legitimizers who only endorse innovations after they have proven successful.

Day (1994) acknowledges that there are reasons for avoiding champions at the top management level including that “they should keep some psychological distance to avoid potential escalating commitment to risky projects whose failure might bankrupt the company” (p. 151). However, Day also posits that some ventures require a top level manager as a champion. Such ventures are ones which are costly and high-profile or that represent decisive strategic reorientations of the firm. These types of innovations cannot remain invisible until

demonstrating success. They require significant resources and early legitimacy which can only come from the top level.

Developing this further, Day (1994) proposes that there are both top-down and bottom-up championing processes, allowing, in addition to high level champions, for a low level champion who remains invisible to top management, keeping conflict low until success is proven. At the top-down level, Day proposes a dual role champion, “someone who possesses both the relevant expertise and information and the appropriate hierarchical power and control over resources so that he or she can make and implement better decisions in the face of significant uncertainties” (Day, 1994, p. 150). A dual-role champion is appropriate “when an innovative idea is highly uncertain but not technology driven” (Day, 1994, p. 148). Some studies have shown that innovations with multiple champions tend to have a greater chance for success (Chakrabarti & Hauschildt, 1989). Witte (1977) elaborates by suggesting that having a tandem structure with a “know-how” champion and a power champion works best.

Organizational Identity

Institutional entrepreneurs or business champions may only be successful if they are able to keep change aligned with organizational identity. Firms cannot merely adopt social initiatives, and they must “modify their administrative systems and procedures to form a congruent entity bearing resemblance to the concept of organizational identity” (Randel, 2002). Thus institutional entrepreneurs must delicately balance change with an evolving and dynamic organizational identity that subtly changes at each phase of the institutional innovation process.

Organizational identity is defined as what is core, enduring, and distinctive (Albert and Whetten, 1985). Hatch and Schultz (2008) point out that the term is often used synonymously with organizational culture which they define as “tacit organizational understandings (e.g. assumptions, beliefs and values)” (p. 996). Organizational identity should not be confused with organizational image which “includes notions involving the ways organization members believe others see the organization” (Dutton and Dukerich, 1991). Despite the enduring aspect of organizational identity, identities can in fact change (Reger et al., 1994). Gioia, et al. (2000) argue that because of the reciprocal interrelationships between identity and image that organizational identity in fact is a fluid and unstable concept. Their research shows that while the “labels” used by organizations to express their core values remain the same, the content and what is associated with these labels may change over time (Gioia, et al., 2000). A more dynamic view of organizational identity thus allows for organizations to make adaptive changes while maintaining what appears to be an “enduring image.”

Organizational identity is constructed by any member identifying with the organization and is not confined to members with public relations roles (Elsbach and Kramer, 1996). These members, however, are not totally free agents in enacting organizational identity. "Organizations shape individual action both by providing the content of identities and rules and by providing appropriate cues for invoking them" (March and Heath, 1994, p. 71). Indeed, for Selznick (1948), “one of the signs of [a] ‘healthy’ organization is the ability to effectively orient new members and readily slough off those who cannot be adapted to the established outlook” (p. 30).

Formal identity management normally is a result of “events that devalue or refute identity dimensions members cherish both as a part of the organization's enduring identity and as a part of their own social identities” (Elsbach and Karmer, 1996, p. 471). It is also important to note that organizations can have multiple identities that may even conflict with one another (Albert & Whetten, 1985).

Institutional Innovation Process

Within the constraints of organizational identity, institutional entrepreneurs and business champions work to create institutional innovations. A review of the literature has failed to provide a consensus as to the phases of the institutional innovation process; however, the literature suggests that innovation, adoption, implementation, routinization, and maintenance are critical components (Randel, 2002).

Vidaver-Cohen (1997) proposes the following conceptual framework for understanding, studying and evaluating the institutional innovation process at the organizational field level. Her framework has four key phases (1) Introduction, (2) Diffusion, (3) Evaluation, and (4) Adoption with each having a context and a process component. The context component takes into account situational factors while the process component takes into account the behavior of the actors involved in each phase. The introduction phase “entails leaders in a given organizational field creating new institutional arrangements to govern behavior in that field: usually in response to some important environmental events.” The diffusion phase “pertains to the spread of these new arrangements to potential adopting organizations in the field.” The evaluation phase “involves both leaders and adopters judging the success with which the new

arrangements meet environmental demands relative to previous institutional arrangements.” Finally, the adoption phase “occurs as the new arrangements become firmly entrenched as accepted norms for the field.” Vidaver-Cohen (1997, p. 6).

While it is a good foundation, Vidaver-Cohen’s framework seems incomplete as an innovation may continuously be evaluated and as adopted innovations may eventually fall out of favor. It takes for granted that an institutionalized innovation will perpetually remain and ignores the maintenance that must occur after such an adoption. Accordingly, the literature does not end with adoption as the final phase in institutional innovation. Again, an innovation may initially succeed but then subsequently fall into disuse.

Along this line, Klein and Sorra (1996) describe innovation implementation as “the process of gaining targeted employees' appropriate and committed use of an innovation” (p. 1055). Implementation failure occurs when “employees use the innovation less frequently, less consistently, or less assiduously than required for the potential benefits of the innovation to be realized” (Klein and Sorra, 1996, p. 1055). They propose that the implementation effectiveness, or “the quality and consistency of targeted organizational members' use of an adopted innovation,” is determined by the organization's “climate for the implementation of a given innovation and . . . targeted organizational members' perceptions of the fit of the innovation to their values” (Klein and Sorra, 1996, 1058). Targeted organizational members are the “individuals who are expected either to use the innovation directly (e.g., production workers) or to support the innovation's use (e.g., information technology specialists, production

supervisors)” (Klein & Sorra, 1996, p. 1058). For Klein and Sorra (1996), innovation effectiveness:

. . .describes the benefits an organization receives as a result of its implementation of a given innovation (e.g., improvements in profitability, productivity, customer service, and employee morale). Implementation effectiveness is a necessary but not sufficient condition for innovation effectiveness: Although an innovation is extremely unlikely to yield significant benefits to an adopting organization unless the innovation is used consistently and well, effective implementation does not guarantee that the innovation will, in fact, prove beneficial for the organization (Klein & Sorra, 1996, p. 1058).

Accordingly, if an innovation is successfully implemented, it must then be maintained by continued change towards the same goal (Prochaska et al., 1992). Selznick (1948) states that systems are maintained through a number of imperatives: “(1) The security of the organization as a whole in relation to social forces in its environment. . . (2) The stability of the lines of authority and communication...(3) The stability of informal relations within the organization...(4) The continuity of policy and of the sources of its determination... [and] (5) A homogeneity of outlook with respect to the meaning and role of the organization” (p. 29-30). Zaltman, Duncan, and Holbek (1973) further propose that the maintenance process begins with continuance which occurs after a practice is implemented and the decision is made to form a practice. A practice is not to be confused with a policy which may be adopted and officially in effect until removed. In contrast to policies, practices are processes that must be re-enacted (Weick, 1969). According to Randel (2002), an “organization must endorse or provide resources in support of the practice” for it to be maintained (p. 64-65). As such, “The maintenance of a socially responsible practice occurs when resources continue to be directed toward and used in support

of the practice” (Randel, 2002, p. 65). Innovations are routinized when they stop evolving (Randel, 2002 citing Tornatzky & Fleischer, 1983), but “maintenance is characterized by a perpetuation of change in a given direction” (Randel, 2002 citing Prochaska, et al. 1992, p. 65).

Conceptual Framework

Taking into account how individual institutional entrepreneurs act within the constraints of organizational identity, Randel (2002) posits a cross-level framework to explain the maintenance of a socially responsible practice as reproduced below. Using Randel’s framework to help guide this study attempts to compensate for the critique that research in the area of diversity management has a “tendency to downplay the role of organizational and societal contexts in shaping the meaning of diversity” (Zanoni et al., 2010, p. 15).

Figure 13 Socially Responsible Practice Maintenance: Cross-Level Explanatory Mechanisms

| Level of analysis | Societal level | Organizational level | Individual level |
|---|--|-------------------------|-----------------------|
| Wood’s (1991a) corporate social performance model | Legitimacy | Public responsibility | Managerial discretion |
| Socially responsible maintenance framework | Institutional environment (strong, weak, heterogeneous) | Organizational Identity | Champions’ tactics |

Adapted from Randel (2002, p. 71)

The framework draws largely on Wood’s (1991a) model of corporate social performance. For Wood, corporate social performance is “a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships” (Wood 1991b, p. 693).

From this definition, she draws three principles of corporate social performance: legitimacy, public responsibility, and managerial discretion.

Figure 14 Wood's (1991b) Corporate Social Performance Principles

| | |
|------------------------------|--|
| Legitimacy | Society has the ability to establish and enforce the balance of power among intuitions. Because of this, society then also has the ability to define the legitimate functions of institutions. |
| Public Responsibility | Companies have a duty to act affirmatively for social well-being. |
| Managerial Discretion | Individuals have a right and responsibility to decide and act although these decisions and actions are bounded by economic, legal, and ethical constraints. |

Wood's (1991a) societal-level principle that businesses act responsibly in order to gain legitimacy extends the institutional environment to include a wide range of actors including civil society and the government (Randel, 2002). Accordingly, Randel (2002) defines the strength of an institutional environment as "the extent to which organizations operating within that environment must conform to rules or expectations to receive legitimacy" (Randel, 2002, p. 67).

According to Randel (2002), organizational identity is an organizational-level construct "because it incorporates distinctive characteristics used by an organization to define itself" (p. 68). It extends the organizational level proposed by Wood (1991a) in that it relates social problems to the "who we are" as an organization. Because of this, firms cannot merely adopt social initiatives; they must change the administrative systems and procedures to conform with organizational identity (Murray, 1976).

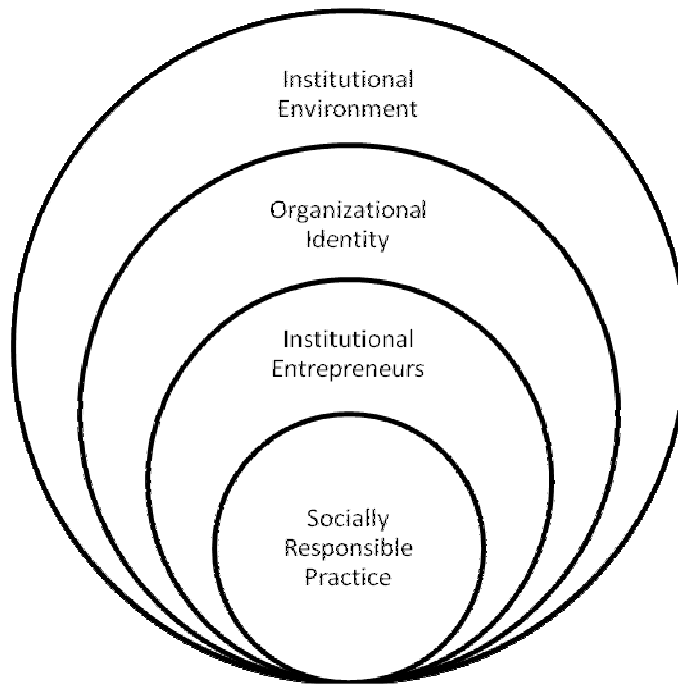
The framework follows Scott's (2002) definition of the strength of an institutional environment as the level that organizations are pressured to conform to rules or expectations in order for society to perceive them as legitimate. Under this definition, "In a weak

institutional environment, organizations experience flexibility in what they need to do to receive support” (Randel, 2002, pg. 67). In contrast, a strong institutional environment would be one in which there is little flexibility and rules and norms are expected to be followed. Finally, heterogeneous environments occur when organizations must respond to different demands as they rely on multiple constituents. “These different expectations can conflict with one another such that a challenge of maintaining a socially responsible practice is balancing expectations across multiple organizational priorities” (Randel, 2002, p. 68). To determine the strength of the institutional environment, an assessment of the responses of relevant stakeholders can be revealing. A stakeholder can be defined as “any group or individual who can affect, or is affected by, the achievement of a corporation's purpose” (Freeman, 1984, p. vi). In conducting such an assessment, the “strength and consistency of perceptions across stakeholders” should be analyzed within “the context of values and political characteristics unique to their situation” (Randel, 2002, p. 68). The framework thus uses the constructs of the institutional environment “because it encompasses social and cognitive reasons, including but not restricted to legitimacy, that affect maintenance at the societal level,” organizational identity “to demonstrate how maintenance at the organizational level stems from the relationship between a practice and characteristics central to the character of an organization,” and champions tactics “to show how individuals facilitate maintenance through influence and vigilance behaviors” (Randel, 2002, p. 66).

Based on Randel’s work above, the following conceptual framework below was used to provide a theoretical lens from which to examine the data for this thesis. The framework allows for the analysis of the maintenance of the practice of diversity management at Cummins

by acknowledging that this process is embedded in the institutional environment. Furthermore, this practice is also constrained by Cummins' organizational identity as well as the various diversity business champions at Cummins, or institutional entrepreneurs. Each one of these is embedded in the other and therefore is shapes and shaped by the other. During the research process, the researcher identified and examined the influence of the relevant institutional entrepreneurs as well as which aspects of the organizational identity evolved and changed and which endured. Further attention, although less well developed, to the institutional environment provides the context for the process. As based on structuration theory, the institutional environment simultaneously shapes and is shaped by those committing change as expressed below. We can see that the multilevel framework encompasses individual, organizational, and societal levels of analysis as necessary to understand more fully the formation and maintenance of diversity management as a socially responsible practice at Cummins.

Figure 15 Theoretical Framework



Research Question

An essential question resonating throughout the current research on corporate social responsibility is “why do companies engage in CSR?” This study focuses that question to not only why does a company practice CSR, but why and how does it continue? Cummins’ CSR initiatives not only occur in Columbus, Indiana but in the over 100 countries and territories in which Cummins operates (Cummins, 2009). Why did Cummins develop innovative socially responsible practices before other industries began to even consider such CSR related ideas? How were these socially responsible innovations adopted, implemented, and routinized and to what extent are they being maintained? As such, the research question can ultimately be condensed to “what is the story of diversity as an organizational value at Cummins Inc.?”

The work of Randel (2002) provides insight into this research question. She argues that ultimately business champions have two primary ways to argue for a socially responsible practice: that it is the right thing to do or that it is good for the company. In a weak institutional environment where rules and norms are not fully developed or adhered to, it may not be clear either that the practice is the right thing to do or that it is good for the company. Therefore Randel (2002) proposes that in a weak environment, champions must rely on their positions in the structure rather than on champions' tactics to push socially responsible practices. As such, organizational identity and matching the practice to the values of the organization becomes critical for practice maintenance. If the champion can imbed the practice into the organizational identity, it will no longer be just a practice but a value and thus be maintained.

In a strong institutional environment, socially responsible practices are at risk of not being maintained because "it is assumed by the public that the practice is an established part of the company's routines" and that "Nobody checks to see whether the practice is being maintained because they take for granted that the company is continuing with the practice" (Randel, 2002, p. 73-74). Indeed, Randel (2002) cites several companies which have had strong organizational identities connected to being socially responsible which have in fact failed to maintain their socially responsible practices. Because of this, Randel (2002) argues that a champion of the practice would be needed to ensure that the practice is not only adopted but followed through and maintained.

Likewise, in a heterogeneous institutional environment where a company may be forced to hold multiple identities in order to meet conflicting environmental demands, champions' tactics would be better suited as stakeholders will require convincing to follow the practice. Heterogeneous institutional environments tend to produce fractured and multiple or even conflicting identities in which a practice may fall under the values of some employees and not others. As such, again a champion would be needed to ensure the follow through and maintenance of a socially responsible practice.

In line with these suppositions, Randel's (2002) research proposes the following hypotheses which the following case study on Cummins Inc. seeks to confirm or reject.

Figure 16 Hypotheses Based on Randel's (2002) Framework

| | |
|---|--|
| Hypothesis 1 Weak Institutional Environment | In a weak institutional environment, organizational identity will be more effective for maintaining a socially responsible practice. |
| Hypothesis 2 Strong Institutional Environment | In a strong institutional environment, champions' tactics will be more effective for maintaining a socially responsible practice. |
| Hypothesis 3 Heterogeneous Institutional Environment | In a heterogeneous institutional environment, champions' tactics will be more effective for maintaining a socially responsible practice. |

These hypotheses, informed by the work of Randel (2002) and in line with the literature review, provide insight into the overall research question of "what is the story of the institutional innovation of diversity management as a socially responsible practice at Cummins Inc.?"

Concluding Remarks

While the CSR literature is expansive, its tendency to follow a structuralist viewpoint is limiting. Institutional theory compensates for this limitation through the concept of institutional entrepreneurship. Drawing on Giddens's structuration theory, institutional entrepreneurs are able to challenge and then re-shape the institutional environment thus explaining the ability of institutions to change over time. Institutional entrepreneurs are not completely free, however, to break and create rules at will. They must be able to create common meanings and identities in order to convince others to follow them. Accordingly, the concept of organizational identity becomes an important concept. Institutional entrepreneurs become leaders who must integrate or perhaps even manipulate organizational identity in line with their new approaches. Although organizational identity is traditionally thought of as being unchangeable and stable, research has shown that in fact it is a fluid concept which can evolve over time. Such flexibility allows institutional entrepreneurs to reshape or reframe the content of organizational values although remaining faithful to original identity 'labels.'

Chapter 4: Methodology

Research Design

To answer the question “what is the story of diversity as an organizational value at Cummins Inc.?”,” the researcher used a case study method. Yin (1994) proposes that the case study model is appropriate to explain real-life, complex causal links and to describe the context in which these links occur which is the case here. This case study focuses on the process which has led to the maintenance of Cummins’ diversity initiatives. Process can be defined as “a sequence of individual and collective events, actions, and activities unfolding over time in context” (Pettigrew 1997, p. 338). The purpose of processual analysis is to determine “the what, why, and how of the links between context, processes and outcomes” (Pettigrew, 1997, p. 340). Process data “consist largely of stories about what happened and who did what when—that is, events, activities, and choices ordered over time . . . an event may include a bad year, a merger, a decision, a meeting, a conversation, or handshake” (Langley, 1999, p. 692-693). In examining the process of Cummins’ diversity initiatives, I studied the innovation (Schon 1965), implementation (Klein and Sorra, 1996), and maintenance (Randel, 2002, Zaltman et al., 1973) of this CSR practice noting the important actors and the sociocultural environment in which this practice takes place. Pettigrew (1997) proposes five assumptions to guide process research.

1. Embeddedness, studying processes across a number of levels of analysis;
2. Temporal interconnectedness, studying processes in past, present and future time;
3. A role in explanation for context and action;

4. A search for holistic rather than linear explanations of process; and
5. A need to link process analysis to the location and explanation of outcomes.

Noting Giddens (1984), Pettigrew stresses through his first assumption that social processes are embedded in the very context that produced them and are in fact at the same time produced by them. Both the outer context (the economic, social, political, and competitive environment of the organization) and the inner context (the structural, cultural, and political environment within the organization) shape the process and are then simultaneously shaped by the process. This understanding of context thus requires a multilevel analysis. Accordingly, the data for this thesis originates from both the internal environment at Cummins as well as the external societal level outside of its operations.

The second assumption of process research is temporal interconnectedness. To have a clearer understanding, the researcher must study not only the present but also the past and future of the proposed process. Pettigrew (1997) states that “Antecedent conditions shape the present and the emerging history” but warns that “history is not just events and chronology” and that “it is carried forward in the human consciousness” (p. 341). Process research thus involves the creation of a case study and not a case history. As such, process researchers must search for “recurrent patterns in the process, for structure and underlying logics” (p. 341).

The third assumption in process research is that there is a role in explanation for context and action. For Pettigrew (1997), “Context is not just a stimulus environment but a nested arrangement of structures and processes where the subjective interpretations of actors

perceiving, learning, and remembering help shape process” (p. 341). In this way, structures are not viewed as barriers or constraints to the process but are indeed actively involved in production.

The fourth assumption of process research re-enforces the second assumption that it is not a case history that the process researcher seeks to create. The researcher’s role is not to determine a chronology of events or a linear explanation of the process data. Instead, the researcher must search for patterns and logics within the data that provide for a more holistic explanation.

The fifth and final assumption is that the process should be linked to an outcome. Pettigrew (1997) advises that simplifying the research to a single outcome helps to provide the case study with a focal point. The outcome in this case study is that Cummins has been internationally recognized for its long devotion to diversity practices. The research is then to study the process of how this outcome was achieved.

Based on Pettigrew’s five assumptions of process research, this study involves a cross-level analysis at the individual, organizational, and societal level as it examines how Cummins’ leadership has enacted internationally recognized socially responsible diversity practices within the constraints of corporate and local/national structures and culture. It examines not only what Cummins has done and is doing, but it also looks at the direction Cummins is moving especially in regards to its diversity practices in its foreign operations. Such an analysis was only possible when taking into account the very specific geography of Cummins. Its story is tied very closely to that of the small town of Columbus to whom much of its corporate culture and

identity can be traced. At the same time, Cummins' overseas operations are increasing at a rapid rate. Undoubtedly, this shift to becoming a more global corporation has simultaneously been shaped and is shaped by Cummins' value on diversity.

Research Methods

Langley (1999) provides a review of the most commonly used research strategies for 'sense-making' of process data noting that "The complexity of process data is, of course, a reflection of the complexity of the organizational phenomena we are attempting to understand" (p. 694). Langley uses the word 'sense-making' as a way to convey that the same data may create a variety of "senses" or theoretical understandings. She argues that different strategies are not necessarily better or worse but merely have different strengths and weaknesses. Furthermore, for Langley the term 'sense-making' implies that researchers may close the gap between data and theory by beginning at either or both 'ends.' As such, researchers are not constrained to use either a purely inductive nor purely deductive strategy. Indeed, Langley points out that a combination of strategies may be used in the 'sense-making' process.

Figure 17 Langley's (1999) Seven Sensemaking Strategies for Process Data

| Strategy | Key Anchor Point(s) | Fit With Process Data Complexity | Specific Data Needs | "Good Theory" Dimensions (Weick) | Form of Sensemaking |
|-------------------------------------|---|--|--|---|-------------------------------|
| Narrative Strategy | Time | Fits with ambiguous boundaries, variable temporal embeddedness, and eclecticism. | One or few rich cases. Can be helped by comparison. | High on accuracy, Lower on simplicity and generality. | Stories, Meanings, Mechanisms |
| Grounded Theory Strategy | Incidents (units of text) Categories | Adapts well to eclectic data and ambiguity. May miss broad high-level patterns. | Needs detail on many similar incidences. Could be different processes or individual-level analysis of one case. | High on accuracy, moderate simplicity. May be difficult to go from substantive theory to more general level. | Meanings, Patterns |
| Alternate Templates Strategy | Theories | Adaptable to various kinds of complexity. Different templates capture different elements. | One case is enough. Degrees of freedom come from multiple templates. | Each theory can be simple and general. Together, they offer accuracy, but simplicity and generality disappear with theory integration | Mechanisms |
| Temporal Bracketing | Phases | Can deal with eclectic data, but needs clear temporal breakpoints to define phases. | One or two detailed cases is sufficient if processes have several phases used for replication. | Accuracy depends on adequacy of temporal decomposition. Moderate simplicity and generality. | Mechanism |
| Synthetic Strategy | Processes (decisions, change efforts, new products) | Needs clear process boundaries to create measures. Compresses events into typical sequences. | Needs enough cases (5+) to generate convincing relationships. Moderate level of detail needed for internal validity. | Modest accuracy (but much better than questionnaire research). Can produce simple and moderately general theories | Prediction |
| Quantification Strategy | Events, Outcomes | Focuses on "events" and their characteristics. Eschews ambiguity. | Needs many similar events for statistical analysis: one or few dense cases is best. | High simplicity, potentially high generality, modest accuracy (abstraction from original data). | Patterns, Mechanism |
| Visual Mapping Strategy | Events, Orderings | Deals well with time, relationships, etc. Less good for emotions and interpretations. | Needs several cases in moderate level of detail to begin generating patterns (5-10 or more). | Moderate levels of accuracy, simplicity, and generality. Not necessarily good at detecting mechanisms. | Patterns |

(Reproduced from Langley, 1999)

Of the sense-making strategies for process research, only the narrative, grounded theory, alternate templates, and temporal bracketing strategies are suited to a single case

study. The data lacked clear temporal breakpoints making a temporal bracketing strategy unfeasible. An alternative template strategy is likewise not feasible in that the CSR literature review did not produce any models describing the internal process of developing a socially responsible practice. Likewise the literature review on the institutional innovation process did not produce sufficiently different models with which to try alternative templates nor did they capture the motivation or underlying mechanisms for the institutionalization of a socially responsible practice.

Langley (1999) indicates that often the sense-making strategies may be used in combination. Both a narrative and grounded theory strategy seem well suited to the data and taken together serve to strengthen the other's weaknesses. Taken together, the data collected creates a story of diversity at Cummins. In telling this story, a narrative strategy is well-suited to this research as it is ideal for a single or a few case studies and can provide the rich, contextual data needed to study change (Langley, 1999). The narrative itself is the main product of the research as coming from a constructivist or naturalistic perspective (Dyer and Wilkins, 1991). Although time plays an important role in this strategy, it is not an anchor point, and the narrative need not be arranged in a strict chronological style. In the case of Cummins, it seems that the definitions and boundaries of what falls under diversity as well as what falls under their description of CSR are not clear. The boundaries are blurred, and it is difficult to clearly delineate which data are relevant and which are not. As such the narrative strategy is ideal in that such clear definitions and boundaries may be avoided in exchange for rich, descriptive data.

In regards to the narrative strategy, Langley (1999) warns, however, that “When relying on this strategy alone, one may too easily end up with an idiosyncratic story of marginal interest to those who were not involved and a rather thin conceptual contribution” (p. 697). It is with this critique in mind that the researcher relies on Randel’s (2002) hypotheses on the mechanisms for the maintenance of a socially responsible practice to guide the researcher towards a generalizable theory. These hypotheses therefore serve to inform rather than serve as the basis of the research question “what is the story of the institutional innovation of diversity management as a socially responsible practice at Cummins Inc.?” Using grounded theory methods allows the researcher to systematically process the data which is “a major source of the effectiveness of the grounded theory approach” (Corbin and Strauss, 1990, p. 6).

Langley (1999) comments that often a combination of sensemaking strategies may be used in order to engage in a more holistic understanding of the data. Although grounded theory is not used in conjunction with hypothesis based research, this case study nevertheless employs some of its methods. As the central research question is only informed by and not based on Randel’s (2002) hypotheses on the maintenance of a socially responsible practice, it is possible to use grounded theory inspired methods to investigate the research question.

Grounded theory draws on two important principles stemming from pragmatism (Dewey, 1925, Mead, 1934) and symbolic interactionism (Park, 1921, Hughes, 1971, Blumer, 1969). The first principle concerns change with Corbin and Strauss (1990) stating that as “phenomena are not conceived of as static but as continually changing in response to evolving conditions, an important component of the method is to build change, through process, into

the method” (p. 6). Under the second principle, Corbin and Strauss stress that strict determinism and nondeterminism are both rejected. “Actors are seen as having, though not always utilizing, the means of controlling their destinies by their responses to conditions” (Corbin and Strauss, 1990, p. 5). Accordingly, Corbin and Strauss (1990) stress that “an important component of the method is to build change, through process, into the method” (p. 5). The researcher’s job is then to catch this interplay between the actors’ response to changing conditions and the consequences of their actions.

Data Collection Method

The data used in this case study included archival records, documentation, interviews, and direct observation. Yin (1994) summarizes the strengths and weaknesses of these sources of evidence noting that using triangulation and multiple methods allows for better and more valid gathering of qualitative data. Likewise Ridenour and Newman (2008) contend that the use of multiple data collection methods serves as a way to counterbalance each method’s weaknesses and in fact creates multiple checks for information.

| Types of Evidence | | |
|---------------------------|--|--|
| Source of Evidence | Strengths | Weaknesses |
| Documentation | <ul style="list-style-type: none"> • stable - repeated review • unobtrusive - exist prior to case study • exact - names etc. • broad coverage - extended time span | <ul style="list-style-type: none"> • retrievability - difficult • biased selectivity • reporting bias - reflects author bias • access - may be blocked |
| Archival Records | Same as above , precise and quantitative | Same as above, privacy might inhibit access |
| Interviews | <ul style="list-style-type: none"> • targeted - focuses on case study topic • insightful - provides perceived causal inferences | <ul style="list-style-type: none"> • bias due to poor questions • response bias • incomplete recollection • reflexivity - interviewee expresses what interviewer wants to hear |
| Direct Observation | <ul style="list-style-type: none"> • reality - covers events in real time • contextual - covers event context | <ul style="list-style-type: none"> • time-consuming • selectivity - might miss facts • reflexivity - observer's presence might cause change • cost - observers need time |

(Reproduced from Yin, 1994, p. 80)

Within this thesis, the difference between primary and secondary data is marked through the use of two different citation styles. Primary data is cited with the words 'Interview Participant' while secondary data uses the traditional author's name and date format. Using secondary data was especially needed to provide the researcher with greater access about events and persons in the distant past. Cummins' diversity practices connected to race date back as early as the 1940s, and many of the "roots" of Cummins' modern views on social responsibility go back to its founding in 1919. Furthermore, one of the most important characters in the story of Cummins, second president and CEO J. Irwin Miller, unfortunately passed away in 2004. Using secondary sources allowed the researcher to access his words and views in the many sources and publications in which he is cited or had been interviewed. Another important personage is former CEO Tim Solso who is now employed with the Obama administration. Given the nature of this presidential appointment, meeting with him was not feasible and as such, it was necessary to rely on secondary accounts and materials.

Documentation and Archival Records

Secondary data in the form of documents and archived records were used to supplement the primary data for practical reasons concerning the passage of time. Official Cummins documents available to the public included Cummins' webpages related to diversity as well as sustainability reports dating back to 2003. These sources were heavily used as they provided a means to determine both how Cummins perceives itself and how it wishes others to perceive it. While the researcher did not have full access to archival documents, Cummins was able to extend ample material related to diversity and CSR. This included an extract of a survey

conducted in 2008 by Cummins on senior leadership views on CSR. The researcher was not granted full access to the complete data set; however, the results of the research were shared with the researcher. Also, a multimedia disc produced by Cummins which details their business case for diversity provided several data points for the record. Finally, the researcher was also given an “Employee Quick Start Guide” which is a pamphlet given to new hires in Columbus, Indiana among other less used materials including information sheets, brochures, and power point presentations.

Non-Cummins materials included three books written about Cummins’ history as well as press articles. Local and state newspaper articles especially provided important data points for events but also for discerning community sentiments at various points in Cummins’ history. The researcher relied on a currently unpublished biography of Miller written by Susan Fernandez in which the author has collaborated heavily with the family and friends of Miller. To celebrate their 75th anniversary, Cummins had commissioned the book *The Engine That Could: Seventy-Five Years of Values-Drive Change at Cummins Engine Company* written by Drs. Cruikshank and Sicilia. The book covers the history of Cummins from 1919-1994. The authors, two professors coming from the business and history faculties of their respective schools, were given unlimited access to Cummins’ archives over a three year period. Though the book was commissioned by Cummins, the professors were given final editorial control. This book was a major source of information as it covered periods of time that either pre-dated interview participants or in which participants may have had trouble remembering. Cummins most recently updated this history with another commissioned book titled *Red, Black and Global: The Transformation of Cummin 1995-2010*. Written by former Cummins Executive Director of

Public Relations Susan Hanafée, the book was produced by Cummins and serves as a history of the company from those years. It relies largely on interviews with former and current Cummins employees. Though the book differs in that it is not academically produced, the information in it is nevertheless insightful for examining how Cummins presents itself.

Interviews

The data contains information from a total of nineteen interview participants. Exploratory unstructured, semi-structured, and unstructured interviews were conducted with Cummins participants and external Cummins stakeholders. Some participants were interviewed multiple times. The data focused on management level employees as strategic decisions are made at this level, however, three interviews were conducted with non-management level workers to increase data validity.

Figure 18 Cummins Employee Interview Participants

| Interview Type | Management Level | Title | Cummins Site | Start Date | End Date |
|--|------------------|--|--------------|------------|----------|
| Exploratory-Unstructured | Upper | President of the Cummins Foundation (formerly Executive Director of Corporate Responsibility) | Columbus | 1981 | 2012 |
| Exploratory-Unstructured | Middle | Corporate Responsibility Leader for China and Russia | China | 2007 | 2012 |
| Exploratory-Unstructured & Semi-Structured | Non-management | Department – Accounting | Belgium | 2008 | Present |
| Semi-Structured | Executive | Executive Vice President of Corporate Responsibility and Chief Executive Officer of the Cummins Foundation | Columbus | 1997 | 2013 |
| Semi-Structured | Executive | Vice President - New and ReCon Parts | Columbus | 1995 | Present |
| Unstructured | Upper | General Manager | Belgium | 2006 | Present |
| Semi-Structured | Upper | Director Corporate Manufacturing Integration | China | 1976 | Present |
| Semi-Structured | Upper | Executive Director of Global Diversity | Columbus | 2007 | 2012 |
| Semi-Structured | Middle | Department - Information Technology | Columbus | 1979 | Present |
| Unstructured & Semi-Structured | Middle | Department - Pricing (U.S.) & Operations Management (Belgium) | Columbus | 1970 | 2004 |
| Semi-Structured | Middle | Department – Marketing | Columbus | 1969 | 2000 |
| Semi-Structured | Non-management | - | Belgium | 2012 | Present |
| Semi-Structured | Non-management | - | Belgium | 2008 | Present |
| Non-Structured | Non-management | - | Columbus | 2007 | Present |

In the process of defining the research question and beginning the research process, the researcher conducted three exploratory interviews with management level employees in China, Belgium, and the U.S. including with the former President of the Cummins Foundation. These interviews served to help focus and determine the scope of the research as well as to gain access to future interview participants. An interview guide was then used for subsequent interviews with Cummins employees. For the semi-structured interviews with Cummins employees (including two retired employees) the following questions were used as a guide to illicit responses related to the topic; however, each interview was largely individualized. The

researcher's intention was to keep questions broad and ambiguous to allow for greater interpretation and story-telling on the part of the participant.

Figure 19 Semi-Structured Interview Guide Columbus Site

1. Cummins has had a long history of recognition in the area of diversity and CSR. In your own words, what is the story and history of diversity as a component of CSR at Cummins?
2. Who would you identify as key figures for the development of these initiatives?
3. What were key events for the development of these initiatives (such as the formation of a project, a speech to members of the board, or an award received)?
4. What historical events, if any, outside of Cummins do you feel have shaped these initiatives over time?
5. Is it important for Cummins to extend these initiatives to its global operations and why or why not?
6. How does Cummins extend these initiatives to its global operations and what do you see are the obstacles involved?
7. Do you feel that Cummins has been able to successfully maintain these CSR practices throughout its corporate history or have there been times when they were not maintained?
8. Were there any times of resistance to change? How was this resistance overcome?
9. Why is diversity important to Cummins?

Figure 20 Semi-Structured Interview Guide International Cummins Sites

1. Do you feel like diversity was something that was emphasised at Cummins in [China/Belgium]? How so?
2. In what ways do you think diversity in the workplace differs in [China/Belgium] than in Columbus?
3. What challenges or surprises have you seen in connection to diversity in the workplace in [China/Belgium]?
4. Do you think it's important for Cummins to extend its practices related to diversity to its overseas operations? Why?

A retired Cummins employee served as the principle informant for this study and was continuously consulted throughout the research process. One other retired employee participated in a semi-structured interview. Both participants were chosen for their retired status as this reduced the threat of reporting bias. Several of the interview participants and the informant had personal connections to the researcher (through family and friends) which allowed for increased rapport and further reduced reporting bias. Evidence of that rapport can be seen in the transcripts of those interviews in which participants made statements such as “it’s probably not the kind of story I outta be telling” or “this might not be the way Cummins sees it, but this is how I see it.” In one interview the participant without being prompted specifically made clear that he was giving his personal opinion and not speaking as a representative of Cummins. Interviews were thus arranged both through personal connections and by Cummins itself to allow for both informal and formal interviews.

The researcher also conducted five unstructured interviews with external Cummins stakeholders to increase data validity and determine how Cummins is perceived in the communities it operates in. Cummins employee spouses in China and Belgium in particular were helpful in that they had knowledge of Cummins, but at the same time were potentially more comfortable about giving critical or negative commentary about the company. Furthermore, the researcher interviewed an external consultant to Cummins in China who conducts cultural orientations for incoming Cummins employees. The Columbus community members were chosen based on their strong connection to the Columbus community with one having family in Columbus for three generations and the other four generations, ages 41 and 70 respectively. The researcher interviewed the director of a nonprofit based in Columbus which

receives significant funding from and collaborates heavily with the Cummins Foundation, the philanthropic arm of Cummins Inc. The researcher also interviewed another community member who has had negative interactions with Cummins through her work on a community based project with Cummins. This participant helped to provide a contrary viewpoint. The participant was also the long time neighbor of Irwin J. Miller. The interviews were conducted in informal environments to illicit honest feedback and to help develop a good rapport with interviewees.

