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How changes in work structure influence employees’ perceptions of CSR: millionaire managers and locked-out laborers

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ABSTRACT

Corporate social responsibility (CSR) is widely understood as the various activities corporations engage in to meet stakeholder demands and demonstrate fit in society. Often employees are positioned as the beneficiaries of corporate largesse and worker recruitment and retention are offered as rationale for CSR activities. The voice of the employee, however, is noticeably missing from the CSR literature. This study uses a case study approach to explore how locked-out union workers define CSR. We conducted 51 semi-structured interviews and analyzed 27 secondary data sources. The results suggest that workers fuse together economic and ethical responsibilities to develop a portrait of their employer’s CSR. Workers defined CSR as an economic/ethical responsibility that is intimately tied to a set of explicitly and implicitly communicated values. Our analysis exposed four additional dimensions that informed employees’ understanding of CSR: reciprocity, fair treatment, economic justice, and organizational structure. Propositions for future research and practical implications are offered based on the findings.

Corporate social responsibility (CSR) is widely understood as the various activities corporations engage in to meet the expectations of society writ large (see Melé, 2008 for a complete review). Following a stakeholder perspective, engaging in CSR requires companies to balance the desires of potentially conflicting stakeholder groups in a manner that protects the firm’s reputation, community/labor relationships, and financial performance. As such, CSR is a contested (Moon, 2002) and value-laden term wherein “corporate social responsibility and value representation concerns are not about whether values, but whose and what values, are represented in business decisions” (Deetz, 2007, p. 269). Researchers have found that corporations, as opposed to other stakeholder groups, are the primary actor in defining what constitutes CSR (O'Connor & Shumate, 2010; Preuss, Haunschild, & Matten, 2009), and employees are the most commonly cited beneficiaries of CSR (O’Connor & Shumate, 2010). Thus, CSR communication delineates a corporate-preferred
set of responsibilities including what responsibilities an organization has to its workers (Mitchell, Agle, & Wood, 1997; O’Connor & Shumate, 2010).

By taking a stakeholder perspective of CSR, this research embraces the employee as a primary stakeholder for organizational CSR initiatives (Jamali, 2008; McWilliams & Siegel, 2001). Preuss defined employees as “pivotal” stakeholders (2008, p. 229) and suggested that employee issues (e.g. safety, wages, and benefits) are central to perceptions of CSR. In this vein, CSR can be conceptualized as an explicit and implicit contract that outlines the responsibilities an organization has to its workforce. Yet while the link between employees and CSR has been made, the voice of the employee is not fully accounted for in the CSR literature. This omission is noteworthy because it exposes a contradiction in which much of the literature identifies employees as being central to CSR yet relies on managerial centric preferences for discretionary CSR actions rather than institutional CSR commitments (Coombs & Holladay, 2009; O’Connor & Shumate, 2010).

In this article, we begin to unpack how employee understandings of CSR are connected to employment practices. The study answers calls by Onkila (2013) to explore “the meanings related to CSR in different micro-contexts” (p. 3) and by Schwartz and Carroll (2003) to develop “CSR portraits” of stakeholder groups based upon corporate actions (p. 523). In addition, this study provides empirical evidence for claims that organizations’ CSR is of “serious consequence” to employees (Aguilera, Rupp, Williams, & Ganapathi, 2007, p. 843) thereby underscoring the tension between the economic and ethical domains of CSR. Our data set, inclusive of 51 semi-structured interviews and analysis of 27 secondary sources, provides a powerful case for understanding employee perceptions of CSR during one of the longest lockouts in US history (U.S. Department of Labor, Bureau of Labor Statistics, 2013).

**CSR and employees**

Undergirding much of the research on CSR is the “Pyramid of Corporate Social Responsibility” (Carroll, 1991, 1993). From a stakeholder perspective, the pyramid is useful because it offers a framework to consider the different ways that CSR engages stakeholder groups. In 2003, Schwartz and Carroll advanced a three-domain model to replace the original four-level pyramid. The new model includes three responsibility dimensions (economic, legal, and ethical) that are illustrated as a Venn diagram. The diagram highlights the overlapping nature of the categories and illustrates the multiple motivations that may exist for CSR. While Schwartz and Carroll (2003) noted that “the vast majority of corporate activities will be economic in nature” (p. 509), they contended that purely economic motives for CSR are less common than originally thought. Their approach allows for a more expansive view of legal and ethical responsibilities. Legal responsibilities are extended to include (a) compliance; (b) avoidance of civil litigation; and (c) anticipation of the law. In addition, ethical responsibilities are refined to include (a) conventional; (b) consequentialist; and (c) deontological ethics. The responsibility combinations (e.g. economic/ethical; legal/ethical; economic/legal/ethical; and economic/legal) expose various scenarios likely to be encountered by corporate decision-makers.

