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**Pragmatic Visionaries:**

**Difference Makers as Social Entrepreneurs**

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In the early 1970s, barely a trace of what is today a rapidly growing infrastructure on corporate responsibility existed. Overall, the responsibility infrastructure encompasses a variety of different institutions that place pressures on companies for greater accountability, responsibility, transparency, and sustainability. Some of these institutions, like social investment, an emergent responsibility assurance infrastructure, business associations, and internal responsibility management approaches, are market based, in that they rely on market mechanisms. Others are based in civil society, including multi-stakeholder dialogues and collaborations, non-governmental organizations (NGOs), activists, interest groups, watchdogs, and ratings and rankings. In parts of the world, legislative and regulatory action is also beginning to focus, in particular, on issues of disclosure and transparency around ESG – environmental, social, and governance – aspects of firms.

Below, I explore how a select group of individuals called difference makers used pragmatic vision and social entrepreneurship to build some of the pioneering institutions of the responsibility assurance framework now emerging. This framework is part of a much more extensive network of emerging institutions around corporate responsibility. It encompasses: (1) standards, codes, and principles that businesses are increasingly expected to live up to; (2) credible monitoring, verification, and certification systems to provide assurance that what is stated by companies is what is actually being done; and (3) generally accepted reporting standards comparable to financial reporting standards, but focused on non-financial or ESG matters.

This infrastructure has created both new visibility for issues of corporate responsibility and also numerous responses and increasingly proactive momentum among companies, particularly multinational corporations who are in the limelight, around ESG issues. Although there are many individuals whose work could be highlighted, space constraints focus this manuscript on the work of only a few of the many difference makers.

**SEEDS OF RESPONSIBILITY ASSURANCE**

Seeds of the responsibility assurance infrastructure were planted in the U.S. with an organization called the Council on Economic Priorities founded in the late 1960s by difference maker Alice Tepper Marlin. The Council on Economic Priorities did research on companies and “named names” in publishing that research, an early effort at creating visibility around the social issues facing specific companies. Of course, the environmental movement was beginning to take root, too, spurred by tracts like Rachel Carson’s 1962 book *Silent Spring*. During the 1960s, there had been much criticism by activists and protestors about corporate practices from consumer advocates like (Ralph) Nader’s Raiders and others.

At the time, there were few ways other than activism and protest of holding companies accountable, or pressuring them for greater responsibility, accountability, or transparency. Talk of ecological sustainability (though the word had not yet been invented) was reserved for “tree huggers” and scarcely found within the corporate domain.

By the late 2000s, companies, in the words of the conservative *Economist* magazine, which published a special issue on corporate responsibility in January 2002, “ignore corporate responsibility at their peril.” Although there are certainly many social entrepreneurs within and outside of companies today, I want to look at the work of a subset of difference makers, who used social entrepreneurship and pragmatic vision to build early elements of the corporate responsibility assurance infrastructure.

The responsibility assurance infrastructure is enhanced, of course, by many other institutions, including many external non-governmental organizations, activists, and interest groups, as well as by work of other difference makers not included here. The specific examples are illustrative, however, of the pragmatic vision and social entrepreneurship that underpin these types of initiatives. Working from the periphery of the business system – at the interstices between business and society – difference

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90 makers built new entities that leveraged the current  
 91 system toward positive change. These institutions put  
 92 pressure on corporations for positive change and  
 93 greater corporate accountability, responsibility, and  
 94 transparency.

95 Below, I will try to frame the difference making  
 96 capacity – a combination of social entrepreneurship  
 97 and pragmatic vision that enabled these pioneers to do  
 98 their work. Then I will briefly assess some of the ways  
 99 in which companies have responded to this emerging  
 100 infrastructure.

101 **DIFFERENCE MAKERS**

102 **Social Entrepreneurs**

103 Social entrepreneurship has become a hot topic in  
 104 management thinking since the publication of C.K.  
 105 Prahalad's *The Fortune at the Bottom of the Pyramid*  
 106 in 2005.

107 The classic definition comes from Gregory Dees,  
 108 who argues that social entrepreneurs are individuals  
 109 who adopt a mission to create and sustain social value  
 110 (not just private value). They recognize, then relent-  
 111 lessly pursue new opportunities to serve that mission,  
 112 engage in a process of continuous innovation, adapta-  
 113 tion, and learning, and act boldly without being lim-  
 114 ited by resources currently in hand. They also exhibit  
 115 heightened accountability to the constituencies served  
 116 and for the outcomes created (Fig. 1).