Figure 21 Community Stakeholder Interview Participants

| Interview Type | Description | Site |
|----------------|--|----------|
| Unstructured | Spouse of Cummins China employee & cultural orientation consultant for Chinese expats moving to the U.S. | China |
| Unstructured | Third generation Columbus resident, former neighbor to Irwin Miller, member of community related stakeholder committee directed by Cummins | Columbus |
| Unstructured | Fourth generation Columbus resident and director of an NGO which collaborates with the Cummins Foundation | Columbus |
| Unstructured | Spouse of Cummins Belgium employee | Belgium |

Direct Observation

Direct observation was limited to onsite interviews with Cummins employees in Indiana and Belgium. Interviews in Indiana included three different work sites in Columbus as well as their office in Indianapolis (the capital of Indiana). The researcher was given a tour of facilities in one of the Columbus sites as well as a site in Rumst, Belgium. Direct observation was therefore not extensive and included merely a glimpse at the Cummins work environment.

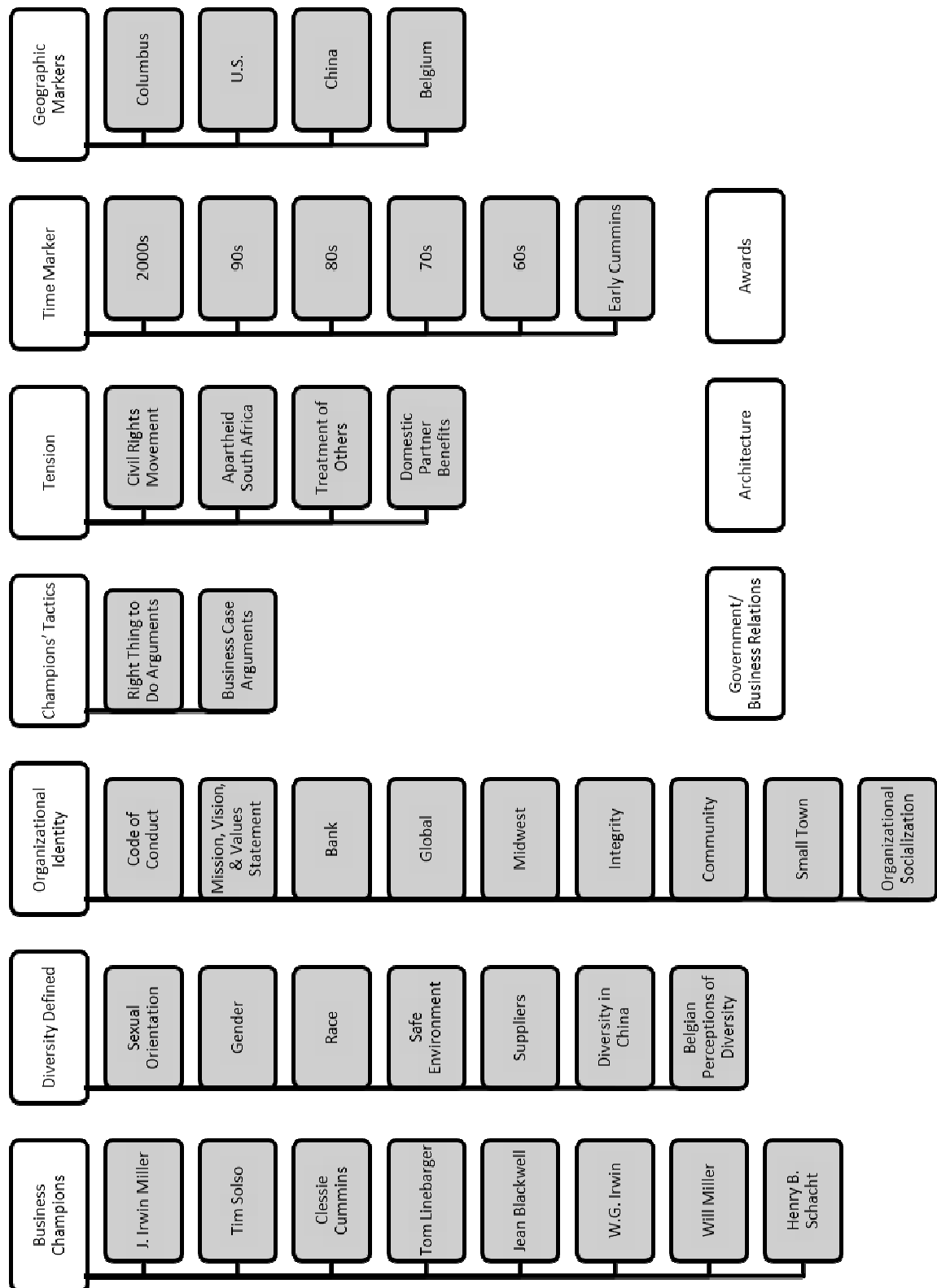
Data Analysis Method

Under grounded theory, “the analysis begins as soon as the first bit of data is collected” in order “to direct the next interview and observations” (Corbin and Strauss, 1990. p. 6). All concepts are considered provisional until they are repeatedly found in the data. Similar concepts are then progressively combined until they become more and more abstract. Next, concepts relating to the same phenomena are grouped together to form categories. Over time, these categories have an informative power between each other and may work together to form a theory. According to Corbin and Strauss (1990) theoretical sampling “representativeness and consistency are achieved” not by “drawing samples of specific groups of individuals, units of time, and so on, but in terms of concepts, their properties, dimensions, and variations” (p. 8-9). Hypothesis about the relationships among categories may be formed and explored throughout the research process.

All data were entered into qualitative data analysis software NVivo 10. To facilitate analysis and improve data integrity, fourteen of the interviews were recorded with the permission of participants. Four interviews served as key data providers and were thus fully transcribed. These transcriptions were shared with the interview participants to verify and validate the content. Otherwise, only relevant portions from the rest of the interviews were directly transcribed with the remainder of the interviews being converted into notes. The script from the Diversity Business Case multimedia CD (Cummins, 2010b) and an audio recording of a speech Miller had made to the governor of Indiana (Miller, 1969) were likewise transcribed. These transcriptions facilitated the data coding process.

The software was used to assist in organizing the data through coding. The following were used as a priori codes based on the theoretical framework to guide the analysis: Institutional Entrepreneurs, Organizational Identity, Moral Arguments (right thing to do) for Diversity Management, Business Case Arguments for Diversity, Institutionalization Process, Business Champions. Additional codes were created and modified as themes in the data appeared. Initial analysis produced sixty-five codes which were then reduced through eliminating overlapping codes to ten themes and 38 sub-themes as summarized in the chart below. The a priori code of Institutionalization Process was eliminated as the data did not fit well to this construct.

Figure 22 Data Codes



Chapter 5: Institutional Entrepreneurs

One way to look at Cummins' innovative practices on diversity is to view them as the story of the institutionalization of diversity as a value. This value, however, did not arise in isolation, appearing suddenly and with no warning. It has been shaped by and shapes other values seen at Cummins; integrity, community, and even Christianity. Some of these values have continued past the lives of the people who championed them, and some have not. All of them provide the rich context for understanding diversity at Cummins. The data reviewed in this chapter will describe the people who created these values at Cummins, most notably Miller. Such leaders, referred to as institutional entrepreneurs in the academic literature, change existing rules and practices producing new practices along the way.

The institutionalization of a socially responsible practice cannot rest solely on the shoulders of one man, yet the record overwhelmingly resonates one name: J. Irwin Miller. While his successor, former CEO Tim Solso, merits considerable mention with other figures in Cummins' history playing important roles as well, it is only Miller who has achieved an almost god like status not only at Cummins but within the Columbus community. Miller is the only figure who is ever cited as a source of legitimacy for the actions taken by Cummins management. The use of his name provides status and authority and is indeed consistently used by his successors in times of employee or community resistance to Cummins' policies. Grey haired and smiling photographs of Miller and his many inspiring quotes can be found at the lobby entrances, stairwells, and break rooms of Cummins' facilities worldwide. They appear again on the Cummins website, sustainability reports, and everything from the Cummins New

Employee Guide to corporate newsletters. His omnipresence is immediately notable. Upon his death, the local Columbus newspaper dedicated an entire edition to celebrating his life and accomplishments (The Republic, 2004 Special Edition). He was the man the cover of Esquire magazine boldly claimed “ought to be the next president of the United States”(Esquire, 1967). Miller is not only cited by every data source in the record, including every interview participant, as the leader behind diversity at Cummins, but he is also more broadly credited as the source of all of Cummins’ values. This is profoundly reflected in a statement from former president and CEO Henry Schact. “He is Cummins Engine Company, and he always will be. It’s as simple as that” (Hanafee, 2011, p.181).

Clessie Cummins and W.G. Irwin

If Miller has achieved a god like status, then Clessie Cummins and W.G. Irwin are the otiose deities of the Cummins pantheon. No account of any aspect of Cummins is complete without mention of the inventor behind the Cummins engine, Clessie Cummins, and the original founder and financier, W.G. Irwin, great-uncle to Miller. While Clessie Cummins may not have been an institutional entrepreneur for diversity, it was his invention of one of the first modern diesel engines that started Cummins Engine Inc. More relevant to this thesis is the story of how that invention in fact remained entirely unprofitable for almost two decades. The moral of this story has had a profound impact on Cummins’ culture.

The story begins with Clessie Cummins who served as the chauffeur and mechanic to the wealthy Irwin family. The family had earned its wealth through opening Columbus’ first bank, Irwin Union Bank. Over the years, the family had several other business ventures and

were very active entrepreneurs. It was W.G. Irwin who provided the funding to start Cummins Engine Inc. when Clessie developed his own diesel engine while working for the family. The company had a difficult start that required continued funding from the family, and Cummins did not turn its first profit until 19 years later. During this almost 20 year period of profit loss or near profit loss, both Clessie and W.G. Irwin exemplified Schon's (1965 , p. 84) words that "the champion must be a man willing to put himself on the line for an idea of doubtful success. He is willing to fail. But he is capable of using any and every means of informal sales and pressure in order to succeed." Clessie was insistent that the engine could succeed, and W.G. Irwin continued to faithfully back him though there were certainly times when both considered quitting.

At several points Cummins almost shut down, but the family allegedly urged W.G. Irwin to keep it afloat because of the jobs it provided to the community. Indeed, the original mission statement of Cummins was to provide employment for white, Christian, males clearly reflecting the sense of socio-economic obligations felt by the wealthy Irwins.

Much of Cummins' materials contain at least a paragraph mentioning this unprofitable but benevolent beginning. The following statement from Cummins' Sustainability Report 2010-2011 is representative of what can be found on a wide range of their publications: "Cummins' commitment to quality products, principled leadership and community involvement can be traced back to the men who founded the Company and waited patiently for it to make a profit." The Cummins' Sustainability Report 2009-2010 states that "Cummins' pursuit of innovation and the Company's commitment to both principled leadership and a long- term vision is rooted in

the men who played a critical role in the company's creation in 1919. Clessie Cummins was a Columbus, Ind[iana] man with a lifelong fascination for machines. W.G. Irwin, whose family fortune backed the Company's launch 91 years ago, pursued profits with a sense of community mission and a desire to help local entrepreneurs." These statements start to give us an idea of Cummins' stated values as well as the important difference between Clessie and Irwin. Clessie is identified as the "machine man" while Irwin is the man with "a sense of community mission."

While most of the interview participants failed to mention Clessie and the founding Irwin, the head of the Global Diversity Department senses the connection there. In her words "one of the most diverse things that happened at the very beginning was Mr. Miller funding Clessie Cummins' ideas. . . when you think about it [from the perspective of W.G. Irwin], 'he's my driver and I'm going to invest in him,' I think that's an interesting thing about investing in a difference and just saying let's see if your dream can fly" (Interview Participant Reyes, 2011).

It was no doubt Clessie's charisma and barnstorming that drew in initial customers. Though he would not have worked in the time of Clessie, one retired Cummins employee notes "in the business that he was going after, the customer was really important, and the customer had needs and demands so he was pretty demanding on the early Cummins people. Cummins had some bad stuff that they put out, but they fixed it, and I think that's part of what is at the core of Cummins" (Interview Participant Fernandez, 2012). The "core" that this participant refers to relates to the value of integrity at Cummins. Integrity as a theme related to diversity will be discussed in the next chapter, but we can certainly see its origins in Clessie.

Perhaps one reason that Clessie's name does not appear as much as one would expect in the record is that he did not necessarily leave the company on good terms. This is alluded to in the *The Engine That Could: Seventy-Five Years of Values-Driven Change at Cummins Engine Company*, a history of Cummins, as well as Clessie's self-penned *My Days With the Diesel: The Memoirs of Clessie L. Cummins, Father of the Highway Diesel*. As discussed with the research informant, Clessie's departure from the company that bears his name was not a "clean ending" and was due to differences on how to run the company. Perhaps another reason is that his family did not remain in Columbus the way that the Irwin Miller family has done. Though Clessie does not emerge as a prominent source of Cummins' values, one interviewee remarked "I think Clessie's part was more there than what we realize" (Interview Participant Fernandez, 2012). Indeed, Clessie's importance as a figure in the history of Cummins can be seen in that the corporate headquarters still preserves part of the original factory that Clessie had used as a home.

Again, while Cummins clearly owes its existence to Clessie and his invention, the company's values, culture, and spirit begin with financier and founder W.G. Irwin (1866-1943). Cruickshank and Sicilia's (1997) research provides a great deal of information on his background. Born into wealth, Irwin's family firmly instilled in him the value that having wealth entails having social responsibilities. The Irwins moved into the Columbus area around 1821 and as part of the original settlers in that area, they played a large role in the "the religious, political, business and cultural affairs of their community" (p. 18). Irwin was a prolific businessman. "In 1923, W.G. was president of Irwin's Bank, president of the Indianapolis, Columbus, and Southern Traction Company, president of Union Starch and Refining Company,

and president of the Indianapolis Gas Company. He was also director of the Union Trust Company, Indianapolis, and of the Belt Railroad and Stockyards Company, also based in Indianapolis. He served on several boards of directors, including the United States Chamber of Commerce, during the years 1934 to 1938” (p. 18).

His fortune already well-established, Irwin not only saw investing in Clessie’s invention as a means to make a profit but as a way to bring up the community. Clearly a reflection of the times and not necessarily in keeping with the idea of diversity, the mission statement (to employ white, Christian, males) (Interview Participant Reyes, 2011) displays the sense of social responsibility that the Irwin family felt to the community in addition to the sense they had of the role of business in society. The family’s strong sense of philanthropy clearly extended beyond their personal lives into their business lives.

The story of keeping Cummins open to provide jobs even when it was losing money for almost two decades is really the foundational story of Cummins. We can see it below as told in the Cummins Sustainability Report 2010-2011:

W.G. Irwin pursued profits with a sense of community mission. The businessman backed the creation of the Cummins Engine Company. But the business got off to a rocky start and there was talk of shutting it down. Irwin’s family, however, persuaded him to keep the business open to provide jobs to the young men of Columbus. Nineteen years after the Company was founded, Cummins turned its first profit. (p. 9)

Perhaps no other Fortune 500 company can say that its initial founding was allegedly just as much if not more about providing a socio-economic service to the community than providing a profit to the owners. While Cummins has become an enormously successful

business, that story of existing for the welfare of the community at the expense of owners forms the foundation of what is an immensely deep corporate culture. As with any story, it is the lesson involved that gives it its strength and endurance. The story may begin with a small company that failed to turn a profit, but it ends with a company that owns the largest global market share of diesel engines.

There are two cultural threads that emerge from this story. One is obviously Cummins' commitment to community. The second is Cummins' ability to focus on long term over short term success, a view that is in line with Jensen's (2000) enlightened value maximization model of CSR. It is through this long-term vision that Cummins has been able to use value-seeking as the firm's objective, paying close heed to its stakeholders and not merely to finances. The story acknowledges that the function of business is not merely to make a profit for owners but to provide economic benefits, in this case employment, to the community in which it operates. The story endears Cummins to not only its employees but also to the community who are often fiercely loyal. The town understandably identifies very strongly with Cummins.

J. Irwin Miller

While the story of Cummins' unprofitable but benevolent beginning is very important to Cummins, Cummins' corporate culture, especially in regards to socially minded practices, is always, without exception, traced to Miller who joined Cummins in 1934 and served as the second president to Cummins, after W.G. Irwin, starting in 1947. Keeping the founder W.G. Irwin and Miller separate can be a challenge for many reasons. As the grand-nephew of W.G. Irwin, Miller was named Joseph Irwin Miller. In the community and at Cummins, Miller can be

referred to as any combination of “J.I. Miller,” “Irwin Miller,” or perhaps most confusing, just “Irwin.” The name alone is not the only confusing factor. Although W.G. Irwin is the actual founder of the company, it can easily be argued that Miller is the psychological founder. People absolutely identify Cummins with Miller to the point that it can seem as if he was the founder.

The conflating of W.G. Irwin and Irwin Miller is also reflected in Cummins materials. In The Cummins Sustainability Report 2007, the unprofitable but benevolent story can easily be misread as occurring under Miller rather than W.G. Irwin. The 2007 Report states:

Going back to its earliest days, when the founding family kept the company afloat during difficult times because it felt a responsibility to provide jobs to the young men of Columbus, Indiana, Cummins has been as much about people as products. That legacy was built by longtime former Cummins Chairman J. Irwin Miller and is carried out today through the leadership of Cummins’ senior executives and 38,700 employees worldwide. (p. 22)

The writing makes it easy for someone who does not know the history to assume that Miller is the hero of this story. Cummins is highly aware of its emphasis on Miller and even notes on a multimedia version of its business case for diversity that “J. Irwin Miller is cited in such a way that a person could believe he was the founder”(Cummins, 2010b).

At Cummins, “Miller was and is the father of things, in so many ways” as stated by one Cummins board member (Fernandez, 2011). The researcher found both pictures of and quotes from Miller featured on posters at all site visits in the U.S. and Europe. The Cummins website link to Diversity states “It’s been more than four years since his death, and more than 30 since he retired as Cummins’ chief executive officer, but J. Irwin Miller’s legacy lives on at Cummins. In Cummins’ plants across the globe, as well as conference rooms and even the executive board

room, his words on diversity are still prominently displayed” (Cummins, 2013). It is difficult for Cummins employees, even those outside of the Columbus headquarters, to escape his image.

During his time at Cummins, Miller transformed the Columbus community not just through a variety of philanthropic efforts, but more importantly through his work in civil rights. Cummins heavily expanded its operations during Miller’s time, and Cummins ensured that it repeated this community focused model in all of its locations. Miller’s views very much coincided with Davis’ (1960) social power equation and the iron law of responsibility, essentially that businesses have a corresponding responsibility to society based on their power and that if they do not use that power responsibly, they will not endure. Miller has a wide range of quotes to this regard. Many of them reflect the extent to which CSR was a new concept in his time. In 1968, Miller is quoted in the Saturday Review’s Businessman of the Year under the heading of “The Revolutionary Role of Business”:

You don't like the idea that business has anything to do with social reform, but your business and mine ultimately go under if society goes under, and societies have gone under. Whose business is it then to tackle troubles? Who should be the instruments of reform? No one is going to solve the problems of our time unless he is powerful and expert and organized. Two great independent institutions exist in our society today, which qualify for such a description. One is business. Business understands how to organize, how to respond to change, how to survive under attack and how to overcome obstacles here and now. (Miller, 1968)

At the National Industrial Conference Board Public Affairs Conference in New York City, Miller is quoted as saying “Business has a very large stake in the quality of the society within which it operates. We flourish only as we are rooted in a society which is healthy, orderly, just, and

which grants freedom and scope to individuals and their lawful enterprises” (Cummins, 2007). In a Cummins 1972 Annual Report, he writes “While some still argue that business has no social responsibility, we believe that our survival in the very long run is as dependent upon responsible citizenship in our communities and in the society, as it is on responsible technological and production performance” (Cummins, 2009). These statements reveal both a sense of responsibility to society as well as the idea that there is a business case for being socially responsible. A business can only “flourish” to the extent that the community in which it operates also flourishes.

Cummins employees are well versed in Miller’s views. In speaking broadly about Cummins’ corporate responsibility, one participant provided her understanding that:

J. Irwin Miller clearly believed that companies first of all owe something back to society. They’re given a certain right to exist and they owe something back . . . he believed that too many times companies were sitting on the sidelines, and he said that government doesn’t have all the capabilities to provide the answers. Individuals don’t have the clout necessarily, not-for-profits don’t have the resources. Businesses bring a set of problem solving skills, and if they don’t engage, then society loses out. So he was a huge believer in that we have an obligation. (Interview Participant Canlas, 2011)

Miller’s beliefs in the role of business in society extended heavily into the realm of politics, and it was under his leadership that Cummins began to actively engage in policy debate. Part of this activism stemmed from Miller’s dual role as president of Cummins and the first lay president of the National Council of Churches from 1960 to 1963. It was through the council that he helped lead many civil rights initiatives, most notably the Council’s sponsorship of Dr. Martin Luther King’s 1963 March on Washington. Miller’s commitment to civil rights was noted

by all interview participants and can be seen extensively referenced throughout the record. His actions during this time are often marked as the beginning of diversity at Cummins both by participants and in Cummins materials.

Although Cummins had already begun integrated production lines in the 1940s (Hanafee, 2011), Miller saw the Civil Rights Movement as an opportunity to increase black employment at Cummins at the management level. Under the backdrop of segregation and government institutionalized racism, Cummins in a 1963 statement to stockholders boldly and simply declared "The Company stands in favor of Civil Rights . . . It has long been the policy and practice of the Company to employ non-whites" (Cruickshank and Sicilia, 1997, p. 237).

We can see the value of diversity begin to really take shape in Miller's first efforts to not merely adopt but to practice racially progressive hiring policies. In this line, one of many memos written by Miller to upper management reads "In order to extend leadership in this community, I should like for each of you gentlemen to make a vigorous effort to hire qualified Negroes in the next few months. To be meaningful, such employment will have to be in positions outside the menial services for which Negroes are usually employed" (Cruickshank and Sicilia, 1997, p. 237). According to Cruickshank and Sicilia's notes, the memo was written in 1944. Although some black employees were hired shortly after this, Miller continued to press on upper management. When told that black employment had increased at Cummins' plants, he quickly demanded "Are they janitors only?" (Cruickshank and Sicilia, 1997, p. 237). Miller seemed to determine to change the face of management at Cummins.

At this time, Columbus did not have an open housing policy, and black employees at Cummins were prevented from buying houses in white neighborhoods. Using Cummins personnel, in 1964 Miller began a research project to try to find antidiscrimination ordinances from other municipalities in the hopes that "Maybe we can urge it on the city administration" (Cruickshank and Sicilia, 1997, 238). Situated in southern Indiana, Cummins was not the only voice on segregation. The Ku Klux Klan had a very visible and strong presence that had peaked in Indiana in the 1920s but could still be felt, especially in southern Indiana, from the 1960s-70s (Tucker, 1991).

The 1960s were a time of great and even violent civil unrest in the United States and Miller warned shareholders of the Irwin Bank and Trust Company at a meeting in 1968 that:

We have examples on every side of communities who didn't solve their problems while they could, and now their cost will be staggering-- civil disturbance dangerous in its proportions, and the possibility of imminent collapse. Will we have the foresight to learn from the experience of others? I think the next year or two will tell. And the real test will come in our community response to discrimination, and specifically, to the proposal for an open housing ordinance. (Cruickshank and Sicilia, 1997, p. 238)

Frustrated that the city government was not bending to his will, Miller then wrote a letter to the Columbus mayor stating clearly that "No company can commit itself to further growth in a community that does not, in turn, commit itself to the elimination of discriminatory practices" (Cruickshank and Sicilia, 1997, p. 238). A not-so-veiled threat, Miller used the economic weight of Cummins to threaten the government into a policy position. This is

perhaps the first time that Miller stood in defiance of the community and how they preferred Cummins to do things.

Miller understood clearly that his power and authority, though great, was not absolute. Making diversity a part of the way Cummins does business is not simply an act of creating initiatives and policies. Policy adoption is only a step towards routinizing a practice (Weick, 1969), and Miller was aware of this. The letter below is evidence that Miller felt that the push for civil rights was his undertaking and not something done collectively by the organization. Cummins had not yet fully integrated Miller's personal value of diversity, and it was not a full part of the Cummins identity. A time of not only racism but anti-Semitism, records show that Miller was advised by a Connecticut based architect in 1964 to cancel on a merger because the proposed company was, according to the architect, controlled by Jews. Miller's response was the following:

I read your letter of March 9 with great interest. It is not clear to me whether you are now a shareholder of Cummins, or were formerly a shareholder. In either case, I am sure you would never want any shares in a company with our philosophy of management. We select, hire, and promote persons on the basis of individual ability and capacity as we are able to judge them, and on no other basis. Race or color of skin are not factors in this process. We have in important positions in our company Jews, Negroes, and persons from many nations, and this is part of our strength. Not a one of these should be barred by color or race from rising as high as he is able, and this policy will not be changed as long as I am chief executive officer of the company. (Cruickshank and Sicilia, 1997, p. 238-239)

From his phrasing “as long as I am chief executive officer,” we can see that Miller still viewed diversity as his value rather than a value that Cummins had adopted as its own. Only time would tell if this value would be passed on to future Cummins executives.

Yet even as Miller notes that his values may not endure beyond his presidency, the line between Cummins and Miller becomes notably blurred at this time. It is difficult in the record to determine what of his actions belonged to his role as president of Cummins and what can be attributed to his role as president of the National Council of Churches. One cannot imagine that those following Milton Friedman would agree to Miller’s use of company time, money, and other resources in pursuit of what some might call personal beliefs and commitments outside of the company. Evidence of this blur can be seen in the alleged story that a state highway authority in a southern state threatened to stop specifying Cummins engines unless Miller quit his efforts on voter registration efforts in the south. These registration efforts were coordinated through the National Council of Churches not Cummins, however, it was Cummins who became a target. According to the story, Miller paid little attention to the threats and the effect that might have on the company. (Cruickshank and Sicilia, 1997)

One event noted by all interviewees as being important to the story of diversity at Cummins was Cummins’ choice to discontinue its business in apartheid South Africa. According to the story, Miller had tried sending a representative to South Africa to determine if persuading the government to change apartheid policies was possible. When Cummins learned that it would not be possible to have an integrated work site, a board meeting was held to determine what course of action should be taken. The decision to lose business but to preserve

both integrity and diversity was not Miller's alone to make. It was the decision of the board. Henry Schacht, president at that time, reports that it "didn't take five minutes of the board's time" to make the decision (Cruickshank and Sicilia, 1997, p. 13). Cummins shut down their South African operations resulting in an estimated 20% market share loss in that region. Schacht continues "We lost all the business. Our view was that you don't need to have all the business in the world. You have certain fundamental principles--and if they can't be followed, then it's not business you want"(Cruickshank and Sicilia, 1997, p. 13). Despite Miller's concerns evidenced earlier that his views on civil rights might not be carried on, he clearly had a board and a level of upper management that was willing to back him.

In the words of one participant "Irwin was a giant." When asked ". . .who would you identify as leaders in the history of diversity at Cummins?," the response to him seemed obvious. "Well there's kind of the 500 pound gorilla in that regard which is certainly J. Irwin Miller who was the chairman for decades and even after kind of stepping down as the official chairman of the company still continued to have a huge influence for fifteen-twenty years after that so that's obviously the top one" (Interview Participant Schmidt, 2011). The phrase "kind of" stepping down as well as "official chairman of the board" are more than revealing of the type of power that Miller had throughout his life and even beyond it at Cummins.

Miller joined Cummins as its general manager in 1934, served as the executive vice president from 1944 to 1947, president from 1947 to 1951, and the chairman from 1951 to 1977. It is difficult in the record though to determine a date that would mark his "departure" or "decline of influence." Despite pouring over the record, the researcher found no consensus

as to when Miller “retired,” “left,” or “exited” the company especially given his continued presence on the board well into late age. Some documents such as the Cummins’ Sustainability Report 2010-2011 state that he “led the Company until 1977” yet he was awarded a sixty year service pin much longer after this by Cummins. After failing to find a precise date, the researcher asked the informant “when did Miller leave Cummins?” The answer: “He never really left,” noting his understanding that Miller was always the company’s major shareholder (Interview Participant Townsley, 2012). In *Red, Black, and Global*, one passage remarks “. . . it seemed as though Miller never left the company. Whether he was on the board or not, his behavior was unwavering until he died. He came to work every day. Even when he needed a wheelchair to get around and it was difficult for him to leave home, he was intensely interested in Cummins” (Hanafee, 2011, p. 182).

Miller passed away at the age of ninety-five in 2004 yet it has become clear to the researcher that even this does not mark his departure from Cummins. Miller continues to exist as an institutional entrepreneur. This can perhaps be best summed up by a former board member who stated of Miller and of Cummins’ future “Obviously, you can’t institutionalize a person, but from my perspective, the next generation of executives are all people who have that sense of integrity, and that sense of responsibility to the community as a whole” (Cruickshank and Sicilia, 1997, p. 516). It is impossible to separate Cummins’ identity from Miller even almost a decade after his death.

Other Figures

Some of the upper management figures during the 1960s-70s appear in the record on diversity, most notably Henry Schact: president 1969-1977, CEO 1977-1994. One preliminary interview as well as *The Engine That Could: Seventy-Five Years of Values-Driven Change at Cummins Engine Company*, a history of Cummins, also mentions James A. Joseph as important. Joseph, an African American and ordained minister in the United Church of Christ who had been a leader in the Civil Rights Movement, was a vice-president and president of the Cummins Foundation from 1971-1977. He later became under-secretary to the interior and the U.S. ambassador to South Africa and was a contemporary of Schact. (Duke University) Other than his title, however, little is mentioned of him or what he did. Schact has a stronger presence than Joseph in the record and wrote passionately about Cummins in a magazine article titled Living with Change in the 70s that:

Cummins is particularly aware of the pace of changing social values; we have a lot of work to do to meet all our responsibilities. We believe industry is going to have to plan to take in clean water for use in its plants and put out clean water at the other end. It is not right to consider the cost of re-cleaning water as a cost that society must bear. The same is true with air, noise, and so on.

Companies ought to put the cost of controlling pollution into their products and then let people decide if they want to buy these products, rather than to understate the cost by putting out products that pollute and then ask taxpayers to fund a massive cleaning-process. That is not the basic responsibility of the taxpayer; it is the basic responsibility of the industry involved.

The major stresses and strains in our society today result from our current institutional inability to handle change. Business, one of the major segments of our society, can make a fundamental contribution in this area. If business can adapt to

the changing nature of our society, it will help answer many of the questions that are being raised today. The enormous economic weight of our system can and, indeed, must provide ways to alleviate poverty and hunger in this country. It must provide ways to recognize the illiterate, to recognize the underprivileged, and to help make useful human beings out of them. It must accept this as a logical cost of doing business. Failure to accept this will mean that the chaos that we have seen in the last five years will be replaced by anarchy in the next five. Specifically, a cost of doing business for Cummins is taking on more of the social burdens of today. It means taking the illiterate, the black, and the poor white and putting them to work. It means setting up systems and procedures where people can find their dignity. It means doing it at the expense of those who are better off, if necessary. The cost of doing something now, as great as it will be, is overshadowed by the cost of not doing anything, for no corporation can function without relative social stability. (Schacht 1970)

While prose such as this from Schacht can be found in the record, there is little that speaks to any of his actions. That is not to say that he did not do anything in connection to diversity, only that it is not referenced in the record.

Tim Solso

Only two people emerge from the interview data as having not only been identified as leaders of diversity but as being associated with specific actions and behavior that led to diversity: the first and most prominent is Miller, but the second is the most current former CEO, Tim Solso. One interviewee herself even points out that “I find it fascinating that in 92 years, we’ll have only had five CEOs. . .what’s interesting is I know that there were two CEOs in-between Mr. Miller and Tim Solso but people don’t really talk as much about what they did” (Interview Participant Reyes, 2011). It is easy to see how such a statement can be made. As an

example, in the 2006 Sustainability Report, two quotes on the importance of diversity, one from Miller and one from Solso are found side by side:

“‘We have a far better chance of attracting and retaining the best talent available if we create a work environment that encourages talented people to join us and, once here, to contribute to their full potential. To do so means that every person must be treated with dignity and respect, and be provided fair pay and benefits for the work they do...’ - Tim Solso, current Cummins Chairman and CEO

‘In the search for character and commitment, we must rid ourselves of our inherited, even cherished, biases and prejudices...When we indulge ourselves in such irrational prejudices, we damage ourselves most of all and ultimately assure ourselves of failure in competition with those more open and less biased.’ – J. Irwin Miller, former Cummins Chairman and CEO.” (Cummins, 2006, p. 34)

What follows next is the statement that: “The words of two Cummins chairmen – spoken years apart – demonstrate that Cummins’ commitment to diversity has not wavered with the passage of time or a change in leadership. At Cummins – which does business in more than 160 countries - the message is powerful: Not only is valuing diversity good business, it’s also the right thing to do” (Cummins, 2006, p. 34). This direct linking of Miller to Solso intends to display that the diversity value brought to Cummins by Miller was not diluted by interim leadership. Indeed it shows that leadership, at least in regards to diversity, passed directly from Miller to Solso despite the four presidents between the two.

Other statements from the record are even more explicit. For example, the Cummins Diversity Website states:

Former Chairman and Chief Executive Officer Tim Solso worked with Miller and says he had a major influence on his life and

career. Solso carried on Miller's passion for diversity during his time as CEO. . . Building on the legacy of longtime Cummins CEO J. Irwin Miller and the unwavering support of former CEO Tim Solso, the department takes a multi-faceted approach to helping create the right work environment for success.” (Cummins, 2012c)

There is a continuous linking of Solso to Miller in Cummins’ materials related to diversity with little mention of other important actors though surely they existed. This is perhaps an effort by Cummins to keep the diversity story simple, but it also highlights the role of Miller who dwarfs all other figures.

Diversity is not the only area where other previous CEOs receive little credit. Although the internationalization of Cummins’ operations dates back to Miller and Schact, interview participants define Solso’s leadership as the time where Cummins took on an international focus. Both interview participants and Cummins materials note Solso as being the lead on this international expansion. Solso, however, became president in 1994, but at this time around half of Cummins’ operations were already overseas at sites in Africa, Australia, Europe, Mexico, the Middle East, South America, and Southeast Asia with around forty percent of sales and employees residing outside the U.S. Even in Cummins’ self-produced history *Red, Black, and Global*, the author and former Cummins employee includes the quote from an executive that “The globalization of Cummins was always part of the master plan” (Hanafee 2011, p. 24). So what is it that participants mean when they assert that Cummins “became international” under Solso?

Perhaps what participants were getting at was not that Cummins’ operations became significantly more internationally based under Solso so much

as Cummins' mentality became significantly more international. To this extent, participants also note a marked shift from "doing diversity" because that is what Miller and upper management wanted to making diversity a bottom up rather than top down value. We can also see that the more traditional view of diversity (race, gender, religion) that would have dominated under Miller gives way to something significantly broader. These themes of moving from a top down focus to bottom up as well as how Cummins defines diversity will be discussed further in the following chapter. As one participant states, "under Tim Solso as CEO we pushed the envelope a little bit further" (Interview Participant Canlas, 2011).

The idea that Solso "pushed the envelope further" is echoed in the following statement from the current head of Corporate Responsibility: "I would say Tim Solso, that has been one of his hallmarks, was really pushing this [diversity] broadly, not just seeing this as a US issue, not just seeing this as a black/white issue but seeing this as how do you create a safe and inclusive environment whether it's in your community or your employment, and how do you ensure that everyone's views are included" (Interview Participant Canlas, 2011). She further remarked that:

He has really been engaged in us thinking globally about what does diversity mean in each culture. In some places it's how do we ensure women have the right opportunities. In other places it's different minority groups. It varies around the world. In some places it's people with disabilities. It's whoever is marginalized and how do we make sure we have a welcoming and inclusive environment. That is the internal diversity story. (Interview Participant Canlas, 2011)

Under Solso, diversity becomes an essential tool of success for a globalized company. Cummins' 2009-2010 Sustainability Report states that

“Chairman and CEO Tim Solso has said he wants the Company’s top leadership to ‘look like the United Nations,’ consistent with a Company where more than sixty percent of its sales occur outside the United States. Finding ways to develop leaders globally will be critical” (p. 100). Whereas Miller’s push for diversity takes a tone connected closely to what is morally right and what is socially progressive, Solso’s statements seem to be more closely connected to the business case.