One motivation for CSR includes workforce management. Researchers have linked positive perceptions of CSR to employee recruitment (Backhaus, Stone, & Heiner, 2002; Evans & Davis, 2008), commitment (Peterson, 2004), and perceptions of organizational
justice (Rupp, Ganapathi, Aguilera, & Williams, 2006). In particular, organizations with favorable CSR reputations attract better job applicants (Fombrun, Gardberg, & Barnett, 2000) and retain high-quality employees (Dutton, Dukerich, & Harquail, 1994). Moreover, companies that place employee engagement at the heart of their CSR activities enhance profitability (Buciuniene & Kazlauskaite, 2012). In this vein, employees serve as CSR ambassadors for the organization in the community (Collier & Esteban, 2007; Weaver, 2004) through programs such Kohl’s Cares and Cisco VolunteerX. At a theoretical level, Aguilera et al. (2007) argue that employee understandings act as “social contagions that are communicated from one employee to another … shaping the organizational-level climate for CSR” (p. 840). In their multi-level model, Aguilera and colleagues expose how CSR is translated at different levels of analysis (employee, organizational, national, and transnational) and how the different translations influence the extent of social engagement.

A second line of inquiry identified employees as the most common beneficiary of CSR (O’Connor & Shumate, 2010). Corporations offered employee quality of life, worker health, and safety as evidence of CSR. Further, employee benefits have been described as ethical and discretionary aspects of CSR that are related to the social contract between organizations, employees, and society (Deetz, 2007; Werhane, 2007). Firms tend to provide benefits (e.g. health care, retirement packages, opportunities for advancement) in accordance with social expectations and, in the case of organized labor, negotiated contracts. These benefits serve as “earmarks of a responsible organization” (Seeger & Hipfel, 2007, p. 161), act as mental reference points for employees when assessing organizational actions and claims (Evans & Davis, 2008), and influence employee engagement and society’s acceptance of the organization (Benn & Bolton, 2011). In addition, researchers have identified CSR as being intimately tied to fair treatment of employees inclusive of compensation (Zhu, Hang, Liu, & Lai, 2014). This research supports findings that Active Moms rank “treating employees fairly” as one of the most important characteristic of a socially responsible company (O’Connor & Meister, 2008). Further, McWilliams and Siegel (2001) identified labor unions as positively influencing CSR practices in the areas of safety, labor relations, and financial security and suggested that there is a positive correlation between unionization of the workforce and increased CSR benefitting employees.

Guided by this literature, we pose the research question: How do locked-out union employees define CSR?

American crystal sugar (ACS) lockout

In recent years, management has embraced lockouts as a way to control the timing and duration of labor disruptions, strengthen their negotiation position, and weaken unions (Luce, 2012). In the past two years, more than 17 companies have locked out their workers for varying amounts of time including industrial factories, nursing homes, pro sports teams, power plants, and orchestras (Elk, 2012; Greenhouse, 2012; Spencer, 2012). Chaison (as cited in Greenhouse, 2012, p. 1) refers to this shift as a “sign of increased employer militancy” and a pragmatic bargaining strategy. The increase in lockouts corresponds with declining union membership, right to work legislation, stagnating wages, and increased layoffs (Luce, 2012; US Department of Labor, Bureau of Labor...
Statistics, 2011). During a lockout, contract negotiations often are presented as take-it or leave-it offers by management (Spencer, 2012). Most lockouts end when union members grant major concessions, hold out so long that they are forced to find jobs elsewhere or reach retirement age (Spencer, 2012). Beyond the emotional and financial effects on workers, lockouts can have a negative impact on a company’s reputation, income, and relationships with employees and future hires (Spencer, 2012). Following the national trend, ACS locked out approximately 1,300 Bakery, Confectionary, Tobacco Workers, and Grain Millers International (BCTGM) union workers from plants in the Red River Valley of Minnesota and North Dakota. The lockout began on August 1, 2011 and ended nearly two years later (see the Appendix for ACS lockout timeline).

Founded in 1899 as the American Beet Sugar Company, ACS is the largest sugar beet producer in the US. The company produces over 15 percent of the nation’s sugar beets valued at approximately $800 million (ACS, n.d.; Pates, 2011b) and has five factories in the Red River Valley primarily located in sparsely populated, rural communities (Crookston, MN, pop., 7,857; Drayton, MN, pop., 824; East Grand Forks, MN, pop., 8,560; Hillsboro, ND, pop., 1,610; Moorhead, MN, pop., 38,065). In addition to the factory employees, the communities have strong ties to ACS because over 875 area farmers grow sugar beets. ACS defines its role and responsibilities in society as:

Being an agricultural and food manufacturing leader means more than blazing a trail of progress. It means actively participating in the communities where we live and work. It means being a responsible agri-business, a good steward of the environment, and an organization dedicated to the safety of its people and products. These values are what sets us apart and makes us a reputable company to do business with. (ACS, n.d.)

The statement serves as a creed (O’Connor & Shumate, 2010) that guides ACS’s business decisions and what stakeholders can expect from the company. For employees, this explicitly includes safety. In addition, it offers economic and social legitimacy claims (Suchman, 1995) to enhance its community position and reputation that implicitly include its workforce.

A growing cooperative

In 1973, the grower association bought ACS and formed a cooperative (for a full history of the grower association, see Shoptaugh, 1997). According to the US Department of Agriculture, a cooperative differs from other businesses based on three key principles: user-benefits, user-owner, and user-control. As partial owners, all members have a role in controlling cooperative activities (Wadsworth & Eversull, 2012). Cooperative members elect the board of directors, who in turn are in charge of hiring the manager or CEO to run the company. The relationship between the board of directors and the manager is essential to cooperative success. “The board of directors decides what the cooperative will do; the general manager and immediate staff decide how it can best be done—subject to board review—so as to achieve the basic objective of serving members effectively” (Wadsworth & Eversull, 2012, p. 52). The primary duty of the manager is coordinating the daily activities and organization of the cooperative, including labor issues (Wadsworth & Eversull, 2012). ACS communicated the importance of the cooperative structure, “cooperative isn’t just a
description of who we are, it’s the way we do business” (ACS, n.d.1) in a widely distributed company brochure.