117 **Pragmatic Visionaries**

118 Difference makers supplement their social entre-  
 119 preneurship with what we can call *pragmatic vision*.  
 120 Notably, pragmatic vision is not the grand vision that  
 121 one typically thinks of when discussing, for example,  
 122 corporate strategies. While difference makers might

123 have had a long-term vision of a better world, they  
 124 typically took multiple small and pragmatic steps  
 125 toward system change. They found leverage points  
 126 for change where they could in the face of skepticism  
 127 from others. This pragmatic vision combined with a set  
 128 of values and a passionate desire to make a positive  
 129 difference in the world. Difference makers focus  
 130 around end values of social justice and equity, sustain-  
 131 ability, and solving related social problems. Their  
 132 values were frequently instilled by family or transfor-  
 133 mative life experiences that led them to want to work  
 134 toward a better world.

135 **Working at the Edges**

136 The difference makers typically work at the edges  
 137 of businesses, not from within business; that is, they  
 138 work at the interstices between business and society.  
 139 They attempt to effect change by using the system, and  
 140 working with it, while simultaneously attempting to  
 141 raise consciousness about corporate practices they  
 142 view as negative. One example of this is the work of  
 143 difference maker Alice Tepper Marlin, who founded  
 144 the Council on Economic Priorities, which then pub-  
 145 lished major research studies on specific companies.  
 146 Alternatively, difference makers attempt to shift, for  
 147 example, the level of transparency around corporate  
 148 activities.

149 The pioneering social research KLD Research and  
 150 Analytics initially created more transparency by sell-  
 151 ing systematically collected, annually gathered  
 152 research on the Standard & Poors 500 (largest) com-  
 153 panies' social, ecological and stakeholder performance  
 154 to social investors. Other difference makers tried creat-  
 155 ing new standards of practice that raise stakeholder  
 156 expectations about company behaviors. For example,  
 157 the United Nations Global Compact's more than 5000  
 158 signatories to date signed on to uphold its 10 princi-  
 159 ples, where are based on internationally agreed treat-  
 160 ties.

161 Other institutions provide mechanisms for in-com-  
 162 pany assurance that stated values are being met, as we  
 163 shall see below that Social Accountability Interna-  
 164 tional does. And these are only a few of the new  
 165 mechanisms that difference makers and those who  
 166 worked alongside created to pressure companies for  
 167 greater responsibility, accountability, and transpar-  
 168 ency.

169 **Working for System Change from the**  
 170 **Interstices**

171 The difference makers' work, supplemented by the  
 172 work of non-governmental organizations and other  
 173 activists, as well some internal corporate leaders,  
 174 has significantly influenced the responses and actions  
 175 of businesses around issues of corporate responsibil-

**FIGURE 1 CHARACTERISTICS OF SOCIAL ENTREPRENEURS AS DEFINED BY DEES**

- Mission and Values Driven
- Creative Problem-Solvers
- Focus on Opportunity in Social Problem
- Persistent, Passionate, and Purposeful
- Work Incrementally using a Process of Continuous Improvement
- Act boldly with being limited by current resources
- Constantly learning, adapting, and innovating
- Accountable to Their Stakeholders

176 ity. Although it is clear in light of the financial meltdown  
 177 of late 2008 that there is much work to be done to ensure  
 178 real transparency, the work of difference makers has  
 179 laid a foundation for having that conversation. In addition,  
 180 it has created frameworks and mechanisms for  
 181 providing assurance that what companies say they are  
 182 doing is what they are actually doing.

183 Difference makers are not “of” business, as are  
 184 practitioners, nor are they necessarily outsiders, as  
 185 are activists, interest groups, non-governmental organiza-  
 186 tions, and academics. Instead, they work from a  
 187 place on the interstices between business and the  
 188 societies where business operate, often using well-  
 189 understood business mechanisms to gain a foothold.  
 190 The relevant domain of the work reported here can  
 191 generically be termed corporate responsibility, since  
 192 the focus is generically on making companies more  
 193 accountable, responsible, transparent, and ecologically  
 194 sustainable.

195 Difference makers' vision tends to be both very big  
 196 and very small at the same time. While they passionately  
 197 want to make the world a better place, difference  
 198 makers frequently start with one relatively small  
 199 initiative, with a longer-term goal of systemic changes  
 200 over time. They allow the entities they create to evolve  
 201 and grow as they gain credibility, legitimacy, and  
 202 acquire resources. Simultaneously, they are forward-  
 203 looking and can see the world as it might be if the  
 204 system changed.

205 **The “Luck” of Working Toward System**  
 206 **Change**

207 Difference makers also tend to be politically savvy,  
 208 not in the sense of running for political office, but in  
 209 knowledge of how the real world works. They know  
 210 how to get things done in the world, even when  
 211 significant obstacles are in the way. In that regard,  
 212 they are also systems thinkers who find leverage  
 213 points for **change and** understand the dialectical nature  
 214 of that change. As systems thinkers, they understand  
 215 the current system and know how to articulate  
 216 and frame issues in new and compelling ways, thereby  
 217 bringing others into networks of like-minded allies  
 218 who help foster legitimacy and build out the impact  
 219 of their initiatives. And they understand the nature of  
 220 the dialectical processes involved in system change  
 221 (see Fig. 2).