When the researcher remarked to one interview participant at the executive level that “I get the sense that this idea of making diversity a business case, it keeps coming up, when did that kind of start?,” his response was:

Probably I would say 2000, 2001 when Tim Solso came in as the new CEO, and he’s really the one who recognized that only depending on the fact that we do this because we’re just a slightly different company and so we just pay more attention to this, I mean it was ok, but it just wasn’t going to be strong enough, because the other thing that started happening, we just started growing much more rapidly and also going to very, very different geographies so all of a sudden you have three to 4,000 people, you have 6,000 employees in China, you have a couple of thousand employees in Brazil, and just because somebody sits there in Columbus and talks about diversity with this heavily American twist to it, I mean it just doesn’t relate right? (Interview Participant Schmidt, 2011).

Solso himself summarizes his argument for diversity as a business case in the Sustainability Report 2009-2010: “Sixty percent of our revenues come from international markets. We manufacture more outside of the United States than inside the United States. So recognizing different cultures, different languages, hiring people from those backgrounds,

making sure that they're included, [that] they have an opportunity to develop to their full potential, is really important" (p. 89).

In furthering the value of diversity at Cummins, Solso followed in Miller's footsteps of political activism. The Sustainability Report 2004 notes:

Beyond Cummins manufacturing processes, the Company is involved in the setting of public policy to help establish processes that will lead to desired goals. In August 2001, Cummins formed an office in Washington, D.C., to coordinate government relations activities for the corporation. The office provides strategic insight and advice to Cummins business leaders on emerging government issues and activities, provides top-level access to government officials and key policymakers, develops and implements government relations strategies to achieve business objectives and advances business marketing objectives relative to government programs. The office elevates government issues to senior management, ensures alignment with Cummins businesses and objectives, and identifies and aggressively resolves key government issues for the corporation. (Cummins, 2004, p. 12)

This formal establishment of an office in Washington D.C. does not mark the beginning of Cummins' political activities but is a potentially long overdue step in its long history of activism and lobbying. In speaking about Cummins' political efforts, the head of Corporate Responsibility who worked with Solso on many policy issues stated:

I think many companies are afraid of annoying political leaders if they take positions in opposition, and, you know, I remember someone coming over and saying 'don't engage in this because you're going to lose no matter what, and all you're going to do is piss people off.' And I clearly remember him [Solso] saying 'and why does that impact our reason for not having a voice at the table?' So he still pushed us whether it was on healthcare or whether it was anything else, on immigration, he knew we would have plenty of people mad at us if we took a position that said we

have to have an open society and we have to figure this out, we have to have a sound immigration policy because it affects everybody's ability to be global and to get the right talent. And that didn't sit well with all of our political leaders, but we said that was important to us, and he said 'I'm comfortable with having those debates internally even if we lose, and we will lose some, but that doesn't mean we're not a voice to be heard.' (Interview Participant Canlas, 2011)

Clearly Solso not only shared Miller's passion but also his strength and will as a leader.

It was under Solso that Cummins rewrote its Mission, Vision, and Values. The current head of the Diversity Department specifically cited this as a "significant" event. In Solso's words in the Sustainability Report 2005:

Early in this decade, Cummins set out to clearly define and articulate its vision, mission and core values so that they might serve as enduring guideposts for the Company in its journey toward sustained excellence in all it does. In doing so, we were looking to carve out a set of principles that would become the foundation for our actions and behavior in good times and bad, principles that would leave no doubt what Cummins and its people stand for. We gathered input from our employees around the world. . . Again, Solso makes a connection to Cummins as a global company making sure to note that this was not coming merely from upper management located in Columbus, Indiana but was made with "input from our employees around the world." (Cummins, 2005p. 1)

Despite Solso's strong leadership, we can still see that Miller's name is used to further legitimize Solso's actions. In the Sustainability Report 2007 Solso himself writes that "Mr. Miller's words [on diversity] ring true today. Cummins' focus on corporate responsibility also supports our business and philosophical commitment to integrity, diversity, global involvement and serving and improving the communities in which we live and work. These values are especially critical at this time in the Company's history when we are looking at significant

growth both globally and in the U.S.” (Cummins, 2007, p. 88). Solso is found throughout the record referencing Miller’s name presumably to legitimize his actions and establish authority.

Solso clearly defines himself with his own identity separate from Miller is his championing of LGBT (lesbian, gay, bisexual, and transgender) rights beginning in the 1990s. While most participants identify Jean Blackwell as also being a champion of diversity in connection to LGBT rights, it appears that her ascribed status in this area contributes to this. While her name is mentioned in several interviews, it is not tied to any specific behavior, and she herself did not go into detail as to her role in pushing for LGBT rights at Cummins. As previously mentioned, Miller and Solso were the only names that interviewees cited as leaders associated with specific behaviors.

In the history of Cummins *Red, Black, and Global* book, the author notes that in the 1990s, Cummins reworded its Treatment of Others policy to include the words “sexual orientation.” This seems to be an initial event for LGBT rights at Cummins. In the Cummins book, a lesbian employee discusses her experiences at this time in regards to sexual orientation. “It was the first time I heard that phrase spoken out loud at Cummins. But some of the people who were learning to be diversity facilitators were freaked out about it. They said it might be in the materials, but they wouldn’t present it” (Hanafee 2011, p. 81). Despite the change, she continued to feel afraid to come out and with good reason. Her experience in the Columbus community had included threatening phone calls to her house from those who suspected her sexual orientation, and at one point her house was even paint-bombed.

In March of 2000, Cummins' bulletin boards listed the following announcement from Tim Solso: "I am pleased to announce Cummins will adopt a Domestic Partner Benefit Policy for the benefit of our employees. The policy will make benefits, such as health insurance, available to life partners of Cummins employees who are not legal spouses. The policy will apply to both opposite sex domestic partners of employees who are unrelated and to same sex domestic partners." This was the event that finally led the hesitant Cummins employee to be open about her sexual orientation. "I had to be honest, and if something terrible happened, then maybe it would inspire something right to happen. There were a number of people I worked with on various projects that wouldn't speak to me anymore. So there was collateral damage. But mostly it was okay." (Hanafee 2011, p. 84).

The employee's statement speaks to the amount of friction and conflict the proposed domestic partner benefit policy created. In response to the announcement, Columbus employees formed the *Cummins Stakeholders Against Domestic Partner Benefits* group. Perhaps no statement in the record speaks more strongly as to the role of business in society than that of the leader of this group: "No group of corporate executives has the right to meddle with what God has established." He further warned that "Attracting homosexuals to Columbus will bring grave changes to our community. The curriculum of our schools, the contents of our library and the ordinances of our city will begin to reflect the unbiblical values homosexuals stand for." The group wore buttons with the phrase "domestic partner benefits" with a slash through it to the workplace, and the local newspaper was filled with letters to the editor on both sides. At one point, a Sunday afternoon prayer vigil against the policy was held in front of Cummins headquarters attracting around 500 people from both Cummins and general

community members. A counter protest was held in the city park which brought in around 150 people. (Hanafée 2011, p. 83).

It is through this event that we can again see the strength and importance of Miller. Given the large push back not just from employees but from the community, Solso went to Miller, who at this point was in his nineties, to ask for his support on the issue.

Miller's subsequent letter to the local newspaper reads "This policy . . . does not judge any individual in the company but tries to see that all are treated equally and fairly. Judgment is not for us to pass but for God." In his own letter to the newspaper, Solso makes reference to Miller, clearly using him as a legitimizing power. "Change can be difficult for any organization to accept. For some, this new policy may feel like a departure from the traditions of Cummins. In fact, just the opposite is true. This policy embodies the principles of J. Irwin Miller; principles upon which this company was founded – such as inclusion, tolerance, responsiveness and the pursuit of excellence." (Hanafée, 2011, p. 84)

When Solso took domestic partner benefits to the board, Will Miller (son of J. Irwin Miller and the only Miller currently on the board) stated that "It was about inclusion. . . The business case for it is pretty simple. This was much like a generation before when there was the issue of giving women access to the work force at all levels, and people said why would you voluntarily cut yourself off from half of the talent in the world because of the social norm? It doesn't make a lot of sense." (Hanafée, 2011, p. 82)

After the policy on domestic partner benefits passed, upset Cummins workers could no longer wear buttons or voice negative opinions on the matter. In Red, Black, and Global, the

Cummins director of human resources states, “the issue is making sure people understand that to work at Cummins you can’t act on any feelings you have in opposition to homosexuality. . . you must treat people with dignity and respect, regardless of what your differences are” (Hanafee, 2011, p. 85).

It is very easy to draw parallels from this time to what went on in Cummins during the Civil Rights Movement. There are, however, many important distinctions. One is stated company motivation. During the Civil Rights Movement, we saw language from both Miller and Schact calling on the need to create policies that would foster social stability. There was a much larger picture of diversity being a business case simply in that it is the socially legitimate thing to do. We see a very Davis inspired philosophy that businesses must behave in a way that is socially legitimate because businesses only operate with the permission of society. The argument was that if Cummins did not provide “meaningful employment” for black employees, it would contribute to social instability and as Miller alluded to, even social collapse. Cummins’ business case for domestic partner benefits takes a much simpler stance; creating an inclusive work environment allows for a more diverse work force which creates a larger, more innovative talent pool. The version of diversity under Solso has a much more direct and simplified business case.

The very Cummins centric approach of Solso obviously lacks the abstraction and ideological profundity found in Miller and Schact’s statements but that is certainly not a suggestion that Solso and his board lacked vision or even passion. On the contrary, it speaks to the acute awareness and foresight of Solso that Cummins had approached a time where upper

management's "say so" would not always be enough for employees. A simple and direct business case that could resonant with all workers from the assembly line on up had to be pushed. One Cummins employee notes "I think he [Miller] had a very strong sense of the business case. I think we had to do some fine tuning so that that spoke to the current world" (Interview Participant Canlas, 2011). Cummins has very carefully "tuned" their message on diversity in the attempt to really reach employees.

Another major distinction between the domestic partner benefits event and Cummins' actions during the Civil Rights Movement is that even though interview participants and even archival records show Solso as the champion on this, it was not his idea, nor the idea of upper management. According to Red, Black, and Global, the Cummins Diversity Council in Fridley, Minnesota had been the ones to "push" on the issue of gay rights and domestic partner benefits. In Solso's words "They were advocating for the benefits and wanting to know why we didn't have them now. . . This wasn't an issue I was looking to champion three months into my role as CEO. But the question was – are we going to live our values? There was no doubt about it, they were testing me" (Hanafée, 2011, p. 82). This again marks an important shift in Cummins in that values were being pushed not from management (i.e. Miller), but from regular employees. The shift, however, is not complete. It was a minority of Cummins' employees pushing for gay rights, and it took the forceful hand of management to incorporate them into the value of diversity. The book states that "Solso believed the matter was treating all people with dignity and respect and it was a value of the company's" (Hanafée, 2011, p. 82). The use of the phrase "value of the company" as opposed to "value of the employees" highlights the gap that existed between workers' personal values and Cummins' values.

Solso led Cummins to a very profitable time, and Cummins attributes this success to its ability to attract and retain diverse talent from around the world. In the Sustainability Report 2010-2011 he announced his departure with the message:

As I announced in July, I will be retiring at the end of 2011 after 40 years with Cummins. Tom Linebarger will lead the Company starting Jan. 1, 2012. He is a remarkable individual who lives by the values that have guided Cummins for more than 90 years. I know he'll do a great job. My faith in our new leadership and Cummins' current position make me more optimistic than ever about the Company's future. (Cummins, 2011b, p. 3)

Linebarger has been a longtime Cummins employee and has stated that he will endeavor to continue in the footsteps of the leaders before him (Hanafee, 2011). It is interesting to note that in a multimedia version of Cummins' business case, the end closes with one interview from the new CEO, Tom Linebarger, and from former CEO Tim Solso and not with Miller. In speaking about Diversity, Linebarger states "It really extends to everything we do, how we interact with customers, how we hire and promote, how we engage people in teamwork, how we effectively run our business processes across the company. All those are important to understand difference. And again, how we leverage them for our benefit" (Cummins, 2010b). It is then Solso who finishes reminding the audience that diversity at Cummins is not just the business case as stated by Linebarger. He passionately states that "this still is the right thing to do from a moral perspective, and I don't ever want to lose that" (Cummins, 2010b). This statement draws attention to the importance that Cummins gives to diversity as something that goes beyond financial numbers and results. The story of the unprofitable but benevolent beginning of Cummins lends credence to Solso's assertion that Cummins' motivation for diversity has its roots in simply doing the right thing. This value again goes back to an individual, Miller.

Conclusion

Diversity as a corporate value at Cummins can truly be traced back all the way to Cummins' beginning as a company highly aware of its role in society. The company was founded with the mission statement of providing jobs to the men of the Columbus community. While Cummins failed to turn a profit for the first nineteen years of operation, owner W.G. Irwin stayed true to that mission statement and recognized the economic value the company generated for the growing, small town. He passed the company onto his grand-nephew, J. Irwin Miller, someone who shared the family's philanthropic and Christian values. Miller expanded the idea of Cummins' role from being an economic benefactor to being an agent of social activism. He realized that the power to provide jobs in a society filled with discrimination and stigmatization could be translated into the power to bring up marginalized people and to fundamentally change how society not only treats but views these people. As a majority shareholder, Miller was able to steer the company according to his will and strategically choose his successors even after the company went public in 1947.

Miller's influence can still be seen at Cummins even years after his passing. While other CEOs have played a role in diversity, their names simply do not surface. In contrast, the most current former CEO Tim Solso's leadership marks a critical time at Cummins especially for Cummins' corporate culture. Prior to Solso, Cummins' values stemmed almost entirely from Miller. It is during Solso's "reign" that we see a transition of Miller's values either becoming institutionalized or being left behind, and the following chapter on organizational identity will explore this more. Solso's heavy appearance in the record as a leader for diversity when other

names remain almost unmentioned is perhaps an indication not just of Solso's influence but also of the diminishing influence of Miller at the time that Solso became president. Although Miller continued to hold positions of power at Cummins, both literal and psychological, Solso was viewed as the head of the company perhaps at levels unachieved by previous CEOs before him. That individuals such as former president and CEO Henry Schact were not mentioned by interviewees speaks to this.

Solso also distinguishes himself from Miller by taking on new areas of diversity such as LGBT and by developing Cummins' global mind-set. This duality of being firmly rooted in the community to becoming an internationally focused multinational is an identity that is difficult to juggle. Although both have played a prominent role in both the Columbus community and in the globalization of Cummins, we can say that Miller, with his strong family ties to Columbus, may be more identified with the community identity whereas Solso, a non-native to Indiana, may be more identified with Cummins' global identity.

While it may be diminishing, the importance of Miller is still very strong at Cummins and in Columbus. Miller's son, Will Miller, speaks about the use of his father's name; "One of the cheapest rhetorical devices available to Cummins or in the community was always: 'Oh, Irwin will never go for that.' And the smart people would say, has anyone asked Irwin? Because he wasn't particularly predictable'" (Hanafée, 2011, p. 84). Even now the Cummins website on diversity uses the phrasing "Like Miller before him, Solso believed a group made up of people with different experiences and backgrounds is more likely to come up with the solution to a challenge than a group in which everyone thinks the same way" (Cummins, 2012c). Indeed, the

Sustainability Report 2009-2010 provides a rather appropriate summary of the Miller to Solso transition: “Longtime Chairman and CEO J. Irwin Miller, who led Cummins for nearly 40 years, believed passionately that a company is only as strong as the communities where it does business. Our Corporate Responsibility value has evolved since then to become more global but Cummins’ core beliefs have not changed” (p. 64). Clearly, Miller and Solso both have had an enormously powerful role in diversity at Cummins. Institutional entrepreneurs, however, may only succeed to the extent to which their innovative ideas and practices are accepted by employees. The next chapter will explore Cummins’ organizational identity, examining the culture there that allows for a value such as diversity to take root and flourish.

Chapter 6: Organizational Identity

As can be seen from the previous chapter, the value of diversity at Cummins has a rich history dating back to its socially minded beginning as an unprofitable but benevolent business that provided jobs to the community. After joining the company started by his great uncle, Miller used the ability to provide jobs as a means of social change in line with his own personal values. Starting with the desegregation of factory lines in the 1940s followed by increasingly progressive actions including fighting for equal housing policy in Columbus, Miller used employment as a means to empower marginalized groups of people. This was always done, however, with the business case in mind. Miller's logic was that he had to be able to attract the best talent from not just Columbus but from around the world. To do that, he had to create a socially inclusive environment where people would want to work no matter what their background. Diversity is not a value often found in southern Indiana and its change from being Miller's value to being Cummins' value was a slow evolution.

The previous chapter discusses both Miller and Solso as the institutional entrepreneurs who were able to push for diversity at Cummins. Cummins was one of the first companies to use diversity as a management tool to attract talent, to foster creativity, and to create a cultural knowledgebase as Cummins expands into different markets. Diversity management "does not only recognize but also values and harnesses workforce differences, such as individual characteristics, backgrounds, orientations and religious beliefs, so that individual talents are being fully utilized and organizational goals are met" (Shen et al., 2009, p 238). Pless and Maak (2004) note that "the challenges within competitive, dynamic, and increasingly global markets

(demanding innovation, creativity as well as flexibility) are best met by a broadened pool of experience and knowledge found in an effectively managed diverse workforce” (p. 130). Though diversity management is now commonly and arguably even uniformly found in multinational business practices, Cummins’ use of it over the past seventy years has been truly innovative.

Innovations are not simply adopted in organizations because authority figures demand it. Indeed, innovations can only be adopted when users feel that such innovations fit within their current value system. For innovations to take root and to be adopted by users in an organization (i.e. to be implemented effectively), targeted organizational members must perceive that the innovation fits their values (Klein & Sorra, 1996).

Values form the foundation of an organizational identity. They help form the structure around which an organizational culture can be built. Organizational identity is thought of as the enduring, and distinctive core of an organization (Albert and Whetten, 1985). It is what genuinely defines the organization. While organizational identity is something that is often viewed in terms of being constant, stable, and unchanging, paradoxically research in fact shows that identities can change over time and to some extent (Reger, Gustafson, Demarie, & Mullane, 1994). This flexibility, though limited, allows them to be more open, making it easier for innovations to be adopted which might otherwise be difficult to align with a rigid value system.

Gioia et al. (2000) highlights this flexibility in organizational identity and values by showing that an organization might use the same name for a value but associate it with different content over time. This can certainly be seen with the term diversity at Cummins

which has grown from gender and race to an expansive definition that includes essentially anything that makes us different. Cummins now defines diversity as the following: “On a personal level, the diversity of an individual is defined by his or her cultural and personal differences, as well as life and professional experiences. At the organization level, diversity is created through the distinct personalities and capabilities of each individual within the group.” The business case is then emphasized again that “Taken together, the diversity of individuals and organizations creates an environment where innovation and ideas flourish.” (Cummins, 2013) The expansiveness of this definition of diversity is reflected in the number of Cummins Affinity Groups (formal employee groups centered around a common interest) based in Columbus. These groups include not just race, gender, nationality but also sexual orientation, special needs and abilities, and even veteran/military status.

Cummins Columbus Affinity Groups

- | | |
|--|---|
| • African & African American | • South East Asian |
| • Cummins Chinese | • Southern Indiana Women’s Affinity Group |
| • GOAL – the Latino Affinity Group of Southern Indiana | • Special Needs & Abilities |
| • Greater Middle East Affinity Group | • African American Affinity |
| • LAUNCH – New employees at Cummins | • CF/CBS Latino Affinity |
| • LGBT & Friends | • Multi-Ethnic Affinity |
| • AZN (Asian) | • Veterans Affinity Group |
| • Russian East European | • Women’s Affinity Group |
| • South Asian Affinity | • Women Leadership Network Group (WLNG) for Cummins South Pacific |

(Cummins, 2013)

Such groups are not unique to Cummins and are currently used by many companies with a participant explaining “affinity groups and local diversity councils have always existed in companies in some form or fashion, informal or otherwise, people kind of connect the dots”

(Interview Participant Reyes, 2011). In her view, companies have merely given formal structure to these groups.

The relation of innovations to values is of critical importance. As described by Klein and Sorra's (1996) work, innovation values fit describes the extent to which targeted users perceive that use of the innovation will foster (or, conversely, inhibit) the fulfillment of their values. In order for Cummins employees to use and respect diversity in their work life, they must feel that doing so will fulfill their personal values. This is perhaps why Cummins leadership has continually stressed both the moral and business case for diversity. If social inclusion by itself is not a personal value of an employee, Cummins still has a chance to convince such an employee that it can at least be used as a tool to achieve other values such as creativity in the workplace.

While individual values play a role in innovation adoption, organizational values are just as important. Organizational values can be either explicit (i.e. formally stated, normally in a mission, vision, and values statement) or implicit and pertain to both the external adaptation of the organization (how the organization should relate to external stakeholders) and the internal integration of the organization (how organizational members should relate to and work with each other). Organizational members come to share values as a result of their common experiences and personal characteristics. (Albert and Whetten, 1985)

To determine implicit values that did not overlap with explicit values, the researcher used computer assisted qualitative data analysis software to code the data and retrieve the following themes as correspond to Cummins' traditional organizational identity: 'Midwestern,' 'Christian,' 'Small Town,' and 'Banking.' These implicit values correlate heavily to its

headquarters' location in southern Indiana and the culture found there as well as its connection to the community Irwin Union Bank run by the Miller family. These identities will be discussed later in this chapter.

Cummins' current explicit values were revised and developed under Solso as the following:

- Integrity. Strive to do what is right and do what we say we will do.
- Innovation. Apply the creative ingenuity necessary to make us better, faster, first.
- Delivering Superior Results. Exceed expectations, consistently.
- Corporate Responsibility. Serve and improve the communities in which we live.
- Diversity. Embrace the diverse perspectives of all people and honor with both dignity and respect.
- Global Involvement. Seek a world view and act without boundaries.

(Cummins, 2013)

Immediately we can see that there is a potential for conflict between these implicit and explicit values. Midwestern and Small Town do not necessarily mix well with Global Involvement. Christianity could also be viewed as being in conflict with a global, world view as it narrows the world perspective. As the development of the data in this chapter will show, Cummins' explicit values are sometimes complementary and sometimes in conflict with its more locally rooted identities. To begin with, however, it is important to determine what these identity and value 'labels,' as Gioia et al. (2000) would call them, mean for Cummins and Cummins employees.

Implicit Values

The implicit values at Cummins that make up its organizational identity are highly connected to Midwestern culture. The Midwest is often associated with small-town, Christian, community oriented values (Madison, 1988), and we can see that this is also true for Cummins head-quarters. These values will each be discussed in turn as well as the broader Midwest identity.

Midwest Identity

The Cummins video for the business case for diversity opens with a sprawling, green Indiana corn-field. This symbolic display of Cummins' connection to its Midwest/agricultural home holds strong meaning for Cummins employees. The Midwest culture is an implicit part of the Cummins organizational identity even as it extends itself further and further from Columbus, Indiana. One interviewee observed of Cummins that "a lot of the core values came out of the Midwest values... Responsibility to family, to community, a strong work ethic . . ." (Interview Participant Johnson, 2012). At one point the participant told the researcher, whose family has been in Columbus, Indiana for four generations, "if you'll think of your parents and the kind of things that are important to them and the kind of things that have driven their behavior in the community, much of the decision making here [at Cummins] is done the same way" (Interview Participant Johnson, 2012). In reflecting on being head quartered in the smaller, Midwestern town of Columbus, an executive level interview participant stated that "Well, we believe it's part of our culture, and it's part of our heritage of who we are. Many companies immediately want to move to a large city and we have facilities like here [in Indianapolis] and in larger cities,

but the relationship based organization is sort of centered around Columbus” (Interview Participant Canlas, 2011).

As noted in the previous chapter, Miller and Solso have both been important leaders for diversity at Cummins with Miller serving as a leader and progenitor of Cummins’ corporate culture and values. Both men have been linked in the record to the Midwest. One interviewee said of Miller that “you quickly realized in a meeting that Irwin was still a Midwestern down, home boy” (Interview Participant Townsley, 2012). In the multimedia version of the business case for diversity at Cummins, the point is conspicuously made that Solso also grew up in a Midwestern “small town” (though in Michigan and not in Indiana though Michigan is still a part of the Midwest).

Another important statement about Midwestern identity can be seen during a discussion on the decision to create an office in Washington D.C. for lobbying purposes. Board member Will Miller and son of Irwin Miller remarked “We were a Midwestern engineering company, and we thought all we had to do was tell people the truth, and they would believe us and do what we wanted” (Hanafee, 2011, p. 123). This certainly is revealing in terms of how Cummins views itself. We can see in the statement evidence of the distinction made between being Midwestern and perhaps even “small town,” with being East coast or “big city.”

That an organization would take on the culture of its surroundings is perhaps not surprising. At the same time, this effect of adopting local culture is potentially exaggerated by Cummins’ location in the smaller town of Columbus as opposed to a larger Midwestern city like Chicago in which some of the more traditional Midwestern values may be less pronounced.

Indeed, the following values of Christianity, Small Town, and Community focused are strongly associated with Midwestern culture (Madison, 1988).

Christian

As a member of the “Bible Belt,” the Midwest can be seen as a strongly religious and Christian part of the U.S. (Farber, 1971). Especially as Cummins reinforces and strengthens its identity as a diverse and global corporation, it is interesting to examine the implicit Christian elements found in its corporate culture. Cummins resides in an area which is, as one interviewee phrases it, “still very much conservative, Christian U.S.A.” (Interview Participant Schmidt, 2011). It is not simply the community in which it operates, however, that has given Cummins’ culture a Christian infused nature. Again, Cummins’ identity largely rests with Miller.

Both of Miller’s grandfathers served as protestant pastors and one later became a faculty member at the Northwestern Christian University (later renamed Butler University). Miller himself was the first lay president of the National Council of Churches from 1960-1963 and was a faithful member of the Disciples of Christ church. (Hanafee, 2011) The general secretary of the National Council of Churches, Bob Edgar, stated that “J. Irwin Miller applied his faith to all areas of his life . . . He felt the Gospel message had to be relevant, and he worried that a number of Christians and Christian leaders were not as courageous as they should be” (Cruickshank and Sicilia, 1997, p. 164).

The Christian background of Miller is both acknowledged and embraced at Cummins. The Cummins Diversity Website states the strong impact Christianity had on Miller through posting a quote from Miller: “I believe there is no area in life which should not be governed by

Christian principles. . .Christianity should speak to labor leaders, business leaders, politicians, doctors, lawyers and bankers" (Cummins, 2012c).

Both with Miller's passing and with the globalization of the company, "Christian" would seem to be a diminishing identity for Cummins. The only interviewees who cited any cultural behavior at Cummins related to Christianity (and not related to the identity conflict that will be discussed later) were from the two retired participants who had worked for Cummins for thirty-four and thirty-one years respectively. In particular, one of the retired participants remarked that "you could get in trouble if you did things on the premises that weren't 'on the fly'" (Interview Participant Townsley, 2012). It was understood that 'things' referred to "un-Christian like" behavior like drugs or alcohol. Later, the interviewee more explicitly recalled that alcohol was never served at the annual end of the year dinner which included everyone from "the foreman on the shop floor to the engineers" (Interview Participant Townsley, 2012). The retired interviewee makes the connection clear by recalling that at the dinners "Never, ever did they have drinks. That was the influence of Irwin Miller. He was head of the National Council of Churches. Easy way to get in trouble was to get caught drunk driving or that type of thing, yeah, that was frowned upon" (Interview Participant Townsley, 2012). Again, "that type of thing" was understood to mean "un-Christian like" behavior.

Again, aside from the two retired candidates, this identity value did not come up in interviews with the exception of its connection to the conflict on Domestic Partner Benefits as mentioned in the previous chapter. As will be shown later, Christianity, as connected to being homophobic in nature, has currently come into conflict with Cummins' value of diversity as well as has implications for Cummins' explicit value of having a global, world view. The head or

corporate responsibility made reference to this by noting “As we think around the world and as we’re growing, understanding and embracing various religious beliefs, Islam versus Christianity versus in China basically not having a strong religious culture, so really understanding the various perspectives around the globe, and as we have gone more global its [diversity] really helped us rethink that” (Interview Participant Canlas, 2011). Accordingly, this seems to be a diminishing value for Cummins although it has had a strong impact on its past.

Small Town

In addition to Christianity, another part of Midwest culture is the identification with small towns. While Cummins is by no means the only large company located in the Midwest, it is one of the few that is located in a smaller city (Columbus’ population is 44,000). It has been proposed that not being located in a metropolitan center automatically filters out employees not comfortable or “at home” in a smaller, Midwest community. Researchers Cruickshank and Sicilia (1985) make the point that being in a small town is "a very effective presorting mechanism. People who want to drive in the fast lane don't volunteer for service in Columbus, Indiana" (Cruickshank and Sicilia, 1985, p. 10). This statement is echoed by Cummins’ employees with one interviewee noting “. . .it’s kind of a regional thing, the sort of person that’s willing to stay in Columbus is the sort of person that’s comfortable living in southern Indiana, so there’ll be an automatic bias to the populace” (Interview Participant Johnson, 2012).

Community

Tied into the small town identity is the value of community. Cummins’ connection to the communities it operates in, most especially the Columbus community, is a very strong part of its identity as can be seen in the selection of statements from interview participants in this

chapter. Indeed, the head of global diversity sees the development of diversity as stemming from this community orientation. “Cummins was started as a company to help people. So it was designed to originally give jobs to white males, Christian, white males, and then it expanded to really recruiting in black men and that kind of thing [] to help the community” (Interview Participant Reyes, 2011). Further to this, the head of corporate responsibility defines her job in terms of serving the community stating that “The way we see being a responsible corporate citizen is engaging in and making our communities a great place for our employees to live. . . To be a successful business, you have to include, you have to be a responsible citizen, you have to make it a great place to work, you have to improve your communities, you have to make society a better place” (Interview Participant Canlas, 2011).

The researcher’s informant spent a great deal of time discussing Cummins’ relationship to communities and asserted that when Cummins chooses new operating sites, whether they are in the U.S. or abroad, much of the decision is based on where there is “social need” (Interview Participant Townsley, 2012). This is confirmed in Cruickshank and Sicilia’s (1985) research. The informant further elaborated that starting in the 1970s, Cummins:

would send a few of the executives out to work for not-for-profits, delta projects in Mississippi and Louisiana, trying to find opportunities for people for jobs. [They would] take high flyer kind of people and [they] would spend one to three years working for nonprofits to broaden themselves. . . to a certain extent they still do that. (Interview Participant Townsley, 2012)

Along with this, Cummins’ corporate responsibility department actively engages in community development projects throughout its global operations (Cummins, 2011b, Cummins, 2006, Cummins, 2007, Cummins, 2009, Cummins, 2010a). The head of corporate responsibility explains: “We operate primarily through community involvement teams. We have 190 I think.

At every site around the world they do a needs assessment and look at their communities and ‘say what are the problems we gotta be focused on?’” (Interview Participant Canlas, 2011).

Another participant recalled the beginning of a company instituted personal savings plan with the former employee again making the connection to the community. He states that “Miller always wanted to be fair even if there wasn’t always the money to do that. He had instituted a savings plan plus a voluntary additional pension plan. . . Again, the idea of doing the right thing by employees and by business and by community” (Interview Participant Fernandez, 2012).

In tying diversity and community together, the head of corporate responsibility states:

Well Cummins is a very relationship based company. And our headquarters’ community being a great place to live and work is important to us. So we’ve had the architecture program in Columbus, we’ve focused on improving the schools, we’ve focused on making it a great place to work. I think we’ve brought a very diverse population to a very small community. All of those things are very important to us. And we’re going to stay there [in Columbus]. (Interview Participant Canlas, 2011)

Indeed, because Cummins’ value on Corporate Responsibility is defined as to “Serve and improve the communities in which we live” (Cummins, 2011b), one could argue that community is an explicit value at Cummins. To a certain extent the value of “corporate responsibility” could simply be renamed “community.” Whether or not it is addressed in this case study, however, as an explicit or implicit value certainly does not affect or take away its strength and importance for Cummins’ identity.

Banking Identity

One interesting aspect of Cummins' past which has an important if not subtle link to its values and identity is its very close link to the local Irwin Union Bank. Joseph Irwin, Miller's great uncle, founded the bank in 1871, and throughout the years, many of Cummins' board members and executives have also served as board members at the bank (Cruickshank and Sicilia, 1997) though it currently has fallen under with the crises (FDIC, 2009). While this past did not come out a great deal in the record, it was a very astute observation on the part of one retired participant that this history has a great deal to do with Cummins' behavior in the community. He noted that "Community and customer were paramount to Cummins' thinking. A banker has to have the trust of the community, and the community has to like the banker. Irwin expanded on that" (Interview Participant Fernandez, 2012). At a second point in the interview, the participant again reemphasized that "the banker had a real connection with the community, so the banker's financing always had the community in mind, and of course Irwin built on and extended that, so the community aspect and responsibility was quiet powerful from the banker through Irwin" (Interview Participant Fernandez, 2012).

The idea that part of Cummins' orientation towards community stems from the banking organizational identity is an interesting one that certainly has merit. The connection of Cummins to Irwin Union Bank may not be immediately obvious to outsiders, but to Columbus locals it is clear. Whether true or not, one Columbus native tells the story of how when Columbus was just a budding town, the Irwins were the only ones who owned a safe. Community members would leave their money with the family for safe-keeping and eventually the home-run business developed into a formal bank as we know it. (Nguyen, 2010) Though

the veracity of this story is not clear, the idea that community members trusted the Irwin family to keep their money safe in their own home speaks largely to the amount of faith that people had in them.

We do know that the bank had been the original source of wealth for the family, and it was only through the bank's success that G. W. Irwin was able to finance Cummins during the first unprofitable two decades. The idea for the original Cummins engine actually came from G. W. Irwin's chauffeur, Clessie Cummins, for whom the company is named. But without the wealth from the bank, there would have been no chauffeur and hence, no diesel engine. The strength of the tie between Cummins and Irwin Union Bank can potentially best be seen by the fact that Miller did not keep his office at any of the Cummins sites throughout Columbus but actually set up his office at the bank downtown (Cruickshank and Sicilia, 1997).

This identity, though it will always play a part in Cummins' history is most certainly diminishing. With the crisis, the bank closed in 2009 with the Indiana Department of Financial Institutions, and the Federal Deposit Insurance Corporation (FDIC) adding it to their list of failed banks (FDIC, 2009). The closing evidently had an impact on the community's trust in the bank. No notice was given to the public of the closing with many community members losing money as a result (Nguyen, 2010). Certainly throughout the U.S. and even the world there has been a shift in how society now views banks or more so the banking industry. Although this identity has been an important part of Cummins' past, it undoubtedly will not play an important role in its future.

Explicit Values

While Cummins' implicit values seem to be experiencing a bit of a flux with Cummins' globalization as well as changing local conditions, Cummins' explicit values, by virtue of being selected by Cummins' management, are far more stable and clear. More and more frequently, companies take care to formally declare the values of the organization and Cummins is no exception. Cummins defines its core values as:

- Integrity. Strive to do what is right and do what we say we will do.
- Innovation. Apply the creative ingenuity necessary to make us better, faster, first.
- Delivering Superior Results. Exceed expectations, consistently.
- Corporate Responsibility. Serve and improve the communities in which we live.
- Diversity. Embrace the diverse perspectives of all people and honor with both dignity and respect.
- Global Involvement. Seek a world view and act without boundaries.

(Cummins, 2013)

These values can be found printed on a range of materials throughout Cummins including as posters on Cummins' walls throughout its global operations. The explicit values of "integrity," "global involvement," and obviously "diversity" as listed by Cummins were also present in the data. The values of "delivering superior results" and "innovation" did not appear prominently in the data. Indeed, these values seemed to be viewed more as the results of other Cummins values, such as diversity, rather than values in and of

themselves. The value of corporate responsibility was very present in the data, however, its nature as both an implicit and explicit value were discussed in depth in the previous section and need not be repeated here. This section on explicit values will therefore discuss the values of “integrity,” being “global,” and “diversity.”

While many companies have developed explicit mission, vision, and values, they are often times mere statements (often meant to create an image for the customer) and not reflections of the real organizational culture and identity (Klemm et al., 1991). It is true, however, at Cummins that these values have existed implicitly long before they were formally declared. Cruikshank and Sicilia (1985) strongly define Cummins as a “values-oriented” company, and it is clear from Cummins’ actions that their behavior has directed the development of these explicit values.