The growers hired professional managers to run the cooperative in 1978 (ACS, n.d.2). In 2007, the eighth President and CEO, Dave Berg, took the helm after working at ACS since 1987 (Schweitzer, 2007). Throughout his tenure, Berg served as vice president of business development, vice president of administration, and vice president of agriculture, before being promoted to vice president of operations in 2004 (McEwan, 2007). During the 2004 labor dispute, Berg served as ACS’s lead negotiator with the union (Eccher, 2011b). During his tenure as CEO, Berg has received financial rewards and community awards for his leadership. Between 2010 and 2011, his pay increased by 23% (Eccher, 2011a) and in 2011, the local newspaper (The Forum) unanimously named him Person of the Year (Eccher, 2011b).

**Labor relations at ACS**

Prior to 2011, ACS had experienced only two labor disputes during its 115-year history. The first dispute in 1981 resulted in a strike lasting nearly one month (Associated Press, 1981). Then in 2004, workers chose to continue working for two months without a contract while negotiations continued (Zent & Peake, 2004). Leading up to the most recent contract expiration on July 31, 2011, both the union and management publicly communicated their optimism that a resolution would be found (Pates, 2011a). However, there were signs that if an agreement could not be reached, ACS would favor a lockout rather than risk a strike (Reuer, 2011). According to Brian Ingulsrud, ACS vice president for administration, the lockout was necessary to keep sugar beets from spoiling in storage if the workers had gone on strike (Ingulsrud, 2011). Ingulsrud described the lockout as “an investment in the future to have a contract that fits modern day realities” (2011, p. 1). These modern-day realities were described more bluntly during a November 2011 shareholders meeting during which ACS president Berg likened union workers “to a 21-pound cancerous tumor” and explained that the lockout was necessary to “treat the disease” (Haga, 2011, p. 1).

ACS hired over 900 temporary workers to replace the 1,300 locked-out workers (Greenhouse, 2012). The replacement workers, by law, could not permanently replace the locked-out workers, were costly to ACS, and had transient relationships with the communities wherein their wages were sent home to families outside the Red River Valley (Lee, 2011; Pates, 2012). By November 2011, ACS began advertising and hiring locally. Ingulsrud noted local recruitment and hiring was limited because “we are hoping our union employees will come back to work, once we are able to reach an agreement” (Lee, 2011, p. 1). An alternative explanation was provided by John Riskey (BCTGM, Local 167G, president) who said “they can’t find locals to take the jobs. It’s a community thing” (personal communication, 21 March 2011).

In addition to the costs associated with replacement workers, production costs increased more than 200 percent during the lockout (Associated Press, 2012). During the 2011 season, the last harvest with the union employees, shareholders saw record-breaking gross beet payments ($73.00 a ton) and $804.8 million in net proceeds (Springer, 2012). For the 2012 and 2013 seasons with the replacement workers, profits dropped for
both shareholders and the company. Specifically, ACS profits tumbled to $548.2 million in 2012 and then partially rebounded to $789.5 million in 2013 (ACS, 2013).

Amid increased production costs and reduced profits, ACS continued to hold steadfast to its original contract offer. According to reports about the contract details, the offer included pay raises, increased cost sharing for health care, expanded the company’s ability to hire outside consultants, and reduced the role of seniority in promotions (Ingulsrud, 2011). Union members rejected the contract four times: July 2011 (96%), November 2011 (90%), June 2012 (63%), and December 2012 (55%) (Lamb, 2013). Reports indicated union members were concerned about higher health costs that were not offset by wage increases and reductions in job security for union members (Haga, 2011; Lamb, 2013; Reuer, 2011). Finally, on April 13, 2013, a 55% majority of union members voted to accept the original contract (Olson, 2013a). It is noteworthy that when the final vote occurred, nearly 650 of the original 1,300 locked-out union workers had retired or formally quit (Hughlett, 2013). In a letter to returning union employees, Berg asserted that ACS would move back to business as usual:

> It is my sincere hope and expectation that all of us will now put the disagreements of the past year behind us … these events have seriously disrupted many people’s lives, it is my personal goal that we will now turn a page and begin to add many more years of good jobs and economic success to the company’s future. (Olson, 2013b, p. 1)

However, for union workers turning the page was not so easy. The financial impact and emotional toll had left many workers bitter and frustrated (Olson, 2013b) and many had taken other jobs or retired (Olson, 2013b). Slightly more than 400 workers returned to the plants after the lockout (Hughlett, 2013). The current contract will expire in July 2017.

**Method**

This study uses a case study approach to explore an insufficiently understood, real-life context (Ghauri, 2004; Yin, 2003). To answer the research question posed in this study, we conducted 51 semi-structured interviews and analyzed 27 secondary data sources.

**Participants**

Participants for this study were locked-out ACS union workers. We interviewed 51 workers (40 men and 11 women) over a 7-week period between February and April 2012. At the time of our interviews the workers had been locked out for over six months. The workers self-identified job responsibilities (e.g. process technician, pulp drive foreman, and machinist) and length of employment. The average length of employment for participants was 30.5 years, with a range of 12–40 years. We were able to speak with union workers from all five plants in the Red River Valley.