222 For many difference makers, there is also some luck  
 223 (in Thomas Jefferson's sense of the word: “I'm a great  
 224 believer in luck and I find the harder I work, the more I  
 225 have of it.”) or even synchronicity involved. Difference  
 226 makers are often in the right place at the right time  
 227 with the right idea, in part because they laid the  
 228 groundwork for that idea through their hard work.  
 229 Then like all successful social (or regular) entrepreneurs,  
 230 they work hard to bring that idea into reality.

**FIGURE 2 CAPACITIES OF DIFFERENCE MAKERS AS PRAGMATIC VISIONARIES**

- Pragmatic visionaries: start small, think big
- Strongly held values and passionate desire to make a difference in the world
- Forward looking – ability to see the world as it might be
- Systems thinkers who find leverage points for social benefit
- Understand dialectical processes inherent in system change
- Politically savvy in the ways of the world
- Networkers
- “Lucky” and hard working

**EMERGING STANDARDS AND ACCREDITATION**

A core element of responsibility assurance is that key stakeholders can learn what companies are actually doing and what the impacts of those activities are. Yet until quite recently, most companies revealed little about their environmental, social, and governance (ESG) impacts beyond financial information required in annual reports. From the interstices between business and society, the insights of some of the difference makers were that transparency – even unwilling transparency that has come about because of the Internet – was one of the keys to change. Thus, early initiatives that form the foundation of responsibility assurance tended to involve data gathering and research about specific company practices. The work of Alice Tepper Marlin, a true pioneer in this regard, is typical.

**Pragmatic Vision**

Vision and inspiration are hallmarks of any type of real entrepreneurship, including social entrepreneurship and pragmatic vision. Alice Tepper Marlin, for example, founded the Council on Economic Priorities (CEP) in 1969, and then served as its CEO for 33 years, until CEP spun off Social Accountability International, where she still serves as CEO.

CEP was a nonprofit public interest organization focused on researching corporate responsibility, a pioneer in that field – and ultimately publicly “naming and shaming” companies when problematic practices were uncovered. Its systematic methods of analyzing companies were first publicly evidenced in the 1986 book *Rating America's Corporate Conscience* and the somewhat later spin-off shopping guide, *Shopping for a Better World*. These publications helped prepare the book's lead author Steve Lydenberg for his later role as one of the co-founders, with Amy Domini and

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267	Peter Kinder, of KLD (for Kinder, Lydenberg, Domini)	322
268	Research and Analytics, the pioneering social research	323
269	firm.	324
270	KLD Research and Analytics took research on compa-	325
271	nies' environmental, social, governance, and stake-	326
272	holder performance to a new level. It systematically,	327
273	annually, and with specified criteria analyzed the	328
274	entire S&P 500 (now the entire Russell 3000 largest	329
275	companies, and, increasingly, global firms as well).	330
276	This type of research provided a core foundation for	331
277	the social investment movement – systemic data on a	332
278	broad array of companies, gathered regularly by a non-	
279	corporate entity.	
280	Tepper Marlin's initial vision for the Council on	
281	Economic Priorities was to create an organization that	334
282	would do research on individual companies and sell	335
283	that information to investors. Visions sometimes come	336
284	up short when the realities of the world make them-	337
285	selves known. When that happens, a little pragmatism	338
286	helps. For example, the Council on Economic Priorities	339
287	was originally called the Council on Investment Prio-	340
288	rities. It broadened its focus to economic priorities and	341
289	an audience beyond investors when it became clear	342
290	that few data were available at the time, and that	343
291	primary research on companies would be necessary.	344
292	The original vision thus morphed into doing primary	345
293	research and developing a methodology for doing so,	346
294	at least for widely recognized consumer-oriented	347
295	companies. The Council on Economic Priorities	348
296	emerged, in a "naming and shaming" form focused	349
297	not just on investors, but also consumers and the	350
298	general public.	351
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300	<b>Systems Thinking, Leverage Points</b>	353
301	The practical realities of the Council on Economic	354
302	Priorities achieving its long-term goals focused Tepper	355
303	Marlin on finding leverage points for system change.	356
304	Progress was slow going, and the forward-looking	357
305	dream of publishing a consumers' guide for the general	358
306	public was many years in coming. The research tended	359
307	to be taken up by the then nascent social investment	360
308	community and be focused intensively on individual	361
309	companies, but it was many years before there was	362
310	sufficient breadth of coverage for the work to be of	363
311	interest to consumers.	364
312	Pragmatic vision evidences itself in the ability to	365
313	stick with the dream, starting small and growing	366
314	bigger or more complex, despite obstacles and lack	367
315	of resources, and to shift that dream to conform to the	368
316	realities that the organization faces, along with a	369
317	degree of political savvy that enables the difference	370
318	maker to move the enterprise along in the world	371
319	effectively. Despite the nascent state of social invest-	372
320	ment, the Council's research began impacting corpo-	373
321	rate practices, as the <i>New York Times</i> reported in 1991,	374
	when the Council on Economic Priorities released a	375
	series of company profiles that, supplemented by the	376
	work of social investors, created waves of activism	
	within the environmental community.	
	"Sunlight," or transparency, around environmental	
	issues researched and published by CEP created	
	momentum for company responses. One type of	
	response included protests by company representa-	
	tives from target companies like Mobil and American	
	Cyanamid. These companies were being targeted for	
	Superfund clean-up sites by the Environmental Pro-	
	tection Agency based on the Council's findings.	
	<b>Act Boldly</b>	
	The Council on Economic Priorities' research on	
	brand-name consumer companies was eventually	
	published in a 1986 book entitled <i>Rating America's</i>	
	<i>Corporate Conscience</i> . The lead author was, as noted	
	above, was Steve Lydenberg, later a principal in the	
	pioneering social research firm KLD Research and	
	Analytics (with co-founders Amy Domini and Peter	
	Kinder, also difference makers).	
	By the late 1980s, the book finally morphed into	
	the long-sought consumers' guide, which was called	
	<i>Shopping for a Better World</i> . To Tepper Marlin's amaze-	
	ment, the guide sold more than a million copies and	
	garnered a great deal of publicity. Notably, difference	
	maker John Elkington, later founder of SustainAbility	
	and more recently a social entrepreneurship	
	enterprise called Volans, published a similar "Green	
	Consumers Guide" in England about the same time	
	period.	
	As the <i>Boston Globe</i> reported in 1988, these guides	
	allowed consumers to begin to make choices based a	
	company's responsibility profile. One consumer, the	
	<i>Globe</i> reported, refused to buy Ralston-Purina's "Meow	
	Mix" because she disagreed with the company's poli-	
	cies on women and philanthropy. Such responses cre-	
	ated reputational problems for the brand, and created	
	some awareness of environmental, social, and govern-	
	ance issues in and about companies.	
	Today, as a ripple effect from these initial efforts,	
	such consumer information is still available from the	
	social action group Coop America, which has a web-	
	site entitled "Responsible Shopper" that helps guide	
	consumers toward more responsible companies.	
	Further, many consumers are aware of the fair trade	
	movement, in which suppliers of raw material are	
	guaranteed fair prices for their products. For example,	
	large branded companies like Starbucks work hard to	
	ensure that at least some of their product carries the	
	fair trade label. Starbucks does this in part because of	
	its long-standing commitment to corporate respon-	
	sibility and in part as a response to greater aware-	
	ness of fair trade issues raised by external stakeholders	
	and organizations like the Council on Economic Priorities	
	(CEP).	



