Cross Sector Social Interaction:
Leveraging Intentional Change Across the Micro, Meso, and Macro

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ABSTRACT

Leaders in business organizations are increasingly aware of changing societal expectations for environmental sustainability for the market sector. Responses are varied but momentum seems to be gathering for intentional organization change. This process, according to intentional change theory, is shaped by a series of discoveries – developing shared vision, assessment of organizational culture and climate, planning, experimentation and practice, and developing stakeholder relationships. We build a case in this paper that cross sector social interaction with stakeholder groups is integral to the first four discoveries and for leveraging effects organizational change to societal, or macro, levels. Cross sector social interaction for purposes of this paper includes the engagement of civil society and business. In particular, strategies employed by civil society influence firms – confrontation, collaboration, or both, all serve a valid purpose in the change process. We argue that these interactions can have effects at micro levels, activating consumers and members, meso levels, helping the organization change, and macro levels, changing industries and social practices.
INTRODUCTION

The idea of organizational change has captured our imagination. A review in 1995 revealed an impressive literature – over one million journal articles across multiple disciplines that addressed the topic at least a superficial fashion (Van de Ven & Poole, 1995). Even though decades of research leave us with abundant theoretical perspectives and prescriptive multi-step models of change (Palmer & Dunford, 2008), there is no grand theory of change and post hoc explanations may not be helpful for managing future change (Boyatzis, 2006). Yet change not optional – our times demand change at individual, organizational and societal levels. Impacts of modernization and globalization leave billions of people disenfranchised and impoverished. Efforts at global governance are impeded by national interests. At the same time, the explosion of the number, size, and power of transnational organizations in the global landscape constrains the relative role of national governments in regulating civil, political, and social rights (Kentor, 2005; Lindenberg & Dobel, 1999; Scherer, Palazzo, & Baumann, 2006). Lines separating the spheres of public and private have blurred (Ó Riain, 2000) as actors in one sector engage in functions traditionally carried out by another and both business and civil society engage in quasi nation-state roles.

On October 22, 2008, Wal-Mart CEO Lee Scott convened nearly 1,000 of the company’s suppliers in Beijing to announce new global supply chain initiatives including compliance with Chinese environmental laws:

On the environment, the Chinese government has set strong goals for sustainability and Wal-Mart is aligned with those goals…. Wal-Mart China will
continue to rely on the expertise of NGOs to drive greater innovation in its stores and higher environmental standards in the supply chain. (Wal-Mart, 2008a)

In a blurred-governance world, networks of collaborative relationships between multinational corporations, governments, and civil society develop projects for solving intractable global social and environmental problems. At the same time, multinationals are confronted by civil society networks and organizations fomenting organizational and institutional change for the production of global public goods. Both collaborative and confrontational sites of social interaction effectuate learning and change at different levels. In this paper we will consider a construct of individual (micro), organizational (meso), and societal (macro) sites of change (Seitanidi, 2008). Intentional change is a complex adaptive system with interaction between these sites linked by leadership and social identity groups (Boyatzis, 2006). Micro-level sites occur as individuals interact, and those sites interact with meso sites where organizations and partnerships interact, which in turn interact with macro sites across sectors and institutions. The significance of social interaction is production of adaptive or emergent behaviors at each level to produce eventual intentional change (Boyatzis, 2006).

Leaders in multinationals are increasingly aware of society’s changing expectations for the market sector. These organizations are situated within fields of stakeholder groups taking conflicting positions and adopting complex influencing strategies on organizational social and environmental practices. Much attention has been given in various literatures to the importance, use, and difficulty of cross sector partnership as well as possible firm responses to influencing practices. However, little
work has been done to advance our understanding of these sites of stakeholder social interaction in the context of organizational efforts at intentional, sustainable change.

In the following sections, we first set the context with a brief exploration of change and intentional change theory. We then provide some background on cross sector social interactions as agents of change. Next, in the context of change as a complex adaptive system, we add support in terms of leadership and the power of identity groups to leverage change across multiple levels. We then explore the changes occurring at Wal-Mart in the context of intentional change. We close by demonstrating how cross sector social interactions fit into the intentional change framework and highlight their importance. Our hope is that these interactions can be placed in a broader context of societal change for environmental sustainability, and that even confrontational interactions have a positive place at the table of intentional change.
ORGANIZATIONAL CHANGE, LEADERSHIP, AND IDENTITY

Van de Ven and Poole (1995) induced from the change literature a typology of four simple process theories, or motors, of change: life cycle; teleological; dialectical; and evolutionary. In any change project, the four motors can operate singularly or in combination. Each has different iterative, cyclical, event sequences and invoking generative mechanisms. These motors are quite useful as tools for framing perspectives on organizational change, and two of these motors, teleological and dialectical, provide insights for this paper.

