Socializing the C-Suite:
Why Some Big-Box Retailers are 'Greener' than Others

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Abstract

Despite a considerable push by policy-makers to incentivize green business practices, take-up of environmental initiatives amongst North American retailers has been highly uneven. While some "big-box" retailers have launched ambitious environmental initiatives, others continue to conduct business as usual. This paper asks: why do some mega-retailers commit to ambitious environmental agendas while others in the same sector do not? And how can the answer to this question improve public policy? I investigate these questions using comparative case studies of four North American mega-retailers: Wal-Mart, Target, Costco and Kroger. My findings suggest that the socialization of senior executives through multi-stakeholder sustainability networks is the critical variable accounting for progressive environmental practices in some corporations and not others. This finding suggests that existing public policies that focus on making the business case for sustainability are based on incomplete assumptions about why companies "go green." It also suggests that socialization theory can help explain broader instances of corporate social responsibility and proposes that scholars in this field should devote more attention to the composition of socializing groups.

1. Introduction

The transition to a green economy is vital for addressing global environmental crises like climate change and deforestation. In light of the current stagnation of state-based efforts to foment this transition, scholars and policy-makers have focused renewed attention on the environmental efforts of corporations.[1] Both states and international organizations (IOs) have invested heavily in public policies that incentivize corporate environmentalism. The majority of these policies are predicated on the widely accepted theory that companies go green because it is good for business, an idea popularly known as "the business case for sustainability."[2] Notwithstanding the universal appeal of maximizing profits, there remains considerable variation in the environmental policies and practices of large firms, even amongst firms in the same sector. In light of this variation, I ask: why do some corporations commit to ambitious environmental agendas while others in the same sector do not? And how can the answer to this question improve public policy?

I investigate these questions through comparative case studies of the four largest grocery/household goods retailers in the United States: Wal-Mart Stores Inc., The Target Corporation, Costco Wholesale Corporation, and the Kroger Company.[3] I draw data from corporate sustainability reports, Carbon Disclosure Project (CDP) investor responses, newspaper/magazine articles, websites and interview transcripts. My findings suggest that the socialization of senior executives through multi-stakeholder sustainability networks (MSSNs) – not the business case for sustainability – is the critical variable accounting for progressive

[1] Amongst others: Biersteker and Hall 2002; Börzel, Hönke, and Thauer 2012; Büthe 2010; Clapp and Fuchs 2009; Cutler, Haufler and Porter 1999; Dauvergne and Lister 2010; Eden 1991; Lister 2011; Porter and Ronit 2010; Strange 1992; Vogel 2006.
[2] For a defining statement of the business case for sustainability, see: Willard 2002.
[3] For brevity, the legally registered names of these companies are here shortened to: Wal-Mart, Target, Costco, and Kroger.

environmental practices in some corporations and not others. Put more simply, regular interaction between external stakeholders and business leaders helps shift managerial values and catalyze corporate environmentalism. My analysis further suggests that the potential of socialization to stimulate corporate environmentalism is conditioned by two factors: (1) the composition of the socializing group and (2) where accountability for environmental policy and performance sits within the company. Sustainability networks that encompass diverse memberships (including representatives from environmental non-governmental organizations (ENGOs), academics , and public officials) while also including representatives from peer companies are the most effective vehicles for socialization. Also, socialization is most likely to catalyze change when it either directly or indirectly affects senior executives and board members. These findings suggest that existing public policies that seek to incentivize green business practices may be limited in what they can achieve since they do not seek to alter the value systems of business leaders. This study also contributes to existing theories about socialization and managerial values by specifying the conditions under which socialization is most likely to be effective and clarifying the causal mechanisms through which it occurs.

I structure the article as follows. First, I define corporate environmentalism and explain why it is increasingly relevant to political scientists and policy makers. I then provide an overview of existing public policy efforts and highlight that they are overwhelmingly premised on the business case for sustainability. Next, I review existing theories of corporate environmentalism, situating them within a two-by-two matrix and illustrating the problems inherent with theories in each quadrant. Following this, I present an alternate theory that sees corporate environmentalism as catalyzed by the socialization of senior executives through multi-stakeholder sustainability networks (MSSNs). I then review the research design for the empirical

section of the paper and explain indicators on the independent and dependent variables before reviewing the findings from my four case studies. Lastly, I conclude by reviewing the theoretical and policy implications of my findings and offering some thoughts on a future research agenda.

2. What is Corporate Environmentalism? Why is it important?

In this article, I use corporate environmentalism as an umbrella term that refers to the overall commitment of a corporation to operating in an environmentally-responsible manner. There is some consensus amongst scholars in this field that a good measure of a firm's overall environmental commitment comprises three elements: process, performance, and transparency.[4] Process refers to the written policies, internal control mechanisms, and stated environmental objectives of a company.[5] Performance refers to the observable and quantifiable results achieved through environmental processes.[6] Transparency reflects the degree to which a company is willing to make public data about the other two elements. Taken together, these three elements provide a good picture of a company's potential to improve its environmental performance, its capacity to turn environmental processes into tangible results, and the degree to which it is open and honest about its commitment to the environment. Therefore an aggregate measure of corporate environmentalism must encompass indicators on process, performance, and transparency. I explain how I construct such a measure later in this article.