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**Keep Social Vision in Mind**

378 CEP had credibility as a responsibility assurance  
 379 entity because of its “outsider” status, but it focused  
 380 first on individual companies and only later on  
 381 brand-name consumer goods companies in an effort  
 382 to move its social vision forward. Many companies  
 383 were still under the radar screen. The long-term  
 384 vision of CEP was to reach the broad audience of  
 385 investors, consumers, employees, managers, and the  
 386 general public. It soon became clear, however, that  
 387 neither a single product, nor one way of approaching  
 388 the problem, or even a single entity like CEP, would  
 389 be sufficient.

390 Over time, CEP began giving Corporate Conscience  
 391 Awards to draw further attention to issues of corporate  
 392 responsibility. Further, CEP began using its emerging  
 393 networks and research base to work with various  
 394 magazines on “best of” lists, particularly *Fortune’s* best  
 395 places for women and best places for minorities to  
 396 work rankings. All of these elements are part of the  
 397 broader corporate responsibility infrastructure that  
 398 has emerged in recent years.

399 The new institutions developed by difference  
 400 makers created a need for companies who wanted  
 401 to burnish their reputations to be more transparent  
 402 around some ESG issues. Corporations are by nature  
 403 competitive. Placement on various rankings and  
 404 receipt of awards for good practice serve as incentives  
 405 for positive action, as well as enhancing company  
 406 reputation. Reputation, in turn, is critical today  
 407 because so much of corporate value resides not in  
 408 tangible assets, but in intangibles like reputation  
 409 and good will.

410 As part of the growing infrastructure on corporate  
 411 responsibility, there are also now numerous ratings  
 412 and rankings of a company’s social performance,  
 413 broadly defined. Rankings include everything from  
 414 *Fortune* magazine’s pioneering ranking of corporate  
 415 reputation, which encompasses environmental and  
 416 social responsibility, to the best places to work for  
 417 women, minorities and working mothers – to name  
 418 just a few.

419 That companies pay attention to these types of  
 420 assessments – and proudly note them on their Web  
 421 sites and employee or other stakeholder communica-  
 422 tions – is evident in the more than 120 million “hits”  
 423 on Google for “100 best companies.” In addition, fol-  
 424 lowing the early lead of CEP, other groups, like the U.S.  
 425 Chamber of Commerce, now give awards for corporate  
 426 citizenship. *PR News* gives an award for the best cor-  
 427 porate responsibility report, and *CRO* (Corporate  
 428 Responsibility Officer) magazine gives annual cor-  
 429 porate responsibility awards, among many others. Again  
 430 an indication of company responsiveness to such  
 431 awards is the more than five million Google “hits”  
 432 for the term “corporate responsibility award.”