Teleological motors have circular event sequences of envisioning and setting goals, implementing goals, experiencing dissatisfaction, and searching and interacting for means of change. Generative mechanisms include the purposeful engagement of leaders for organizational change and social construction of that change. According to Van de Ven and Poole:

Development of an organizational entity proceeds toward a goal or an end state. It is assumed that the entity is purposeful and adaptive; by itself or in interaction with others, the entity constructs an envisioned end state, takes action to reach it, and monitors the progress. Thus, proponents of this theory view development as a repetitive sequence of goal formulation, implementation, evaluation, and modification of goals based on what was learned or intended by the entity. The theory can operate for an individual or for a group of individuals or organizations that are sufficiently like-minded to act as a single collective entity. (1995: 516)
Dialectical motors focus on interactions between two or more entities and have circular event sequences of thesis and antithesis, conflict, synthesis, and then back to states of thesis and antithesis. That is, conflict is generated between thesis and antithesis, which may resolve to synthesis – something that is new and different from thesis and antithesis. Dialectic generative mechanisms include pluralism and diversity, confrontation, and conflict whereby opposing forces confront and resolve differences. Therefore,

In a dialectical process theory, stability and change are explained by reference to the balance of power between opposing entities. Struggles and accommodations that maintain the status quo between oppositions produce stability. Change occurs when these opposing values, forces, or events gain sufficient power to confront and engage the status quo. (Van de Ven & Poole, 1995: 517)

Both teleological and dialectical motors are constructive in nature; that is, they seek to diverge from current practice, producing new and possibly unpredictable futures (Van de Ven & Poole, 1995). As such, they represent opportunities for discontinuous, even revolutionary change in complex systems (Gersick, 1991) based on social interaction between micro, meso and macro levels. While Van de Ven and Poole partitioned change into mode of change (motors) and unit of change (single or multiple entities), Weick and Quinn (1999) proposed a third partition – tempo. Change can be episodic or continuous. For purposes of this paper, we are concerned primarily with episodic change:
organizational changes that tend to be infrequent, discontinuous, and intentional. The presumption is that episodic change occurs during periods of divergence when organizations are moving away from their equilibrium conditions. Divergence is the result of a growing misalignment between an inertial deep structure and perceived environmental demands. This form of change is labeled “episodic” because it tends to occur in distinct periods during which shifts are precipitated by external events such as technology change or internal events such as change in key personnel (Weick and Quinn, 1999: 365).

Episodic change as tempo has important implications for the process of change. In particular, the leadership role of the change agent is emphasized as a prime mover enabling change through familiar processes of unfreezing, transitioning, and refreezing. When there is organizational inertia with respect to the desired change, triggers are required to set off the change process (Weick & Quinn, 1999). These triggers are conceptually like tipping points (Gladwell, 2000) resulting from turbulence in the environment or within the organization. Up to a certain point, this turbulence may appear to have minimal effects, but once reached, effects of a small incremental turbulence can produce dramatic effects. We will return to the role of leadership as change agent in leveraging change across multiple sites in later sections.

**Purposeful Intentional Change**

Intentional change theory (ICT), as a complex adaptive system, employs teleological and dialectical motors and offers promise as a theory to understand *ex ante* both processes and phases through which organizations can achieve desired sustainable change. Based on theories of individual self-directed learning (Boyatzis, 1999, 2001),
ICT involves a sequence of five discontinuous and iterative discoveries: (1) the ideal self or personal vision; (2) the real self and its comparison to the ideal self resulting in an assessment of one’s strengths and weaknesses; (3) a learning agenda and plan; (4) experimentation and practice with the new behavior, thoughts, feelings, or perceptions; and (5) resonant relationships that enable a person to experience and process each discovery in the process (Boyatzis, 2006:613).

These micro discoveries also occur at meso and macro levels (Boyatzis, 2006; Van Oosten, 2006). For instance, in the first discovery, an individual might engage in various processes seeking a personal vision or definition of the ideal self – a realistic image of a desired future. This image is based on positive attributes of hope, self-efficacy, and optimism, and is founded upon a person’s core identity and enduring strengths (Boyatzis, 2006; Boyatzis & Akrivou, 2006). Similarly, at the organizational level, a leader or leadership team might develop a strategic vision or purpose for an organization with attributes for its betterment or improvement, building upon existing core strengths and competencies, shared values and efficacy, and using discourse of hope and optimism. An individual at the second discovery may explore the real self particularly in comparison with the ideal self; that is, explicitly how does it vary from the ideal self – what are the strengths and gaps. 360 degree feedback tools (Taylor, 2006) can be used to provide objective assessments. At the meso level, an organization would assess its organizational culture and climate. Organizations might use environmental assessments such as strengths, weaknesses, opportunities and weakness (SWOT) methodologies or other tools often employed for organizational improvement. A difference is that the emphasis is on comparing how the organization in current practice
differs from hoped-for future practice – the new and shared vision. Assessments of
organizational core competencies, norms, embedded values, and requirements of the
shared vision will figure significantly in future plans that enable moving from the current
state to the desired state. Additionally, we propose that the model consider feedback
loops into the shared vision; the dissonance and reflection resulting from the
organizational assessment should inform the shared vision. In turn, the first and second
discoveries both inform a learning agenda – the third discovery.