The statement below can be found in the Sustainability Report 2006 and displays how these values come together for Cummins.

I am Cummins. I know what my company stands for. I am ready to carry out its mission of returning value to our customers, shareholders and communities—and to be a good steward of the environment along the way. I bring my own unique perspective to work every day, as do thousands of my colleagues around the world. Together we create a rich diversity of cultures and views. I understand my company’s vision includes all the communities we serve around the globe, not just my own. And I believe my success will contribute to the success of everyone we serve, everywhere. I am Cummins. You can depend on me. (Cummins, 2006, p. 1)

If Cummins were a person and not an organization, the reader is supposed to believe that this is what Cummins would write about itself. Each value is highlighted above and becomes

incorporated into each action. Diversity is not only the right thing to do, but it promotes innovation. Innovation in turn allows Cummins to deliver results superior to the competition. Being global both increases the need for and provides diversity. In the end, Cummins exists for the sake of the community. As it improves communities, it improves the environment from which it draws its workers and customers.

The Cummins Statement above demonstrates how Cummins' values are woven together. It is very difficult to divide Cummins' initiatives based on values because in fact most initiatives fall under all of the value categories. For example, the Affinity Groups mentioned earlier, while clearly under the value of Diversity, can also be viewed as falling under Global Involvement in that many of the groups are based on nationality and origin. The purpose of the Affinity Groups, and of diversity in general at Cummins, is to encourage innovation which allows Cummins to deliver superior results. Diversity is not just a business case though but is viewed by Cummins as the "right thing to do." This would seem to fall more easily under the value of Integrity. Finally, the strategy of the Affinity Groups is to arguably create micro-communities within the organization that then serve to improve the working conditions at Cummins. This would fall under their definition of Corporate Responsibility which highlights community action. That these values overlap to such a large extent when in action at Cummins is an indication of the extent to which these values have been incorporated into the organizational identity. Their behaviors are not easily categorized in one area but in fact fall under many value categories.

An important note on Cummins' explicit values is that each is tied to a business case. Cummins does not value integrity or diversity simply because these are "good things," but it values them because it believes that doing so will have a long-term economic benefit. This

undoubtedly is one of the reasons why these values have been maintained so strongly. Cummins is, after all, a publicly traded company. While being unprofitable but benevolent for the nineteen years that Cummins first started may have been possible when the company was owned entirely by the family, we cannot imagine that this would be acceptable to shareholders today no matter how altruistic. Although the explicit business case for diversity was only made recently at Cummins, it is clear from the record that starting with Miller, CSR at Cummins has always been associated with a long-term business strategy. Indeed, Miller himself acknowledged this mix when he stated broadly in a speech to the Indiana governor “what you call philanthropic activities is merely intelligent long range planning” (Miller, 1969).

Integrity

The first value explicitly listed by Cummins in its mission, vision, and values is ‘integrity’ as defined by Cummins as “Striv[ing] to do what is right and do[ing] what we say we will do” (Cummins, 2013). Accordingly, the value of integrity can be seen in terms of participants describing what is “the right thing to do.” This phrase appears frequently in the record. It is interesting to note the extent to which this phrase is continuously linked with other phrases associated with the business case. In speaking about diversity in terms of nationality as being “the right thing to do,” one participant remarked “Cummins valued these people because of where Cummins had business. . . they saw diversified hiring was the right thing to do and was in their business interest” (Interview Participant Fernandez, 2012). In speaking further on the LGBT related policies of the company, the same participant noted that “the domestic partner decision, that was progressive, and the right thing to do, again for business purposes and for

the other reasons too” (Interview Participant Fernandez, 2012). A statement from the head of global diversity explains this relationship:

You think about it, that’s in our DNA. So I think our DNA was always doing the right thing and doing it for the right reasons and to help, and then what’s been added on is how to sustain that through financial and everything else right, through innovation and a variety of things and really leveraging those talents. (Interview Participant Reyes, 2011)

When the researcher asked the participant to further clarify whether or not diversity has always been aligned with business strategy, the interviewee paused and stated “I would say in intention yes, in intention yes, but I think what we focused on a lot on was the right thing to do” (Interview Participant Reyes, 2011) . Again, there is a sense in the data that company employees view Miller’s approach to values as being less business case oriented and that we have now seen a shift towards establishing a business case for those values. A survey conducted by Cummins on employee attitudes towards corporate responsibility also reveals this connection. One employee writes “It is important that as a company we make money, but it is just as important to show that we help others” (Price, 2010).

This idea that there is a business case for “doing the right thing” extends beyond the value of diversity and applies to all Cummins CSR activities. Cummins materials, in fact, remove the word “social” from CSR to make this point more clear. In the interview with the head of Corporate Responsibility at Cummins, the researcher was corrected three times for using the phrase “corporate social responsibility” in place of “corporate responsibility. The participant explained:

We don't call it CSR because we believe that the concept of corporate social responsibility does not imply that there is a business case for it. We call it corporate responsibility because we

believe that there is a strong business case that if you make your communities and societies stronger you will fundamentally make it a better place to do business. (Interview Participant Canlas, 2011)

Although the economic benefits of not just diversity but CSR have been made more explicitly clear to employees in recent years, it is evident in the record that the two have always been linked starting with Miller.

Global

After “integrity,” Cummins states “global involvement” as one of its values, defining this as “Seek[ing] a world view and act[ing] without boundaries”(Cummins, 2013). The implicit values associated with being Midwestern, community oriented and small-town discussed in the first section can be juxtaposed against this identity of being “global.” At the same time that it has always been committed to Columbus, Cummins recognized very early on in its history that it needed to not only expand into the global marketplace but to also attract the best employees not just in Indiana or America but in the world.

In 1956, Cummins’ started its first foreign manufacturing facility in Shotts, Scotland and grew rapidly after that. Four years after the facilities had opened in Scotland, Cummins had sales and service networks in ninety-eight countries. That number has grown to 197 countries and territories. (Cummins, 2012a) The Midwest is a very insulated region of the U.S., and it is certainly surprising to have a company that is so strongly connected to this region at the same time be just as strongly globally focused.

But how do Cummins’ employees reconcile being a local, community focused corporation while holding a global identity? From the record, it seems this is actually done at an organizational level. In reconciling the local/global identities, Cummins has attempted to

replicate its community oriented relationship with Columbus in its operations overseas, and it does that in a very formal way, largely through its corporate responsibility department.

As stated by the informant, Cummins chooses to place operations on sites where there is a “social need” (Interview Participant Townsley, 2012). This is a mirror of the relationship Cummins has with Columbus. One participant describes this relationship below:

The community had Cummins, but they also had Arvins and Cosco and that was ok until times got hard, and Columbus was really falling, and looking ahead, . . . and so I guess Columbus then became needful and Cummins responded, well and responded always with some threatening, “hey look maybe Cummins can’t stay in Columbus,” there was always that specter, but [Cummins] always left open “if we can find a way to do it [we’ll stay],” but it was always the need of Columbus and Cummins responding to that. (Interview Participant Johnson, 2012)

Even though the cities Cummins operates in may vary geographically, it is possible to some extent to view them as reproductions of Columbus in terms of the level of community involvement. The former head of the Cummins Foundation highlighted that Cummins very rarely partners with “big name” not-for-profits but instead prefers working with smaller, more grass-roots community based organizations even in its global operations (Interview Participant Thomas, 2010). This again reinforces the small town, community identity. This is not always easily done though. The former head of the Cummins Foundation also revealed the difficulties of such a strategy for example in China where the third sector is undeveloped and grass-roots organizations may not be registered with the government. She noted that this makes it problematic for foreign enterprises like Cummins to collaborate with them.

Again, the head of Corporate Responsibility was very precise in how corporate responsibility is defined and what terms are used. When the researcher asked why it is

important for Cummins to extend CSR and diversity “initiatives” overseas, the interviewee literally cut off the researcher at the word “initiative” and explained:

Well, we don’t consider it an initiative first of all. This is part of who we are. And it’s one of our values, and if you look at our vision mission and values, it is embracing all perspectives around the world and treating each with dignity and respect. (Interview Participant Canlas, 2011)

It was very important to the interviewee that the word “initiative” not be used.

Not being an “initiative” is contrasted against the statement “This is part of who we are.” The implication is perhaps that initiatives are somehow a more formal, less organic approach that would somehow diminish the idea that these values are deeply rooted in all Cummins’ operations regardless of their distance from the Columbus headquarters. Indeed, projects may come to an end, but values continue on.

Statements from some managers, however, reveal that doing corporate responsibility [i.e. establishing a paternalistic, Columbus style relationship with the community] at a global level has not necessarily been easy or organic.

The one thing I will tell you is that in the last four to five years we’ve really struggled to maintain and carry that momentum and buy-in and intensity into some of these locations. It’s been really challenging, and I think we’ve failed in a lot of places. (Interview Participant Schmidt, 2011)

He further elaborated on this by speaking specifically about Cummins’ operations in Belgium.

Believe it or not, one of the most challenging environments in my opinion for us to make progress around corporate responsibility is actually in Belgium. . . and my theory behind it, in a culture, in a system where traditionally the government plays a very active role in taking care of people where you know, the mindset is very different, the people there say why do we need corporate

responsibility, I pay a lot of tax and the government does all of this, I mean if there's handicapped people, I pay tax and the government figures out how to take care of handicapped people, there's a mechanism where the government takes care of people so I don't need to care about it, so Cummins shows up with this mindset which is more of an American mindset where the government is very sort of, I don't want to say passive, but says hey the not-profit-sector, the church system, you guys sort it out, we don't want to be so heavy handed as a government, and you show up with this American story and the Belgians are like we don't care about that, we've got a better way to do that, we don't need to get personally involved in some of that and so again a lot of this more U.S. centric way of looking at diversity and corporate responsibility just really didn't resonate all that well with some of our international areas. (Interview Participant Schmidt, 2011)

Clearly, the community oriented/Midwestern/American values of Cummins do not always mesh well in their international operations. Cummins defines the value of corporate responsibility as "serv[ing] and improve[ing] the communities in which we live," and this is not a definition that fits every cultural context. In all countries, including the United States, it is not the traditional view that companies serve as benefactors to the community. Especially in countries where the government plays a large role or has historically played a large role, such as Belgium or China, the usefulness or even sincerity of such actions may be questioned. Speaking to this, the head of corporate responsibility noted that previously the business case for diversity "was pretty U.S. focused, it was not as connected to our employees so we really wanted to develop our business case, develop our clear priorities, get more global as we had become... 65% outside of the United States and wanted our foot print in both philanthropy and in community engagement and employee engagement and all parts of it... to have a global footprint." Another executive noted about Cummins' expansion that "We just started growing much more rapidly and also going to very, very different geographies. So all of a sudden you

have 6,000 employees in China, you have a couple of thousand employees in Brazil, and just because somebody sits there in Columbus and talks about diversity with this heavily American twist to it, I mean it just doesn't relate right?" (Interview Participant Schmidt, 2011).

In turn, paradoxically, while Cummins becomes more globally focused, in many ways, its beneficence to the local Columbus community is reinforced. One interviewee elaborates:

When I hired in thirty years ago, Cummins' economic behavior was very much tied to the American automotive market, and so if the automotive market was doing well, Cummins was doing well, and if it was doing poorly, Cummins was wrapped up tight in a ball, catatonic. That behavior drove Columbus for years. The flip side of that is as we became more global, especially as we became more involved and successful in several other major markets, markets that are doing reasonably well right now, China, India, Brazil. . . , and what that's done is given us a great deal of stability inside the community here, so the kind of hiring, almost binge hiring and firing that we used to do doesn't happen much anymore. (Interview Participant Johnson, 2012)

While globalization in the U.S. is often associated with having negative economic impacts on local employment, Columbus has concurrently experienced both a loss and gain. Certainly Columbus has seen an enormous loss of manufacturing jobs as more and more of Cummins' products are produced overseas, but at the same time there has been an increase in salaried, "white-collar" work. While the loss and gain in terms of numbers of jobs lost and gained may not be the same, there has been a decrease in the frequency of mass layoffs. Given the size of the town and Cummins' economic impact, a more stable Cummins leads to a more stable local economy. The Indiana Business Review recently further reinforced this view in that it cites Columbus' "integration with a global economy" as having contributed to its relative economic success during the economic crisis (Indiana Business Review, 2012).

Although global and local are not two terms that seemingly go together, Cummins has done its best to integrate the two. Though it is a small town, Columbus' economy is very much tied to the global market and is therefore somewhat insulated from the economic ups and downs suffered by the rest of the country. Cummins in turn has tried to replicate the relationship it has with the Columbus community in its locations around the world. While this does not always work smoothly, it should also be noted that even in Columbus, Cummins' diversity and CSR initiatives have not always gone smoothly either.

Statements from interview participants strongly reinforce Cummins' stated value of "Global Involvement." The General Manager of Cummins Belgium remarked simply that "Of course it's still an American company, but its business is really global now and not based in the US. It's a global company now" (Interview Participant Hersi, 2012). A manager having worked both in multiple U.S. Cummins locations, including the headquarters in Columbus, as well as Cummins China further remarked that in the past "We weren't really global" even if the company had a "global footprint" (Interview Participant Li, 2013). The manager further explained that while the new CEO of Cummins, Tom Linebarger, feels that Cummins is a multinational corporation, he has expressed that Cummins is not yet a "global" company but is working towards this. The manager explained that:

A multinational sits in America and does all its work in America and has plants in another country and guides everything from their seat in America and doesn't allow the autonomy that's required to meet the cultural differences necessarily. It may embrace those cultural differences to try to deal with them but it sits in a throne in the U.S. and has extensions around the world. The global company has leadership in these countries in places that make the decisions for the company right there. . . not only do you let the people in those areas manage it but you use the resources in that country. You use the supply base. You use all

the resources that you possibly can to your best advantage.
(Participant Li, 2013)

Some participants feel that this global presence has had an effect on both Cummins' organizational culture and on the local Columbus culture. In speaking on this, one manager remarked "I have to say that Cummins hasn't really been a southern Indiana corporation since the 60s, early 70s and their expansion in the 60s and 70s. . . bring in [international people to the headquarters] influenced things, and southern Indiana has a strong influence but it is not the only influence on the corporation. That other influence is coming from that global expansion" (Interview Participant Johnson, 2012) .

"Global" has been an implicit identity for Cummins in the past as it grew into a multinational corporation starting in the 1950s. It is now an explicit value that Cummins is seeking to continue reinforcing. While the value of being global has been a longstanding value at Cummins dating back several decades, again, the content of that label has changed subtly over the years. Statements from current management suggest that the evolution has been from using international operations to complement then augment Cummins' U.S. operations. Their future strategy for being "global" seems to be that these operations will increasingly become autonomous. Such a strategy, however, would at the same time seem to diminish interdependence between operations and therefore has the potential to likewise diminish the business case for diversity in terms of having international staff present at each location.

Diversity

The final explicit value Cummins states in its mission, vision, and values is “diversity” (Cummins, 2013). According to Cummins, the value of diversity means to “Embrace the diverse perspectives of all people and honor with both dignity and respect” (Cummins, 2013).

Further elaborated in Cummins’ materials on diversity, Cummins explains that:

- On a personal level, the diversity of an individual is defined by his or her cultural and personal differences, as well as life and professional experiences.
- At the organization level, diversity is created through the distinct personalities and capabilities of each individual within the group.
- Taken together, the diversity of individuals and organizations creates an environment where innovation and ideas flourish.

(Cummins, 2013)

In order to maximize the benefits of a diverse workforce, Cummins has set the following standards:

- Create a workplace population with representation that is similar to the markets in which it operates.
- Demand that the workplace is safe and inclusive for all individuals and organizations.
- Develop a collective behavior that encourages all individuals and employees to best use their talents.
- Capitalize on a diverse workforce to enhance the Company's competitive position in the marketplace.

(Cummins, 2013)

Cummins attempts to promote this value through a variety of means and Cummins currently has an entire department dedicated to “Global Diversity.” The extent to which diversity has become a part of the organizational identity at Cummins can be seen in the story recounted below by the head of this department:

You know one of the definitions for diversity in the diversity case that somebody wanted to use is, and they go “This is my diversity business case: diversity is.” And I go “ok,” I said “I’m open to that, do you think that that the other, 40,000 [Cummins employees would] understand those two words?,” and he goes “no,” but that’s basically it. It is at Cummins. (Interview Participant Reyes, 2011)

The statement that “diversity is” at Cummins is a very strong statement of identity with this value. It suggests that diversity in a sense permeates the organization and forms the basis of its being.

What is evident in the transcripts is that even when participants expressed negative attitudes about other facets of Cummins, everyone clearly believed in the authenticity of Cummins’ behavior not just towards diversity but to CSR. At no point did any participant, either in the headquarters or in Cummins’ foreign offices, express any sentiments that Cummins’ actions in these areas might not be genuine or might be merely self-serving. The head of global diversity has in fact worked for several different multinationals in this area and in her words:

There’s the usual what’s our vision, what’s our mission, what’s our values, and I would argue that if you go to ten large companies, seven or eight of them will hand you something like this [points to employee quick start guide with listed mission, vision, and values], and you go into the conference rooms in the company, and this is somewhere posted, but the thing that is fairly unique and makes the whole thing more credible from day one is that the we just do more than sort of just explain this to

you and read it to you and say “absorb this.” Immediately, there’s a whole bunch of videos and materials and discussions that actually communicate the fact that this is not sort of a gimmick to keep up with everyone the last three or four years but that this thing started seventy to eighty years ago. (Interview Participant Reyes, 2011)

Certainly very few companies can boast a claim of having an eight decade old approach to diversity management. Aware of this, Cummins ensures that new employees are informed of this history soon after their arrival. In explaining this, an executive remarks about the orientation for new employees that:

There’s just a lot of explanation to say that this is sort of just the 21st century version of this [diversity management], but it’s really been there for a long, long time, and I think that once you’ve been given those examples and once you see how, you know, how the company and those leaders supported voter registration in the south in the 60s and many, many other things, you sort of see that this is sort of the tail end of a really long pattern and not the latest gimmick to check a box because everybody else is doing it too, and the combination of some of those stories and some of that history combined with the modern version of this is pretty effective. So that kind of [orientation] starts when new people come in. (Interview Participant Schmidt, 2011)

Indeed, Cummins has had a long history related to the implementation of diversity policies and promoting diversity values. In the past, strong leadership has been the key to these practices. It is not the length of the history alone which makes Cummins’ commitment credible but also the actions and behaviors of Cummins’ leaders. As stated by one executive “I definitely think that the top leadership has always been very personally visible and explicit and credible in a lot of this stuff” (Interview Participant Schmidt, 2011). Echoing this statement, the head of global responsibility informed the researcher:

I've done this diversity work now for over twenty years in different organizations. The biggest fundamental difference of anything is almost everybody will have a piece of paper that has their mission, vision, and values. Almost everybody will have an intention about that. They'll have the definition in their head of what diversity means. They'll have some sort of rationale, reason, diversity case, business case. Cummins is the only place I've ever worked where I didn't have to convince up, that all the senior leaders were really, kind of got it. (Interview Participant Reyes, 2011)

Many of the statements from interview participants, however, describe the current shift from a top-down to a bottom-up approach to diversity that again reinforces the extent to which diversity has become a part of the Cummins identity. When asked about leadership at Cummins related to diversity, one executive notes that "we've seen a change from something that was very heavily top down sanctioned to something that's becoming more and more embedded in the culture so it becomes more sort of bottom up, self-implementing, self-executing concept" (Interview Participant Schmidt, 2011). In explaining this further, the participant remarks:

I think beyond sort of just the top leadership of the company I think we've always had, we've made increasingly [] people quite visible deeper down in the organization who in their own sphere of influence do really, really good work in this regard and just talking about that and drawing out these stories and making them visible just puts hundreds of other people into play as kind of enforcers and accelerators of this diversity. (Interview Participant Schmidt, 2011)

The statements also highlight again the importance of the business case of diversity and not simply that it is "the right thing to do. According to an employee with over thirty years of work experience at Cummins:

There's been an evolution in the corporation over time. Actually some of which is to, let's see how to put this, thirty years ago it was all about you had to be diverse, these days it's much more about we have to be able to deal with the whole world which is a diverse place. It's just solid business practice. (Interview Participant Johnson, 2012)

Discussing this idea of diversity through there being a business case, one manager describes what he feels is the difficulty of fostering this value in Columbus, Indiana. "The diversity part of it is maybe not strongly embedded in the local culture which means that that's pretty impressive that as a corporation we've been able to adapt to that need, and it is a real need, it's an absolute business need" (Interview Participant Johnson, 2012). The next section will further develop this conflict of bringing and fostering diversity in an environment that historically has neither been diverse nor has viewed diversity as a necessity or value.

Conflicting Values

Examining the value of diversity, however, can perhaps best be seen when it is in conflict with other values whether they be Cummins' or employees' personal values. Indeed, diversity is not something that is associated with Southern Indiana, and participants' comments reflect this. Several participants spoke about the fact that bringing in black management to majority white southern Indiana was an audacious act for its time. "Mr. Miller choosing to hire black men and not just you know at the shop floor level but to hire them into managerial levels and professional levels in the early 1960s before the law said it [] and in a state that was, that had a history and a headquarters of the Ku Klux Klan, [] to do that and to kind of go for it I think is fascinating" (Interview Participant Reyes, 2011). Another participant and Columbus native

recalls that “Over the last ten or fifteen years, well even thirty years ago, we were very engaged with bringing African American leadership to Columbus, Indiana which was a struggle back then” (Interview Participant Johnson, 2012).

More participants, however, spoke about the difficulty of Cummins in pressing for LGBT related diversity management policies. While Cummins’ pushing for both civil rights and later LGBT rights (as discussed in the previous chapter) has often conflicted with local culture and employees’ personal values, LGBT rights is an interesting point to examine as some would view it as heavily conflicting with Cummins’ other values. Christianity is an identity that is often held in opposition to alternative sexual orientations within an American context. The implicit value of Christianity discussed previously very much occurs within a Midwest/puritanical culture. Furthermore, Cummins operates in several countries where being LGBT is highly taboo or even illegal.

Miller was very overt in his Christian beliefs and values and even the Cummins website on diversity quotes him as saying "I believe there is no area in life which should not be governed by Christian principles . . . Christianity should speak to labor leaders, business leaders, politicians, doctors, lawyers and bankers" (Cummins, 2012c). We can potentially assume that placing this quote on the diversity website is an attempt to link, or even more extremely, to reconcile Christianity to diversity.

Many participants in Columbus spoke at length about the difficulty Cummins faced when creating the Domestic Partner Benefits Policy as well as including sexual orientation in the statement on the Treatment of Others. In speaking about the Domestic Partner Benefits Policy, she states “for them to take that on in Indiana, again the companies I worked for, one was

University of California, ok it's California you expect that, you expect that from the West Coast, not from the Midwest right, and to kind of push it, to say we, well, we gotta do it and the stories that I hear about that about how hard it was. . ." (Interview Participant Reyes, 2011).

Another executive with a longer work history at Cummins mentions this development, noting:

It [diversity] started migrating more into lifestyles and say, hey you know, I mean this is still very much conservative Christian U.S.A., how about different religions, different sexual orientation, and tolerating that, and there were some really fairly emotional controversy seven to eight years ago where kind of the established thought clashed with the more progressive thought and it was a very visible and highly watched and commented conflict at the time. (Interview Participant Schmidt, 2011)

Speaking more specifically about the change of the Treatment of Others Policy, another manager recalls:

There was a real issue in the corporation to be able to recruit people of diverse backgrounds and have them be willing to stay in southern Indiana. And so there was a big corporate push around Treatment of Others and around the definitions of inappropriate behavior. And it, there was some struggle along with it . . .that particular change was maybe a little stressful for some of the people in the organization because again you're trying to merge southern Indiana culture with a more cosmopolitan view of the world and that caused a fair amount of issue. (Interview Participant Johnson, 2012)

This statement again evokes the business case in that it touches on the concern of being able to attract employees to Columbus, Indiana. There is an implicit understanding that in order to be able to attract top employees, the community of Columbus had to change its worldviews on diversity, including sexual orientation.

As was discussed more fully in the previous chapter, when Cummins proposed that it would provide domestic partner benefits for same sex employees, many employees felt that this was in conflict with their personal, Christian values. Many of them joined the Cummins Stakeholders Against Domestic Partner Benefits organized by a particularly passionate Cummins employee. His comments are a clear indication that for some employees, Christianity and being homosexual are diametrically opposed. The most dramatic statement in regards to this is his belief that “No group of corporate executives has the right to meddle with what God has established” as well as his other statements that “Attracting homosexuals to Columbus will bring grave changes to our community. The curriculum of our schools, the contents of our library and the ordinances of our city will begin to reflect the unbiblical values homosexuals stand for” (Hanafee 2011, p. 83). That 500 employees and community members came out on a Sunday to hold a prayer vigil against the Cummins policy is a very strong indication of the extent to which the value of diversity conflicted, and continues to conflict, with the personal Christian values found in the community.

A large part of garnering employee and community support, or perhaps more accurately passivity, during the passing of the Domestic Partner Benefits Policy was to rely on the support of Miller. Linking Miller was crucial not only because of his continued influence in the community and the respect that workers had for him but because of Miller’s own Christian values. In writing to the newspaper, Miller stated “This policy . . . does not judge any individual in the company but tries to see that all are treated equally and fairly. Judgment is not for us to pass but for God.” In his statement to the newspaper, former CEO Tim Solso indirectly and subtly acknowledged that Christianity has been a part of Cummins’ identity by stating “For

some, this new policy may feel like a departure from the traditions of Cummins,” but “In fact, just the opposite is true. This policy embodies the principles of J. Irwin Miller; Principles upon which this company was founded – such as inclusion, tolerance, responsiveness and the pursuit of excellence.” (Hanafee, 2011, p. 84)

Excluding one retiree, all interviewees independently discussed the domestic partner benefits conflict without being prompted and described how difficult that time was for employees and Cummins. Being “out” in the workplace is still something that is not easy for all employees as discussed by one participant below.

When you have some rejection of that [being LGBT], where employees then don’t want to or can’t deal with that effectively and sort of harass people that more openly communicate their alternative orientation, and then the question is so now somebody is openly saying I’m against that, what do you do now, do you sort of look the other way, do you just try to talk about it, or do you take some action? . . .at some point we’ve got to draw a line with the collective value system. (Interview Participant Schmidt, 2011)

The phrase that “at some point we’ve got to draw a line with the collective value system” establishes the disconnect between Cummins’ values and the “collective” or community values.

It is important to note, however, that not all employees were opposed to the policy. As discussed in the previous chapter, Cummins has stated that it was the pushing of a group of LGBT workers at a Minnesota plant that started the push for domestic partner benefits.

Based on the record and direct statements from interviewees, diversity has historically followed a “top-down” approach with the head of global diversity remarking that “I think we’ve seen a change from something that was very heavily top down sanctioned to something that’s

becoming more and more embedded in the culture so it becomes more sort of bottom up, self-implementing, self-executing concept” (Interview Participant Reyes, 2011). While its origins might be employee based, the process of creating an LGBT friendly environment has clearly been directed by upper management. As one middle manager stated about embedding diversity as a value “we recognize that we’ve done that largely through the organization.” This statement was taken to mean that developing diversity as a value has been a very structured process directed by upper management.

When the researcher asked one participant why he thought Cummins was able to pass the domestic partner benefits policy, he in fact cited the solidarity of the upper management.

I think top management number one was very, very personally convinced that it was the right thing to do, [there was] really, really strong and convincing support for that from the very top of the organization so that it wasn’t sort of a one person likes it and others don’t. It was a pretty huge collective conviction. That’s why they got the upper hand. (Interview Participant Schmidt, 2011)

In speaking more on the topic and in a way that suggests that not passing LGBT friendly policies would be unfavorable to Cummins in the long-term, the participant further elaborated that:

There was a huge amount of time and effort spent to say here’s why we think we’re just kind of swimming upstream in a way that’s not only not sustainable but also just plain old doesn’t make sense, and I think the way that awareness was raised and communicated was done in a very sincere and thoughtful way, and again that does not mean that 100% of the employees bought into it but it wasn’t sort of a fifty/fifty thing either where ultimately you kind of end up in gridlock and the whole thing gets stuck. (Interview Participant Schmidt, 2011)

While there is no clear data as to how many or to what extent workers at Cummins were upset by the Domestic Partner Benefits policy, some interviewees mentioned knowing workers who had left Cummins as a result. One of the retired participants recalls:

The employees in total were ok with it, friend of mine, it didn't fit, there were a few people who really had a problem, it was such a problem for him, he thought it was wrong and he said so, and he took early retirement because he just got so crosswise with management or because of his own feelings, I'm not sure. With his religious ideas, he just couldn't go there. (Interview Participant Fernandez, 2012)

Another executive reflects that:

I do think there were way more than 50% of the people who said it's fine, let's get on with things, and then you have the more skeptical part of the workforce either kind of adjust and say well you know, maybe I'll get used to it anyway and take more of a passive approach, and we had a few people and some quite visible who said I just can't reconcile with my personal beliefs and my religious values and I'm leaving and we said ultimately that's ok. . . we do have to make choices as an organization on what we consider ok and what we don't and at the moment we make that decision we also need to recognize that that doesn't work for 40,000 people and if there are a few who that doesn't work for then we respect that every bit as much, but then it's just gonna be very, very hard for you to be comfortable here and sort of see stuff going on every day that just totally goes against your core beliefs. (Interview Participant Schmidt, 2011)

Employee turnover is not always a bad thing for a company though. Selznick (1948) early on noted that "one of the signs of [a] 'healthy' organization" includes the willingness to "readily slough off those who cannot be adapted to the established outlook" (p. 30). The Domestic Partner Benefits policy in some ways served as an almost cleansing mechanism as Cummins added LGBT to its value of diversity. The policy is not the only action that Cummins has taken in relation to LGBT rights that was met with backlash, but it is the most referenced

and developed story in the record and can even be viewed as a symbol of the push for LGBT rights for Cummins employees.

Other events briefly mentioned by interviewees that created conflict related to LGBT include decisions by Cummins management in refusing funding to the Boy Scouts of America because they don't allow homosexuals to be troop leaders as well as dissolving a collaborative partnership with World Vision, a faith-based NGO, due to its stance against gay marriage (Interview Participant Thomas, 2010). The partnership had been undertaken by the Cummins Foundation which engages in a large variety of philanthropic endeavors.

Evidently, the value of diversity has not always been in harmony with both local and other organizational values. We can see, however, that many of the values that have at times conflicted with the value of diversity are likewise diminishing organizational values for Cummins. Christianity is the primary example of this. Although Albert and Whetten's (1985) research shows that organizations can successfully maintain multiple identities in conflict with one another, this is a much more difficult feat to achieve with values. It is not possible for an organization to both reject and embrace a value. Gioia et al. (2000) show however that values can change. We can perhaps see the adaptation of the value of Christianity by merging it with the value of "integrity" or "doing the right thing." As shown by the statements from interview participants, those unable to accept these changes are either willingly or forcefully removed from the organization. In this way, Cummins management is able to exert some level of control over how values are interpreted throughout the organization.

Conclusion As can be seen from this chapter, it is impossible to fully analyze the value of diversity without also conducting a full analysis of organizationally related values. Cummins

has a rich organizational identity that is impossible to divide into and discuss in discrete units. There is an interconnection and overlap of both Cummins' implicit and explicit values such that the level of authenticity of these values is enhanced. To this end, we can see that diversity has had a close connection to Cummins' explicit value of "integrity" and "doing the right thing" as well as being "global." To some extent, the value of integrity reflects the argument of engaging in diversity because it is "the right thing to do" while "global" may be seen to represent more of the business case for diversity at Cummins. Indeed, Cummins' workforce must be diverse, it argues, as its marketplaces are diverse. Cummins does not rest on the moral and social justice argument alone but makes a concerted effort to establish the business case that diversity also fosters innovation as well as allows Cummins to attract employees. These arguments are supported by the business management literature in demonstrating that diversity management can foster innovation (Yang and Konrad, 2011, Sohail et al., 2011, Bassett-Jones, 2005), work performance (Dijk et al., 2012b), and organizational commitment and job satisfaction (Sohail et al., 2011).

As highlighted by Cummins' experience in pushing for LGBT rights, the value of diversity at Cummins can only be fully examined by viewing it in the context of its other values, both explicit and implicit. While these values are frequently complementary, they are sometimes in conflict both at an organizational and personal level for individual employees. Research by Albert & Whetten (1985) demonstrates, however, that it is quite normal for an organization to have multiple identities and even furthermore for those identities to conflict. The greatest conflicts on diversity have clearly occurred as connected to LGBT rights and with the identities of being "Christian" and embracing diversity.

Elsbach and Kramer (1996) define identity management as “events that devalue or refute identity dimensions members cherish both as a part of the organization's enduring identity and as a part of their own social identities” (p. 471). The various initiatives supporting LGBT rights together serve as a form of identity management, the end result being that diversity becomes an even stronger part of Cummins’ identity while the Christian identity is progressively diminished. This identity management further leads to the increasing institutionalization of diversity at Cummins.

Participants can be found making strong statements about Cummins’ values such as “it’s part of our heritage” (Interview Participant Canlas, 2011) or “it’s part of our DNA” (Interview Participant Reyes, 2011). Cummins is very keen to encourage this. Promoting Cummins’ organizational culture includes Cummins’ commissioning of two books detailing its history: *The Engine That Could: Seventy-Five Years of Values-Driven Change at Cummins Engine Company* that begins with the founding of Cummins in 1919 and goes to 1994 and the other, *Red, black and global: the transformation of Cummins that goes from 1995-2010*. Employees as well as Columbus residents, therefore have a very high level of access to information about the history of Cummins.

Cummins has had an often complicated relationship with Columbus residents as it seeks to serve and improve the community on the one hand while pushing the community to change and serve its needs on the other. When “doing the right thing,” Cummins does not necessarily use community or society as its moral compass as evidenced by the statement by one executive that “at some point we’ve got to draw a line with the collective value system” (Interview Participant Schmidt, 2011). As stated by the head of corporate responsibility “We go against

the grain sometimes, and we have taken positions in opposition, whether it's to immigration bills or gay marriage bills, or back 30 years ago civil rights bills, that often aren't popular, but we're ok with that" (Interview Participant Canlas, 2011).

As to how the value of diversity fits with the Midwest identity, this is complicated. While diversity is not something that is commonly associated with small towns, Cummins' location, or rather isolation, from the organizational field is nevertheless likely to have been a positive factor in the institutionalization of diversity. Research has shown that less integrated organizations on the periphery of the field have a greater likelihood of questioning the validity of institutions and to promote change (Greenwood & Suddaby, 2006). Further to this, Cummins' dual identity as a local, community oriented company (an identity held since its origin in 1919 but expanded upon under Miller) and a global, multinational corporation (an identity held since its first overseas operation opened in 1956 but expanded upon under Solso) have an important impact on the story of diversity as a Cummins value. This duality can be seen in the two mantra-like phrases "right thing to do" and "business case" which occur at a significant rate in the record. That diversity (i.e. providing a safe and inclusive environment in which diversity is valued) is the "right thing to do" can be viewed in terms of "integrity" and "doing right by the community." It stems back to the idea that business has an obligation to society, and participants see that value as always having been there. This is made clear in Solso's final statement in the Cummins audiovisual business case for diversity when he says "this still is the right thing to do from a moral perspective, and I don't ever want to lose that" (Cummins, 2010b).

As a multinational corporation, Cummins' organizational identity cannot be analyzed only in terms of its headquarters. While this chapter has included some statements from

internationally based Cummins employees as well as touched upon some of the issues of identity management in its global operations, the next two chapters will explore this further. The next chapter will focus on diversity in Cummins China followed by a look at diversity in Cummins Belgium. In so doing, the case study attempts to more fully address the identity of diversity not just by the company headquarters but in its external operations where identity management may be more challenging.

Chapter 7: Headquarters' Institutional Environment: Cummins U.S.

The previous two chapters have discussed the importance of institutional entrepreneurs and organizational identity in the formation and maintenance of the socially responsible practice of diversity management at Cummins Inc. Practices are not only influenced at the individual and organizational level, however, but more broadly at the societal level. Indeed, "Society permits business to exist, allows them to have power, and grants them legitimacy" (Wood, 1991b, p. 390). The extent of such influence of society over the behavior of a company gives us insight into whether or not the company is operating in a weak, strong, or heterogeneous institutional environment. According to Randel's (2002) work, the strength of the institutional environment should influence the tactics used by company management to maintain socially responsible practices.