**Data collection**

Due to the sensitivity of the lockout and union members’ apprehension about talking to a researcher about their experiences, we relied on convenience and snowball sampling.
Initially, the lead researcher contacted the union office to recruit participants and was advised to “go to the picket line.” Once at the picket line, the research team, comprised of the authors and two research assistants, made introductions and explained, “Gloria from the union office said we could find you here.” We asked if they would be willing to speak with us about their experiences. Interviews were conducted on the picket lines and in the union halls. Flyers were posted in union halls and distributed at the picket lines seeking additional participants, but this did not result in any contacts. In addition, the lead researcher attempted to contact three farmers whose contact information was provided by the workers. However, none of the farmers were willing to participate and one farmer indicated that ACS had told him not to speak with anyone about the lockout.

The data collected for this research project were part of a larger research project utilizing the same participants. Interviews lasted an average of 23 minutes for the questions that are part of this study. After introductions, participants were asked three questions. First, “What does CSR mean to you?” Second, “What responsibilities do you think ACS has to its workers?” Third, “In your opinion, is ACS a socially responsible company?” In total, 1,930 lines of data were collected and analyzed.

**Data analysis**

Data analysis used a grounded theory method to inductively generate an understanding of the phenomena (Strauss & Corbin, 1990). This approach was chosen because current theorizing on CSR has a strong managerial bias, thereby challenging its applicability to the employee experience. All data were analyzed using the qualitative data analysis software MAXQDA. The software enhanced our ability to engage in the constant comparative method because analytic memos and codes could be combined, altered, and fine-tuned in an iterative manner. The first author read and reread the interview transcripts for emergent themes following a constant comparative method (Charmaz, 2001). During this stage, relevant categories were identified and simultaneous coding was allowed. Next, the categories were refined to delineate amongst the categories and connect disparate data. During this phase, the first author regularly returned to the existing CSR research and alternated between etic-level categories drawn from past research and emic-level categories found in the participant voices and data (Miles & Huberman, 1994; Tracy, 2004). Through this process, a central category that served as a thread binding the other categories was identified and four additional categories emerged.

**Findings**

The research question guiding this study explored how understandings of CSR are embedded within the praxis of work. The results suggest that workers fuse together economic and ethical responsibilities to develop a portrait of their employer’s CSR. They defined CSR as an economic/ethical responsibility that is intimately tied to a set of explicitly and implicitly communicated values.

The central category that emerged from our analysis was value (in)consistency. Workers strongly associated CSR with the stated and practiced values they experienced at work. The values, in turn, created an understanding of the responsibilities workers could expect from ACS. Corresponding with the central category, our analysis exposed
Central category: CSR as the manifestation of values

Central to participants’ descriptions of their understandings of CSR were the values explicitly and implicitly communicated by ACS. These values included behaviors (e.g. honesty or safety) and entities (e.g. workers). For workers, CSR was defined as a commitment to a set of mutually agreed upon values that were unassailable. One worker said, “Remember the high five?” in an interview. He was referring to a set of values that provided the cornerstone for work at ACS. These values, as recited by the workers, included honesty, integrity, safety, quality, and pride. When defining CSR, the workers were quick to recite the “high fives” especially the values of honesty, integrity, and safety and the ACS slogan “Pure, Proud, and Sweet.” According to workers, the values were prominently displayed within the plants and on various materials (e.g. posters and mugs) given to workers as incentives. They explained these values created a “contract within a contract.” The workers used this phrase to emphasize that their work at ACS was bigger than their union contract, and the values espoused were meaningful in creating the contours of responsibility. The workers described the importance of consistency and holding on to core values as central to their understanding of CSR. The workers suggested the lockout was evidence that ACS was unwilling to live up to the values it communicated. For example, “I guess those high five values from what I see don’t exist anymore.” Another worker offered, “There was a certain amount of honesty and dignity there, now there’s nothing. Absolutely nothing.” Similarly, a worker lamented, “Well, they definitely took the pride out of pure, proud, and sweet. There is no pride now.”

In addition to defining what behaviors were valued, workers described CSR as being something that identified who was valued. Overwhelmingly, the workers identified the 2011 appreciation luncheons as evidence that ACS had absconded its responsibility to its workforce and violated its core values of honesty and integrity. The luncheons, dubbed “the last supper” by the workers, were described as follows:

A couple months before the lockout we were given, as we call it, our last supper. Told us how great we were, best asset to the company, couldn’t have done it without you, they thanked us for making them record profits for the last five years.

Other workers said they were told they had earned an “A plus for effort on our campaign” and that “Nobody else could have processed the sugar beets like we did last year.” In the days following the last supper, the workers explained they received a letter at their home addresses:

We got a letter saying we got to get all our tools and personal property off the premises before August 1st because if we did not pass in the new contract we would be locked out and they would not be responsible for our personal belongings.

In essence, the lockout violated the values ACS had communicated and worker expectations of ACS’s responsibilities to them. A worker summarized, “Up until August 1, I actually did think Crystal Sugar was like a great big family. You know, they treated us well, and they appeared to care about what happened to us.”
The central category permeates the remaining dimensions that explain how locked-out union workers understand the term CSR. In each category, the workers shared how the micro-context of the lockout influenced their understandings of what it means to be a socially responsible organization and altered their perceptions of ACS as a responsible company.