The focus of the learning agenda or strategic plan is to operationalize the vision
including establishment of goals, action plans, and measurement tools. This is a critical
step as the vision, depending on the organizational leadership style or “images” required
for managing organizational change (Palmer & Dunford, 2008), is now being shared
more broadly within the organization and possibly within its stakeholder field. Tensions
are created between those with a desire to move forward and those secure in the comfort
of the status quo (Greenwood & Hinings, 1993). These tensions and their emotional
messages are each important in moving the organization toward change (Boyatzis, 2006;
Gersick, 1991). Plans should anticipate experiments and innovations that will be realized
in the fourth discovery – freedom of the individual or organization to experiment and
practice with new methods of achieving the desired state. Experiments and innovative
practices may be more effective if employed in safe and encouraging atmospheres
because there is relatively less risk or consequences of individual and organization failure
(Kolb & Boyatzis, 1970).

The last individual discovery – developing resonant relationships – means
surrounding oneself with trusting supporters of the desired change. At the meso level, this
discovery is much more complex and invokes the dialectic motor. The organization is surrounded, engaged, and impacted by stakeholders that provide feedback on organizational performance. Customers buy or don’t buy products, investors buy or sell organizational stock, governments regulate or de-regulate, and so on. In many cases the organizational responses are limited by exogenous factors (Rowley, 1997). In other cases, the organization may prefer not to interact with the stakeholder at all; some social movement groups see firm dismantlement as the only acceptable option.

While many business organizations have a firm-centric focus of stakeholder management, others are moving “towards more of a network-based, relational and process-oriented view of company–stakeholder engagement, where at least there is consideration of mutuality, interdependence and power” (Andriof and Waddock, 2002:19). Stakeholder engagement is oftentimes discussed in terms of a process for corporate social responsibility (CSR) with open discussion about behaviors, relationships and roles (Andriof & Waddock, 2002; Basu & Palazzo, 2008). An extension of this thinking places the firm not at the center of its stakeholder group, but as one socially constructed element in the system – a product of factors such as modernization and globalization, norms of “employees, managers, communities and customers; and the ecological factors in the social environment such as political groups, governments, and suppliers” (Kampf, 2007: 44). This situated perspective places the firm in a dynamic system where multiple dialogues are simultaneously occurring. This model is useful for purposes of this paper as we consider effects of leadership and identity for leveraging change across multiple sites.
The model of intentional change at the organizational level is presented in figure 1 below. The model illustrates generally the flow of discontinuous discoveries but in particular the impact of stakeholder relationships on the other discoveries.

**FIGURE 1**
Intentional Change Theory and Process
(Source: adapted from Boyatzis, 2006)

Engaging Stakeholders and Stakeholders Engaging

This paper suggests that the fifth discovery is central for achieving desired intentional change for large organizations such as Wal-Mart. As illustrated in figure 1, the fifth discovery can impact all the other discoveries. Further, and extending the theory, different members of these stakeholder groups will impact the change process in different
ways at different times. Civil society may help shape the way the focal organization sees itself through resonant or dissonant messages as well as introducing mechanisms for change. For example, coffee retailer Starbucks’ shared values include beliefs that all stakeholders, including coffee producers, should receive value from company success (Austin, 2007). Starbucks partnered with NGO Conservation International to contract shade-grown, organic coffee from small growers using environmentally-sound practices in Mexico (Austin, 2007). Conservation International has expertise in pulling numbers of small farmers together to make a viable market. Starbucks was able to expand its supply chain while remaining consistent with its shared values. In this case, a resonance of shared values between Starbucks and CI enabled collective action. In other examples, NGO dialog suggested inconsistencies between the company’s shared values and actual practices. Representing producers, the advocacy NGO Global Exchange pressured Starbucks at its annual meeting to purchase Fairtrade coffee and threatened to protest at a number of Starbucks retail outlets (Levi & Linton, 2003). Starbucks later agreed with Transfair, a fee-based certifier of Fairtrade coffee, to sell certain amounts of Fairtrade coffee in its stores even though uncertain of its quality (Austin, 2007).

The Starbucks case illustrates that stakeholder organizations deliver resonant signals that affirm, or dissonant signals that reject, the organization’s shared values, organizational culture, or practices. Further, stakeholder organizations are not limited to a single engagement strategy. Oxfam Great Britain has a portfolio or strategies that include cooperation, policy dialog and standard setting, and pressure tactics (Lindenberg, 2001). Oxfam can leverage competencies across multiple areas of interest and may have multiple strategies with one company at one time, even mobilizing other NGOs to
pressure companies. The environmental activist group Greenpeace campaigned against food giant Monsanto’s strategies for genetically modified foods while at the same time collaborating with Monsanto to remove PVC from its credit card production operations (Heap, 2000). Dissonant messages may be overt, such as legal action against company practices, or less overt such as consumer choice in not purchasing company products. However, the interaction strategy that seems to offer the most promise is partnership.