For the purposes of this case study, the institutional environment can be defined as weak, strong, or heterogeneous. In defining the strength of an institutional environment, we must examine "the extent to which organizations operating within that environment must conform to rules or expectations to receive legitimacy" (Randel, 2002, p. 67). Institutional environments constrain company behavior both formally and informally as well as through normative and representational rules. Formal institutional constraints concern the laws, regulations, and state policies found in a country or an institutional environment. Informal institutional constraints include the culture and social trust. We can also view this duality in terms of normative and representational rules. Normative rules can be defined as the "traditional mores and informally sanctioned social obligations of the type found in all societies;

they also include the more explicit rulings of legislatures and courts, as well as the specialized surveillance and enforcement mechanisms of the regulatory agencies and the police” (Scott, 1994, p. 81). As such, normative rules form the expectations for behavior and enforcement procedures which allow for oversight, assessment, punishment, and reward (Scott, 1994). In contrast, representational rules help form cognitive characteristics and involve “shared logics or modes of reasoning that help to create shared understandings” (Scott, 1994, p. 67). Such cognitive characteristics can be created through constitutive rules which “define the nature of actors and their capacity for action” (Scott, 1994, p. 61).

Marques (2010) states that “the lack of a unified definition of diversity lies in the fact that diversity management processes depend on cultural dynamics of societies and labor markets” (p. 435). In order to provide a representational overview of the differences which can be seen in a North American, Asian, and European context, the following three data chapters will attempt to describe the institutional environments for diversity in the U.S. headquarters in addition to their operations in China and Belgium.

We will see in this chapter on the U.S. headquarters and the following two on China and Belgium that the formal and informal institutional constraints in these environments vary. The data in these chapters will show that while certain phenomena related to diversity are the same, gender disparity or age discrimination for example, there are different societal views and approaches to these phenomena. There is also a unique sociocultural environment and history in each of these countries, and Cummins’ practices related to diversity have been influenced by these differences.

Diversity in U.S. Headquarters

The previous chapters on organizational identity and institutional entrepreneurs have already given us a great deal of insight into the institutional environment of Cummins' headquarters in Columbus, Indiana. This chapter will further explore some of these insights by looking more closely at some of the more prominent features of diversity in the American workplace and in particular at Cummins. The most prominent features of diversity in the American workplace, according to Harvey and Allard (2004), are based around women, people of color, immigrants, working parents, LGBT individuals, older workers, and people with disabilities. Indeed, interviews with Cummins employees produced data related to each of these categories. As an institution, Cummins as an organization defines diversity "on a personal level" as "his or her cultural and personal differences, as well as life and professional experiences" and "at the organizational level" as being "created through the distinct personalities and capabilities of each individual within the group" and that together "The Diversity of individuals and organizations creates an environment where innovation and ideas flourish"(Cummins, 2009, p. 83). Interviews with employees indeed reinforced this broad definition. For the purpose of this chapter, however, the researcher will focus on those categories which were most frequently mentioned in the data and which are additionally the most relevant to determining the strength of the institutional environment: those which have produced the strongest reactions from Cummins stakeholders.

Gender

Diversity stemming from gender is present both within the academic literature related to diversity in the U.S. and to some extent within the interview data. Indeed, U.S. legislation

related to women in the workplace is rather developed (Mounsey et al., 2013). Although Cummins currently has a women's infinity group based in Columbus and while the promotion of women in the workplace is surely still an important issue in the U.S. headquarters, it was mentioned by only two interview participants. The issue of gender was clearly not as prevalent as the issue of race or even more so sexual orientation. Nevertheless, gender diversity merits mention.

Both participants who mentioned women as a point of diversity discussed it in terms of seeing increased representation of women in the Cummins workplace starting in the 1970s when these participants first joined the company. This timeframe corresponds with the passing of Title VII of the Civil Rights Act of 1964 which protects individuals against sex-based discrimination in the workplace (Eisenberg et al., 2009). Additionally, the Equal Pay Act of 1963 and the Pregnancy Discrimination Act of 1978 were further attempts to prevent discrimination in areas which have prevented women from achieving parity in the workplace with their male coworkers (Rienties et al., 2012). Efforts to end discrimination against women took place not only through formal but also informal means. Housh (2011) proposes that the American Women's Liberation Movement of the 1980s which "took aim at de facto inequalities caused by societal prejudices" attempted to tackle discrimination in the workplace through less formal means than legal frameworks (p. 118).

It is interesting to note that one of the retired employees first noticed women in the workplace with the promotion of a woman as head of an important project. There were two women on the team, and the retired participant states that they were "very capable, [with] a lot ahead of them" (Interview Participant Fernandez, 2012). Indeed, one of the women is

currently a vice president for the company. Although he first started seeing women in higher roles in the 1970s when he first joined the company, it was not until the 1980s that this participant felt he really saw women rise at Cummins (Interview Participant Fernandez, 2012). In describing the story of diversity of Cummins, the retired participant states that for him personally “it was the women that I described, that was kind of the first tip off of seeing diversification” (Interview Participant Fernandez, 2012). He goes on to state that now he sees “women doing the job I was in for years, and it’s a woman doing my job, and there’s just women and international people all over the place” (Interview Participant Fernandez, 2012). It was clear during the interview that this was stated as a point of pride and as a sign of progress.

Another employee hired in the late 1970s early 1980s discusses that “when I was hired in, there was a female engineer in our group ..., diversity was rather limited” (Interview Participant Johnson, 2012). He further recounts that “I remember being told by a technician once that a female engineer was an oxymoron. I haven’t encountered that attitude for over 15 years. A certain amount of this is familiarity” (Interview Participant Johnson, 2012). In the context of the interview, the term “familiarity” was taken to mean that as workers became used to seeing women in the work place, this type of discriminatory thinking diminished. The participant further recalls that during the 1980s:

There was a big corporate push around treatment of others and around the definitions of inappropriate behavior. . . There was some struggle along with it because it demanded, amongst other things, that for instance, that the tool companies that sell tools to technicians out on the line every year published a calendar with women wearing practically nothing, and it was very common for them to be posted there. Well the corporate statement is that inappropriate is in the eye of the beholder, not in the eye of the person who is putting it up, and it doesn’t matter what you

intended, it matters what the impact is. (Interview Participant Johnson, 2012)

We can see that the Cummins' creation of a Treatment of Others policy supplements the more formal laws of the country and, at the same time, that society was not yet fully ready to accept such rules. Ultimately, it seems that the government first passed laws relating to the protection of women in the workplace starting in the 1960s and 1970s (Rienties et al., 2012) and that Cummins' push for women in the workplace achieved a noticeable effect starting later in the 1980s. We can see from the comments from two of the workers during this time that there was some push back from certain employees. At the same time, we can see that this pushback was much less pronounced than what we can see for the data related to race and sexual orientation.

Race

Cummins' history with race diversity dates back further and is much more rich than that related to women's diversity. As such, race diversity merits a much more in depth analysis. We can see that Cummins was not only ahead of society but frequently in advance of formal laws and regulations in terms of promoting racial equality. Because the previous chapters have already focused extensively on the actions of Cummins in relation to race, this section will focus more on what was happening externally to the company.

The promotion of racial equality has been an important point for Cummins dating far back in its history. While Cummins integrated its factory lines as early as the 1940s, we can see more powerful evidence of this commitment from a statement to shareholders made in 1963 that "The Company stands in favor of Civil Rights . . . It has long been the policy and practice of the Company to employ non-whites" (Cruickshank and Sicilia, 1997, p. 237). We will see that

integrating the factory lines as well as lobbying and taking an activist role during the Civil Rights Movement occurred ahead of government regulation and societal expectations.

Indeed, there has been a historical progression of government regulations related to race in the U.S. which have followed as well as inspired changes in American societal views and attitudes. At the federal level, President Franklin D. Roosevelt's Executive Order 8802, signed on the eve of World War II, was the first presidential action to prevent employment discrimination by private employers holding government contracts. The order prohibited employment discrimination based on race, color or national origin, but it contained no enforcement authority and again only applied to enterprises with government contracts. It also did not prevent segregation on the factory lines. The motivation for the order was in fact to help prevent any strikes or demonstrations that could disrupt the manufacturing of military supplies. It was not until the Korean war in 1952 that the Armed Forces were finally desegregated under executive order. (EEOC, 2000)

While we can see that some laws were passed earlier, the Civil Rights Movement in the U.S. seems to have its first start shortly after the war in the early 1950s though there were many set-backs at this time. It took the government decades before eliminating federal legislation allowing segregation and even longer to enact comprehensive laws to protect racial minorities. In 1954, the Supreme Court finally ruled that racial segregation in public schools was unconstitutional in the landmark *Brown v. Board of Education of Topeka, Kansas* (1954). Despite the ruling, enforcing desegregation was met with huge push back from society with local governments vowing to oppose the law (Reese, 1998).

In 1960, President Kennedy issued Executive Order 10925 which prohibited discriminating on the basis of race, religion, or national origin in federal government hiring and established the President's Committee on Equal Employment Opportunity which was the forerunner to the modern Equal Employment Opportunity Commission (EEOC). The President's Committee was given the task of examining employment practices of the United States government after which it was to make recommendations for how to improve equal hiring in executive departments and agencies. (EEOC, 2000)

In 1963, Martin Luther King delivered his famous "I Have a Dream" speech to the over 250,000 people taking part in the March on Washington jointly sponsored by the National Council of Churches which was in fact partially led by Cummins President and CEO Irwin Miller (Cruickshank and Sicilia, 1997). The march continues to serve as a symbol of both the Civil Rights Movement and of the push for equality not just in the U.S. but around the world. After the march, legislators abolished the poll tax that had made voting difficult for non-whites in southern states. The next year, the government passed The Voting Rights Act which took further steps to ensure blacks could vote (The Voting Rights Act (VRA) 42 U.S.C. 1973). At this time, Miller began helping with voter registration in the south in his role as the president of the National Council of Churches. The story goes that a state highway authority, an arm of the government, threatened to stop specifying Cummins engines if Miller continued to aid voter registration. Despite the threats to the company, he decided to remain and carry on his efforts. (Cruickshank and Sicilia, 1997)

It was finally under President Johnson that the Civil Rights Act of 1964 passed. The Civil Rights Act (The Civil Rights Act 1964 (CRA) Pub. L. 88-367) prohibits discrimination of all kinds

based on race, color, religion or national origin. The law also grants the federal government enforcement powers to desegregate allowing for the prohibition of segregation of the races in schools, housing, or hiring. These enforcement powers, however, were initially weak though the act paved the way for affirmative action and established the EEOC. (EEOC, 2000)

In addition to federal government, in the U.S., state and municipal governments play an important role in legislation and are therefore important to determining the institutional environment. In terms of state and municipal laws, Indiana had already desegregated schools in 1949, well before federal laws (Culver, 1954, Reese, 1998). At the same time, this would have been after Miller desegregated his factory lines early in the 1940s (Cruickshank and Sicilia, 1997). While desegregation in schools happened early on, albeit with great resistance including demonstrations and protests in some of Indiana's larger cities (Reese, 1998), desegregation in the area of housing was another matter and did not occur until much later.

The previous chapters discuss the difficulty Miller faced in Columbus when trying to get the local government to desegregate local housing. Even after comprehensive legislation promoting racial equality, non-white residents of Columbus faced numerous hardships and discrimination from the community despite laws being in place (Columbus et al., 2000). One resident at the time describes how hard it was to find acceptable housing in Columbus for his family as a black man (Columbus et al., 2000). While Cummins was able to hire black employees at higher levels of management, they struggled to work with the municipal government and local community to find these workers and their families housing (Cruickshank and Sicilia, 1997).

Additionally, the Ku Klux Klan had a very strong presence in Indiana exerting powerful political control until the 1930s (Culver, 1954, Madison, 1988). An oral history of the struggle of black community members in Columbus gives evidence of the level of discrimination occurring in the city since the early 1900s (Columbus et al., 2000). Residents describe how even in the 60s, they had to travel to Indianapolis, the state capital, to get a hair-cut as local hair salons would not provide services to non-white clients. While there was indeed city-wide discrimination, Columbus did not, however, witness some of the protests and demonstrations (neither for nor against racial equality) that occurred in other larger cities. This especially includes the riots against desegregating schools which occurred in Indianapolis and Gary, Indiana (Reese, 1998). As a non-metropolitan community that at 1990 still had less than 1,000 black residents, the Columbus community did not seem to have a strong, united voice either way during the Civil Rights Movement with the exception of Cummins' upper management who pushed for equal housing (Commission, 2000). While interviews with community members acknowledge that there have indeed been problems with racism in Columbus, there is no data in the record to suggest that there were any critical incidents for or against racial equality other than those coming from Cummins executives. The Columbus Human Rights Center provides data and testimonials describing individual incidents of discrimination but does not mention in the data any organized or united community efforts (in either direction) as we can see with diversity related to sexual orientation and gender identity. A review of the Columbus newspaper articles during this period also failed to reveal any notable events or testimonies. That is not to suggest that they did not occur but to observe that they were not recorded in publicly available community records.

Sexual Orientation and Gender Identity

While the data does not contain a great deal of information on employee sentiments related to Cummins' race initiatives and even less related to women, the record on LGBT issues is expansive. The interviews consistently describe the difficulty Cummins has faced with employees when enacting LGBT related initiatives. This includes statements that Cummins diversity trainers themselves were uncomfortable about teaching LGBT inclusiveness (Hanafée, 2011).

The most dramatic expression against LGBT inclusion, however, can be seen with the Cummins proposal to provide domestic partner benefits. The Cummins *Stakeholders Against Domestic Partner Benefits* group explicitly opposed not just the policy but made their views on providing an inclusive environment for LGBT employees clear by statements such as "Attracting homosexuals to Columbus will bring grave changes to our community. The curriculum of our schools, the contents of our library and the ordinances of our city will begin to reflect the unbiblical values homosexuals stand for" and "No group of corporate executives has the right to meddle with what God has established" (Hanafée, 2011, p. 83). When domestic partner benefits were first proposed, employees wore buttons to work expressing their discontent. They also demonstrated against the policy, building a coalition with community members . (Hanafée, 2011)

As with racism, it is certain that homophobia continues to be largely present within the Columbus community. As stated by one executive participant, Columbus is a "conservative" and "Christian" town (Interview Participant Schmidt, 2011). These two elements are not viewed by participants as always supporting LGBT lifestyles. In regards to LGBT initiatives

enacted by Cummins, community members participated in the protest against domestic partner benefits alongside Cummins employees. A Sunday afternoon prayer vigil of more than 500 people from both Cummins and the community was a powerful statement of community sentiment at this time. While there was clearly a great deal of very deep hostility present, it is important to determine to what extent this was felt by the majority of Cummins employees. Though their numbers were far less, Hanafée (2011) notes that there was a group of employees who counter-protested to show their support for the policy and the LGBT community. Although there were only around 150 residents at the counter protest, this event led to a coalition building of LGBT supporters in the community after which the Pride Alliance of Columbus was created. (Hanafée, 2011)

On the one hand, the strong employee resentment against the policy could suggest a strong institutional environment stemming from employee expectations that Cummins maintain the status quo. On the other hand, it must be remembered that it was the employee Diversity Council in Minnesota that pushed for the policy in the first place. The idea did not come from upper management. The idea originated from and was first proposed by employees. As former CEO Solso stated, “This wasn’t an issue I was looking to champion three months into my role as CEO” (Hanafée, 2011). That the policy was pushed by employees and not management would suggest that there is simultaneously a part of the institutional environment where employee expectations reward Cummins for engaging in LGBT equality efforts even while other employees punish them for it. In effect, these two conflicting groups serve to cancel each other out and to create an environment where Cummins could have engaged in either behavior (enacting LGBT policies or not enacting LGBT policies) and succeeded or failed

to comply with employee pressure. Perhaps more importantly, while there were passionate groups on either extreme, based on interviews the majority of employees seemed to have been passive or neutral about these initiatives. In giving his opinion about the overall sentiments towards the policy at Cummins, one interview participant estimates that “there were way more than 50% of the people who said it’s fine, let’s get on with things” (Interview Participant Schmidt, 2011).

In contrast to racial equality that has a long and developed history in the U.S., federal legislation regarding LGBT rights has only recently been considered. The U.S. government has no current legislation prohibiting discrimination against LGBT individuals in the workplace although this is now being considered (Williams, 2001). It should still be noted that the federal government itself prohibits discrimination in its own hiring practices with The Civil Service Reform Act of 1978 CSRA. Outside of the workplace, The Defense of Marriage Act signed into law in 1996 by President Clinton defines marriage as being between a man and a woman and provides that a state does not have to recognize same sex marriages from other states. (H.R. 3396--104th Congress: Defense of Marriage Act (1996)). This legislation makes any federal act to the contrary very difficult to obtain. Perhaps more dramatically, it was not until 2003 that the landmark Supreme Court case *Lawrence v. Texas* 539 U.S. 558 invalidated state laws that had previously criminalized same-sex sexual activity. Prior to that, laws existed in fourteen states that made sexual activity between persons of the same sex criminal acts punishable by prison sentences. In this way, we can see that the country has made little progress in terms of LGBT rights.

President Obama's administration has been more supportive of LGBT rights though legislation still remains limited. In 2009 the federal government expanded the 1969 U.S. federal hate-crime law to include either perceived or actual sexual orientation and gender identity as a protected class (United et al., 1988). In 2010, the military's *Don't Ask, Don't Tell Act* was repealed allowing for gays to openly serve in the military (Donaldson and Dunfee, 1999). More recently, the federal government is considering an act which would prohibit workplace discrimination based on perceived or actual sexual orientation (Williams, 2001).

At a state level, Indiana currently has its own defense of marriage act (DOMA) defining marriage as between only a man and a woman and specifically states that Indiana does not recognize same sex marriages from outside authorities. Such legislation makes it even more difficult for later legislators to make same sex marriage legal. Furthermore, there are no state laws in Indiana prohibiting discrimination based on sexual orientation meaning that employees can be fired for being LGBT. Columbus itself does not include sexual orientation in its municipal anti-discrimination law, but the Columbus Human Rights Commission, run through the municipal government, provides assistance to help employees file claims if their employer has a business policy which provides protection to LGBTs or if the claim could fall under sex based discrimination (Commission, 2013).

From a government standpoint, legislation actively protecting the rights of LGBT individuals can be said to have only just now begun in earnest in the U.S. While the government does not regulate heavily in this area, it also does not prevent employers from enacting their own policies and practices. Likewise it does not prevent businesses from

promoting LGBT rights such as identifying same sex marriages for the purpose of health insurance benefits.

Indeed, Cummins itself has taken an active role in lobbying for LGBT rights especially in Indiana (Interview Participant Canlas, 2011). Contrary to progressing towards protecting LGBT rights, the state is currently considering legislation to further define marriage as between one woman and one man. The local Columbus newspaper reports that key legislators have cited concerns from Cummins as a reason for not passing the legislation (Freedom Bronn and Vrioni, 2001). Cummins has helped to create a coalition to lobby against this bill entitled Freedom Indiana proposing on the website of the group that:

Cummins has a long history of commitment to diversity and treating all people with dignity and respect. We feel strongly that this amendment, which is unnecessary given Indiana law today, will enshrine inequality into the Indiana Constitution and negatively impact the thousands of Cummins employees who live and work in Indiana as well as harm our efforts to retain and attract the best talent here. Diversity is a core company value at Cummins and we are pleased to join the other partners of Freedom Indiana to ensure that we treat all people in Indiana with dignity and respect. (Freedom Bronn and Vrioni, 2001)

We can see in the statement that Cummins emphasizes both its historical connection to supporting diversity as well as the business case that creating an inclusive environment attracts/retains “the best talent.” In the local Columbus newspaper, *The Republic*, Cummins published a letter further reinforcing the idea that promoting diversity is the right thing to do and that the company has a long history of supporting this value. In the letter, Cummins conspicuously does not make an argument based on the business case. To the contrary, the letter emphasizes that in fact Cummins has lost money in connection to following its

values (i.e. in connection to pulling out of apartheid South Africa). Instead of focusing on the business case, the letter takes a moral perspective and establishes that promoting diversity is the right thing to do:

Inequality based on marital status or sexual orientation sends a message of intolerance that has no place in our nation. Treating all people, regardless of sexual orientation or marital status, fairly and equally is the right thing to do. In fact, doing the right thing and embracing diversity are two of Cummins' core values. (CSRAsia, 2010)

The second part of the letter emphasizes Cummins' commitment to 'doing the right thing' by giving the history of how Cummins has supported the Civil Rights Movement and has fought for LGBT rights in the past:

Cummins has a long and rich history of supporting civil rights issues, and often Cummins has been a strong corporate voice on these issues. Our leaders championed the Civil Rights Movement in the 1960s and took a stand against apartheid in the 1980s. In 2000, Cummins began to offer domestic partner benefits to our employees. (CSRAsia, 2010)

Most importantly, Cummins tries to make the point that their actions in the past were often met with resistance to the extent that the company has lost money in the past by pursuing this value:

This support and leadership were often given in the face of hefty opposition in our communities, and it sometimes even led to less of a financial gain for Cummins. In fact, Cummins even stopped doing business in Africa while apartheid was being supported. Likewise, when the Indiana Legislature began pushing a constitutional amendment to ban gay marriage, Cummins — an Indiana-headquartered company — was the first company to take a public stand in opposition. (CSRAsia, 2010)

Taking a very American approach, the letter concludes with the idea that Cummins supports the ideals not just of equality but of "freedom":

Today, Cummins is proud to be part of a nation that continues to promote equality and freedom to all individuals. Cummins will continue to stand up for what is right, and we will oppose laws that discriminate against our employees, our customers and our partners. (CSRAsia, 2010)

The letter, reposted on the internet, produced an outpouring of comments especially from Columbus residents. We can see from the comments that there is an expression of two very divergent opinions either for or against Cummins' activism. One commenter and supposed employee of Cummins states in his online commentary that he is "proud to be affiliated with a company that's on the right side of this issue" (CSRAsia, 2010). On the hand, another community member remarks back that:

Cummins is not always on the right side of things. They should keep out. . . If Cummins is willing to give benefits to homosexual partners, that is their right to do that. They do not need the government to do that. . . And if they are so big on immoral sexual preference, what about child molesters and those who have more than one spouse. You might think that out landish, but they are talking about equality based on sexual orientation or marital status.

Most interestingly and most concerning for Cummins is that this commenter goes on to note what for him is a paradox: that although Cummins claims it supports diversity and equality by promoting LGBT rights, this action is an affront to and is intolerant of the religious beliefs of others. The commentator states his belief that:

Cummins, thank God, is not the standard for morality. God is, and we can only go with what Gods word says. And the standard that Cummins set is against Christianity, Judaism, and even Islam. So is Cummins thumbing their nose to Islam? (CSRAsia, 2010)

We can see from these community reactions that there are indeed many conflicting opinions on the issue of Cummins promoting gay rights and lobbying to the government in this area. As the internet commenter notes, it is not just that Cummins is enacting pro-LGBT policies at its workplaces but also attempting to push the government into creating national or state policies which would apply to everyone.

Conclusion

Determining whether or not Cummins has operated in a strong, weak, or heterogeneous institutional environment in the Cummins' American headquarters can be determined by examining the extent to which informal and formal constraints have shaped the company's actions. In examining informal constraints, we can say that those actions which have produced the most reaction from employees and community members are the most helpful in our analysis. Although there are many different areas in which diversity can appear in the workplace, including gender diversity as discussed earlier in the chapter, only the issues related to race and LGBT and sexual orientation have produced such strong reactions. When society does react, we know that the company has engaged in an unusual 'behavior' and is trying to either reinforce or discourage this behavior. As formal constraints are explicit, their analysis is simpler and can be accomplished through a review of related legislation and regulation. Informal constraints require a more careful examination of societal reaction.

Instead of the institutional environment formally constraining the actions of Cummins, we can see that in contrast, Cummins has actually tried to shape and change legislation. When

looking at formal constraints related to racial equality, while current legislation exists at a federal and local level prohibiting racial discrimination and promoting racial equality, Cummins not only acted before these laws were passed, but Cummins was a force pushing for these laws. In particular, we can see that Cummins pushed for the desegregation of municipal housing in Columbus during the Civil Right Movement. Similarly, Cummins began LGBT friendly practices in the 1990s while federal legislation and local laws still do not prevent discrimination against LGBT employees over two decades later. Again, it has actually been Cummins pushing and even formally lobbying for laws to protect LGBT individuals. Indeed, Cummins has even used its economic weight to threaten the state government into passing or not passing laws in this area (2011).

In addition to formal constraints, the institutional environment is also made up of informal constraints. While homophobic and racist sentiments have certainly existed in Columbus, and continue to exist, the protest and counter-protest against the domestic partner benefits mark the only times in the record that Cummins has ever faced strong community backlash or support directly related to diversity. While the issue of LGBT rights provoked some employee action on both sides, overall, historically employees have been ambivalent to the majority of diversity practices at Cummins. Cummins could have enacted or not enacted diversity initiatives with relatively little reaction (positive or negative) from Cummins employees. While there have been strong movements in society for racial equality and LGBT rights, there has not been a great deal of expectation that a company like Cummins should join these efforts. In regards to passing the domestic partner benefits policy, the Director of Global Diversity noted that in "California you expect that, you expect that from the West Coast, not

from the Midwest” (Interview Participant Reyes, 2011). This type of flexibility or lack of expectations in how Cummins could have chosen to behave in relation to diversity practices coupled with the more important evidence that most of the employees have not had a strong position either way on diversity suggests that the institutional environment has historically been weak.

Based on the above analysis we can state that in terms of the Columbus headquarters, Cummins has historically acted in a weak institutional environment related to diversity. Although there is currently a great deal of formal legislation from the government and informal pressure from society to promote diversity, Cummins U.S. has often acted in advance of these actors. In particular, Cummins has tried to shape the institutional environment in terms of diversity related to race and LGBT by actively lobbying to the government and enacting formal policies in its workplace sometimes against the wishes of its own employees. As it is in advance of government and society, the company has not been pressured to take action, and when its actions have been met with hostility, the pressure to stop has not been great enough to discourage the company. Because of this ability to choose its own direction and behavior in relation to diversity, we can say that Cummins has made strategic decisions related to diversity while in a weak institutional environment. To provide a global comparison, the next two chapters will explore more broadly the internalization of Cummins and its global expansion while taking a closer focus on Cummins China and Cummins Belgium.

Chapter 8: International Institutional Environment: Cummins China

In its American headquarters, Cummins has historically taken strategic decisions related to diversity in a weak institutional environment. The company continually pushes the boundaries in the area of diversity management without there being the expectation from formal institutions, such as the government or from society, to do this. It is one thing to push these boundaries and act independently in Columbus where Cummins has a great deal of economic weight and social capital, but it is another to do this in its international operations.

The dual identity of Cummins as a local, community oriented company, however, is juxtaposed against its identity as a global, multinational corporation. The following two chapters will explore the global expansion of Cummins by taking a particular focus on Cummins China and Cummins Belgium. This analysis will provide a glimpse into how Cummins' value of diversity plays out in its international operations. To do this the researcher relies on the related academic literature while drawing on interview participants' viewpoints and secondary data to further explore Cummins' actions specifically in Cummins China and Belgium. This analysis will help then determine whether or not Cummins operates in a weak, strong, or heterogeneous environment in these other sites.

Becoming a Global Company

Cummins has taken great efforts to foster a diverse and inclusive environment in their international operations. This emphasis on diversity is a value that Cummins not only tries to instill in its international leadership but in its newest employees through a one day training

program for all employees throughout the world (Interview Participant Reyes, 2011). Although Cummins uses roughly the same processes to instill diversity as a value in all their operations, the goal is to allow the local environment to dictate the content of those processes, realizing that diversity means something different in different cultural contexts. One executive notes the role of former CEO Tim Solso in this endeavor:

Our current CEO . . . has really been engaged in us thinking globally about what does diversity mean in each culture. In some places it's how do we ensure women have the right opportunities. In other places it's different minority groups. It varies around the world. In some places it's people with disabilities. It's whoever is marginalized and how do we make sure we have a welcoming and inclusive environment. That is the internal diversity story. (Interview Participant Canlas, 2011)

This adaptation to local cultures has become more and more important throughout Cummins' long history of internationalization. The company's first non-American operations began in Scotland in 1956 with the company evolving since that time to a point where it now has more of its operations overseas than in the U.S. (Cummins, 2012a). As a part of this evolution, the values of being global and being diverse have shifted somewhat in their orientation to be more inclusive and less ethnocentric. In the speech below to the governor of Indiana given in 1969, Miller talks about diversity again in the sense of benefiting the local, Columbus and Indiana community. The interest is on attracting international and diverse talent to Columbus, Indiana rather than exporting Cummins' talent overseas.

As a world company, this is one family, and as such a family, we know no national boundaries, we know no racial boundaries, and a person can rise in this company from any part of the world on his own merits, and so one of the things that we commend to you as governor and to the citizens of Indiana is that we should all

work to make this a state where citizens of every country in the world can feel at home and welcome, a place where they would like to pick up and make a living. If Indiana can make itself that sort of a state it has an enormous future in the next generation.

(Miller, 1969)

More and more, Cummins is taking strong actions to ensure that their value of diversity is being fostered in their international operations. Given the passing of Miller, we cannot be sure of the extent to which he intended the values he had pushed for in Columbus to be extended into his global operations, but as one employee from Cummins China notes:

He stated the case that all men were equal, that all women were equal. [pause] And that was good for the company. He was addressing more the national issues than the international issues at the time, but we don't know and couldn't interpret. Because of his wisdom, we're not able to interpret that he may have meant the whole world. (Interview Participant Li, 2013)

The employee pauses and reflects that treating others equally has benefits for the company, but in the context of the conversation, that benefit seems to be more broadly received as a greater benefit to society. We can thus see again the intertwining of the business case and the idea of diversity being 'the right thing to do.'

The same China Cummins employee stresses that "Tim [the former CEO] built the business case. There is reason for the business case, and [he] stated it boldly and printed it and asked the company to embrace [it]. The logic was inarguable. It made all the sense in the world especially since we were a national company who was a multinational" (Interview Participant Li, 2013). Indeed, several employees discussed the business need for the "goal of creating a Cummins that mirrors the representation of the market" (Interview Participant Reyes, 2011).

Cummins itself describes its rationale or business case for diversity by stating in its 2004 Sustainability Report:

Diversity provides Cummins with a competitive advantage in the following areas:

- **New markets and new businesses** – Sales in markets outside of the United States currently are growing faster than in the U.S. . . .
- **Customer requirements** – Purchasing materials and services from a diverse supply base helps the Company take advantage of all opportunities to be the low-cost producer. . . .
- **Changing demographics** – . . . Successful companies understand how demographics can impact their markets . . .
- **Competitive performance** – Having a diverse workforce enables a company to solve complex problems, innovate and otherwise adapt more quickly. . .
- **Attracting and retaining the best people** – . . . A company that promotes diversity in hiring and increases an understanding and appreciation of differences will reap the following benefits:
 - A positive work environment . . .
 - Increased employee engagement and creativity
 - Attraction and retention of the best talent
 - A positive reputation in the community
 - Improved decision-making capabilities provided by more viewpoints and choices
 - Improved problem resolution
- **Doing the right thing** -- . . . It is in Cummins self-interest, not selfish interest, to create an environment in which people treat others as they want to be treated. (Cummins, 2004, p. 47-48)

The business case notably ends with the argument that ultimately, diversity is the right thing to do. The phrase “it is in Cummins self-interest, not selfish interest” highlights that diversity management is to Cummins’ benefit and is not done simply for philanthropic reasons.

To help Cummins develop its diversity management practices internationally in places like China and Belgium, it has created a department of Global Diversity. The executive of this department and a woman with a long career in consulting companies on diversity management summarizes that her “goal is to make myself obsolete. So if you keep doing that [fostering diversity], and everybody is doing it, at some point you don’t need a separate department doing

it. So Cummins is more likely to do that than other places I've been" (Interview Participant Reyes, 2011). Part of her work involved rewriting the Cummins definition of diversity in 2008. She worked with forty-eight company leaders "in all parts of the world" in order to create a definition that would avoid "ethnocentric" or "HR" (human resource) technical language and achieve a definition which would resonate globally (Interview Participant Reyes, 2011).

Despite creating a definition of diversity which involved staff from throughout the world, including China, the head of global diversity still questions the paradox behind fostering diversity in Cummins' global operations:

What's fascinating is that people say that's an American construct [diversity]. And you say 'yes.' So you think about this from an anthropology standpoint, so we're saying this thing [diversity management], we're going to apply it in your country. And by the way, if it's got a red logo on it and a Cummins 'C,' you have to do it. And then people go 'is that diversity?' Not really. So that's unique. I think that's unique. (Interview Participant Reyes, 2011)

The statement highlights the challenge of, on the one hand, trying to be culturally sensitive and respectful of local contexts while on the other hand, taking a firm stand against attitudes/practices which may be judged by Cummins management as 'anti-diversity.'

The analysis on Cummins China and Cummins Belgium will provide a picture of the challenges Cummins faces when fostering its value of diversity in its international operations. While some themes and areas are the same, the context of diversity can change radically from country to country. The discussion will show how Cummins has tried and both succeeded and struggled to embrace this value in all its operations.

Cummins in China

Miller began thinking about expanding into China starting as early as 1944 and towards the end of WWII. Around this time and in a correspondence with a bank in regards to a Chinese manufacturer Miller wrote "We are also much interested in making a connection somewhere in the British empire . . . If you ever run across any group in which you think we might be

interested, I will appreciate your letting us know" (Cruickshank and Sicilia, 1997, p. 173). Given the political climate between the two countries, Miller would have to wait some thirty years later before making such a connection to China and most certainly long after China's connection to the "British Empire" had ended. Anxious to begin business there, stories from employees claim that Cummins' representatives were on the first plane under President Nixon to enter China in 1973. The first official contact on record, however, occurred in 1975 with a visit by Miller and his wife. During the visit, Miller established business relations with the government to purchase Cummins engines which would be used in mining operations. To further develop this business relationship, Cummins assigned two Cummins employees to China, both of whom were Chinese born Americans and fluent in the language. (Cruickshank and Sicilia, 1997)

Being culturally sensitive and appreciating the differences between the Columbus and Beijing work cultures was important to Cummins. An employee working for Cummins at the time remarks on the value of having had employees already on staff who were both familiar with the Chinese language and culture but who could also represent Cummins and what it stood for (Interview Participant Fernandez, 2012). Former CEO Tim Solso states that "We were the first Western diesel engine manufacturer in China . . . and I think we were respected for how we went about doing it" (Cruickshank and Sicilia, 1997, p. 377). This successful and early relationship building proved profitable for Cummins with Cummins China being recently selected as a finalist for the U.S. State Department's *Award for Corporate Excellence* "for advancing good corporate citizenship, innovation, and democratic principles abroad" (Cummins, 2010a, p. 13).

Cummins China now has over 9,000 employees and twenty-six operating entities including ten joint ventures in China which has become its fastest growing market (Interview Participant Lee, 2011). Given its level of importance to Cummins, developing programs and initiatives to foster Cummins values and organizational culture there, including diversity, is a priority. China's contemporary history is rather dynamic and has had a profound effect on the meaning of diversity within the country. The next section will explore the issue of diversity

within a Chinese context and the extent to which these diversity issues are seen as salient by Cummins staff.

While many areas of discrimination occur in all countries, such as with gender, it is important to highlight the role that culture plays in how human resource practices related to diversity can differ or should differ between countries. When Cummins redid its definition of diversity in 2008, upper management felt it was important to ask Chinese employees “will it work in China, will it work with this language” (Interview Participant Reyes, 2011). More than just language, several critical studies have broadly focused on the importance of cultural diversity within a Chinese management context (Hofstede and Bond, 1988, Hofstede and Bond, 1984, Boisot and Child, 1999). It is important to Cummins that their employees have an understanding of the different cultures represented by Cummins’ global staff and that their human resource practices, including the human resource practice of diversity management, take into consideration these cultural variations (Interview Participant Reyes, 2011, Interview Participant Heurkmans, 2013).

Cummins China often still incorporates management from the Columbus headquarters. These Cummins headquarter expatriates in China are provided with intercultural training from an external agency on arrival although Cummins Chinese staff themselves often take the role of serving as “cultural interpreters” (Interview Participant Fan, 2013). Under the vision of the new CEO, Cummins China will become increasingly autonomous although the organization will continue to encourage both outgoing and incoming short term expatriation (i.e. Chinese staff going to Cummins sites outside of China and non-Chinese staff going to Cummins China).

One manager speaks to this influx of international workers to the Cummins headquarters and the differences between these national cultures at the Columbus headquarters by saying:

From my standpoint, what I've seen is a change in a composition in the workforce, and I gotta tell you that over time my sense is that the workforce has benefited from that significantly. Most of that is in our ability to deal with or to think differently, deal with different cultures, and there have been some really interesting side effects with that too. You'll learn that there are quirks to Western culture, or quirks to Indian culture, or quirks to Chinese culture, and there are some real, uh, failure points that come along the intersections between the two which is a real learning point. (Interview Participant Johnson, 2012)

In talking about his work in Cummins China, the manager further touches on the challenges he sees in the different workplace cultures.