**CSR as reciprocity**

For workers in this study, CSR was understood as a reciprocal relationship that was developed over time. One worker offered this definition of CSR, “Take care of your employees … That’s why we’re kind of standing out here is they’re not really taking care of us even though we’ve taken care of them through many, many years.” Interestingly, the workers explained reciprocity between the worker and the organization in both economic and ethical terms. For example, one worker said, “I think that the workers put in a whole lot because they thought they were getting a whole lot” and another stated, “I mean if an employee is loyal to the company then loyalty should be expressed back to that employee too.”

Workers offered their lobbying efforts for the federal sugar bill as evidence of reciprocity and their efforts to help ACS succeed. One worker explained: “It (responsibility) goes hand in hand for me cause we used to have a very, very good working relationship and we worked together in Washington lobbying for the benefit of the Valley and the farmers and the workers.”

For the workers, the lockout represented a rupture of the reciprocal relationship, “you know thanks for making us tons of money and now we’re going to cast you aside and we’re going to make tons more without ya.” One worker lamented, “How do people work for a company 10, 20, 30 even 40 years and then all of a sudden they’re kicked to the curb? I mean how do you do that to your employees?” Similarly, “It was like everything we’ve done wasn’t worth anything. All the years of service.” For workers in this study, CSR is inclusive of a give and take relationship that provides the entire organization with opportunities to thrive.

**CSR as fair treatment**

When workers were asked about the responsibilities ACS has to its workers, they identified being treated fairly and with respect as important markers of CSR. Many workers explained that even though the lockout had gone on a long time and they did not believe it was necessary, the situation did not warrant unfair or disrespectful treatment. In particular, they referenced ACS’ unwillingness to negotiate with union representatives and the negative characterizations of the union workers that were given by ACS leadership.

Workers felt strongly that ACS had a responsibility to negotiate with the union to find an acceptable contract. According to workers, ACS had not “moved off their first offer.” Many workers referred to Governor Dayton’s (D, MN) attempt to bring the two sides together. “They (ACS) wouldn’t have nothing to do with that. They basically told him (Gov. Dayton) to go to hell.” Workers felt ACS’ unwillingness to negotiate violated
their responsibilities to the union workforce. One worker, who identified himself as a member of the negotiating team, summarized:

That’s one of the more frustrating things than anything, the fact that they won’t even negotiate. We don’t expect them to meet … every thing we’re asking for. We want to compromise. Negotiating is meeting in the middle somewhere and they’re just not willing to do that.

The workers explained that one of the responsibilities ACS leadership had was to be fair and respectful when communicating about the union workforce. The data in this category were expressed with significant amounts of emotion from the workers. In particular, all 51 of the workers we spoke to mentioned CEO Berg’s characterization of them as a cancerous tumor that had to be removed. For many workers, this was the height of irresponsibility. Laced with sarcasm and met with the cynical laughter of his fellow workers, one worker quipped, “Haven’t you heard, I’m a cancerous tumor?”

Beyond the disease characterization, many workers discussed ACS’s portrayal of them as being bad workers who were detrimental to the company as a point of deep disappointment. One worker griped:

What really irritates me is this word they keep throwing around, that we sabotaged the factory. That is such a lie, lie. There isn’t a soul out there that would do something like that. Why in the heck was that even brought up?

Another worker stated, “They’re (ACS) telling them (growers) that we stole things from the company, vandalized things, uh sleeping on the job, things like that.” ACS’ unflattering portrayal of the workers was characterized as “propaganda” and “a strategy on the company’s part to help turn public opinion against them (workers).”

**CSR as economic justice**

When considering CSR, workers said that management should recognize the role of the worker in achieving company goals and profitability. In this vein, workers described economic justice as a form of wealth sharing wherein responsible corporations reward all employees (not just top management) when profit targets are met. One worker explained the collective nature of economic responsibility: “Companies have record years, record profits, it takes the participation of everybody, the growers, management, and the workers. And we all play a part in it, and I think when a company’s successful, they should reward all aspects.” Similarly, one worker commented, “I think all businesses have responsibilities to their workers if they’re profitable, and the employees are actively taking part in that program that there should be some sort of sharing and not just trying to beat a person down.” Interestingly, workers stated that their position would be different if the company was doing poorly, “Like, you know, if they were losing money I could understand them saying hey guys we gotta do something here and we’d probably be the first to say yeah you’re right we do, you know.” Taken together, the comments reflect worker understanding of the economic realities of business while highlighting that economic responsibility is inclusive of wealth creation and distribution.

Beyond organizational profitability, workers connected economic responsibility to the overall community well-being. The workers described their need to take care of their families, and wondered how a company could claim responsibility when workers were
defaulting on their bills, unable to make purchases in the community, and seeking government assistance including food stamps, heating assistance, and Medicaid. One worker offered this assessment about how economic responsibility impacts the entire community:

I mean, if you’re not taking care of the employee, the employee can’t go out and make purchases at your local area, the income or money’s not there for other businesses to grow, and the whole place would grow all together.

Finally, workers identified the sizable pay differentials between upper management and labor as evidence that ACS was not being responsible. This disparity had emerged over time, with the biggest differentials occurring in recent years. Workers suggested that earning a just compensation is a large part of CSR. One worker summarized, “we all want to have a good job too.” When discussing CEO Berg, one worker stated, “I don’t know how the guy can sleep at night. Making 2.5 million and he won’t even let me take fifty thousand?” One worker stated succinctly, “there’s enough money for everyone.”