Cross-sector partnerships are powerful change mechanisms of collective action whereby actors in different sectors and networks utilize their complementary strengths to solve problems otherwise unsolvable through singular action (Trist, 1983). Partnerships hold promise for issues as diverse as innovation and diffusion of knowledge and competencies (London, Rondinelli, & O’Neill, 2006), improving corporate citizenship (Doh, 2008; Waddock, 2008), and provision of global public goods such as sustainability (Kaul, Grunberg, & Stern, 1999; Kaul & Mendoza, 2003). From an instrumental perspective, firm collaboration motivations may include compliance with legal or customer contracts, the managing of risk and stakeholders, achieving values-oriented goals, seeking access to new markets, and improving business processes (Austin, 2007; Zadek, 2004). New normative perspectives occur at the intersection of environmental, social, and economic dimensions, or triple bottom line (Elkington, 1998). A number of companies, including Wal-Mart, have moved beyond recognition of just consideration of economic dimensions and are including additional environmental and social dimensions. The dominant emphasis remains on achieving economic rents, but mechanisms of “green” innovation such as production efficiencies (Etsy & Winston, 2006), expanding the supply chain (Perez-Aleman & Sandilands, 2008), or market penetration via
voluntary codes of conduct (Sethi, 2002) can have dramatic effects on environmental and social dimensions. For instance, Wal-Mart’s collaboration with the Marine Stewardship Council (MSC) and the World Wildlife Fund (WWF) to certify wild-caught fish sold in Wal-Mart stores is expected to increase demand for certified products while providing a long-term sustainable supply of sustainably harvested fish (Plambeck, 2007). At the same time, the WWF is working with local fishermen to achieve MSC compliance.

The Role of Leadership and Organizational Identity in Intentional Change

Leadership and identity are critical for leveraging change across micro, meso and macro levels (Boyatzis, 2006). Leaders serve as agents for episodic change, that is, when:

A change agent deliberately and consciously sets out to establish conditions and circumstances that are different from what they are now and then accomplishes that through some set or series of actions and interventions either singularly or in collaboration with other people. (Ford & Ford, 1995: 543)

In large organizations, a typical systems approach may rely on gathering data from the environment and sharing it widely, organization-wide learning, change processes driven by both senior management and the organization, and achieving fundamental change (Bunker & Alban, 1992). Leaders must present alternative futures, the ideal self, in ways that are clearly different from the present (Weick & Quinn, 1999), using language of hope, optimism and organizational efficacy (Boyatzis & McKee, 2005). By creating a realistic sense of what is possible, leaders galvanize support for the change process.

Cross sector social partnerships may have transformative identity effects on partner members (Berger, Cunningham, & Drumwright, 2006; Collier & Esteban, 2007;
Organizational identification is the degree to which member or customer self-images correspond to their, and others, images of organizations (Dutton, Dukerich, & Harquail, 1994). Indeed, organizations may be sites “for realising the project of the self” (Grey, 1994: 482) using two processes of identity construction: identity-regulation and identity-work (Alvesson & Willmott, 2002). The first process refers to organizational efforts and member responses to constructing identity. The second process, identity-work, refers to members’ “continuous efforts to form, repair, maintain or revise their perceptions of self” (Handley, Sturdy, Fincham, & Clark, 2006: 644). As members participate in organizational, partnership, and personal learning sites for ‘projects of the self’, identity-work may occur not only at these sites but also at their intersection. Whereas partnerships are socially constructed on at least micro and meso sites, interaction leads to emergent member identities in terms of new ethical norms embedded in change projects, which in turn interact back upon the meso and macro:

While the partnership can be characterised as a vector of value and attitudinal change in the individual, it has a similar effect at the organisational level. The impetus for change is likely to be mediated by the individual representing the partnering organisation in an attempt to reconcile their changed identity with their pre-partnership role within their original organisation. The tension created by this identity disconnect forces the individual and the organisation to ask themselves, “What do we value?” (Goepfert, 2005: 15)

Berger, Cunningham, and Drumwright (2006) found that social partnerships enabled members to develop more integrated personal identities with more holistic views.
of their organizations’ roles in society. While members identified more closely with their own organization, they also developed identities with the partnership and with partner organizations. These identity shifts were more than just cognitive connections to referent organizations, but involved emotional and social engagement. Paralleling macro and meso site reconciliations of organizational and partnership goals and values, members also face conflict between the real self and ideal self (Berger et al., 2006). In particular, a member’s real self that is oriented towards profit making may, by virtue of the partnership, conflict with his or her emerging ideal self with greater social identity. To the extent these sites are reconciled at either level may contribute to reconciliation at other levels (Berger et al., 2006).