The Chinese tend to play everything absolutely close to their chest and don't reveal anything until the last minute which means they can go a long way down a bad path before you find out what's going on, and we're struggling to figure out how to deal with that, um, but in the process of having to deal with it, I think we all wind up with a better organization. (Interview Participant Johnson, 2012)

The company relies heavily on these exchanges to inform both operational sites on the differences between national culture in an attempt to harmonize those differences within the organizational culture.

In encouraging Chinese and other international Cummins staff to spend time and become familiar with the Cummins Columbus headquarters, we can see that there has been an impact on the Columbus community. A manager who previously was working in Cummins China but is now based in Columbus explains:

We have brought in people from a number of backgrounds and cultures, and we have them living in Columbus. When I moved to

town, ethnic food was one kind of sad Chinese restaurant, and I think Taco Bell and that was about it. At this point, there's Chinese restaurants, Italian restaurants, Indian restaurants here in Columbus. Some of that is driven by the people we've brought in as much of it is an interest, let's see, how do I put this, because Cummins has brought Chinese people to Columbus, we've brought people in from a wide variety of places, and they like Chinese food and they like Indian food, and they like a variety of food, and they want a good collection of restaurants, that's had a real impact on the community. (Interview Participant Johnson, 2012)

It seems likely that the participant is expressing something more profound than merely choice of restaurants. As another participant proudly expressed, Columbus is looking more and more "like the United Nations" (Interview Participant Carlyle, 2010). The statements speak to the increasing diversity of Columbus and highlight not only that Cummins has been establishing operations abroad but has also been bringing in international staff to its local operations.

Historically, Cummins has tried to bring in international talent to the Columbus headquarters. This then changed to sending Columbus employees out under expatriate contracts as the company began to internationalize. Now, Cummins strongly incentivizes employees from their international operations to pass normally three years under expatriate contracts in Columbus. (Interview Participant Heurkmans, 2013)

Diversity in China

In some ways, China's radically different history and political regimes have given a very different meaning to diversity than in the U.S. At the same time, there are many related issues which are actually not very different (e.g. gender equality). Both culture and history, however,

create a unique China environment also noted by interview participants. To this end, Xun (2007) proposes that workplace discrimination related to diversity is now more prevalent in China than in the past. The researcher hypothesizes that the job security provided during the period of the “iron rice bowl” limited employment discrimination; However, with the opening up of the Chinese economy and economic reforms, “factors such as the competitive labor market, lack of social awareness and insufficient legal remedies have contributed to the severity and pervasiveness of employment discrimination” (p. 996). Indeed, the literature review on diversity in China, as well as globally, tends to be focused on diversity in terms of discrimination and especially workplace discrimination.

The current Chinese Labor Law states that laborers, regardless of their ethnic group, race, sex, or religious belief, shall not be discriminated against in employment; However, research suggests that of these protected groups, discrimination based on gender in particular is a significant problem (Liu, 2007, Bulger, 1999, Burnett, 2010). Furthermore, discrimination based on LGBT status (Wei, 2007), the household registration or hukou system (Nielsen et al., 2011, Zhang, 2010, Zhang et al., 2010a), and age (Chiu et al., 2001, Li et al., 2011) have all been identified in the literature as important sources of discrimination in China. Xun (2007) further identifies height and hepatitis B status as other attributes subject to discrimination. In China, employment discrimination is compounded by the fact that employers often ask applicants to list their sex, age, ethnicity, place of birth, family background, height, and health as well as to provide a picture allowing employers to easily use the above attributes to screen applicants (Xun, 2007). Cummins staff were quick to identify with some of these categories though not all.

In particular, Cummins staff noted problems related to diversity in relation to gender, age, and to a lesser extent the Hukou system.

Gender

In line with the literature review, Cummins employees most frequently cited gender as the most prominent diversity feature in their China operations although one participant largely saw men and women as being equal in China. Most of the Cummins staff have certainly noted the gender divide in China with an executive stating that “What we’re struggling with most in China on diversity is gender diversity and especially in the operations area” (Interview Participant Schmidt, 2011). One hiring manager in China expressed the frustration that even though Cummins wants to increase the number of female staff, especially at the management level, there are simply not enough female applicants (Interview Participant Li, 2013).

China’s attitude towards women in the workplace has varied enormously throughout contemporary history. During the Great Leap Forward (1958-1960), women were strongly encouraged by the government to join the labor force with the government actually providing child care and laundry services to offset traditional responsibilities in the home (Bulger, 1999). The Cultural Revolution further provided women with the opportunity to take leadership positions normally held by men (Woo, 1993). It was not until later during the economic reform and opening up that women in China actually lost those gains in the workplace. Those who had enjoyed leadership roles “were often forced to transfer or retire, or were otherwise marginalized” (Burnett, 2010, p. 297). Backlash against the Cultural Revolution and the push to “modernize” had detrimental effects to the feminist movement in China especially in terms of

women in the workplace. Liu (2007) writes “As a result of the rejection of the practice of erasing gender differences during the Cultural Revolution, as well as an emerging consumerism in the market economy, womanly virtues such as being a good housewife and mother were reconfigured as appropriate. . . By contrast, the Maoist image of strong, heroic women workers was ridiculed as a symbol of backward obstacles to China’s modernization” (p. 6).

Since the opening up, China has passed several laws to protect women in the workplace some of which have been largely influenced by seeking to increase trade relations with the West (Burnett, 2010). The extent to which companies like Cummins and others operating in China must follow these laws is not evident. The 1982 Constitution officially gives women “equal rights with men in all areas of political, economical, cultural, social, and domestic life” (Burnett, 2010, p. 289). Rather than promoting gender equality though, some scholars believe that Chinese laws actually encourage stereotypes against women (Han, 2001). The Regulations Governing Labor Protection for Female Staff and Workers passed in 1988 “sets standards for future laws” which some scholars feel “promote stereotypes of women’s weakness and the traditional role of a woman as family caretaker by advocating the creation of health clinics, child care centers, breast feeding rooms, and other services for women (seeming to expect the employers to be the providers of these services)” (Burnett, 2010, p. 304). These laws reinforce the image of women as child-bearers rather than being equal to their male counterparts. It is through such laws and practices that “new forms of gender discrimination at the workplace have emerged in more subtle ways, and usually under the guise of protecting women” (Yang, 2009, p. 295). Whether or not the provision of such services, such as child care services, promotes gender stereotypes more than it increases women’s access to the workplace is

another debate outside of this case study. What these types of law do show us is that there is an expectation that companies work together with the government to provide services for women making it particularly relevant to Cummins.

Cummins China interview participants noted gender diversity mostly in the sense of the absence of women in the workplace. It is important to note that it is not only an issue of women being present in the workplace, but according to research the issue is also how much they are paid for their work. While China has an “equal pay for equal work” policy, as in most countries where such policies exist, it is still significantly impeded by cultural and societal constraints (Tao, 2004). A comprehensive study by Xiu and Gunderson (2013) found that in mainland China “women receive about three-quarters of male pay” with two-thirds of that gap reflecting that “females tend to be paid less than males for the same wage-determining” and “one-third reflect[ing] the fact that males have endowments or characteristics that tend to be associated with higher pay, especially supervisory responsibilities, general labor market experience, occupational skills, education, and membership in the Communist party” (p. 235). Their study further finds that marriage has a positive effect on the earnings of women in China but not for men although “childcare responsibilities for children under the age of six have a large negative effect on the earnings of women” (Xiu and Gunderson, 2013, p. 235).

While increasing the number of female employees and ensuring equal pay may be a challenge for Cummins China, it is one which can be quantitatively measured and as such can be more easily remedied. Workplace discrimination against women, however, is not limited to pay. A study by Xun (2007) of 1,100 college graduates in China showed that eighty percent of

female graduates reported having experienced gender discrimination during their job search and that a comparison of employment rates of females was eight percent lower than males. In addition, reported incidents of sexual harassment (*xing sao rao*) are increasing with both the media and the government focusing their attention on this issue (Fu, 2005). Fu's (2005) analysis shows that coworkers are a significant source of sexual harassment for Chinese women reinforcing the idea that companies like Cummins have a duty to create a safe and inclusive environment for their workers.

The paradox pointed out by the head of Global Diversity, that Cummins should on the one hand respect local cultural norms while on the other hand refuse to tolerate discrimination (which may be a cultural norm), can be seen clearly in China. Loi and Ngo's (2009) state that female workers face difficulties in developing positive relationships with male coworkers especially when the woman is in a supervisory role. The researchers' work in foreign invested enterprises in southern China found that female supervisors of male subordinates face significant challenges in developing trust and member exchange. The researchers suggest that managers in China should not hire women for such high positions stating that the "Chinese context [] should not be overlooked by HR [human resource] managers in Chinese enterprises" and that when managers "mismatch" demographic attributes in the workplace (i.e. by hiring women), it "may lead to some undesirable consequences such as reduced trust in organization, lower in-role performance and OCB [organizational citizenship behaviors]" (Loi and Ngo, 2009, p. 1715). It is in this way sometimes difficult to on the one hand respect local traditions and norms but on the other hand to fight against prejudices which may not always be perceived as unjust.

One way Cummins has been addressing the gap between male and female workers has been to create a Women's Affinity Group in China. Cummins' first Affinity Groups were piloted in Indiana for African and African Americans and Latinos. Cummins describes these initiatives as follows:

Along with senior leaders, employees from certain under-represented demographic groups meet together at an all-day workshop to talk about their career goals and any issues the employees may be facing as a group. Then, they discuss career development and the ways they can accomplish their career goals both collectively and as individuals. For part of the day, their managers are invited to sit in and learn about the issues raised during the workshop. Finally, managers meet in their own day-long workshops where they learn tools and techniques to help them manage diverse teams. . . The workshops are designed to get people to feel comfortable enough to talk about challenging topics. (Cummins, 2011b, p. 104)

In China, the creation of the Women's Affinity Group was personally led by Cummins' executive level management. Under this leadership, 95% percent of the affinity group participants rated the program as good or very good and seemed to be positively received (Interview Participant Reyes, 2011). In this way, we can see that Cummins has been very active in seeking to address the promotion of women in the workplace in China not only through hiring practices but also through creating social support groups for women.

Age

In addition to gender, both Cummins employees and the academic literature identify age is an important feature of workplace diversity in China. Age discrimination, or ageism as coined by Butler (1969), can be defined as "prejudice by one age group toward other age groups" (p. 243). Although it is receiving more and more attention, the issue of age

discrimination in the workplace has not yet been well researched both within the Chinese and international academic literature (Li et al., 2011, Grima, 2011). A global phenomena, Cagin's (2012) five-country comparative analysis found evidence that even when culture and life stage were controlled for, significant differences in work values between age groups, especially for generation Y, is a global and not country specific issue for human resource management. The study further warns that in many countries, older workers will increasingly be reporting to younger workers, creating the potential for conflict.

At Cummins China, workers have already begun to notice such conflicts between generations. One executive pointed out that in his experience, age seemed to correspond to very different educational backgrounds and managerial styles in addition to different workplace expectations:

A very interesting diversity challenge in China is that you have an increasing number of high end students and then employees who went abroad for their education. . .When they come back and work in China, especially in a multinational company like ours, they think they're really, really special and they want to be treated differently . . . From a compensation point of view, from a career development point of view, they have very, very high expectations and we want to leverage them, and kind of, I mean they're very capable people, and we need every one of them to help us. At the same time these folks generate huge amounts of resentment to the rest of the workforce. (Interview Participant Schmidt, 2011)

In line with these sentiments from Cummins employees, research has shown that human resource diversity management in connection to age has an important impact on how workers work in teams. One German based study shows that high appreciation of age diversity is an important factor in increasing the efficacy of teams with diverse ages (Wegge et al., 2011).

The researcher's six year study in Germany provides further analysis on the issue demonstrating that high appreciation of age diversity "yields higher job satisfaction, lower conflicts, and higher innovation" (Wegge et al., 2012, p. 5149). In connection to this idea of fostering a positive climate towards age diversity, Kunze et al.'s (2013) research shows "that top managers and especially their stereotypes with regard to older workers" are a significant factor which can "lead to higher levels of a perceived negative age-discrimination climate" pointing towards the importance of manager leadership (p. 434).

Age discrimination seems to be prominent among both older as well as younger workers. For older workers, Grima's (2011) research finds that career management and access to training are most vulnerable to high levels of age discrimination. Riach (2009) warns that purposefully increasing age diversity in the workplace may in fact have "a limited effect on [relieving] the continued marginalization of older workers within the labor market" as research suggests companies may limit the hiring of older workers to customer-facing or low-skill-level jobs. Following Grima's findings, this makes it "unlikely that older employees are placed in a position where they can influence and infiltrate strategic change within the company, as espoused by diversity philosophies" (Riach, 2009, p. 322).

For one hiring manager in Cummins China, who himself was an older employee close to retirement, there is a knowledge/qualification gap in which there simply are not enough older workers with the training and background to assume management roles (Interview Participant Li, 2013). Although age discrimination can be viewed as a global phenomenon (Owoyemi et al., 2011), there are cultural differences with this gap in finding qualified older employees at

Cummins perhaps being just one example. A study comparing workplace attitudes towards older workers found that in comparison to Hong Kong workers, U.K. workers viewed older colleagues as more effective at work but less adaptable to change (Chiu et al., 2001). The study suggests that in addition to culture, a lack of equal employment opportunity laws and policies may increase age discrimination levels in China. Their work also showed that having organizational policies related to age discrimination correlated to reduced age stereotypes among workers. Li et al. (2011) further notes that "Western societies generally have a greater commitment to and more experience in managing age diversity, including maintaining the right balance of age diversity, than do firms in East Asian societies" (p. 253).

Younger and older workers in China can also have very different attitudes towards management and work. A Cummins executive notes these differences stating that:

You've got employees who say 'hey you know I've been working for forty years. My attitude is that I show up at eight in the morning, and I'll do anything you tell me, and I'll go home at 4 and don't expect me to think,' and that's how they want to be managed and work. And then you get younger people who come in and say 'hey, wait a minute, can I just have some influence here? Can I not just shape work a bit more independently?' So if you have a department that's half and half, how do you do that in a way that keeps everybody happy? So those are very, very sort of front line diversity challenges, and we're in the middle of all of that. (Interview Participant Schmidt, 2011)

As in many countries, a growing aging workforce characterizes China's demography. In Western countries, the growing aging population is often framed under the context of the threat of significant loss of skilled workers (McNabb et al., 2006). The Chinese literature does not seem to address this issue but instead focuses on the issue of discrimination as well as the

rising burden on the government to provide for retiring workers. Research shows that the three age groups of employees growing most rapidly in China are 45-to 59-year-olds, 60- to 64-year-olds, and older than 65 years (Li et al., 2011 citing Wang, 2006). Li's (2011) report on the impact of China's aging population highlights the problems businesses will face if they are unable to incorporate older workers. Indeed, several scholars and reports note the growing crises of the rapidly increasing ageing population not just on the workforce but on the future of China's welfare system (2010, Dengfeng and Yiyang, 2010, Salditt et al., 2008). "As no other country has aged to this extent at such an early stage of economic development, it is questionable, however dynamic the current growth rates may be, if more than a small share of the total population will reach an income level that would enable them to afford a high level of wellbeing during retirement" (Salditt et al., 2008, p. 68). On the other hand, Li (2011) points out that business opportunities "can actually be spurred by an aging population in line with the challenges, as older consumers will form a key market for providers for many goods and services" (p. 32).

Cummins' goal of creating a workforce which mirrors its market will need to include hiring older workers. Again, as with women, one hiring manager in China expressed his frustration at simply not being able to find older workers to hire (Interview Participant Li, 2013). Older workers are only one side of the picture though. Snape and Redman's (2003) study in the U.K. found that although "the debates about age discrimination have focused mainly on older employees," their "findings suggest that discrimination on the grounds of being too young is at least as widespread" (p. 87). To this point, Wu and Chiang (2007) show that younger Chinese employees have lower levels of employee satisfaction. Li et al. (2011) further point out that

“the merit of years is always an important consideration in reward and promotion systems in East Asian organizations” and creating an environment where “young people are often discouraged from challenging older people even when the latter is wrong” hinders the progression of younger workers (p. 253). Speaking further to the difficulty of balancing these two generations, a Cummins executive comments that:

When you look at the management population we have in China now in our organization, you sort of have the old school managers that are sort of in their late forties and fifties that are still very hierarchical, very top down/command based, tolerate very little resistance. . . They don’t want to be questioned, they don’t want to be challenged. [The attitude is] if I say something I expect that you get it done because I’m the boss. I’ve got positional power and therefore that’s how we run it here. And then you’ve got a new generation that is just a lot more collaborative, a lot more progressive in their thinking of saying you know it’s ok to have a discussion, and just because I’m your boss doesn’t mean you can’t tell me if I’m doing something stupid. And so from a management style, you’ve got very different thought models and that’s kind of clashing. (Interview Participant Schmidt, 2011)

Based on the academic literature, having effective human resource diversity management in connection to age should have a positive impact to Chinese businesses. The work of Li et al. (2011) on Western insurance firms operating in mainland China shows how “age diversity awareness both allows older employees to contribute and gives full play to the initiative and creativity of young people” ultimately creating increased firm performance (264-265). Li et al.’s (2011) research also suggests that age diversity can improve performance, including financial performance, in Chinese firms. As the literature indicates, this issue of age diversity, in both directions, will become even more important over the next few decades not only in China but in several of Cummins’ operations throughout the world.

Sexual Orientation and Gender Identity

The issue of sexual orientation was not brought up by Chinese participants even though it was greatly discussed by management based in the U.S. Although it is an important diversity issue, LGBT status is still highly taboo in mainland China even if more members of this community are coming out. In China, marriage and bearing children are an important basic familial duty, and research finds that the Chinese culture surrounding lineage and filial piety are a significant source of stigma for LGBT lifestyles (Neilands et al., 2008). Before the 1990s, homosexuality was not a part of the general public discourse in mainland China although under the law, people committing homosexual acts could be charged and arrested for acts of “hooliganism” (Day, 2011). The term for homosexual, *tongzhi*, was in fact only introduced into China during the mid-1990s by Hong Kong activists and scholars (Day, 2011).

Although the presence of multinational corporations in China was not specifically cited, researchers in the field believe that the gay movement in China has gained force through internationalization. The LGBT movement in China has had strong linkages to the West with Chinese LGBT activists identifying “international funding as the lifeblood of their organizations” without which there would be no development (Hildebrandt, 2012). At the same time Hildebrandt (2012) shows that such linkages have been “impeded” by the control of the Chinese government whose power over international funding renders it to local political conditions. In addition to financing, research suggests China has been influenced by international flows of gay people and practices including Western style media coverage of Chinese celebrities “coming out” publicly often through talk shows as they would in the West

(Sang, 2003). Other scholars seek to differentiate the gay movement in the mainland from that in the “liberalist” West stating that “the question posed by queer China becomes an occasion for rethinking the power differentials that produce the human and the subhuman in the era of global financial capitalism” (Liu, 2012, p. 71-72).

Research on LGBT issues in China has been largely limited to Hong Kong and Taiwan with the focus often being on HIV/AIDS related issues rather than employment. International research, however, estimates that around 10-14% of the workforce is LGBT (Powers, 1996) with research in the U.S. suggesting the number is between 4-17% (Gonsiorek and Weinrich, 1991). This wide variation hints at the level to which LGBT status is still taboo on a global level and not just in China. It is difficult to accurately estimate the percentage of LGBT persons in a given population likely because of the extent to which it is still taboo.

LGBT individuals “may suffer psychologically and professionally due to hostile workplaces” and researchers point out that “when consideration is given that a sexual minority could also be a member of a racial minority, a woman, disabled, or economically or educationally disenfranchised, the importance of understanding this marginalized population is magnified” (Muñoz and Thomas, 2006, p. 85). Although research on LGBT discrimination in China is limited, some generalizations can be made from other countries. Turkey is similar to mainland China in that filial piety is very important and in that although there is no legislation against homosexuality there are still high levels of homophobia. In researching anti-homophobic workplace attitudes in Turkey, emergent themes in interviews with LGBT workers “center[ed] on the traditional family ..., the homophobic employment culture, and the absence

of employment nondiscrimination laws and regulations” which “perpetuates a communally shared perception of insecurity, inadequacy, devaluation and self-doubt at work and beyond” for the LGBT workers (Mustafa, 2011, p. 1113).

Cummins currently has an LGBT related affinity group in its U.S. operations, but this is not something that can be foreseen in the near future in Cummins China. Creating an inclusive environment for LGBT workers through such affinity groups, however, can have an important positive impact on these employees. Huffman et al. (2008) found that supervisor, coworker, and organizational support for LGBT employees was associated with significant increases in job satisfaction as well as life satisfaction concluding that “organizations should attempt to create an atmosphere in which each form of support is available to LGBT employees” (p. 246). Cummins has yet to directly reach out to LGBT workers in China, but such research suggests that their overall embrace of diversity may nevertheless have a positive effect regardless of whether or not these persons are specifically targeted. We can see then that there is a significant difference in Cummins China in comparison to the U.S. headquarters in which the company has been willing to reach out to strongly marginalized members of society even if taboo.

Hukou Status

While many points of workplace diversity including age, gender, and sexual orientation can be found globally, others are more specific to China. The divide between rural and urban society is certainly not unique to China, but the resident’s household registration status or hukou is distinctive. While Cummins employees did not reference this system directly, there

were some indirect references. Since the takeover of the Communist party in 1949, the hukou system has been a source of debate on diversity and organizational equality related policies (Jie et al., 2010 citing Chan 1998, Shen, 2007, and Warner, 2009). Starting in 1978, China began to relax its system of residence control with an estimated 200 million off-farm peasants migrating to cities every year in search of work (Shen, 2007). These internal migrants are themselves a diverse group and not only in terms of their regional origin. Fan's (2002) survey of 120 migrants in Guangzhou suggests that there is now a socioeconomic hierarchy "in which permanent migrants are the most prestigious, urban non-migrants are in the middle, and temporary migrants are the least prestigious" (p. 120). Access and advancement in the labor market is then heavily mediated by this segmentation. Fan's (2002) study is further strengthened by Zhang's (2010) research showing that temporary migrants without local hukou had significantly lower job mobility rates and shorter employment durations than non-migrants and permanent migrants who were otherwise similar.

Although it was not mentioned as frequently, hukou and the issues related to that did not go unnoticed by Cummins staff. While one interviewee directly pointed it out (Interview Participant Fan, 2013), others referred more indirectly to the hukou system. For example, one executive stated that "From a geographic point of view, there's so much migrant labor, so many people that come from different parts of the country, and we're trying to pay a little bit of attention to try to keep a healthy mix" (Interview Participant Schmidt, 2011). Also related to hukou is income disparity which the same executive noted as an issue. This point of diversity is not directly found in the literature but often has connection to the hukou system. For the executive, who has experience managing in many of Cummins' emerging market operations,

“In a lot of other emerging economies, the income disparity between hourly workers and the management layer [is high]” but it “is even more bizarrely spread out in China . . . so that creates certain tension” (Interview Participant Schmidt, 2011).

Migrant workers are often marginalized within Chinese society (Chan, 1998). Zhang et al.’s (2010a) case study of twelve Chinese firms shows that the hukou system has “generated a division between urbanites as core employees and rural migrants as peripheral workers where “rural workers tend to suffer from job and wage discrimination and have less access to training, welfare benefits, social insurance, and promotion than urban-hukou holders” (p. 377). Because of this divide, migrants and urbanites often have unequal access to legal protection with indirect employees (often those hired through temporary agencies) falling under the country’s Civil Law and only direct employees (those who have a direct hiring relationship with the company) falling under the country’s Labor Law (Zhang et al., 2010).

Discrimination against migrants occurs in many ways and not only occurs through hiring practices. Zhang et al.’s (2010) work found that migrants often have significantly less access to training. One statement collected from Zhang et al.’s (2010) interviews with human resource managers was that “as they [rural migrants] are too ready to transfer to other companies offering higher pay it is impossible for employers to provide them the same training as regular employees” with another human resource manager stating that “rural workers kept on looking for better jobs. Moreover, since we hired them only for the auxiliary non-skilled jobs, there is not much need to train them” (p. 384). Another manager in the study noted that “We provide basic internal training for all employees, including contract and rented rural workers. However,

for further training such as degree and certificate education which are helpful for career development, we only consider the regular employees, not including short term contract workers and rented workers” (p. 384).

One Cummins China employee spoke about this high turn-over rate of employees (not just migrant workers) and the frustration and problems this creates with training employees. The company invests a great deal of resources in their employees, but Cummins management has decided to continue to do this despite the cultural tendency in China to frequently change companies (Interview Participant Li, 2013). He views this as a way of adapting to the local culture.

The hukou system further shows the inter-connection between different forms of discrimination with Huang’s (2012) work showing the effect of gender inequality in rural education on social mobility. Furthermore, research by Shen (2008) shows that views towards job security are mediated by both gender and household registration status. Finally, research shows that there is increasing competition in the labor market between migrants and urban workers with a demand for migrants with increased skill levels causing some to believe that the hukou system will become economically inefficient (Lili, 2012). To combat this, Lili (2012) proposes that both the government and employers “should permit and encourage the stabilization of the migrant labor force” (p. 326). Cummins staff did not comment much on this issue despite its salience within the literature; however, it is clearly important to their operations.

Building Inclusive Communities

Diversity for Cummins is often just as much about what happens in the workplace as it is about what happens outside of their building walls. Fostering an inclusive environment at Cummins includes engaging employees in community service and projects aimed at helping marginalized populations. In discussing how diversity comes up in Cummins' Corporate Responsibility Department, the executive in charge explained that "Externally we focus on social justice; How do we ensure in our communities that people that are marginalized have opportunities. . . And I have corporate responsibility, and a piece of what I do is social justice and how do you ensure diverse populations have opportunities" (Interview Participant Canlas, 2011). In 2011, Cummins China Investment Co. Limited won the Outstanding Corporate Citizen award from the China Association of Social Workers for the fourth year in a row "for undertaking corporate responsibility activities while making great commercial achievements" (Cummins, 2012b, p. 12).

The company now works closely with universities to provide internships which may later lead to employment with Cummins. These internships include a focus on diversity appreciation which exposes potential Cummins workers to the company values before they are even hired. The Cummins university partnership program provides the opportunity for students to intern locally and then at international remanufacturing locations with the aim that the "program helps increase cultural awareness and diversity appreciation, and enables the next generation workforce to function effectively in our increasingly global enterprise" (Cummins, 2006, p. 35). The Cummins university partnership relies on the College of Engineering at Purdue University

(Lafayette, Indiana, U.S.A.), Universität Karlsruhe (Karlsruhe, Germany), Shanghai Jiao Tong University (Shanghai, China), and the Indian Institute of Technology Bombay (Mumbai, India). The program emphasizes the importance Cummins places on becoming a global enterprise with a strong base in China. (Cummins, 2006)

Cummins' approach to community engagement and more broadly CSR stems from the idea of Miller that companies should invest in the community. He ultimately argues that strong communities have a net benefit towards corporations. The Cummins Sustainability Report 2011-2012 quotes Miller as justifying this corporate philanthropy by stating "If previous generations hadn't done a lot of personal work and spent money which their generation was never going to profit from, this wouldn't be a good community and our other plant communities wouldn't be good communities" (Cummins, 2012b, p. 9).

Through its corporate responsibility division in China, Cummins has also been looking to address the issue of diversity in China not only through its current workforce but for its future workforce. In addition to social justice and the environment, education is one of three priority areas that Cummins focuses on. Their intention is to improve "educational systems to ensure the students of today are ready for the workforce of tomorrow" (Interview Participant Lee, 2011). Part of this initiative has been to ensure that female students in China have access to learning opportunities (Interview Participant Lee, 2011). Cummins' approach to diversity both through its corporate responsibility initiatives and through its human resource initiatives demonstrate the extent to which diversity is viewed as a companywide issue and not something which is dealt with in only one department.

In talking about Cummins' commitment to volunteer service, a Cummins executive in charge of CSR in China remarked that "it's a new concept in China, but they've really embraced

it. We just started a matching program for our employees over there, and I would say that they've grown the most dramatically [in comparison to participants from other countries]" (Interview Participant Thomas, 2010). Indeed in 2009, China led Cummins' volunteer efforts with over 5,300 hours of community service (Cummins, 2009). In discussing the similarities and differences between Cummins in Columbus and in China, the wife of a Cummins employee having lived in both countries remarked that "Cummins in China was totally different. . . although the similarities are that they [Cummins] try to instill community responsibility in their employees, you know with volunteering and in helping out. I think that [community involvement] persisted in China" (Interview Participant Fan, 2013). Even though she also remarked that she found that community volunteering is "not part of the Chinese culture" she hoped that Cummins' initiatives there "changed attitudes towards volunteering and giving back to community" and that it would "have a positive effect on each of the individual employees there" (Interview Participant Fan, 2013). Again, this statement touches on the paradox between understanding and respecting the local context and culture while at the same time seeking to influence and even change the local context and culture.

Conclusion

In fostering the value of diversity in China, Cummins seems to have had success in framing the value so that it is well received by its Chinese employees. It has done this, however, at the expense of avoiding potentially political or culturally taboo aspects of diversity such as sexual orientation and gender identity or hukou status. With its women's affinity group,

Cummins has focused on gender equality, a comparatively noncontroversial source of diversity in China. Furthermore, gender equality is also an objective pursued by the central government.

Indeed, Klein and Sorra (1996) state that the implementation effectiveness or “the quality and consistency of targeted organizational members' use of an adopted innovation” (in this case diversity management practices) is determined by the “climate for the implementation of a given innovation and . . . targeted organizational members' perceptions of the fit of the innovation to their values” (p. 1058). During the Cultural Revolution, gender equality was indeed a value of the Chinese Communist Party strongly embraced. Indeed, this value is still embraced in Chinese law and is supported by the national government. Focusing on gender equality was therefore a harmonious or one could say “safe” approach to take in China.

As such, it is possible to critique the company for not pushing for the rights of other marginalized groups which may be more controversial such as migrants or LGBT persons. Indeed, this harmony approach to diversity management in China may be less positive than it would seem from its surface. Many of the participants based in Columbus speak to the authenticity of Cummins’ value on diversity by referencing Cummins’ actions in the past (and present) to take on controversial diversity issues. Diversity management at Cummins has had its roots in social justice and has been viewed as credible by participants because the company was willing to support the value of diversity in the face of opposition.

At the same time, it may not be realistic for Cummins to take on controversial issues in a country where it is viewed as being an outsider and may have limited social capital. In a

company where harmony is such a strong value and is even viewed as being a requisite to practicing good CSR (Wang and Juslin, 2009), it also may not be culturally or ethically appropriate for Cummins to take on such contentious issues. Taking this more harmonious approach to diversity management on the one hand may undermine the authenticity of Cummins' diversity value, but on the other hand it may be more culturally appropriate. Indeed, according to Wang and Juslin (2009), company management should develop harmonious relationships with the government as well as the community and workers in order to practice "good" CSR in China. Thus, we can see that although Cummins' efforts at diversity management and CSR in general have been well received in China, it has perhaps only been because management staff have avoided politically charged or culturally taboo issues. In the following chapter, this will be contrasted with Cummins Belgium where management has had to face more politically and culturally sensitive issues.

Chapter 9: International Institutional Environment: Cummins Belgium

While China is one of Cummins' most important sites in terms of market size, Cummins' Belgian operations are likewise important in terms of access to other significant markets as well as for political reasons. Belgium's geographic location and historical connections provide access to the European, Middle Eastern, and African markets while Brussels specifically, as the unofficial "capital" of the European Union, links Cummins to the European political sphere. Following the data, Cummins management seems to have greater difficulty in fostering the value of diversity and more broadly CSR in their Belgian operations than in their Chinese operations. Both of these regions are of strategic importance to the company, and it is therefore especially important to Cummins that their organizational values are present there. A Cummins employee with work experience in Cummins' Benelux operations (Belgium, Netherlands, Luxembourg) as well as in Cummins Columbus notes that "By establishing its presence in various countries, Cummins needs to establish a culture that accepts and embraces diversity in order to allow for a work environment that encourages the free flow of ideas and concepts and allows everyone a safe working environment" (Interview ParticipantHeurkmans, 2013). Establishing such a culture, however, is no easy task, and this same participant feels that the local environment within the country does not always favor this value.

Belgium provides a comparison to Cummins China operations in that it gives a glimpse of the European context in comparison to an Asian context. Perhaps more importantly though, Belgium becomes an interesting point to study as Cummins executive level management specifically mentions that they sometimes struggle with diversity management as well as the

general idea and principles of CSR both in Belgium and in their French operations in particular. This is contrasted with Cummins management statements about China which were generally positive. The head of the Cummins Foundation expresses that CSR is “a new concept in China, but they’ve really embraced it” (Interview Participant Thomas, 2010) and where diversity management initiatives such as the women’s affinity group have been described as a “success” (Interview Participant Reyes, 2011). Indeed, the researcher often struggled to obtain data from participants and secondary sources related to diversity in Belgium with participants often straying from the topic. In particular, Cummins Columbus staff would often switch to talking about other countries noting that this region is “not a place where we’re really active” (Interview Participant Canlas, 2011). Furthermore, the Global Diversity department has not put in place any notable initiatives such as it has in China with the women’s affinity group.

In speaking about the challenges they have had, an executive level participant remarks:

Believe it or not, one of the most challenging environments in my opinion for us to make progress around corporate responsibility is actually in Belgium. . . and my theory behind it, in a culture in a system where traditionally the government plays a very active role in taking care of people, where you know, the mindset is very different, the people there say ‘why do we need corporate responsibility? I pay a lot of tax, and the government does all of this.’ If there’s handicapped people, [Belgians would say] ‘I pay tax and the government figures out how to take care of handicapped people . . . There’s a mechanism where the government takes care of people so I don’t need to care about it.’ (Interview Participant Schmidt, 2011)

Another Cummins executive echoes these sentiments about Europe stating that “one of the challenges. . . is that many people see the issues around corporate responsibility as the government’s role” (Interview Participant Canlas, 2011). At the same time the same executive went on to state about the role of the government:

That's changing, and our employees are often engaged in working in their communities

Researcher: And how or why is that changing?

Well, I mean as they've cut back on services and really tried to rethink what is the role of government, there are gaps, and I think both employees and the general population and government are trying to figure that out. Now where they settle, I don't know. So, we do a lot of engagement in those communities, but that's not a place where we're really active at this point. (Interview Participant Canlas, 2011)

Fostering diversity in its global operations, including in Belgium, is not something that Cummins does passively but which management has actively tried to do dating back to former CEO Tim Solso. In "convincing" Cummins international sites of the importance of diversity, the business case is viewed as a key tool:

I think Tim recognized that rather than just talking about it and just doing it because we're Cummins and having the whole thing fizzle out the further it gets from home, we just gotta explain to people that it doesn't matter where you are, the business case holds true, and maybe you need to tweak it a little, but the business case in Belgium is every bit as valid and strong as it is in Brazil, as it is in South Africa. (Interview Participant Schmidt, 2011)

Tim Solso himself urgently states in the business case for diversity multimedia version distributed to employees that:

If we are to survive as a company, we have to continue to focus on diversity, and everyone has to understand the business case for diversity. Again, the reason why we have been successful is that we have grown faster in markets outside our traditional U.S. domestic market than we ever have before. Those markets will continue to grow at a faster pace going forward than the domestic markets, and that's why we have to be in there getting the best

people we can to make sure we can compete effectively in those markets. It's as simple as, if we don't do that, we will fail. (Cummins, 2010b).

Cummins management clearly believes that diversity is the key to the future success of the company, but at the same time this is not a case which may be as easily made to employees in Belgium where diversity can be a contentious issue. Although Belgium may seem in many ways to be more culturally similar to the U.S., Cummins executives seem to feel that they have had an easier (and more successful) time incorporating these values in China.

Cummins in Belgium

As with China, Cummins has had a long presence in Belgium starting with relationship building in the 1950s when it first began to buy steel from the country (Cruickshank and Sicilia, 1997). In the early 1970s, Cummins opened its first office in Brussels, the Belgian capital. The choice of Belgium as the hub of its continental European operations has proved beneficial. With the development of the European Union, Brussels has become the de facto, transnational capital of Europe and is now the center of the world's largest trade bloc (Kuus, 2011). With the highest concentration of lobbyists and journalists in the world (Corcoran and Fahy, 2009), Brussels "is not a mere container of the 'real' dynamics of policy-making, it is rather an integral part of the policy-making processes" in Europe (Kuus, 2011, p. 422). Indeed, approximately 30% of the residents of Brussels are in fact non-nationals (Jacobs, 2000) making the capital an enormously diverse place. Several participants mentioned the level of diversity in terms of nationality within Brussels with one participant highlighting the issue that these expatriated immigrants "tend to view their stay as a temporary stay and don't treat the place as their own.