**CSR as informed by organizational structure**

Repeatedly, workers referenced ACS’ cooperative structure and how it informed their definitions of CSR. For the workers, the lockout defined a moment when cooperative values of responsibility gave way to corporate values of greed. One worker offered this assessment, “When they were a true co-op I think it was more of it, but now it’s more like run like a corporation where the bottom line is totally making money for the shareholder and the people at the top.” Interestingly, workers transferred their negative connotations of corporations to cooperatives by transposing the terms. “Well, I guess you can’t call it corporate greed because we’re a cooperative, but it was cooperative greed I guess” and “Just pure cooperative greed. They’re uncaring, they’re cold, they’re heartless.”

**Discussion and implications**

The purpose of this article was to extend our understanding of how employees conceptualize CSR in a previously unstudied micro-context. In doing so, we injected the employee perspective into the CSR conversation, thereby offering alternative understandings to the current management-centric CSR literature. In addition, the current study adds work context as a variable that influences CSR definitions. Although there were some consistencies between previous CSR literature that incorporates the employee’s perspective, including CSR as grounded in value congruency, the current study provides evidence that workers define CSR primarily as an involuntary set of ethical responsibilities that are shared by management and workers, and informed by organizational structure and profitability.

**Economic/ethical responsibilities**

This study provides initial empirical support for Schwartz and Carroll’s (2003) economic/ethical CSR domain. In doing so, it offers evidence that employees define CSR as being balanced between the two domains that are the responsibility of management and workers. This finding stands in contrast to previous literature in two distinct ways.
First, purely economic responsibilities are considered to be irresponsible by employees. Second, employees position themselves as beneficiaries and benefactors of CSR.

An economic CSR focus posits that organizations must give fiduciary responsibilities primacy (Carroll, 1991; Sternberg, 2010). At the heart of this conceptualization is the realization that for an organization to fulfill its mission, whether for profit or non-profit, it needs to be a good steward of its economic resources. In theory and practice, this line of logic has served as the rationale for limiting voluntary expenditures and maximizing shareholder return (Sternberg, 2010). The results from this study, however, follow a more recent view of economic responsibility that is inclusive of employee compensation packages (Zhu et al., 2014). Our findings expand the economic responsibility construct to highlight the link between financial success and ethical responsibility to the workers. Specifically, this study highlights the need to consider how reasonable and just compensation is a form of CSR and provides partial support for the model advanced by Aguilera et al. (2007). Workers understood economic responsibility as a relationship between executive salaries, organizational profitability, and their own paychecks. Based on the findings and the discussion above, we propose:

P1: Organizations that identify just compensation as part of their CSR initiatives will be viewed as more socially responsible by employees than organizations that have outsized ratios of executive to worker pay.

P2: Workers are more likely to identify just compensation as a component of CSR when an organization is exceeding profit goals than when an organization is failing to meet profit goals.

The ethical domain of CSR advances responsibilities to a wide range of stakeholders, including employees. However, the bulk of the CSR literature conceptualizes reciprocity as being between the organization and the community. This is most notable when CSR is presented as a social licence to operate, and a resource exchange between the company (e.g. philanthropy) and the community (e.g. access to natural resources). This study exposes another reciprocal relationship embedded within CSR: the employee and the organization. Whereas previous research has positioned the employee primarily as the passive beneficiary of corporate largesse, our findings highlight the symmetrical nature of CSR.

Based on these findings, we suggest that CSR as an external construct is distinct from CSR as an internal construct. In the former, the focus is on citizenship behaviors and fit within a community. External CSR is discretionary (Schwartz & Carroll, 2003) and allows organizations to give back to communities from which they extract resources or have operations. From this perspective, CSR may be better interpreted as an economic/legal responsibility or legal/ethical (Schwartz & Carroll, 2003). In the legal/ethical domain, however, ethical responsibilities are limited to conventional and consequentialist standards.

In contrast to external CSR, our findings suggest that internal CSR is defined as a set of prima facie obligations and is involuntary. We argue that when CSR is conceptualized as reciprocal it is grounded in economic/deontological ethical responsibilities (Schwartz & Carroll, 2003). Deontological ethics reflect an obligation or duty (Schwartz & Carroll,
2003) and fit squarely within Carroll’s (1991) ethical principles of moral rights and justice. Our findings highlight that workers perceive CSR as a long-lasting bond that is infused with the values of honesty, integrity, and trustworthiness. Rather than outcome-oriented (Maclagan, 1999) or competitive advantage (Porter & Kramer, 2006) position, employees conceptualize CSR as being process-oriented wherein employee and management interests are given equal consideration. Based on the findings and the discussion above, we propose:

P3: Workers are more likely to accept organizational claims of responsibility when CSR is communicated as a symmetrical relationship than when CSR is communicated as a form of benevolence.

P4: Workers are less likely to consider CSR to be a voluntary organizational behavior than other stakeholder groups (e.g. management, community members).