As companies engage in activities for social ends, and to the extent customers are aware of those activities, they may develop stronger identities with those companies with resultant effects on purchasing behavior and in some cases donations to NGO partners (Lichtenstein et al., 2004). Similarly, we suggest the same effects are similar across the identity groups associated with social movements represented by NGOs. As supporters of NGOs become aware of their organizations’ collaboration practices, they will be activated in terms of their identification with the partnering organizations. Further, partnerships can activate society in positive ways through direct effects. Returning to the Starbucks example, in a pilot partnership project with Oxfam, the Oaxacan State Coffee Producers Network, representing thousands of local Mexican farmers, and the Ford Foundation, the partners worked to address a host of issues that improve communities as well as meet business objectives of the firm (Peloza & Falkenberg, 2007). The dynamics of collaboration and change ripple across the micro, meso, and macro. We will now turn
to Wal-Mart as an example of intentional desired change with particular attention to partnership.

**WAL-MART SUSTAINABILITY STRATEGY – SYSTEMIC CHANGE**

Wal-Mart’s sustainability efforts began in 1989 with an early and unsuccessful effort to introduce environment-friendly products that would be identified by green-colored shelf tags (Plambeck & Denend, 2008). Environmental advocacy groups later attacked the company and its suppliers when it was discovered that some of the products did not live up to environmental claims (Ginsberg & Bloom, 2004) and the strategy was ultimately abandoned. During the 1990s, the company also experimented with environmentally friendly stores, but except for recycling programs otherwise had no specific large-scale sustainability strategy.

In the early 2000s, Rob Walton, through connections of a mutual friend, began a series of trips with Conservation International (CI) founder and CEO Peter Seligmann to locations such as Madagascar, Brazil, the Galapagos Islands, and Costa Rica (Gunther, 2006). During June 2004, Walton introduced Seligmann, Glenn Prickett of CI, and Jib Ellison of Blu Skye sustainability consultants to Lee Scott in a meeting about Wal-Mart’s environmental practices. Having just completed a review of Wal-Mart’s human resource and public relations issues, and being personally concerned with water pollution, Scott was receptive and soon engaged CI and Blu Skye to measure Wal-Mart’s environmental impact (Gunther, 2006).

Thus began a yearlong exploratory process and system design that involved consultants, NGOs, suppliers, academics and competitors. This time the supply chain was
explicitly considered – Tyler Elm, senior director of business sustainability reported that early on Wal-Mart discovered it would miss ninety percent of the opportunity if internal operations were the only focus (Plambeck, 2007). After initial environmental footprint analysis and sustainability training for Wal-Mart leadership, CI convened a meeting with about thirty senior VPs where Scott announced that sustainability would be a strategy of long-term change and be incorporated into the mainstream of the company (Zisa, 2008).

On October 24, 2005, Lee Scott gave a pivotal speech to associates and stakeholders worldwide providing a framework and justification for becoming a more environmentally sustainable company. Although a year of listening and planning had led to this speech, Scott acknowledged that the company’s efforts to help those affected by Hurricane Katrina, and stakeholders’ responses to that effort, resulted in a personal transformative moment (Scott, 2005). In particular, where before he had seen environmental issues more as a public relations issue, he had begun to think of the environment, and the company’s effect on the environment, as “KATRINA IN SLOW MOTION [emphasis in original]” (Scott, 2005). Scott and his successor, Mike Duke, have continued to press hard on sustainability. Three years later, sustainability has become very much a focus of the organization, changing the way that it works with suppliers, NGOs, governments and other stakeholders.

The broad aspirational goals set out in the 2005 speech were that Wal-Mart would be supplied 100 percent by renewable energy, would create zero waste, and would sell products that sustain resources and the environment. What would later become known as ‘sustainable value networks’ (SVNs) were created as structural mechanisms to drive environmental improvement goals related to energy, waste, and sustainable products.
Each of these networks would be comprised of cross-functional teams led by an executive sponsor and a network captain, the latter usually selected from senior management (Denend, 2007). Although a primary enabling strategy is that sustainability becomes part of everyone’s job, these SVNs, which now number thirteen, have been particularly instrumental by engaging NGO stakeholders that are expert in the SVN problem domains.

The First Discovery – Shared Vision

Wal-Mart’s insular culture and mission has traditionally been laser-focused on one thing – providing low prices for customers. This shared value is more than just a means to create economic rents – it is a social aim as well. This social good and shared value provides a basis for the relentless search for cost savings that can be passed on to consumers. But Lee Scott in 2005 was dealing with wake-up calls from the collateral effects of this strategy. The company was facing multiple legal actions on its labor practices, including a federal class action lawsuit for discriminating against female employees (Fisk & Oswalt, 2008; Gunther, 2006). Dissonant messages abounded from environmental and human rights groups, labor organizations, community action groups, customers, and consultants. Broad coalitions formed – wakeupwalmart.com and walmartwatch.com – to serve as clearinghouses for anti-Wal-Mart discourse. Walmartwatch.com leaked a McKinsey & Co. study that found up to 8% of shoppers avoided Wal-Mart because of its reputation (Gunther, 2006). In addition, stock price had not improved over Scott’s term (Serwer, 2005).