This definitely does not help with it [diversity] being viewed as a positive thing” (Interview Participant Erlings, 2013). An international crossroad, Belgium is important to Cummins as it not only provides better access to the European market but also to those in Africa and the Middle East.

Cummins has expanded throughout Belgium, as it has throughout Europe, and it has most recently inaugurated a new Cummins Global Logistics Center “with a ceremony that focused on the Company’s commitment to provide high quality parts and service to customers in the region while being a vital part of the local community” (Williams, 2012). The new center merges parts and warehouse activities from Cummins’ business units in Europe, the Middle East, and Africa as well as other parts of the world when needed. In a press release, a Cummins executive who was also a part of this case study is quoted as stating “Our Rumst workforce, with its cultural and language diversity and the ability to make excellent use of Belgium's well developed communication and transportation networks, serves an enormously diverse region. They provide a vital link between Cummins products and customers around the world” (Williams, 2012). Cummins, in combination with the Belgian and American government, have used the new global center as an important symbol in the collaboration between the two countries. The U.S. Ambassador to Belgium was present at the inauguration and stated that “Working with U.S. companies as they expand their international presence is a crucial factor of our diplomatic efforts worldwide. This is another fine example of the Belgian-U.S. commercial relationship, a sort of global joint venture for economic prosperity. . . The United States is Belgium's largest non-European trade partner and Belgium is the 14th largest export market of the United States” (Williams, 2012). The local mayor of Rumst and the Minister-President of

the Flemish Government also attended the inauguration marking the level of importance of Cummins in Belgium. (Williams, 2012) Cummins is indeed a company with at least a minimal level of importance to the country as both a supplier of jobs and as a way of opening Belgium to the global market.

Diversity in Belgium

To understand the socio-political context in Belgium, it is critical to have an overall understanding of its history. This section will provide a brief overview of this context by looking at the particularity of the Belgian population as well as current diversity features there. The country has a very unique demographic structure in that following political and institutional developments, Belgium can be divided into three regions: the Flemish (Dutch-speaking), the Walloon (French-speaking), and the (bilingual) Brussels-Capital (Arriijn et al., 1998). Each region has its own “specific linguistic, social, economic, legal and cultural features” making Belgium an inherently diverse country (Arriijn et al., 1998, p. 13). Unlike China, to add to this diversity, the country has a rich history of immigration with these groups often preferring to preserve their cultural identities and refusing to assimilate (Kymlicka, 1995). This historical background has made cultural and ethnic diversity a very important feature of the Belgian context, but one which has often been the source of conflict within the country. Given the division between the Flemish and Wallonian regions, the Belgian approach towards ethnic minorities has been impacted by the multicultural models of the Netherlands and France. The Dutch Anglo-Saxon model stresses integration while the markedly different French republican and citizenship model stresses assimilation (Coene and Longman, 2008, Jacobs, 2000).

To this mix of French and Dutch Anglo-Saxon views on diversity, a third source of influence can be added as Belgium is now a part of the European Union (EU). EU legislation has indeed shaped the legal and political environment towards diversity in Belgium especially in regards to the workplace. In some cases, we can see that these policies and laws are in fact more progressive than those found in the U.S. This is perhaps evidence of the strong sentiment mentioned by Cummins employees that in Belgium it is the role of government and not corporations to ensure positive social change in regards to diversity. To this end, in 2000 the EU passed the Employment Equality Framework Directive to combat discrimination on the grounds of disability, sexual orientation, religion or belief, and age in the workplace. At the same time, the EU also passed the Racial Equality Directive and the Equal Treatment Directive, giving special emphasis and protection to discrimination based on race and gender.

EU legislation is an important consideration for Cummins in terms of diversity management. It is not enough to navigate the Belgian legal environment alone. Bell (2004) observes that EU legislation relating to discrimination marks a shift in EU policy direction since the mid-1990s to integrating or mainstreaming equality considerations into all EU policies. The researcher informs us that “equality cannot be pinned down to a certain part to the [EU] Constitution. On the contrary, it is a scattered principle found in different locations and in different forms. In fact, it is simultaneously a value, an objective, a fundamental right, a positive duty and a legal competence” (Bell, 2004, p. 245). This development corresponds with the timeframe for the academic ‘birth’ of diversity studies during the mid-1990s (Zanoni et al., 2010) showing that EU legislation has been in step with this movement. Indeed, this sense of being

ubiquitous suggests that it has been strongly institutionalized at least in terms of policy and legal frameworks.

In addition to legislation, the EU also provides financial resources to countries to promote equality with the European Social Fund being the most prominent of these resources (Martens et al., 2006). The European Social Fund, founded in 1957, supports “efforts to develop employability and human resources” and “helps Member States combat unemployment, prevent people from dropping out of the labor market, and promote training to make Europe's workforce and companies better equipped to face new, global challenges” (Martens et al., 2006, p. 21). It is unclear how such resources then affect companies and furthermore the extent to which such resources may be distributed differently to local versus foreign enterprises such as Cummins.

Still, despite the influence and perhaps often idealistic objectives of the EU, national culture and politics continue to play an important role in how these directives are enacted in a local context. Indeed, Belgium has been largely influenced by the French “debate” on equality and diversity where there has been “much hesitation observed in acknowledging differences in the treatment of certain groups, even when these groups have been identified as suffering discrimination in the labor market” (Leroy, 2010, p. 8). Although the study was carried out in France, Hennequin and Karakas’ (2007) work shows alarming results for discrimination in the workplace which, given the similar demographics and views on diversity, has strong implications for Belgium. In the study, the researchers sent out false job applications for six candidates changing only the origin, weight, and age of the candidate. The study found

evidence that there is significant hiring discrimination against Maghrebians (a term referring to those of Algerian, Moroccan, Tunisian, Libyan, and Mauritanian origin), persons who are obese, and older persons.

Cummins is very aware of such studies with the head of Global Diversity noting the difficulty within many European countries of monitoring rates of discrimination in hiring and promoting. One executive spoke specifically to the difficulty in keeping data related to race as this is a practice often poorly viewed given the historical relevance of the Holocaust in this region. (Interview Participant Reyes, 2011) This is an issue also identified in the academic literature (Van der Vaart, 2010).

The Belgian government itself has also been active in trying to address diversity and discrimination issues. Based on a government commissioned study which revealed concerns about the equality between men and women as well as discrimination against the handicapped and persons of foreign origin, the government of Belgium has developed a diversity label (SPF, 2007). To obtain the label, companies are evaluated using a proposed action plan broken down into objectives and activities: identifying who is responsible for these activities, and giving specific timelines and indicators for progress. As such, it is not an audit for certifying non-discrimination in the company but an action plan on how the company plans to prevent and fight against discrimination (El Abboubi and Cornet, 2010). The label encourages organizations to establish an organizational culture based on respect for others, rejecting discriminatory behavior as it evaluates its policies for managing human resources. The diversity label is awarded after an evaluation period of three years during which the progress of the company is

measured based on the proposed indicators and timelines. Cummins has not applied for this label and since its creation in 2007, only fifteen organizations have committed to the evaluation process with only some of them receiving the label (EU, 2013). Successful organizations include cities and government agencies such as the police department (SPF, 2007) suggesting that the label has yet to be fully embraced by or adapted to the business community. Such policies and initiatives perhaps again reinforce attitudes witnessed by Cummins management that many Belgians feel that CSR objectives are actually the “government’s responsibility” (Interview Participant Schmidt, 2011).

As we can see, Belgium has a very complicated relationship with the idea of diversity. On the one hand, it has taken progressive steps especially through legislation to foster both diversity and equality. On the other hand, research indicates that there continues to be widespread discrimination with one Cummins Belgium employee remarking in regards to race that he feels that Belgians do “not think that race diversity is looked at as a positive thing” (Interview Participant Erlings, 2013). Accordingly, the literature review has identified that perceived or actual foreign origin, gender, sexual orientation and gender identity, and religion are the most salient sources of diversity in the Belgian context.

Perceived or Actual Foreign Origin

In the American context, race is a very prominent diversity feature, however, in the European context, the issue of race is seen more in terms of immigration and either actual or perceived foreign origin. Accordingly, a difference between the U.S. and Europe is that whereas U.S. policy is primarily based on racial differences, European policy is based on

immigration (Libertella et al., 2007). This is particularly important for Cummins in that the strategy of the company has been to hire immigrants or expatriates both in their Columbus and global operations (Interview Participant Heurkmans, 2013). Indeed one study participant believes that “Cummins fosters diversity by allowing all their employees to apply to positions around the world” (Interview Participant Heurkmans, 2013).

Given different immigration patterns within Europe, each country has a slightly different focus. In Belgium, the focus is on North African and Turkish immigrants. We can see that discrimination not only occurs against immigrants from these countries but also against native born Belgian citizens who are perceived to be of foreign origin. In this way, we can see the link between racism and immigration. Perceived foreign origin was most prevalently cited by interview participants discussing Belgium with one participant remarking that as Brussels is the center of the EU, “race diversity is extremely high” there (Interview Participant Erlings, 2013).

Although participants discussed the issue of discrimination based on perceived national origin as being a problem in the country, participants spoke very positively about the international environment at Cummins. One interview participant remarks that “From a fifteen member office we have some nine or ten different nationalities. So you can imagine the different types of lifestyles/personalities that you encounter in the office...sometimes it's really interesting/ strange” (Interview Participant Erlings, 2013). Another employee states that she “definitely felt that diversity was emphasized and encouraged at our facility. . . Our office was an off-site office, so the entire program team was in the same room day-in/day-out. Our team had people from many places: USA, India, England, Turkey, Bosnia, Malta, Netherlands, and

Mexico. Cummins really encouraged us to celebrate our differences. . . we got to host a number of different events to explore our diversity like Thanksgiving holiday meals, Dutch holiday celebrations, and other country events” (Interview Participant Heurkmans, 2013). This particular employee has had the opportunity to work in three different Cummins sites including the U.S. In comparing her experiences, she states about Belgium that “Being such a small country and being so close to many other various ethnicities and cultures, it's a bit easier to explore diversity. . . both facilities [in Columbus and Belgium] really respect and encourage education about different cultures and lifestyles” (Interview Participant Heurkmans, 2013).

Belgium has seen an influx of foreigners which has rapidly increased in recent years. This immigration pattern began in 1930 after the First World War when immigrants made up a mere 3.9% of the population. After World War II, the number increased slightly to 4.3% as Italians were recruited to augment the workforce. It was not until the "golden sixties," however, in which Belgium saw a significant wave of immigrants who supplemented the local population to meet the increasing labor needs. (Arriijn et al., 1998).

Issues of race and diversity have become an important part of the political discourse in Belgium (Kuus, 2011). In recent years, the right-wing nationalist party Vlaams Belang in promoting a xenophobic and anti-immigrant discourse “has proven to be extremely successful electorally, ambiguously influencing democratic political discourses and policies” (Coene and Longman, 2008, p. 312). One Cummins employee commented on the number of immigrants working in the country, particularly in Brussels and his perception that the immigrants there “tend to view their stay as a temporary stay and don’t treat the place as their own. This

definitely does not help with it [diversity] being viewed as a positive thing” (Interview Participant Wouters, 2011).

Ultimately, the issue of perceived foreign origin still has a strong connection to race. In 2000, the European Council adopted the Racial Equality Directive to “implement the principle of equal treatment between persons irrespective of racial or ethnic origin” (Bell, 2002, p. 383). In speaking about the directive, Bell (2002) states that “It does not seem an overstatement to describe this instrument as one of the most significant pieces of social legislation recently adopted by the European Union” noting that this is the first time that the EU has created binding legislation against racial discrimination (p. 383). The author highlights the strong connection the directive has to labor law in design and implementation as well as its focus on workplace discrimination. While many countries in Europe, such as Belgium, already had anti-discrimination legislation, these laws were often not enforced making the binding aspect of the directive noteworthy.

The sentiments expressed by Cummins staff that the local population often does not appreciate ethnic diversity are also reflected in the academic literature. A research study conducted in the Brussels Region on attitudes towards persons of perceived or actual foreign origin showed that many Belgians had reservations about these groups including a perceived “lack of stability, imperviousness to enterprise culture, fear of excessive absenteeism, use of a common foreign language among the foreign workers, external signs of religious affiliation (veils, hygiene habits...), relational difficulties between these workers and their Belgian or other nationality colleagues, fears of reactions from customers, distrust based on repercussions of

international events (e.g. Gulf War), language problems, unemployment among Belgians, failure to observe work timetables, lack of motivation, and lack of assertiveness” (Arriijn et al., 1998, p. 9-10). More recent work by Libertella et al. (2007) showed that 14% of Belgian interview participants displayed “strong negative attitudes towards minority groups” with responders feeling “disturbed by people from different minority groups” and viewing “minorities as having no positive effects on the enrichment of society” (p. 24).

In a more in depth study, Arriijn et al.’s (1998) research on discrimination based on foreign origin found that levels of discrimination differed significantly based on whether or not the job involved visual contact with customers as well as the sector of activity and type of occupation. The study also found that those of Moroccan origin faced the highest levels of discrimination with job applicants from this background receiving differential behavior during the application process. More recently, a study by Van Laer and Janssens (2011) found that language is an important source for discrimination in Belgium where the perception is that even if someone is born in Belgium but appears to be from a family of foreign origin then that person will not speak Flemish well.

Furthermore, Van Laer and Janssens (2011) study based on in-depth interviews with minority professionals of Turkish and Maghrebi descent in Flanders (the traditionally Flemish speaking region of Belgium) found that there were four reoccurring themes surrounding discrimination in Belgium. These four areas included the “feeling that the lower status of ethnic minorities is reinforced; feeling treated as a representative of an ethnic group; the feeling that specific differences are seen as problematic; and the feeling that the unequal status quo is

maintained” (Van Laer and Janssens, 2011, p. 1203). In line with this research, one interview participant described an experience of using a real estate agent to find an apartment and was told to avoid certain neighborhoods based on the number of immigrants living there (Interview Participant Heurkmans, 2013).

Some research suggests that experiences of racial discrimination (or discrimination based on perceived foreign origin) may not significantly differ from country to country within Europe making the case of Cummins Belgium perhaps more generalizable. A comparative study on public transportation unions in Belgium, France, and England found that these unions showed similar forms of responses to racism despite differences in national policies and culture (Jefferys and Ouali, 2007). Although in each country direct racism was rare, visible minority workers often suffered indirect racism through the exclusionary attitudes of white workers. The researchers found that the transport unions “internalized degrees of ambiguity about “‘different’ groups of workers” noting that “traditionally they have often tried to exclude some workers to advance or protect the pay, working conditions and social privileges of their ‘core’ members” (Jefferys and Ouali, 2007, p. 418).

We can see then that both the academic literature as well as the data from interview participants identify strongly that diversity in terms of perceived foreign origin is often not positively viewed within Belgium. It is interesting to note, however, that lower level Cummins employees with experience in Belgium had positive views on diversity and on Cummins’ diversity practices. It was only Cummins upper management based in Columbus who perceived the Belgian operations as being a challenging environment for the company.

Religion

Diversity in terms of religion is another salient and often contentious point of diversity in Belgium. While it was not noted by participants working in Belgium, it was noted by executives based in Columbus and is a heavily researched area within the academic literature (Van Laer and Janssens, 2011). Religious discrimination is most often towards those of the Islamic faith. One of the most contentious issues in the discourse on diversity in Belgium is in fact the practice of the veil which is associated with Islam. An issue affecting women in particular, “the headscarf controversy has been widely debated and is often depicted as symptomatic of the crisis of multiculturalism and the increasing intolerance towards Islam and Muslim minorities” (Coene and Longman, 2008, p. 303). In 1989-90, attention around the issue of the veil began to surface in both Belgium and France with schools in Brussels, Francophone Belgium, and Flanders passing bans on the veil and sometimes cities passing total bans on the burqa or other extreme forms of veiling. The veil was initially banned in public places in France in 2008 (Coene and Longman, 2008). Not only an issue of foreign origin and religion “the principle of gender equality and women’s rights seems to point in opposite directions, with hijab bans being defended in terms of the right of protection against gendered oppression, and protests against these bans emphasizing Muslim women’s rights to religious freedom and personal choice” (Coene and Longmen, 2008, p. 303).

The banning of religious symbols in public spaces by many European countries has been a point of concern for Cummins management:

We have to always follow the laws where we are, but what if the laws are inconsistent with or backwards from where you want

your culture to be? So [what] we say a lot of times is ‘do the right thing’ and figure out how to make your culture hospitable to our employees. At a minimum, when our employees are in a space that has a Cummins logo on it, they’re going to be treated better and with more dignity, and they can be their full authentic selves in that Cummins workspace. Once they leave that, we may not be able to fix it, we might not be able to fix it completely, but we want to be able to help them. (Interview Participant Reyes, 2011)

This executive not only sees creating a safe and inclusive environment for employees as the right thing to do, but also as being important to ensuring that employees are able to be productive.

The word I use, and they laugh at me but now people are using it, is brain space. I always think about what part of your brain are you? What are you thinking about? What percentage are you thinking about work? But what’s the other part of your brain? If your brain is worried about whether or not you can wear a cross or wear something, then it’s not going to be thinking about innovation. It’s not going to be thinking about doing HR work or finance. So, what I always think about is how do you relieve that part of somebody’s brain that you can as a company, and which part is the company’s responsibility, and which part is the employee’s responsibility, and which part is the community or the country’s responsibility? (Interview Participant Reyes, 2011)

These two interview excerpts go to the heart of the diversity issue for Cummins. Specifically the questioning of “which part is the company’s responsibility, and which part is the employee’s responsibility, and which part is the community or the country’s responsibility?” (Interview Participant Reyes, 2011) truly encapsulates the challenge Cummins faces in its foreign operations. As it seeks to determine what the local diversity issues are as well as the socio-cultural institutions and practices around those issues, it must determine what will be the

company's role in that environment. Belgium has proved challenging in that certain issues such as religious freedom are not only viewed very differently but are also very salient to people's everyday life.

Gender

Perhaps less contentious than the issue of religion but still just as important is the issue of gender equality. Similar to Cummins China, gender equality has been difficult for Cummins to achieve in its Belgian operations. As with Cummins China, part of this is connected to a deficit of female engineers in the labor market. Although gender equality is far from the reality in the U.S., it seems from the interview data that this is an issue that Cummins sought to address much earlier on in its American operations and in which it currently has achieved success. It is also likely that Cummins' proximity to Purdue University, one of the top engineering schools in the U.S. has likewise aided the company in its American operations an(Interview Participant University, 2013). Indeed, in the U.S. the company was able to successfully pass a "glass ceiling" audit by the U.S. federal government which verified that Cummins has taken sufficient measures to ensure equal hiring and promoting of female workers (Interview Participant Reyes, 2011). Gender equality is a challenge, however, in all countries and although Belgium has taken progressive action in its laws and social policies, there remains a strong division in the workplace between men and women.

Pay disparity is often and easily cited as a sign of gender inequality. The most recent statistical report from the Belgian Institute for the Equality of Women and Men shows that the gap between wage earnings per year for men and women in all sectors combined and

irrespective of the duration of the work was 23% less for women than men (Hove et al., 2011). Belgian mothers in particular lag behind their father counterparts in pay as mothers contribute, on average, a mere one-third of total parental earnings (Gornick and Meyers, 2008). Work by Antecol et al. (2008), however, shows that the wage gap between female and male workers can vary greatly based on the statistical methods used. In their study based on labor productivity, their analysis and methodology has determined that women in Belgium are actually over paid in private firms in comparison to men. It should be noted that even in the study by the Belgian Institute for the Equality of Women and Men, there was no significant wage differentials for public sector employees with the authors from the study proposing that strict regulation on wages by the government has greatly aided gender equality in this sector. This again reinforces the theme found in the data that it is the government in Belgium which is viewed as setting the standard and being a leader and not private corporations like Cummins.

Although wage differences are often used to demonstrate gender based discrimination, the reasons for these differentials can be complicated. Furthermore, there are other points than salary worth noting. In European countries, such as Belgium, an obstacle for women in the workplace is often not the workplace itself but actually the home. Gornick and Meyers (2008) state that “Employers rely on the labor of women without reducing their dependence on—or contributing directly to the costs of replacing—women’s uncompensated domestic and caregiving labor in the home” (p. 317). Researchers point out that although companies are demanding more from both male and female employees in terms of work hours, the impact of these demands are more dramatic for women. Further to this, Van Veldholven and Beijer’s (2012) study of Flemish couples categorized according to the status of working and not working

and as having or not having children found that women reported higher levels of work-to-family conflict than men only when both partners were earning (with and without children) or in single-income families with children. Comparative time-use studies from OECD countries show that employed fathers spend less than half the time that their female partners do on caring for children, and fathers also spend less than one-quarter of the time than mothers on routine housework (Gornick and Meyers, 2008).

Again, there is often greater emphasis on the role of the government than on companies in addressing social concerns in Belgium in comparison to the U.S. While Cummins has opened a child care center for employees in Columbus, they have not yet done this in other international locations on a wide scale. In contrast to focusing on the capacity of businesses to find solutions, Belgian research “suggest[s] that private life context should receive attention in future research and policymaking aimed at achieving sustainable careers and caring” by the Belgian government, but there is debate in the literature as to how the policies should be formed and how companies should respond (van Veldhoven and Beijer, 2012, p. 665). Gornick and Meyers (2008) highlight the conflict between feminist and work-family researchers. While feminist researchers have cited women’s’ “weak and intermittent connection to employment” as an obstacle to achieving gender equality, other family-focused researchers show the importance of parents’ availability to child well-being (Gornick and Meyers, 2008, p. 320). As a concern for familial values, governments and business have created policies including child tax credits and maternity leaves to provide opportunities for women to drop out of the labor market.

Furthermore, companies have created initiatives targeted towards mothers such as part-time work, job sharing, telecommuting, and flextime which again all reduce a woman's connection to the workplace (Gornick and Meyers, 2008). Benschop and Verloo's (2006) work demonstrates how, in fact, part time work can further disadvantage women in that this category of workers are often not eligible for training nor is part time work frequently available for higher positions. Although such policies may not be made with the intention of limiting the advancement of women in the workforce, their effect seems to contribute to a significant lack of women in upper management roles (Gornick and Meyers, 2008). This deficit in women's advancement in the workplace can be seen by their representation (or lack thereof) on the board of directors of major companies. In 2012, women made up around only ten percent of the boards of Belgian listed and top 100 unlisted companies (DeWatcher et al., 2013). Although this number is low, the same researchers reported in 2008 that the number was only around six percent. At the same time, Mateos de Cabo et al. (2012) point out that in all of Europe, Belgium stands with Portugal and Italy as having the lowest number of female directors serving on bank boards (in contrast, Sweden and Slovenia have the highest female representation). Belgium has taken steps to increase such numbers. Recently, the government adopted a law requiring that state management boards would have one year to achieve one-third of each gender in their management and that publicly listed companies should achieve this ratio in between five and eight years (Mateos de Cabo et al., 2012). We can see that the current general manager of the main operations site for Cummins in Belgium is a woman.

In Belgium, women are often entitled to maternity leave lasting as long as twelve to sixteen weeks with full-time pay and may extend maternity periods for even longer though at a

lower pay rate (Gornick and Meyers, 2008). While on the one hand this may seem favorable to women, it discourages companies from hiring women of child bearing age and again excludes them from the workforce. In an effort to balance this, the European Union enacted a Directive on Parental Leave and Leave for Family Reasons requiring that both men and women have the right to a minimum of three months of paid or unpaid parental leave starting from the birth of the child and ending at eight years (Gornick and Meyers, 2008).

Although the research in Belgium shows that women face greater burdens than men in their work life balance, these burdens are perhaps less significant than in their American counterparts. Gornick and Meyers (2008) work shows that not only is the American work week longer but that paid time off is neither regulated nor guaranteed by law. In this way, we can see that work life balance in favor of more care giving time to children is actually stronger in Belgium than it is in the U.S. Although the system in Belgium has been identified by these researchers as exemplary, they note that many feminists have called for more and better quality out of home child care services (Gornick and Meyers, 2008). The extent to which it should be the role of the government or the role of companies like Cummins is not clear.

Indeed, one male Cummins employee working as an engineer was particularly concerned about the absence of women in his area. While he spoke favorably on the amount of diversity based on nationality in his office, he noted that “On the other hand, gender wise we are all male employees except for one, the only non-engineering employee. This is, I believe, a direct effect of the lack of balanced gender compositions in European engineering education” (Interview Participant Erlings, 2013). The interview participant later notes that “In our office, the lack of gender diversity can definitely be felt on a daily basis. This can be especially seen in

the way other employees act/behave when a female employee from a customer visits our office” (Interview Participant Erlings, 2013). These statements can be contrasted with a management level engineer in Columbus who recounts “I remember being told by a technician once that a female engineer was an oxymoron. I haven’t encountered that attitude for over fifteen years” (Interview Participant Johnson, 2012). Indeed one of the retired interview participants describes the evolution of the progress of women in the Cummins Columbus workplace by noting that the hiring of women was one of the first signs of diversity that he saw during the 1970s (Interview Participant Fernandez, 2012). Cummins seems to have yet to achieve this success in its other locations.

Sexual Orientation and Gender Identity

By far further advanced than the U.S., Belgium has been “identified as one of the most LGB[T]-friendly regions in the world” (Dewaele et al., 2011, p. 321). Indeed, overall Europe tends to have a high tolerance and acceptance towards LGBT persons with Belgium appearing to have relatively the same levels of anti-gay prejudice in comparison to its European neighbors in France, Germany, and the United Kingdom (Stulhofer A, 2009). Belgium has indeed “modernized rapidly” and is one of the “world’s pioneers with regard to the recognition of gay marriage, adoption by gay couples, and a stringent anti-discrimination law” Hooghe (2011, p. 544). At the same time, while negative views against homosexuality have notably decreased in Western societies, strong stereotypes and discriminatory behavior is still prevalent against LGBT persons in these areas (Andersen and Fetner, 2008).

Same-sex partners may officially marry and adopt children, and Belgium is relatively unique in the world in that it grants equal civil rights to same-sex partners (Waalwijk and Matteo, 2006). It is easy to argue that Belgium is far more progressive in its protection of LGBTs in comparison to the U.S. and has taken very proactive steps in looking at the rights of transgendered individuals. Belgium continues to improve its legislation and in 2008-2009, the Belgian Institute for the Equality of Women and Men undertook a study to map “the discrimination and inequalities in practice, policy and legislation faced by transgender people” and is currently working “to assess how best to provide trans people with legal certainty in equality legislation and other proposals towards legal amendments” (Agius and Tobler, 2012, p. 69). Currently, there is no autonomous ground referring to gender identity and gender expression in the national law, but Belgium has extended the current grounds of sex (or gender) in domestic legislation to cover all trans-gender people. The country plans to introduce autonomous ground of gender identity and gender expression in domestic law in the future. (Agius and Tobloer, 2012)

The theme of LGBT status did not come up with any of the participants in discussing Belgium. While this was a very important issue for management in Columbus, it did not appear in the data for Belgium. The absence of commentary on LGBT persons suggests that participants did not feel it to be a very salient issue, however, research shows that discriminatory and hostile attitudes towards LGBTs still exist. Indeed, although research indicates that there is widespread tolerance of LGBT persons in the Flemish community in Belgium, nonetheless “there remains an implicit and subtly negative cultural climate toward sexual minorities in Flanders” (Dewaele et al., 2011, p. 312 citing Pickery and Noppe, 2007).

Diversity in the Belgian context quickly becomes complicated when looking at who within Belgium tends to be more likely to exhibit homophobic attitudes. To test the effect of Belgium's progressive LGBT related legislation, Hooge (2011) conducted a study on homophobic attitudes among adolescents having grown up after the passing of these laws and policies. His study showed that homophobia is widespread among Belgian adolescents with gender, religion, authoritarian values, and ethnic minority status being associated with significantly higher scores (Hooghe, 2011). A similar study supports the research in finding that individuals of foreign origin were more likely to display sexual prejudice against LGBT persons than the majority Belgian ethnic population (Teney and Subramanian, 2010). These studies highlight the complexity of the diversity environment in Belgium in that those of perceived or actual foreign origin may be rejected by the ethnic majority for not embracing sexual diversity.

Overt discrimination is not the only problem facing LGBT individuals. A study of Flemish gay men in Belgium has shown that low social support of being gay corresponds significantly both to depression and can cause low self-acceptance (Vincke and Bolton, 1994). Such findings suggest that legislation against LGBT discrimination is insufficient. Affinity groups and other diversity management policies specifically targeted at LGBTs and put in place by companies such as Cummins could have a positive impact on these persons.

Conclusion

As with the U.S. and China, examining the formal and informal constraints on Cummins' diversity related behavior in Belgium help us to determine whether the institutional environment there is weak, strong, or heterogeneous. The academic literature as well as data

from interview participants has given us an idea of Belgian attitudes towards points of diversity within the country. The literature review makes clear that diversity from immigration is the most contentious area there. Further related to immigration is the increasing amount of religious diversity connected to the historical rise of Muslim immigrants. We can see in addition that, given the political turmoil between the French and Flemish in the country, its participants are already sensitive to the conflict which can be created from having diverse populations (Interview Participant Townsley, 2012). Furthermore, as the largest influx of immigrants often tends to be from the francophone Maghreb or Northwest region of Africa, immigration further inflames the conflict between the French and Flemish populations (De Witte and Klandermans, 2000). At the same time, other areas of diversity in Belgium, however, have been embraced. We have seen from this chapter that Belgium has some of the most progressive legislation related to the protection of LGBT persons as well as women in the workplace (Gornick and Meyers, 2008, Teney and Subramanian, 2010). Overall, while inequalities and discrimination persist against diverse groups, there is little evidence of direct discrimination with racism in the workplace in particular occurring indirectly (Arriijn et al., 1998, Jefferys and Ouali, 2007).

In speaking with Cummins employees, we can see that they have noted the backlash of the Belgian population against perceived or actual foreigners. At the same time, they did not report any negative incidents related to this type of diversity in the workplace. Indeed, employees consistently mention that their work teams are very international and that this helps Cummins to come up with innovative solutions and access international markets (Interview Participant Erlings, 2013, Interview Participant Heurkmans, 2013, Interview

Participant Almeida, 2013). Indeed, as Cummins is an international company, they expect Cummins to make an effort to hire international employees. One employee notes the lack of female engineers in his department. From his statements, we can see that he feels this is because there is a lack of female engineers being trained in Europe and not because Cummins discriminates against female engineers. He is glad that Cummins promotes diversity and wishes that they were able to do more to hire female workers though he is not sure how. (Interview Participant Erlings, 2013) This worker clearly has expectations that Cummins should do what it can in order to increase the number of female workers. Overall, in the areas of nationality and ethnic origin and gender diversity, we can see that Cummins employees have expectations that the company should promote these types of diversity. According to them, this promotion of diversity would be above and beyond what is required by the law.

According to the analysis, we can state that in terms of the Belgian operation sites, Cummins is operating in a strong institutional environment related to diversity. There is a significant amount of legislation from the E.U. as well as from the Belgian government which companies are expected to comply with. Above mere compliance, the local government has also created a “diversity label” for organizations engaging in good diversity practices above what is required by the law though this label has so far been obtained only by government institutions (SPF, 2007). In addition to the government, employees expect Cummins to promote diversity. For these employees it is logical and there exists a business case to hire diverse workers given that Cummins wants to create innovative products and access diverse markets. In conclusion and given the expectations of society both in terms of government

legislation and from Cummins workers, we can see that unlike in China, the institutional environment for diversity is strong.

Chapter 10: Conclusion

This case study attempts to tell the story of diversity as an organizational value at Cummins Inc. Telling this story provides insights into how socially responsible practices can become deeply entrenched within a company's identity and even impact change in society. The case of Cummins provides important insight into the genesis of CSR. As this study has shown, such socially responsible practices are shaped by individual leaders, organizational culture, and society at large. Following Giddens' (1984) structuration theory, we can see that these practices shape the societies, organizations, and individuals which enact them. The case study drew on a wide range of data ranging from qualitative interviews to the academic literature and legal frameworks in order to analyze the institutional environments in which Cummins operates. The data is centered on the Cummins headquarters in Columbus, Indiana U.S.A where the strategic decisions of the company are made. At the same time, the study also draws on evidence from their Chinese and Belgian sites to provide insight into Cummins' international operations. This data shows the extent to which multinationals like Cummins must operate within a variety of institutional environments.

By studying the process of the institutionalization of a socially responsible practice, this case study contributes to a still rather limited area of research on the maintenance of such practices, especially in a multinational context. While it is simple for a company to write about its Mission, Vision, and Values, it is quite another to genuinely live those statements and to commit to a collective practice for the long term. Randel (2002) notes that "Clarifying the processes involved in the maintenance of a socially responsible practice. . .allows us to better

understand the extent to which a company's actions are of substance rather than merely reflecting symbolic adoption of a practice for public relations purposes" (p. 62). Cummins' diversity practices have been in effect for over six decades making it an ideal corporation to study such processes.

This study reveals that in a weak institutional environment, business champions are more likely to succeed in maintaining a socially responsible practice through relying on their hierarchical status in the organization. Through this status, they must convince others that their objectives are in line with the organizational identity and promote previously espoused company values. Externally, the society has not yet sanctioned or denounced managements' proposed actions so it is necessary to turn internally to find support. This requires a careful control of identity management. In contrast, in a strong institutional environment managers must convince others that the practice is "the right thing to do" as well as that there is a "business case" for the practice. The company cannot rely alone on the idea that the behavior is morally correct. It must also have positive financial implications for the organization. This combination allows for the careful nuance that the practice is in the "self-interest, not selfish interest" of the company (Cummins, 2004, p. 47-48). Through these two strategies used in two very different institutional environments, the evidence suggests that a company can better maintain a socially responsible practice.

The study further suggests that, as in other areas of innovation, being a leader or 'first mover' imports great risks but also great rewards. Cummins' initial adoption of diversity management practices starting in the 1940s was both innovative and radical. With diversity

moving in the direction of being a standard expected of companies, Cummins enjoys a distinct competitive advantage from being in advance.

More broadly, the study displays the growing role of corporations as change agents in society. We can see evidence of a transition whereby corporations are now taking responsibilities traditionally held by the government: in this case, to provide civil rights. Cummins has been able to integrate marginalized community members and to provide them not only with employment but benefits often denied to them by the state. We can most clearly see this with Cummins' recognition of same sex couples' rights to insurance benefits in the U.S as discussed in chapters five and six. As such the study contributes to the research on the evolving business and society relation.

The above conclusions are primarily based on the initial framework and hypotheses of Randel (2002). She proposes that the type of institutional environment (weak, strong, or heterogeneous) determines whether organizational identity or champions' tactics are more important to the maintenance of a socially responsible practice. Essentially, management can either rely on the consistency of the practice with the company's organizational identity, or management can use champions' tactics of arguing for the business case or that the practice is the right thing to do.

Organizational Identity

- Practice is consistent with the company's identity

Champions' Tactics

- Practice is good for the company (business case)
- Practice is the right thing to do

For Randel, the institutional environment is important “because it encompasses social and cognitive reasons, including but not restricted to legitimacy, that affect maintenance at the societal level” (p. 66). Organizational identity is important as it “demonstrate[s] how maintenance at the organizational level stems from the relationship between a practice and characteristics central to the character of an organization” (p. 66). Finally, champions’ tactics are used “to show how individuals facilitate maintenance through influence and vigilance behaviors” (p. 66). This cross-level framework therefore takes into account the individual, organizational, and societal aspects involved in predicting whether or not a practice will be maintained. With the exception of this case study, to date, this framework has not been tested against empirical data.

Under the framework, organizational identity should be more effective in maintaining a socially responsible practice in a weak institutional environment whereas champions’ tactics should be more effective in a strong or heterogeneous environment. Randel (2002) argues that in a weak institutional environment, the champion cannot successfully make the argument that the practice is “the right thing to do” or that the practice is important to the success of the business because society has not clearly decided that it is indeed the “right thing to do” or that is a proven strategy. In this situation, the champion must use their position in the organizational structure rather than champions’ tactics. If the leader is able to fit the practice within one of the core values of the company, the practice can be adopted as something that falls under the organization’s identity. As organizational identity is what is the core and enduring part of the organization (Albert and Whetten, 1985), the hypothesis is that this practice would be maintained.