**Start Small, Think Big, Political Savvy**

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434 Political savvy in the ways of the world comes in  
 435 when things need to change, as Tepper Marlin found  
 436 out as CEP tried to go global. The need to go global also  
 437 raised her awareness of the need for what has become  
 438 a second key element of responsibility assurance –  
 439 codes, standards, and principles that guide action.

440 Globalization, combined with CEP’s interest in pub-  
 441 lishing a student-oriented shopping guide, had raised  
 442 all sorts of issues around labor practices, human rights,  
 443 and environment. These issues were particularly evi-  
 444 dent in developing countries, where many large multi-  
 445 nationals were sourcing the kinds of goods (e.g.,  
 446 clothing, sports equipment) that students bought,  
 447 but few data were available.

448 In 1991, CEP gave a Corporate Conscience Award to  
 449 Levi Strauss & Co., which had, under the guidance of  
 450 difference maker Robert Dunn, produced the first  
 451 company-based code of conduct applied to its supply  
 452 chain. (Dunn, another difference maker, later ran one  
 453 of the U.S.’s largest business associations for corporate  
 454 responsibility, Business for Social Responsibility.) Levi-  
 455 Strauss acted as a result of internal recognition of some  
 456 of the issues around supply chain management that  
 457 anti-sweatshop, labor, and human rights activists were  
 458 later to publicize around companies like Nike Inc., Liz  
 459 Claiborne Inc., and Gap Inc.

460 To gather momentum, CEP began convening a  
 461 working group of other companies interested in devel-  
 462 oping their own codes. Tepper Marlin recalled that  
 463 large multinational companies, in particular, followed  
 464 this lead and quickly began developing their own  
 465 codes of conduct. The problem was that – although  
 466 a the framers of these company-based codes looked at  
 467 the model provided by Levi-Strauss, and the recom-  
 468 mendations of the International Labor Organization –  
 469 the codes they produced were, in Tepper Marlin’s  
 470 words, “vastly different.”

**Systems Thinking, Networking**

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472 As Tepper Marlin considered how to effect change  
 473 in this broader domain, the leverage point seemed to  
 474 be exactly with codes of conduct. She added, however,  
 475 another core element of responsibility assurance – the  
 476 provision of certification and auditing for companies  
 477 with these extended supply chain. Her networking had  
 478 exposed her and others at CEP to the new issues that  
 479 globalization had raised, and being politically savvy  
 480 allowed her to move a new initiative forward with a  
 481 different framing than CEP.

482 The outcome of the struggle to rationalize codes of  
 483 conduct, along with some exposure to the ISO (Inter-  
 484 national Organization for Standardization) organiza-  
 485 tion’s approach to quality management, was key to the  
 486 formation of a new organization, Social Accountability

487 International (SAI), incorporated in 1997. As SAI  
 488 evolved, it emerged as a leader in the second core  
 489 element of responsibility assurance: credible monitor-  
 490 ing, verification, and certification services for compa-  
 491 nies that want to demonstrate to stakeholders that  
 492 their practices are in line with their stated codes of  
 493 conduct and values.

494 SAI has fundamentally the same goal as CEP of  
 495 improving social and environmental practices of com-  
 496 panies, but is much more focused on the globalized  
 497 environment. It uses three main strategies to accom-  
 498 plish this goal. The first is setting international social  
 499 and environmental standards around labor issues.  
 500 Second is accrediting qualified auditing organizations  
 501 that then certify that factories are in compliance with  
 502 codes and are meeting established standards. Third is  
 503 building capacity through training and technical assis-  
 504 tance to facilities that want to implement the SA 8000  
 505 labor standards, which are now widely accepted.

506 The original CEP lasted a few more years, but  
 507 eventually the board shut it down and Tepper Marlin  
 508 turned full attention to SAI, which has become the  
 509 world leader in its domain. The emergence of SAI  
 510 International highlights two key elements of the  
 511 responsibility assurance system: clear standards, in  
 512 the case of SAI, around labor issues, and credible  
 513 monitoring, verification, and certification processes  
 514 for companies that seek to reassure activists that their  
 515 supply chain practices are responsible.

516 Among the many companies that work closely with  
 517 SAI are Timberland, Gap, Toys “R” Us Inc., and Chiquita  
 518 International. All have taken seriously the need to  
 519 assurance that their supply chains are in conformance  
 520 with company codes of conduct. They often become  
 521 involved because they are clear about the corporate  
 522 values that they wish to promote, or because they have  
 523 faced controversies that have forced them to focus on  
 524 these issues.