While Scott was gathering data with consultants and shaping his vision for the company, a tipping point came in August 2005 – Hurricane Katrina. Scott demanded that
managers not hold back in responding to the human need resulting from the storm, and inspirational stories from this time remain on the company website today. The press, company supporters, and even some of its detractors were pleased with the company’s response. Scott began to think in terms of “what would it take for Wal-Mart to be that company, at our best, all the time?” (Scott, 2005). These factors led to his inspirational October 2005 speech setting goals for energy, waste, and sustainable products.

The Second Discovery – Organizational Culture and Climate

Sam M. Walton opened his first discount store in 1962 in Rogers, Arkansas. The company grew rapidly over the next thirty years using a low-cost, low-price strategy. Sam Walton died in 1992, leaving David Glass in charge. When Lee Scott was named CEO in 2000 Wal-Mart had become the largest private employer in the world with $165 billion in sales. Mike Duke succeeded Scott in 2009. The company reported over two million employees and $375 billion in worldwide sales for fiscal 2008 (Wal-Mart, 2008b). The company culture has been well documented (c.f. Brunn, 2006; Fishman, 2006) as insular with residual founder effects. Associates very much identify with the frugal values of Sam Walton, and Wal-Mart may be unusual in that such an inward-looking company would be so extremely successful. Managers are singularly focused on providing low prices everyday, which translates into mandates for everyday low cost and driving efficiency throughout the supply chain.

As the plethora of dissonant feedback was revealed to Scott, he was also being positively influenced by the meetings with conservationists, academia, external relations consultants, and others. He later told journalist Marc Gunther:
If we had known ten years ago what we know now, what would we have done differently that might have kept us out of some of these issues or would have enhanced our reputation? It seemed to me that ultimately many of the issues that had to do with the environment were going to wind up with people feeling like we had a greater responsibility than we were, at the time, accepting. (Gunther, 2006)

After a year of listening to “customers, Associates [sic], citizen groups, government leaders, non-profit and non-government organizations, and other concerned individuals” (Scott, 2005:2), he was willing to advance the extraordinary position that Wal-Mart should be a leader in advancing environmental issues in society. At the same time, the company is well known for innovation and rapid change, and it should be no surprise that the company would identify an opportunity and move so quickly. Since that time Wal-Mart has dramatically increased its engagement strategy, even hiring professional staff to improve those relationships. Where before the company had resisted or ignored many of these messages, now they listen and sometimes act. For instance, the environmental collective Carbon Disclosure Project long pressured the retailer to participate in collecting greenhouse gas emissions data before a partnership was eventually formed (Serwer, 2005). The inward focus began to change as mechanisms were established to collect and respond to stakeholder feedback. For instance, a formal working group was established providing major NGO partners and company personnel an opportunity to regularly meet and share ideas.

Heeding and listening to stakeholder feedback mechanisms helped Wal-Mart discover inconsistencies iteratively between the company real and the emerging ideal self. Everyday low price (EDLP), the domestic US strategy with its singular focus on
consumers, would no longer be enough. Additional stakeholders and the natural environment would need to be considered in addition to the consumer, and sustainability efforts should eventually benefit the consumer. In the previous example of MSC certified fish, managers began to see that depleting a natural resource supply chain was a weakness in the prevailing culture and practice. Consumers benefit from sustainable supply chains by having access to products over time.

Over time, Scott sought to bring the real and ideal closer together:

We have found that there is no conflict between our business model of everyday low costs and everyday low prices and being a more sustainable business. To make sustainability sustainable at Wal-Mart, we’ve made it live inside our business. Many of our environmental sustainability efforts, for example, mean cost savings for us, our suppliers and our customers, so that in both good times and bad times, they will remain part of who we are. (Wal-Mart, 2007)

The Third Discovery – Strategic Plans

With the 2005 announcement, Scott created a new leadership team, Corporate Strategy and Sustainability, with representation at high levels to advance sustainability leadership in the company. However, the team size was thin. Scott wanted to cascade responsibility through the organization because sustainability is not just the responsibility of one department. Stakeholder engagement deepened as the company developed plans to implement the tripartite sustainability strategy of energy, waste, and products. Most notable was the creation of the 14 SVN's previously mentioned. Membership on the SVN might include NGOs, consultants, suppliers, federal and state agencies, trade
associations, 3rd party verification providers, and multi-sector partnerships (Zisa, 2008). Initiatives would include quick wins with a short-term payback, intermediate wins with a three-year payback, and game changers requiring long-term investments of time and resources. Scorecards were being developed, such as packaging and electronics, to help measure and monitor supplier performance.