**Organizational structures inform CSR expectations**

The nature of this case study allowed for additional insights into how organizational structure informs employee understandings of CSR. This study extends the current CSR literature through its examination of a cooperative. Our findings indicate that employees’ understandings of CSR are linked to organizational structure, thus shedding light on why certain behaviors may be considered (ir)responsible only in certain organizational contexts. In the case of ACS, workers assumed a set of responsibilities based on the cooperative structure. These findings extend the work of Shumate and O’Connor (2010) that found evidence of different CSR behaviors based on value chain positioning. Beyond value chain position, our findings indicate that organizational structure (e.g. cooperative; private; public; family owned) should be added to the consideration set to determine the appropriate scope and nature of CSR. We argue organizational structure communicates a set of responsibilities that may be under-recognized by organizations while being hyper-recognized by stakeholders. Based on these findings and the discussion above, we propose:

P5: Organizations with CSR initiatives that are compatible with their organizational structure will be less likely to experience claims of social irresponsibility from workers.

**Practical implications**

Taken together, these findings suggest that organizations should recognize how their everyday actions communicate a CSR portrait that, in turn, guides employee expectations. We contend that an organization’s CSR portrait is contextual based on stakeholder position. As such, it is possible, if not probable, that different stakeholders will have competing and cooperating understandings of CSR. In this context, our findings offer four implications worthy of consideration.

First, this study adds further evidence that CSR is a value-laden concept. As noted earlier, CSR typically communicates value premises that favor managerial interests. In these cases, needs of the workers are eclipsed or unrecognized. As such, organizations must be mindful of how different stakeholder groups are included or marginalized by the preferred values and beliefs communicated as CSR. We contend that when
determining CSR initiatives, organizations should consider involving stakeholder groups that are likely to be impacted by the CSR efforts. Such a move would minimize exclusion and gain important insights into how CSR is likely to be interpreted and measured.

Second, our findings indicate that employees consider value statements to be symmetrically binding. For organizations, this finding makes it difficult to position CSR as a voluntary set of community activities because employees consider how work is conducted and how workers are treated to be a primary consideration in determining whether an organization is responsible. To this end, CSR serves as a contract that guides employee evaluations of organizational actions. This finding also highlights the opportunities for CSR to enhance work experience and commitment. Employees in this study conceptualized their role in CSR as both benefactor and beneficiary. We suggest that organizations that have made employee participation a touchstone of their CSR should be mindful of how this may enhance the reciprocal nature of the employer/employee CSR relationship. For example, when organizations call upon employees to be community ambassadors for organizational initiatives, this may create a tacit understanding that the organization will in turn support issues that are important to the employees. Finally, this finding supports previous research (O’Connor, Shumate, & Meister, 2008) that found stakeholders expect organizational CSR communication messages to match the CSR activities. Consistency violations may lead to charges of irresponsibility and result in legitimacy gaps (Suchman, 1995) that can harm the organization’s reputation. To this end, we encourage organizational leaders to recognize how communication values become institutionalized through CSR. Following the logics of Coombs and Holladay (2009), we argue that organizations maintain two-way symmetrical communication with stakeholders to ensure CSR activities are seen as legitimate.

Third, CSR is connected to profits distribution. Wage disparity and stagnation, CEO compensation, and unionized labor are among the most controversial workplace topics in recent years. Recent legislation highlights some of the concerns; section 953(b)(2) of Dodd–Frank Wall Street Reform and Consumer Protection Act requires companies to disclose the ratio of the median employee annual total compensation to the CEO annual total compensation (U.S. Security and Exchange Commission, 2013). In addition, the proxy statements of public companies must report the compensation of their five highest paid executives. In this vein, we suggest organizations with high compensation disparity carefully consider CSR claims particularly if some employees experience wage compression or layoffs while others are receiving bonuses or large sums are being spent on philanthropic activities. Moreover, organizations with outsized executive compensation packages may be more susceptible to claims of irresponsibility by stakeholders.

Finally, our findings suggest that employee CSR expectations are informed by organizational structure. This finding is novel to this study and highlights that different CSR expectations may exist for large, multi-national corporations in comparison to family-run businesses or cooperatives. Organizations should be keenly aware of how their organizational structure influences what is considered legitimate forms of CSR. It is conceivable that if ACS was not a cooperative, the employees would not have seen the lockout as such an egregious violation of organizational and community values. Drawing on legitimacy theory (Suchman, 1995) and two-way communication logics, we contend that organizations should seek to understand stakeholder CSR expectations beyond particular social
issues and seek to identify how organizational structure and industry (Shumate & O’Connor, 2010) influence what stakeholders accept as legitimate CSR.

**Limitations and directions for future research**

There are several limitations with this study that can offer opportunities for future research. To begin, our sample was limited to workers who were on the picket lines and willing to talk to researchers. A sample that included a wider spectrum of workers may have yielded different perceptions of CSR. In addition, workers’ presence on the picket line may have influenced their responses due to the confrontational nature of the situation. Next, our focus on the workers did not allow for the voice of management or growers to emerge. A complementary study investigating the perceptions of ACS managers and growers about the lockout would provide illuminating comparative data. Third, our data collection was limited to a seven-week period. Ideally, data would have been collected at different intervals during the lockout to gauge changes in perceptions. Finally, the case study nature limits our understanding to the unique context of the ACS lockout. Research that expands this context into other industries and worker experiences would provide important comparison data.