525 **A Process of Emergence**

526 What some observers have called code mania has  
 527 resulted in a proliferation of codes of conduct, stan-  
 528 dards, and sets of principles, which are a key aspect of  
 529 responsibility assurance, since they set out expecta-  
 530 tions for companies to meet. Perhaps the principles  
 531 that have gained the most corporate attention are the  
 532 United Nations Global Compact’s ten principles. They  
 533 came about after a speech by former United Nations  
 534 Secretary General Kofi Anna to the World Economic  
 535 Forum in 1999, when Annan called for a new social  
 536 compact between business and society.

537 Difference makers John Ruggie, Harvard Kennedy  
 538 School of Government professor, and then special  
 539 assistant to Annan (and currently special representa-  
 540 tive to the U.N. on Corporations and Human Rights),  
 541 and Georg Kell, now executive head of the Global

Compact, saw the potential in articulating the princi-  
 542 ples based on globally accepted United Nations trea-  
 543 ties and documents. They encouraged Annan to make  
 544 the speech. The response from business leaders to the  
 545 speech was positive and strong. Somewhat unexpect-  
 546 edly, Ruggie and Kell found themselves needing to  
 547 create a new institution, the Global Compact, which  
 548 Kell has headed since its inception.

549 Business uptake on the Global Compact, whose ten  
 550 principles cover human rights, labor rights, environ-  
 551 ment, and anti-corruption, has been swift and wide-  
 552 spread. In part, uptake has been so swift and global  
 553 because of the credibility that the United Nations itself  
 554 provides. At this writing there are more than 5000  
 555 corporate signatories globally who agree to uphold the  
 556 principles, and another 100 or so joining each month.

557 The Global Compact’s principles are sometimes  
 558 criticized because the United Nations has no enforce-  
 559 ment capability to ensure that signatories are actually  
 560 living up to the standards. Several multinational com-  
 561 panies at a recent Global Compact Leading Companies  
 562 Retreat, however, demonstrated that they were taking  
 563 the principles seriously. They use the principles as  
 564 internal talking points for issues like human rights,  
 565 which were previously off the table for discussion.  
 566 They claim to have adopted the Global Compact in  
 567 part because the principles are in alignment with  
 568 stated company values and in part because they want  
 569 to be in the company of other signatories, learning  
 570 from them as they deal with the issues raised by  
 571 globalization.

572 The ongoing work of difference maker Georg Kell,  
 573 head of the UNGC, in seeing the big picture of systemic  
 574 change that is needed to ensure that companies live up  
 575 to these standards and taking steps to “delist” com-  
 576 panies that are not active, as well as establishing net-  
 577 works and learning forums for signatories, has been  
 578 instrumental in creating a new conversation about the  
 579 role of businesses in societies today.

580 **STANDARDIZED SUSTAINABILITY REPORTING**

581 The third element of the responsibility assurance sys-  
 582 tem is “beyond financial” – sustainability or environ-  
 583 mental, social, and governance reporting. As we saw  
 584 with the proliferation of codes of conduct in their early  
 585 days, there was a clear need for such a system to be as  
 586 standardized as financial reporting is if it were to be at  
 587 all effective. The story of Joan Bavaria, founder of what  
 588 is now Trillium Asset Management (originally Franklin  
 589 Research and Development) and, sadly, recently  
 590 deceased, helps to tie the pieces of responsibility  
 591 assurance together.

592 Trillium, (then Franklin) one of the early social  
 593 investment firms, was founded in 1983 by Bavaria, a  
 594 consummate systems thinker, networker and forward-  
 595