The company message is that sustainability is part of everyone’s job. That is, it would not rely solely on projects emanating from the SVN. Buyers and others were urged to consider sustainability initiatives – scorecards would be developed to assist in that effort. Associates were also asked to consider personal sustainability projects – projects in their personal and community lives – some of which are profiled on the company web site. This effort reinforced notions that everyone can do something, and with the possibility of activating two million worldwide employees, the potential outcomes are substantial.

The Fourth Discovery – Action Plans for Innovation

While we have noted the existence of experimental stores and other projects, the SVN are good examples of strategic action plans operating on different scales. As noted, quick wins and game changers reflect different scales of activity. Table 1 includes a list of the current SVN and example projects that include stakeholder involvement. Some of these projects have been well documented (cf. Denend, 2007; Plambeck, 2007; Plambeck & Denend, 2008; Veleva, 2009; Zisa, 2008). Sometimes innovations are multi-level. For instance, after realizing significant energy savings from installation of compact fluorescent light bulbs in stores, the company realized that consumers could realize those same savings, a perfect fit with company values.
Some SVNs have been more successful than others, and some in the company as well as NGO partners have been concerned with the level of funding for project startup and staffing (Gunther, 2006; Zisa, 2008). Some NGOs are already seeking to work outside of the organized structure seeking greater flexibility and access. Regardless of what the long-term strategic approach is likely to be, the SVNs were an innovative stroke of genius for providing project visibility, innovation, and experimentation.

**TABLE 1**

**Wal-Mart Sustainability Goals, Partners, and Projects**

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<tr>
<th>Goals</th>
<th>SVN</th>
<th>NGO/University Partnerships and Activities</th>
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<tbody>
<tr>
<td>100% Renewable Energy</td>
<td>EDF: increase fuel efficiency in truck fleet; improve packaging</td>
<td>Rocky Mountain Institute (RMI): hybrid diesel-electric trucks to improve fuel efficiency</td>
</tr>
<tr>
<td>Alternative Fuels</td>
<td>Clinton Climate Initiative (CCI): explore new technologies including LEDs and solar power</td>
<td>Global Logistics (RMI): sustainability in jobs, products, and processes; monitor environmental processes of suppliers; assist suppliers with process innovation; oversee chain of custody for eco-labeled products; improve logistics program</td>
</tr>
<tr>
<td>100% Renewable Energy</td>
<td>RMI: cut energy use in stores - decrease heating and cooling costs</td>
<td>CCI: efficient building materials and LED lighting</td>
</tr>
<tr>
<td>Buildings</td>
<td>EDF: sensor-activated, low flow faucets to reduce water flow by 80%</td>
<td>Global Logistics (RMI): reduce plastic shopping bag waste</td>
</tr>
<tr>
<td>Zero Waste</td>
<td>EDF: introduction of new materials for customers</td>
<td>Carbon Disclosure Project (CDP): measure energy to create products throughout supply chain</td>
</tr>
<tr>
<td>Waste</td>
<td>EDF: reduction, reuse, and recycling plans; create educational materials for customers</td>
<td>Packaging (EDF): reduction, reuse, and recycling plans; create educational materials for customers</td>
</tr>
<tr>
<td>Waste</td>
<td>Carbon Disclosure Project (CDP): measure energy to create products throughout supply chain</td>
<td>Chemical Intensive Products (EDF): introduce chemical safety standards for suppliers; reduce toxic components in products</td>
</tr>
<tr>
<td>Sustainable Products</td>
<td>Green Electronics Council (GEC): improve environmental and social performance of electronic products – scorecard development</td>
<td>Chemical Intensive Products (EDF): introduce chemical safety standards for suppliers; reduce toxic components in products</td>
</tr>
<tr>
<td>Electrical Products</td>
<td>Marine Stewardship Council (MSC): certification of fisheries that meet environmental standards</td>
<td>Electrical Products (Green Electronics Council (GEC): improve environmental and social performance of electronic products – scorecard development</td>
</tr>
<tr>
<td>Food, Agriculture, Seafood</td>
<td>WWF: help boat operators prepare for certification; increase fisheries and processing plants with MSC certification</td>
<td>Food, Agriculture, Seafood (Marine Stewardship Council (MSC): certification of fisheries that meet environmental standards</td>
</tr>
<tr>
<td>Food, Agriculture, Seafood</td>
<td>WWF: supply fair trade certified coffees</td>
<td>Food, Agriculture, Seafood (Marine Stewardship Council (MSC): certification of fisheries that meet environmental standards</td>
</tr>
<tr>
<td>Forestry &amp; Paper</td>
<td>WWF: (GFTN) use responsible forestry; phase out illegal and unwanted wood sources; use wood products from certified sources</td>
<td>Agriculture (Mercy Corps &amp; USAID: improve lives of small scale farmers in Guatemala)</td>
</tr>
<tr>
<td>Jewelry</td>
<td>CI and Initiative for Responsible Mining Assurance: jewelry with documented chain of custody; diamonds, gold, and silver will come from mines that have demonstrated environmental and social leadership</td>
<td>Forest &amp; Paper (WWF: (GFTN) use responsible forestry; phase out illegal and unwanted wood sources; use wood products from certified sources)</td>
</tr>
<tr>
<td>China</td>
<td>EDF: greening the China supply chain</td>
<td>Jewelry (CI and Initiative for Responsible Mining Assurance: jewelry with documented chain of custody; diamonds, gold, and silver will come from mines that have demonstrated environmental and social leadership)</td>
</tr>
<tr>
<td>Textiles</td>
<td>Organic Cotton Exchange: purchase cotton from farmers who use organic methods; supporting t-shirts made from transitional cotton (and farmers that make the transition to the organic process)</td>
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</tr>
</tbody>
</table>
Multi-Levelness