**Conclusion**

This study gives voice to the employee and exposes how CSR is bound to the micro-processes of work and organizational structure. As a value-laden construct, CSR creates a social contract between workers and the organization that defines a set of interdependent responsibilities that guide workplace policies and procedures both at the micro- and macro-levels of engagement. Our findings suggest that when labor/management relations are smooth, the meaning of CSR is often left unchallenged. However, when the contours of employment change, workers are forced to consider what, if any, responsibilities their employer has to them. On the picket line in 20-degree weather, wearing an ACS logo jacket and holding sign that read “Freezin’ for a reason,” one worker opined:

> It (the lockout) showed me they have no social responsibility. They don’t care about the community, they don’t care about the people that work for them, the only thing they care about is themselves and the all mighty dollar and that’s it.

In sum, the results of this study suggest that workers intuitively know what scholars have argued previously: “to govern (as opposed to manage) is to accept responsibility for the whole life of the institution” (Selznick, 1992, p. 290). Such a conceptualization of CSR exposes the challenges facing all stakeholders as they socially construct where an organization’s responsibilities begin and end.

**Acknowledgements**

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References


**Appendix**

**American Crystal Sugar Lock Out Timeline**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>July 30, 2011</td>
<td>96% of Union members vote to reject contract offer.</td>
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<tr>
<td>August 1, 2011</td>
<td>Union workers locked out; replacement workers brought in from Strom Engineering located in Mankato, MN.</td>
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<tr>
<td>August 4, 2011</td>
<td>Minnesota Union Workers start applying for unemployment, North Dakota Union Workers not eligible for unemployment benefits.</td>
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<tr>
<td>August 11, 2011</td>
<td>Hundreds of locked out Union Workers “Rally on the Bridge” and at ACS headquarters in Moorhead.</td>
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<tr>
<td>August 25, 2011</td>
<td>ACS officials and the Union meet to discuss lockout; talks are “fruitless”.</td>
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<tr>
<td>September 13, 2011</td>
<td>Some locked out workers start looking for new jobs.</td>
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<tr>
<td>October 24, 2011</td>
<td>Talks between the two sides resume.</td>
</tr>
<tr>
<td>November 1, 2011</td>
<td>90% of Union members vote to reject new contract offer.</td>
</tr>
<tr>
<td>November 9, 2011</td>
<td>Union workers stage a protest in Bismarck to urge the ND legislature to allow for unemployment benefits to locked out workers.</td>
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<tr>
<td>November 20, 2011</td>
<td>Tapes are leaked showing CEO Dave Berg likening “the workers to a 21-pound cancerous tumor”.</td>
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<tr>
<td>December 3, 2011</td>
<td>Minnesota Governor Dayton meets with both ACS and the union to “hear the concerns” of both sides. He then urges both sides to resume negotiations.</td>
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<tr>
<td>December 2011</td>
<td>ACS CEO Dave Berg named the Fargo Forum’s “2011 Person of the Year”.</td>
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<tr>
<td>January 16, 2012</td>
<td>ACS rejects the Union’s offer to end lock out.</td>
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<tr>
<td>January 30, 2012</td>
<td>Contract negotiations between the two sides are unsuccessful.</td>
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<tr>
<td>February 3, 2012</td>
<td>Union announces plan to fight against the federal sugar program. Typically the union lobbies for this program.</td>
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<tr>
<td>February 22, 2012</td>
<td>Four locked out ACS workers join four locked out plant workers in Ohio promoting a “Journey for Justice”.</td>
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<tr>
<td>February 22, 2012</td>
<td>Union unable to give a petition signed by 33,000 to Dave Berg.</td>
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<tr>
<td>April 1, 2012</td>
<td>Daily protests outside of ACS plants start to become sporadic during negotiation impasse.</td>
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<tr>
<td>May 31, 2012</td>
<td>Locked out workers from the Drayton plant start a 200 mile march to protest at the Moorhead headquarters.</td>
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<tr>
<td>June 8, 2012</td>
<td>Talks resume between ACS and Union.</td>
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<tr>
<td>June 23, 2012</td>
<td>63% of Union members vote against the new contract.</td>
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<tr>
<td>June/July 2012</td>
<td>ACS starts hiring long-term replacement workers.</td>
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<tr>
<td>July 6, 2012</td>
<td>Minnesota locked out workers’ unemployment benefits start coming to an end (eligible for 46 weeks depending on when they applied for the benefits).</td>
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<tr>
<td>August 1, 2012</td>
<td>One year anniversary of lock out.</td>
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<tr>
<td>August 8, 2012</td>
<td>Union workers ask CEO Dave Berg for meeting; Berg denies request.</td>
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<tr>
<td>September 18, 2012</td>
<td>ND Supreme Court starts discussion on whether or not locked out workers are eligible for unemployment benefits.</td>
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</table>
September 19, 2012 ACS announces that replacement workers are doing a “fabulous job” despite unions statements that operating costs are up.
October 15, 2012 Union rallies for more boycotts of ACS products.
December 1, 2012 55% of union members vote no again.
December 6, 2012 ACS reports that net profits are down 32% from previous year, but payouts to beet growers are one of the highest in history.
February 26, 2013 ND Supreme Court rules that ND locked out workers are eligible for unemployment benefits.
March 13, 2013 ACS asks ND Supreme Court to reconsider ruling; Supreme Court says they will not reconsider.
April 13, 2013 55% of Union members voted to ratify new contract offer; Union workers will return to work within 6 weeks. Since the start of the lockout 650 Union members have resigned from ACS.