597	looking difference maker. Her skill in bringing others	(and often still are) issuing sustainability reports based	650
598	together around common purposes was attested to by	on idiosyncratic criteria, making comparing one com-	651
599	many of the other difference makers. Based on listen-	pany's performance to another very difficult.	652
600	ing to her clients' concerns about putting their values		
601	into their investment strategies, Bavaria founded		
602	Franklin (Trillum).		
603	Trillum proved a solid foundation for Bavaria's	<b>Be Inclusive – Create a Big Tent</b>	653
604	social entrepreneurship, for she went on to found Ceres,	Sometimes, as Massie recalled, there is a degree of	654
605	the environmental organization that created the Ceres	opportunism involved. He points out that the Internet	655
606	Principles, which are focused on environmental issues,	really was popularized only in the mid-1990s, and e-	656
607	and its network of 50+ environmentally-committed	mail use was just beginning around 1995. Creating	657
608	companies. Realizing the need for connection among	what White calls the "big tent" allowed GRI to develop	658
609	social investors, she was also the founder of the (US)	with the participation of both supporters and critics.	659
610	Social Investment Forum, the social investment com-	This collaboration was only possible because the	660
611	munity's main professional association.	founders took advantage of these new communica-	661
612	Using Ceres as ballast, Bavaria backed the founding	tions tools. The Internet enabled them to get work	662
613	of the Global Reporting Initiative, (GRI), today the <i>de</i>	done far more quickly than would have been possible	663
614	<i>facto</i> standard for environmental, social, and govern-	in an era without global, nearly instantaneous com-	664
615	ance reporting. Difference makers Allen White (vice	munication. The big tent needed to be inclusive of all	665
616	president, Tellus Institute) and Robert K. (Bob) Massie	different points of view, geographies, company types	666
617	(then executive director of Ceres), were the founders.	and interests, creating a global network of interested	667
618	White and Massie had the initial vision of creating a	parties with input into developing the reporting fra-	668
619	global reporting initiative that would do for environ-	mework and standards.	669
620	mental, social, and governance reporting what gener-	Political savvy manifested itself repeatedly in the	670
621	ally accepted accounting principles (GAAP) do for	development process for the GRI, because there were	671
622	financial accounting and auditing.	numerous competing systems and because businesses	672
623		wanted to avoid overly stringent reporting require-	673
	<b>Bold, Pragmatic Vision</b>	ments. As GRI began to develop, numerous competing	674
624	The initial vision for GRI was bold, albeit pragmatic,	groups – particularly corporate-sponsored groups –	675
625	focusing on engaging investors more deeply in seeking	attempted to undertake similar projects to GRI and gain	676
626	corporate responsibility – creating a corporate	dominance, with their own (sometimes less rigorous)	677
627	accountability structure that companies would	standards of reporting. But when competitors or critics	678
628	respond to that went beyond financial accountability.	became evident, White and Massie went to them, talked	679
629	In line with the start small, think big element of	to them, and invited their participation in the GRI	680
630	difference making, the GRI got started with a seed	project.	681
631	grant from an individual donor of \$100,000; then	As they continued this inclusive approach, their	682
632	the founders went on to raise millions of dollars to	reach naturally included companies. For instance, mem-	683
633	support the initiative. As co-founder Allen White	bers of Ceres and other multinationals who, as White	684
634	recalled, they "created a big tent" so that even poten-	put it, "didn't want to dance to 50 to different drum-	685
635	tial critics, as well as supporters, could have a voice in	mers" on reporting issues, i.e., numerous different stan-	686
636	its creation.	dards in different parts of the world, became involved.	687
637		Massie and White also brought in global non-govern-	688
	<b>Challenge the System Incrementally</b>	mental organizations, like World Wildlife Fund, Green-	689
638	The difference makers challenged the system incre-	peace, and Transparency International, labor and trade	690
639	mentally, by finding leverage points like ESG reporting	unions like the AFL-CIO, accountants, academics, and	691
640	that could ultimately shift companies' attention to	business school faculty members, all of whom gave	692
641	those issues. During the late 1990s, when GRI was	input into the GRI, as well as company representatives.	693
642	getting started, companies led by pioneers like Royal	The participation of critics was essential, too, to provid-	694
643	Dutch Shell, Ben & Jerry's, and The Body Shop, were	ing legitimacy to the emerging standard, which is now	695
644	already beginning to issue reports, variously called	offered as a public good, for free on the GRI website.	696
645	environmental, social, and governance, triple bottom		
646	line, or sustainability reports.	<b>Business Uptake</b>	697
647	The problem that Massie and White converged on	GRI's reporting framework, though complex and	698
648	was that there was no systematic approach or stan-	not without criticism, has become the <i>de facto</i> global	699
649	dardization to this type of reporting. Companies were	standard for ESG reporting. More than 700 companies	700
		officially claimed to use the GRI standards in their ESG	701
		reports in 2008, including large multinationals like	702

703 Volkswagon, Starbucks Corp., and Shell Oil Co. But as  
 704 Allen White recently noted, no one knows how many  
 705 companies are actually using GRI, since it is a public  
 706 good. There are actually many more companies that use  
 707 the framework without necessarily reporting it to the  
 708 GRI.

709 The accounting firm KPMG, which claims a goal of  
 710 furthering “the ideal that corporate responsibility  
 711 reporting becomes as commonplace as financial  
 712 reporting and assurance,” estimated in 2008 that some  
 713 80 percent of the world’s largest 250 companies now  
 714 produce some form of sustainability report. In addition,  
 715 KPMG studied the largest 100 companies in 22  
 716 countries, and found that 45 percent of them are now  
 717 issuing such reports.

718 Many critics of corporations suggest that sustain-  
 719 ability reports are simply window dressing, or in the  
 720 common jargon, “greenwashing.” In 2008, for the first  
 721 time, however, KPMG’s global head of sustainability  
 722 services stated that such reports would likely pass a  
 723 greenwashing test, if one were available. As he noted,  
 724 current reports have evolved significantly over the 15  
 725 years that KPMG has been doing these studies. They  
 726 now typically include a corporate responsibility strategy  
 727 with specific objectives, maturing management  
 728 systems, and a seemingly credible desire on the part of  
 729 companies to systematically manage their stake-  
 730 holder-related and environmental responsibilities.