In contrast, Randel (2002) hypothesizes that “a strong institutional environment is exactly the kind of condition in which a company can decide to abandon a socially responsible practice once it is assumed by the public that the practice is an established part of the company’s routines” as no one “checks to see whether the practice is being maintained because they take for granted that the company is continuing with the practice” (p. 73-74). To support this argument Randel (2002) cites a host of companies that have had strong organizational identities as being socially responsible but that have engaged in socially irresponsible practices such as *The Body Shop* and *Celestial Seasonings*. Because of this, Randel (2002) also argues that a champion of the practice would be needed to ensure that the practice is not only adopted but followed through on and maintained in environments where it is assumed that the company is complying.

Finally Randel (2002) hypothesizes that in a heterogeneous institutional environment where a company may be forced to hold multiple identities in order to meet conflicting environmental demands, champions’ tactics to convince others of following the practice would be more effective as the organizational identity is actually fractured. For example, a hospital must hold an identity of being a place of healing while at the same time being a place to receive hospice care before dying. Because the organizational identity may be more complicated and highly variable according to different stakeholders, a champion would be better at convincing others to maintain the practice rather than trying to rely on identity. This hypothesis is not relevant to this study as Cummins is not required to hold multiple identities for different stakeholders. In conclusion, Randel (2002) proposes the following hypotheses:

| | |
|---|--|
| Hypothesis 1 Weak Institutional Environment | In a weak institutional environment, organizational identity will be more effective for maintaining a socially responsible practice. |
| Hypothesis 2 Strong Institutional Environment | In a strong institutional environment, champions' tactics will be more effective for maintaining a socially responsible practice. |
| Hypothesis 3 Heterogeneous Institutional Environment | In a heterogeneous institutional environment, champions' tactics will be more effective for maintaining a socially responsible practice. |

To understand the sociocultural context of Cummins' diversity practices, the researcher uses Randel's (2002) cross-level framework to operationalize the data presented in the previous chapters. The framework relies on Wood's (1991b) model of corporate responsibility which posits that three principles guide CSR: 1) **legitimacy**: society establishes what are the legitimate functions of institutions and thereby creating a balance of power, 2) **public responsibility**: companies have an affirmative duty to engage in responsible practices which will differ from company to company, and 3) **managerial discretion**: individuals within the company will make decisions based on their right and responsibility while being constrained by economic, legal, and ethical considerations.

Of these three principles, legitimacy offers the most insight into the theoretical reasoning of why companies engage in CSR. Wood (1991a) bases this principle on the work of Davis (1973) in which he proposes the arguments for and against CSR. He ultimately points out that society is now demanding CSR so businesses must do it regardless of other arguments. Through his concept of corporate constitutionalism, constituency groups within society (i.e. stakeholders) are able to limit the functional power of business, "restrict[ing] organizational power in the same way that a governmental constitution does" (1967, p. 68). Along this line, he believes that the social responsibility of a company arises from the amount of social power it

has under what he terms the ***social power equation***: essentially the more powerful the business, the more obligations it has to be responsible. He further concludes in what he calls the ***iron law of responsibility*** that if businesses do not use their power responsibly and conform to the views and norms of society, they will lose their power and that other groups will assume their role (Davis, 1960).

Taken together these three principles, legitimacy, public responsibility, and managerial discretion, lend themselves to a cross-level framework that can be used to analyze events at the societal, organizational, and individual levels. Based on these principles Randel (2002) accordingly divides her framework at the societal, organizational, and individual levels using institutional environment strength, organizational identity, and champions' tactics to further operationalize these constructs.

Figure 23 A Cross-Level Framework of a Socially Responsible Practice Maintenance

| Level of analysis | Societal level | Organizational level | Individual level |
|--|---|-------------------------|-----------------------|
| Wood's (1991a) corporate social performance model | Legitimacy | Public responsibility | Managerial discretion |
| Socially responsible maintenance framework | Institutional environment (strong, weak, heterogeneous) | Organizational Identity | Champions' tactics |

(Reproduced from Randel, 2002, p. 66)

The previous chapters have discussed in depth the institutional entrepreneurs for diversity at Cummins, the organizational identity of the company, and finally the institutional environments of the U.S., China, and Belgium sites in which the company operates. The

remaining analysis is to draw conclusions about whether the company has relied on organizational identity or champions' tactics in each of these institutional environments. Ultimately the conclusion will reveal that Cummins' management has relied on both strategies in all of its operations, but that employees tend to focus more or less on certain strategies in line with the strength of their respective institutional environment.

Findings

For a multinational corporation located in a small, Midwestern town in a region not noted for diversity to so strongly and passionately promote this as a value makes Cummins an interesting case study for the maintenance of a socially responsible practice. Historically, there was no expectation for this company to take any action in the area of diversity. Indeed, we can see that Cummins' strategic decisions regarding diversity have often been made in weak institutional settings even as the institutional environment for diversity management is now strong in the U.S. Likewise in China, the company has faced little expectations in this area and has also operated within a weak institutional environment. In contrast, we can see that in Belgium, there has been strong regulatory action in the area of diversity and that while foreign origin and religion are contentious points, the overall institutional environment there is strong. How then does Cummins maintain its practice of diversity management in these differing contexts?

When viewed as a socially responsible practice, the story of diversity at Cummins can be said to trace its origins to the founding of the company. Cummins' history is firmly rooted in being a socially responsible corporation dating back to its 'unprofitable but benevolent

beginning.’ The story of how the founder W. G. Irwin used his other profitable enterprises to financially sustain Cummins for nineteen years in order to continue employing the men of the Columbus community is an important part of the Cummins identity. We can find it repeated throughout Cummins materials and by community members as a form of storytelling. Miller inherited this legacy and lore when he joined Cummins in 1934 and began its first diversity initiatives in the 1940s. Since that time, diversity at Cummins has gone beyond mere initiatives and has become a part of its organizational identity. In the U.S., diversity has remained a strong value at Cummins even when it has been in conflict with other Cummins values especially in connection to Cummins’ Christian identity.

The institutional environments in which Cummins have operated vary between weak and strong based on both geography and time in connection to diversity. Outside of the U.S., the company faces variable institutional environments where not only the definition but the demand for diversity may be very different. Institutional environments change between countries and can evolve from weak to strong or vice versa as society changes. This variation, however, should not be mistaken for a heterogeneous environment. When an organization is in a heterogeneous environment, their response to that environment is to hold multiple and even contradictory identities in order to satisfy different stakeholders (Pratt and Rafaeli, 1997). This is something which Cummins has not done in relation to diversity. In contrast, we can see that Cummins management has tried to create a uniform organizational culture and identity based on their core values. This is most strongly supported by the fact that all Cummins employees in each of its sites around the world must go through the same one day training seminar on diversity.

Randel (2002) defines a strong institutional environment as one in which “organizations are rewarded for possessing particular structures or processes” (p. 67). In such environments, companies are expected to follow the rules, both informal and formal, and may be punished if they do not (DiMaggio and Powell, 1983). Determining whether or not an organizational environment is strong or weak requires an examination of the extent to which 1) there are “rules” and 2) whether or not society expects organizations to follow these “rules.” Rules may be the formal laws and regulations passed by the government, but they may also be the expectations of the members of society. In a strong institutional environment, not conforming to the rules may result in legal action or protest. A weak institutional environment will produce little reaction.

The legal environment for Cummins in relation to diversity varies by both geography and time. In the U.S., Cummins has often enacted diversity practices, such as ensuring domestic partner benefits, before legislation has been enacted. Indeed, Cummins has been a lobbyist for such practices to be legally enshrined. At the same time, there are now strong expectations in the U.S. that companies should not discriminate with more and more corporations engaging in diversity management practices as a standard (Lauring and Thomsen, 2009). If we look beyond legal frameworks, we can see that while smaller groups have pushed for or against diversity policies at Cummins in the U.S., the large majority have been ambivalent. These attitudes become even more ambivalent when we extend diversity beyond the contentious areas of race and LGBT to areas such as gender or disability in which the community and even employees have been largely quiet. While one could argue that community and employee actions related to LGBT policies show a strong institutional environment given the strong backlash of

community reaction, this is only a single aspect of diversity at Cummins. To focus exclusively on these specific reactions would underscore the level to which Cummins has acted in a mostly ambivalent environment that has historically neither encouraged nor discouraged its actions related to diversity. As stated by an employee, in “California you expect [the promotion of diversity], you expect that from the West Coast, not from the Midwest” (Interview Participant Reyes, 2011).

In looking at Cummins’ Chinese and Belgian operations, we can see that geography plays an important role in determining the strength of the institutional environment. In China, the institutional environment for diversity is weak. While there is legislation there banning discrimination against employees based on diversity related criteria such as gender, the academic literature and reports from interview participants indicate that the enforcement of this legislation is limited (Interview Participant Li, 2013, Yang, 2009, Xun, 2007). Furthermore, the *hukou system* creates a broad basis for workplace discrimination (Fan, 2002). Other important groups are also missing in the legislation such as the protection of LGBT or handicapped individuals. In contrast to China, the institutional environment for diversity in Belgium is strong. We can see that legislation there in terms of promoting diversity is even more progressive than in the U.S. and is enforced at a high level. Belgian legislation is considered to have some of the best practices and policies in the world to promote gender equality (Gornick and Meyers, 2008) and LGBT rights (Doms, 2004). At the same time, from a society level, we can see that racism based on actual or perceived foreign origin as well as Islamophobia are highly present (De Witte and Klandermans, 2000). Still, the level of this society wide discrimination is not to the point that companies may overtly treat persons of

perceived or actual foreign origin differently, and discrimination in this area tends to be indirect (Arriijn et al., 1998, Jefferys and Ouali, 2007).

In addition to the government, employees, and community members there remains one other important stakeholder group which may push expectations onto companies and which this thesis has given little attention: customers. Customers are an important determinant of the institutional environment for businesses; however, in the case of Cummins, this stakeholder group, in terms of influence on diversity, changes very little from market to market/country to country. As a business to business (B to B) manufacturer rather than business to consumer (B to C), Cummins seems to have faced little pressure from its customers. Unfortunately, the academic literature reveals little on how B to B relations affect CSR practices. It does, however, provide insight on B to C behavior finding that many consumers do have an interest in CSR (Zadek, 2001). At the same time, similar research shows that even when consumers are interested and knowledgeable about CSR, they still base their purchasing criteria on price first (Öberseder et al., 2011). Unlike well-known direct consumer companies such as Nike or Apple which face strong threats from activist groups who might damage their reputation in the eyes of consumers (Waller and Conaway, 2011), Cummins is relatively insulated from such threats. As their product profile is B to B, Cummins' customer stakeholders seem to show little interest one way or another as to Cummins' practices regarding diversity.

In conclusion, we can state that the institutional environments related to diversity for Cummins in the U.S. and in Belgium have been moving from weak to strong while the environment in China remains weak. We can therefore clarify our hypotheses as follows:

| Revised Hypotheses | |
|--|--|
| Hypothesis 1 Weak to Strong Institutional Environment | In Cummins' American and Belgian operations, arguments that diversity management is good for the company (i.e. the business case) or the right thing to do will gradually become more effective than emphasizing the extent to which the practice of diversity management is consistent with Cummins' organizational identity. |
| Hypothesis 2 Weak Institutional Environment | In Cummins' China operations, emphasizing the extent to which the practice of diversity management is consistent with Cummins' organizational identity will be more effective than arguing for the business case or that diversity management is the right thing to do. |

The next section will discuss whether or not these hypotheses were confirmed or rejected.

Champions Tactics or Organizational Identity

Randel (2002) proposes that when there is a weak institutional environment, the organizational identity is more important than champions' tactics in ensuring the maintenance of a socially based practice. Her reasoning is that champions have two primary tactics to argue for a practice: that it is the right thing to do or that it is good for the company. We have clearly seen both of these arguments presented in the previous chapters by Cummins management and especially by former CEOs Miller and Solso. Randel argues that the "right thing to do" argument fails in a weak institutional environment because there is no society wide consensus that it is indeed the morally correct choice. As we can see from the Stakeholders Against Domestic Benefits Group, some people would argue quite aggressively that some of the decisions Cummins has made regarding diversity are in fact immoral. For the second argument, that the practice is good for the company, Randel points out that this is not always convincing as there is no clear evidence that a socially responsible value benefits the company. Although

Cummins has tried to develop the business case for diversity, it can be difficult to empirically prove the efficacy of such practices. Though research has proposed that diversity in the workplace can create a competitive advantage and provide benefits to companies, such as through increased innovation and employee satisfaction (Desvaux et al., 2008, Yang and Konrad, 2011, Sohail et al., 2011), other research shows the difficulty of linking diversity to financial performance (Carter et al., 2010). Some research has even suggested that when diversity levels are too extreme, workplace performance can actually decrease due to increased conflict among workers (Bassett-Jones, 2005).

Rather than being able to argue for a socially responsible practice, Randel (2002) states that leaders in a weak environment have to rely on their positions in the structure rather than champions' tactics to achieve their goals. These leaders must convince employees that the practice is consistent with the company's organizational identity. This is reflected in the statement from one executive participant that "in this company it used to be [that this] more kind of progressive thinking that we had from the last thirty or forty years was very much top down. If there are two or three people at the top of the company that firmly believe it, and they treat it as their company, [the attitude was] if you want to be here you better buy into this" (Interview Participant Schmidt, 2011).

To initially create these practices, Miller seems to have been able to rely on his position and status. Miller used not only his role as the executive of Cummins but also as an affluent and respected member of the Columbus community to push for diversity. Even before Miller's rise at Cummins, as discussed previously, the Miller family was by far the wealthiest in town.

They even served as the founders of the community bank. In addition to economic status, the Miller family also had a strong position in the community's religious affairs and was actively involved in the church. Miller himself was a trustee for the Christian Theological Seminary in Indianapolis, Indiana. (Cruickshank and Sicilia, 1997) Miller's importance in the company can be seen in that even when he stepped down from Cummins, he remained an active board member till his passing. While his status may have helped to create the practice, it is the maintenance that is of interest to this case study.

Champions tactics include taking advantage of convergent interests (Zucker, 1988), collaborating and networking with other organizations (Lawrence et al., 2002), coalition building and incentivizing behaviors (Leblebici et al., 1991), and using framing to maximize the appeal of their ideas to create a legitimizing effect (Rao, 1998). Based on the data, Miller tended to be more autocratic in his efforts to create initial diversity practices rather than relying on these strategies. The interviewees repeatedly describe both explicitly and implicitly a top-down management style regarding this diversity value. These policies were initially passed based on the strength of the management and not through the tactics mentioned above. This stands to reason as research shows that business champions in emerging areas often have positions with high levels of legitimacy (Maguire et al., 2004).

Nevertheless, we can see that Miller continuously tried to argue for the business case for diversity with statements like "You don't like the idea that business has anything to do with social reform, but your business and mine ultimately go under if society goes under, and societies have gone under" ('Business Man of the Year', Saturday Review Miller, 1968). Miller

argued that if companies want to prosper, they must help create societies which prosper. Despite this type of discourse, interview participants clearly identify Solso and not Miller as being the one who pushed for the business case. When asked directly when did the idea of developing the business case come up, one executive responded that Solso was “really the one who recognized that only depending on the fact that we do this because we’re just a slightly different company and so we just pay more attention to this, I mean it was ok, but it just wasn’t going to be strong enough” (Interview Participant Schmidt, 2011). Without realizing it, this participant is making the argument that relying on the fit of the practice with the organizational identity (“because we’re just a slightly different company”) was not enough. The company needed to start convincing employees in the U.S. based on the business case.

After Miller’s initial efforts to create diversity management practices, Miller and Solso were successful in maintaining Cummins’ practices on diversity through providing employees and community members “with common meanings and identities” Fligstein (1997, p. 397). Indeed, as proposed by Randel (2002), organizational identity has played and continues to play a critical role in the maintenance of Cummins’ diversity practices. To this end, storytelling has been an important maintenance strategy for Cummins and has even included the commissioning of two books detailing a values oriented history of Cummins which highlights its efforts related to diversity (principally race in the book for years 1919-1994 and LGBT issues in the book for years 1995-2010). Miller’s ability to push for diversity efforts starting with desegregating factory lines in the 1940s and comes to a head with his progressive hiring policies and lobbying in the 1960s. He not only succeeded due to his position in both the town and in the community but also because these efforts aligned themselves with Cummins’

organizational identity. According to the Cummins story, the business was founded not just with the intention to make a profit but with the intention to provide value to the community. The story that Cummins stayed open for nineteen years before turning a profit in order to provide jobs to community members who needed them is an important part of the Cummins identity. Miller drew upon this idea of providing jobs to those in need when he pushed for the hiring of non-white managers and women. At this time, diversity management was a way of integrating marginalized persons into the community. These were men and women who were qualified but otherwise did not have the same opportunity for employment as their white, male counterparts.

Later in Cummins' U.S. history when employees and community members reacted strongly against LGBT policies, management relied on the argument that promoting diversity had always been a value of Cummins. Solso stated in a letter to the local newspaper about the policy that "Change can be difficult for any organization to accept. For some, this new policy may feel like a departure from the traditions of Cummins. In fact, just the opposite is true. This policy embodies the principles of J. Irwin Miller; principles upon which this company was founded – such as inclusion, tolerance, responsiveness and the pursuit of excellence" (Hanafee, 2011, p. 84). We can see that Solso was very intentional in trying to connect the practice to the organizational identity of the company by stating that the practice "embodies. . . principles upon which this company was founded" (Hanafee, 2011, p. 84). It is ultimately the careful weaving of the Cummins story that creates an environment where these diversity related practices have been able to take root.

Cummins engages in several practices to manage their identity. According to interview participants including a former head of human resources, Cummins recruitment actively focuses on selecting people who share its values. After being hired, Cummins' extensive onboarding and induction process seeks to quickly indoctrinate new employees into the Cummins culture with new hire materials informing employees that they "may need to unlearn some expectations or behaviors from [their] previous environment. These may stem from differences in processes, technologies and especially company cultures" (Cummins, 2011c). All employees in all Cummins operations around the world receive a one-day training on diversity. One participant remarks that her onboarding as related to diversity was "intense" (Interview Participant Cummins, 2011a). Another employee remarks for Columbus that "if you come in as a new hire, there's a new hire orientation that goes on for a full week, and core values and diversity is a part of that area, a very, very, significant portion of that" (Interview Participant Schmidt, 2011). Again, storytelling is a key tool for this process with the same participant describing the onboarding:

So they show videos and talk about what the company [did] when it came to South Africa in the 70s and 80s, even all the way back. . . so there's just a lot of explanation to say that this is sort of just the 21st century version of this, but it's really been there for a long, long time, and I think that once you've been given those examples and once you see, how you know, how the company and those leaders supported voter registration in the south in the 60s and many, many other things, you sort of see that this is sort of the tail end of a really long pattern and not the latest gimmick to check a box because everybody else is doing it too, and the combination of some of those stories and some of that history combined with the modern version of this is pretty effective. (Interview Participant Schmidt, 2011)

The promotion of diversity persists well beyond the onboarding process. As stated in Cummins materials and confirmed in participant interviews, the performance appraisal and promotion procedures at Cummins have been carefully structured so that only those employees promoting the diversity identity are advanced. As one executive ominously states: “Let’s just say we have somebody who’s really great at developing business, but we find out that they don’t really know how to develop diverse teams, [] they’re more than likely not going to make it to the top of the company” (Interview Participant Reyes, 2011). Another executive explains:

When we do performance management reviews there’s actually two big buckets of performance management. The first one is to say if I rate your performances as an employee for a quarter to six months to a year, we’re definitely going to look at results, and accomplishing tasks and objectives, so what did you get done and obviously that’s part of every performance review, but then we come back and have a second layer to that performance review and that’s where we really talk about and how did you get it done and it ties back, so in every performance review there’s a feedback mechanism to these core values and say, so when you accomplished these results how did you do on those seven things, did you deliver superior results, but how did you do that?” (Interview Participant Schmidt, 2011)

To elucidate the point, he recounted the firing of one of his first supervisors not because of poor results, he had done quite well in fact, but because the way he had achieved those results did not exemplify Cummins’ core values.

Cummins relies on standardized hiring, onboarding, and employee evaluation processes which remain relatively consistent throughout its global operations (Interview Participant Reyes, 2011). Interwoven into all of these practices are both champions’ tactics as well as material to try to convince employees that the practice of diversity management is consistent with the

history and organizational identity of Cummins. We can see, however, from the interview participant data in China and Belgium that employees tend to focus on different arguments based on nationality. When asked by the researcher “Do you feel that diversity is an important value for Cummins, and if so why?,” participants in Belgium consistently responded with the business case for diversity whereas participants from Cummins China tended to talk about the history of the company. For example, one participant for Cummins Belgium responded to this question by stating “I think diversity gives Cummins a competitive advantage. . . This diversity allows Cummins to get better products and introduce them faster in the market because we are able to see a specific topic in very different ways that allows us to solve it faster and be more creative in how we solve it” (Interview Participant Heurkmans, 2013). Another participant responds that “by establishing its presence in various countries, Cummins needs to establish a culture that accepts and embraces diversity in order to allow for a work environment that encourages the free flow of ideas and concepts and allows everyone a safe working environment” (Interview Participant Heurkmans, 2013).

In contrast, Cummins China employees had a tendency to focus on the history and identity of the company. One employee answered the same question, “Do you feel that diversity is an important value for Cummins, and if so why?,” by discussing the history of Miller’s efforts during the Civil Rights Movement in the U.S. The employee states “He was addressing more the national issues than the international issues at the time. But we don’t know and couldn’t interpret, because of his wisdom we’re not able to interpret that he may have meant the whole world. He stated the case that all men were equal, that all women were equal” (Interview Participant Li, 2013). Another Cummins China participant answered more

broadly than the issue of diversity and spoke about the overarching theme of CSR. She states that in Cummins China the company tries “to instill community responsibility in their employees, you know with volunteering and in helping out” even if this community involvement is “not part of the Chinese culture” (Interview Participant Fan, 2013). She hopes that Cummins’ initiatives there have “changed [Chinese] attitudes towards volunteering and giving back to community” (Interview Participant Fan, 2013).

Even if employees are exposed to both strategies, the interviews suggest which strategies are more persuasive. While employees in Cummins Belgium focused more on the business case for diversity management in their responses, employees in China had a tendency to speak more broadly about how diversity fit in with Cummins’ organizational identity and history of giving back to the community.

In conclusion, by looking at the history of Cummins in the U.S., we can see that leaders like Miller forged an organizational identity which incorporated the value of diversity by linking this value to Cummins’ history of being a company which provides for the community. While initially this link between the practice and the organizational identity was ‘enough,’ the company now finds it needs to stress the business case. In both its global and local operations, the company in fact relies on both strategies: linking the practice of diversity management to Cummins’ organizational identity and champions’ tactics. Ultimately though, we can see from employee interviews which arguments are more persuasive. In the U.S., we find that management now feels it must rely more and more on champions’ tactics with management stressing the need for the business case. Similarly, employees from Cummins Belgium talked in

length about the importance of diversity in terms of the benefits to the company or business case. At the same time, in China, employees tend to talk about the importance of diversity in terms of it being a part of the company's history and value of doing right by the community.

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|---|---|----------------------------|
| <p>Hypothesis 1</p> <p>Weak to Strong Institutional Environment</p> | <p>In Cummins' American and Belgian operations, arguments that diversity management is good for the company (i.e. the business case) or the right thing to do will gradually become more effective than emphasizing the extent to which the practice of diversity management is consistent with Cummins' organizational identity.</p> | <p>Evidence to Support</p> |
| <p>Hypothesis 2</p> <p>Weak Institutional Environment</p> | <p>In Cummins' China operations, emphasizing the extent to which the practice of diversity management is consistent with Cummins' organizational identity will be more effective than arguing for the business case or that diversity management is the right thing to do.</p> | <p>Evidence to Support</p> |

Based on the evidence, this case study supports Randel's (2002) hypothesis that organizational identity is more effective in a weak institutional environment for the maintenance of a socially responsible practice while champions' tactics are more effective in a strong institutional environment. Indeed, Cummins' diversity management strategies have developed within the context of a long history of being a socially responsible corporation. Former CEO Miller's passion for social justice and equality extended beyond his role as the president of the National Council of Churches, an activist organization during the Civil Rights Movement, and into his management role at Cummins. His efforts at creating equal opportunities and socially just practices as well as engaging in public policy development had a profound effect on Cummins' culture and over time led to the development of diversity as a corporate value and identity. Diversity has become such a part of the Cummins culture that the data is filled with statements such as "it's part of our DNA. . . at Cummins, diversity is"

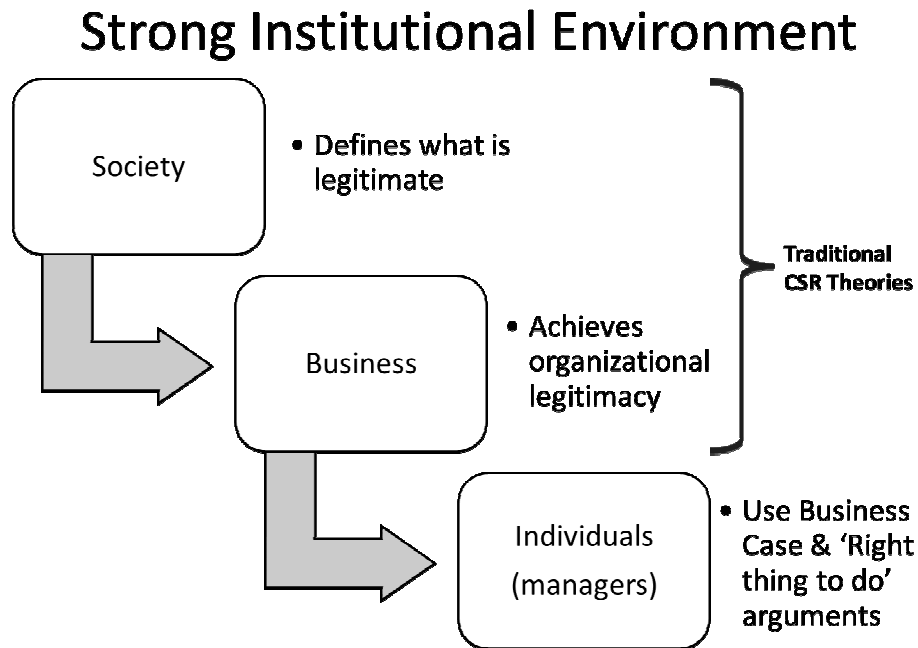
(Interview Participant Reyes, 2011) or “it’s part of our heritage of who we are” (Interview Participant Canlas, 2011). The challenge for Cummins is to maintain this value developed in the context of its American headquarters as the company becomes increasingly international and as the legacy of Miller’s leadership becomes more and more distant through the passage of time.

Discussion: On Theoretical Implications

This study provides empirical data on the genesis and maintenance of a socially responsible practice which has been a largely under-researched area. Cummins is especially unique in that it has originally developed diversity as a central value in management practices in a weak institutional environment. The current strength of the institutional environment for diversity is in fact because of companies like Cummins and leaders like Miller and Solso. . The study supports Randell’s (2002) first and second hypotheses that organizational identity is most effective when the institutional environment is weak and that champions’ tactics are more effective when the institutional environment is strong. As such, the study has important implications for CSR theories of development.

Traditional CSR theory has proposed that CSR is a response to society. The data supports this theory when the institutional environment is strong. In such an environment, businesses create socially responsible practices as a way to achieve organizational legitimacy. This study suggests that managers are then able to convince employees to maintain these practices by arguing that they are ‘the right thing to do’ or that there is a business case.

Figure 24 CSR Development in a Strong Institutional Environment

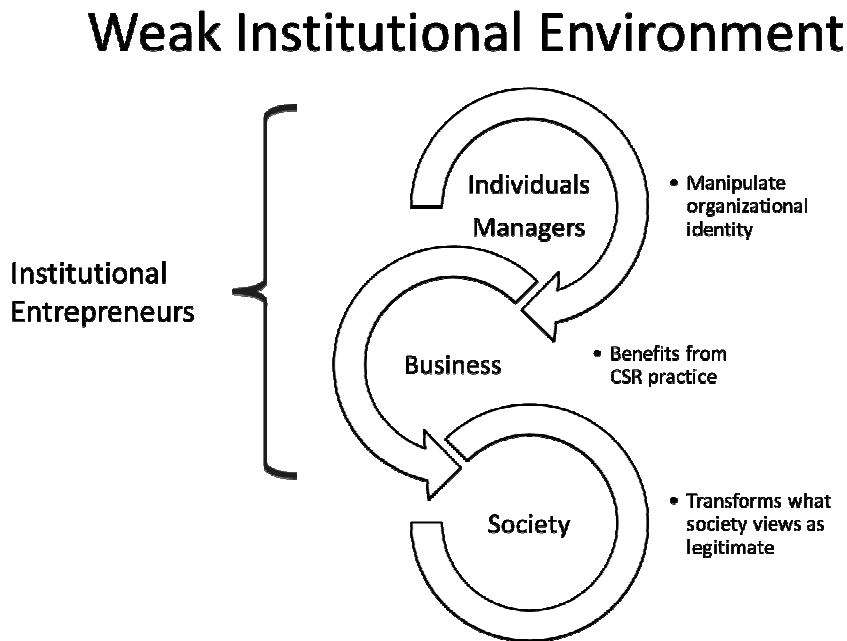


This structuralist approach, however, does not account for companies like Cummins where leaders have pushed for practices which society had not yet deemed responsible. Throughout its history, Cummins has indeed acted at various points in what Ackerman and Bauer (1976) call the “Zone of Discretion.” The “Zone of Discretion” begins before an issue reaches the level of social concern and in which taking up the issue could cause economic and social sanctions though it is not clear how society will respond. The company “still has discretion in the timing and strength of the response” (Ackerman and Bauer 1976, p. 92). This period ends when the issue becomes important enough to society and when compliance is substantial enough that the practice becomes an accepted part of doing business.

In a weak institutional environment, leaders cannot convince others to maintain a practice by arguing that it is the ‘right thing to do.’ As we can see in particular with Cummins’

policies related to LGBT status, society may in fact believe that the practice is morally wrong. Likewise, it is not clear that the practice would result in financial benefit. As Ackerman and Bauer (1976) point out, the practice could actually result in economic harm which indeed happened to Cummins when pulling out of Apartheid South Africa. Instead, the study suggests that in a weak institutional environment, leaders can use organizational identity to convince employees to maintain a practice. Employees engage in the practice because it is 'part of who we are' and fits with company values. To this extent, the study highlights the role of leadership in the creation and maintenance of a socially responsible practice. The personal moral commitment and vision of senior management formed an organizational identity which was able to not only convince but inspire employees. It is incorrect, however, to suggest that this process of creating a socially responsible practice is unidirectional. Though they are able to challenge structures and push boundaries, institutional entrepreneurs are still constrained by the external environment. In line with Giddens' (1984) structuration theory, structures dynamically shape and are shaped by individuals.

Figure 25 CSR Development in a Weak Institutional Environment



Through storytelling and rigid identity management measures, leaders in Cummins have pushed for equality and promoted diversity on both a moral basis and a business case. At times when society has been unclear or ambivalent, Cummins has joined the voices of those fighting for equality even when that position has been unpopular and has resulted in a clear and direct profit loss. Cummins' efforts in the U.S. have not only been in advance of government regulation but have been more expansive than government regulation even when society has not necessarily agreed with these actions. While leaders at Cummins have argued for the moral and business case for diversity, it is actually the match between these practices and Cummins' organizational identity that have allowed for their longevity in times where the institutional environment is weak.

In terms of the business and society relation, we can see that companies can play a critical role as agents of social change and transformation. Cummins has significantly lobbied in the area of both civil and LGBT rights in the U.S. They have been able to use their economic weight and influence to pressure the government at times when not-for-profit organizations may not have had enough societal or financial support. Community members who do not agree with Cummins' progressive positions ultimately have taken a submissive role as they cannot rebel with force against the community benefactor on whom Columbus depends. Cummins has thus been a change agent who has shaped the institutional environment, creating new expectations and standards in the organizational field both at a local and even international level. Indeed, research shows that diversity is moving towards being an international standard (Lauring and Thomsen, 2009). While Cummins does adapt its diversity practices in its global operations, it strongly maintains that Cummins is a "safe place" for all employees even in countries that may, for example, have anti-LGBT legislation or legislation forbidding religious expression. Such policies and laws can make diversity management a challenge for Cummins especially in its international operations where it may have less social capital. To this effect, a Cummins executive states that "at a minimum when our employees are in a space that has a Cummins logo on it, they're going to be treated better and with more dignity, and they can be their full authentic selves in that Cummins workspace. Once they leave that we may not be able to fix it. We might not be able to fix it completely, but we want to be able to help them" (Interview Participant Reyes, 2011). We can see not only from statements such as this but also from Cummins' actions that their promotion of diversity extends well beyond their American headquarters.

This case study not only provides support to the theoretical research related to the business in society relation but contributes to the diversity management literature from a social science perspective. The story of Cummins adds weight to the argument that the concept of diversity, although rooted in management strategy, has the potential to achieve social change (Ahmed, 2007) especially as it moves towards being an international standard (Lauring and Thomsen, 2009). As such, the study answers the call for “the critical literature to become more performative, explicitly dealing with stimulating social change . . . with alternative descriptions, vocabularies, and voices to open up new avenues and lines of interpretations that produce ‘better’ research ethically, politically, empirically, and theoretically” with an “engaged and pragmatic ethos on diversity” (Zanoni et al, 2010, p. 18-19).

Implications for Practice

As the shaper of this new global environment in which diversity management is becoming increasingly important, Cummins has achieved a competitive advantage. As the institutional environment for diversity becomes stronger, companies face increasing regulation related to equality and diversity as well as the more informal expectations from society. These demands require companies to abruptly adopt policies that are often of little substance. While many companies late in the trend are struggling with how to implement and not merely adopt such policies, Cummins has nourished over several decades a corporate culture in which diversity is an institutionalized value. It has been able to successfully use diversity to not only attract top employees but to strengthen Cummins’ ability to operate in international and even local, multi-cultural markets. Cummins’ commitment to the long-term benefits and willingness

to dismiss the short-term costs of CSR has, in the end, led to their global domination in the diesel engine market. For these reasons they were most recently ranked as the most socially and environmentally responsible American company by The Motley Fool (Ferry, 2013). Such a testament brings home the point to companies that socially innovative and responsible practices can bring just as many if not more advantages as more traditional innovations.

More specifically, under Davis' (1967) social power equation, "social responsibilities of businessmen [and women] arise from the amount of social power that they have" (p. 48). As this case study has shown, the basic human resource practice of hiring and firing has an effect that extends beyond the company and into society. Through their economic role, companies have the ability to legitimize what were marginalized groups of people. In line with this, in November of 1970, then Cummins president Henry B. Schacht wrote:

... a cost of doing business for Cummins is taking on more of the social burdens of today. It means taking the illiterate, the black, and the poor white and putting them to work. It means setting up systems and procedures where people can find their dignity. (Schacht, 1970)

The ability to work, to provide for oneself and one's family, is fundamentally necessary to the human psyche. Indeed, it is arguably a fundamental and basic human right. The systematic denial of this opportunity to certain groups of people must be fought against not only as a moral obligation but also as an imperative need to create social stability. Given its current power which often dwarfs that of many governments, the private sector indeed has a duty to society to ameliorate such conditions.

Ironically, with their non-altruistic focus on profit, the private sector is often better suited to overcome societal prejudices that may impede socially excluded groups. Through the hiring of such marginalized people, the private sector is able to facilitate their integration and expedite changes in how society views these groups. Cummins has risen to this obligation and as a result, they have seen the financial benefits and longevity that result from having a socially responsible role in society. The story of Cummins can in fact be seen as part of a new model in which companies assume more and more the traditional responsibilities of government including as a provider of civil rights. As stated by Marques (2010) “our world is becoming smaller through the massive interaction that takes place through the internet, increased travel, and expanded global performance from small, midsize, and large corporations. In such a world, the practice of equality is no longer a token of mercy, but rather a sign of consciousness, and HRD [human resource diversity] professionals, more than any others, should realize that” (p. 444).

Limitations of Study

While this case study provides the data to answer some questions, it fails to answer others. Firstly, to what extent is this case generalizable? While this study supports Amy Randel’s (2002) argument it does not confirm her hypotheses. It may indeed be possible that other companies have been able to effectively maintain socially responsible practices by using champions’ tactics. Furthermore, the data from the case study relies largely on interviews within the management level. One way of improving the trustworthiness of the data would be to interview a greater variety of stakeholders. Lower level employees as well as consumers and

suppliers could have been used as well as a greater number of community members who do not work at Cummins. Finally, the researcher's own status as a member of the Columbus community can be seen as both a limitation and a benefit to the study. While being a community member may have aided in quickly developing a rapport and even increasing access to participants, the researcher's own biases may have affected my analysis.

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