The ability to leverage change for environmental sustainability across all levels of social organization is a function of leadership and identity groups (Boyatzis, 2006). It seems clear in the Wal-Mart example that intentional change began with convergence of several factors: the signals to Wal-Mart from its environment, the convenient meeting of Rob Walton with Conservation International founder Peter Seligmann, and the effects of Hurricane Katrina. A tipping point occurred and the company set about changing the shared vision. In 2007, Lee Scott reported on sustainability progress, speaking to associates, customers, suppliers, and the world:

Like everything we do, sustainability begins with our customers. From the day that Sam Walton opened the doors of the first Wal-Mart store in 1962, our mission has been to save people money so they can live better. Today that mission extends to sustainability. (Wal-Mart, 2007)

Lee Scott and other company leaders began national level discourse on sustainability. Efforts were made to leverage change downward through personal sustainability projects and through leadership engaging the organization’s members with inspirational discourse about the kind of organization Wal-Mart could be. Mechanisms were established to leverage knowledge and expertise of stakeholder groups, including NGOs and suppliers. As this paper is written, a major multi-sector consortium is being considered to develop open source life cycle assessment that will add transparency to the supply chain. The following table illustrates how interactions in the Wal-Mart example leverage change across micro, meso, and macro levels.
As a general case, we propose that intentional change can be modeled as a complex adaptive system across micro, meso, and macro levels. Further, social interactions both within and between these levels are means to leverage desired change throughout society as systemic change. As large organizations begin to adopt visions that embody environmentally sustainable practices and actually carry out those practices, the power of leadership and identity groups becomes more powerful. Sevón noted that “every theory of organizational change must take into account the fact that leaders of organizations watch one another and adopt what they perceive as successful strategies for growth and organizational structure” (Sevón, 1996: 60-61).

This paper has not considered that effects of unintentional change may be a powerful agent for eventual system change, although unintended change may be

<table>
<thead>
<tr>
<th></th>
<th>Lateral Interactions</th>
<th>Upward Interactions</th>
<th>Downward Interactions</th>
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<tbody>
<tr>
<td><strong>Macro</strong></td>
<td>• Social movements for social and environmental ends</td>
<td>• Live Greener Working Group</td>
<td>• Pressure and disturbance in organizational field from social movements and networks, customer, stockholder and stakeholder feedback, news media, governments</td>
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<td></td>
<td>• Multi-sector partnerships such as China announcement</td>
<td>• SVN partnership impact on partner organizations</td>
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<td></td>
<td></td>
<td>• Customer activation via identification with sustainability moves</td>
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<td></td>
<td></td>
<td>• NGO membership activation via partnerships</td>
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<tr>
<td><strong>Meso</strong></td>
<td>• Year of listening to stakeholders</td>
<td>• Scott’s messages to society and governments</td>
<td></td>
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<tr>
<td></td>
<td>• Partnerships for sustainability</td>
<td></td>
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<td></td>
<td>• Supplier contract revision for supply chain greening</td>
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<tr>
<td></td>
<td>• SVNs</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Micro</strong></td>
<td>• Seligmann and Walton interaction and later meeting with Scott</td>
<td>• SVN partnership structures</td>
<td>• Company web discourse on sustainability projects and successes</td>
</tr>
<tr>
<td></td>
<td>• Katrina as personal tipping point for Scott</td>
<td>• Scott’s emotional messages to company associates</td>
<td>• Scott’s emotional messages as company discourse to motivate employees</td>
</tr>
<tr>
<td></td>
<td>• Individuals working together on Personal sustainability projects</td>
<td>• Sustainability – everyone’s job</td>
<td>• Employee activation via identity with company practices</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Personal sustainability projects</td>
<td></td>
</tr>
</tbody>
</table>
embedded within interactions or at work in other change sites in the organization.

Further, rich areas for exploration include effects of social capital on organizational intentional change. In general, additional research is needed to empirically follow these ideas towards a theory of intentional change.


Heap, S. 2000. *NGOs engaging with business: A world of difference and a difference to the world*. Oxford: INTRAC.