731 **MAKING A DIFFERENCE FOR CORPORATE**  
 732 **RESPONSIBILITY**

733 These stories, briefly told, illustrate how difference  
 734 makers have over time built the organizations and  
 735 institutions that still form the core of the evolving  
 736 and rapidly growing corporate responsibility assur-  
 737 ance infrastructure. Obviously, there are many more  
 738 institutions – including some founded by other differ-  
 739 ence makers – that might be discussed. Their work was  
 740 accomplished through social entrepreneurship and  
 741 pragmatic vision and as the uptake on various initia-  
 742 tives by companies illustrates, with a good deal of  
 743 impact. Along with activists, NGOs, pressure groups  
 744 criticizing the system, numerous academics writing  
 745 about corporate (social) responsibility and business  
 746 ethics, and many individuals within corporations, the  
 747 difference makers have moved questions about the  
 748 proper role of business in society to the fore.


749 Still, the economic downturn of late 2008 high-  
 750 lights the reality that much more needs to be done to  
 751 ensure that all companies set high environmental,  
 752 social, and governance standards for themselves –  
 753 and live up to them. Collectively, the difference makers  
 754 and their associates are part of the broader movement  
 755 that ecologist Paul Hawken in a book by that name  
 756 terms “blessed unrest.”  
 757

Organizations Hawken identified as shaping  
 blessed unrest share a common set of human- and  
 earth-centered values focused on sustainability, social  
 equity and justice, and livability in all spheres of  
 society. Unlike the millions of NGOs studied by Haw-  
 ken, however, the difference makers have collectively  
 attempted to create a connected and systemic  
 approach – in the cases addressed here – to respon-  
 sibility assurance. More broadly, along with numerous  
 others, they have focused on pressuring companies for  
 greater corporate responsibility generally.

The work is clearly not yet done. The dialectical  
 process involved in any social movement and large-  
 scale system change, such as the building of an infra-  
 structure around corporate responsibility, continues. It  
 evolves as new needs emerge and environments shift  
 and change. The dynamics of the current system, with  
 corporate emphasis on short-term profits and share-  
 holder wealth maximization, and a mantra of growth  
 at all costs – always in question by the difference  
 makers – are being more seriously considered by  
 the broader public in light of the dramatic economic  
 failures of 2008.

With continued work by difference makers of all  
 stripes, including many within companies and non-  
 governmental organizations, it is possible that in the  
 future we will see even more demand for companies to  
 be accountable for their impacts. Responsibility assur-  
 ance asks that companies be responsible for their  
 practices, actions, and impacts. It asks that they live  
 up to their stated values and codes of conduct in all  
 respects. It demands that companies be significantly  
 more transparent in ways that are credibly verified,  
 typically by external agencies. Arguably, such assur-  
 ance might have provided enough transparency that  
 some of the dramatic problems in the financial com-  
 munity, not to mention in U.S. automakers, might have  
 more been readily seen by key external observers  
 earlier – and, one could hope, forestalled.

The corporate responsibility infrastructure that has  
 emerged to date is still in its early days. GRI, for  
 example, was founded only in 1997, and actually  
 released its first guidelines only in 2000; the U.N.  
 Global Compact was officially launched as an entity  
 in 2001. All of these initiatives are voluntary, and some  
 critics argue that only mandatory requirements will  
 prevent the lack of transparency that in the case of  
 some financial institutions has resulted in economic  
 disaster. Nonetheless, the difference makers’ work has  
 made a difference in pointing out what can and needs  
 to be done to hold companies up to the standards that  
 societies expect of them.

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Social entrepreneurship is a process through which we try to resolve social problems and issues by the use of business techniques. Social entrepreneurship is a platform or way in which people come together and work to create an equal, just and sustainable society. They should work to bring in positive social, economic and environmental outcomes for the society. Characteristics of Social entrepreneurship are as followed : It should be based on the values of equality and justice. Its objectives should focus on investing the surplus on development of resources for the community and not just making economic profit. Introduction SEEDS OF RESPONSIBILITY ASSURANCE DIFFERENCE MAKERS IV. Social Entrepreneurs Pragmatic Visionaries Working at the Edges Working for System Change from the Interstices The Luck of Working Toward System Change 4 5 6 7 7 7 7 8 8 9 9 9 10 10 10 11 11 13 13 13 13 14 15 16. EMERGING STANDARDS AND ACCREDITATION Pragmatic Vision Systems Thinking, Leverage Points Act Boldly Keep Social Vision in Mind Start Small, Think Big, Political Savvy Systems Thinking, Networking A Process of Emergence. The difference makers : How social and institutional entrepreneurs created the corporate responsibility movement. Sheffield, UK: Greenleaf Pub. Ltd. Google Scholar. Waddock, S. (2009). Pragmatic visionaries: Difference makers as social entrepreneurs. *Organizational Dynamics*, 38(4), 281-289. CrossRef Google Scholar. Waddock, S. (2010).