There are a number of reasons why corporate environmentalism is increasingly a topic of interest for political scientists and policy-makers. Globalization has led to a larger role for corporations in global environmental governance, although the cause of the increasing

[4] See Delmas and Blass 2010, 246; Ilinitch et al. 1998.
[5] Ilinitch et al. 1998, 388.
[6] Ilinitch et al. 1998, 389.

governance function of firms is a matter of some debate.[7] Undoubtedly, the economic power of large corporations increasingly rivals that of the state. If the combined yearly economic output the four retailers in this study (649 Billion USD for 2010[8]) was ranked amongst world economies, it would rank 19th between Switzerland and Indonesia.[9] The sheer magnitude of mega-retailers' economic power affords them considerable leverage over their supply chain, leverage that is further amplified by the competitive market fostered by economic globalization. Increasingly, suppliers of goods and commodities cannot risk losing a major contract to their competitors. Hence big-box retailers have tremendous leverage to demand changes in the environmental practices of their suppliers.[10] As Dauvergne and Lister note: "a company like Wal-Mart now has more capacity to influence a logger's on-the-ground actions in a place like Kalimantan than the government in Jakarta."[11]

The capacity of big-box retail to influence production processes abroad is paralleled only by its capacity to shift production and distribution patterns at home. Efforts to increase the use of clean energy, improve fleet efficiency, or reduce solid waste are capable of sending ripples through the economy and inducing change across entire sectors.[12] Much in the same way that

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[7] Amongst other theories, scholars have variously pointed to the interplay of civil society and transnational corporations in creating new expectations about the global public role of private enterprise (Ruggie 2004, 519) or a global neoliberal agenda that abets firms in gradually supplanting the governance role of the state (Cutler 2002, 32-33).

[8] This figure represents the combined total 2010 group revenue of Wal-Mart, Kroger, Costco, and Target as reported in: Deloitte 2012, G11.

[9] Comparison based on national gross domestic product (GDP) in USD for the same year, as reported in: World Bank. 2012. "GDP (current US$)." Accessed 7 February 2013. http://data.worldbank.org/indicator/NY.GDP.MKTP.CD?order=wbapi_data_value_2010+wbapi_data_value&sort=desc)..

[10] Dauvergne and Lister 2010, 147.

[11] Dauvergne and Lister 2010, 147. The role of corporations in areas of limited statehood is further developed in Börzel, Hönke, and Thauer 2012.

[12] An example being Wal-Mart's decision to stop selling milk from cows treated with growth hormones. The decision resulted in a wave of similar policies in grocers across the United States. See: New York Times, "Major Grocer to Label Foods With Gene-Modified Content," 8 March 2013, available at: http://www.nytimes.com/2013/03/09/business/grocery-chain-to-require-labels-for-genetically-modified-food.html?hp&_r=0.

political scientists cite the economic clout of California as vital to scaling up tailpipe emissions standards nationally,[13] analysts have pointed to a "Wal-Mart Effect" in changing corporate environmental practices.[14]

Not surprisingly then, the potential of corporations to advance an environmental agenda has been seized upon by both domestic governments and international organizations as a means of breaking the multilateral impasse on issues like climate change and deforestation. Organizations ranging from the United Nations (UN) and Organization for Economic Cooperation and Development (OECD) to the Governments of Canada and Denmark have invested heavily in promoting corporate environmentalism through training programs, knowledge centers and educational materials. An overwhelming number of these policy efforts are predicated on the widely accepted idea you can "do well by doing good."[15] In one recent example, the Danish Commerce and Companies Agency launched one of the largest publicly-sponsored business training programs in the world[16] to train 12,500 managers and employees of Danish small-and-medium-sized enterprises (SMEs) in adopting strategic social responsibility.[17] One of the project's chief architects stated that the program's goal was to "disseminate knowledge about how businesses can take advantage of their CSR activities to boost their earnings, corporate image, and ultimately financial result."[18] In this regard, the Danish effort

[13] Schreurs 2008.
[14] Vandenbergh 2007. For other examples of the Wal-Mart effect see: Fishman 2006.
[15] Bertelsmann Stiftung and UN Global Compact 2010, 5.
[16] Danish Commerce and Companies Agency 2006, Preface.
[17] Bertelsmann Stiftung and UN Global Compact 2010, 34.
[18] Danish Commerce and Companies Agency 2006, Preface.

represents a typical attempt to incentivize good corporate citizenship by appealing to the economic self-interest of business leaders.[19]

A similar strategy underpins global policy efforts, such as those of the world's largest voluntary corporate citizenship initiative, the UN Global Compact (UNGC).[20] The UNGC calls on companies worldwide to align their business operations and strategies with ten principles in the areas of human rights, labor, environment and anti-corruption. It does so mainly by appealing to the economic self-interest of prospective participants. In its published guidelines for new signatories, the UNGC notes that:

> aligning your operations with universal values is not only a good strategy of managing and minimizing the many risks businesses face in this day and age. It can also be a strong driver of value and success, as you come across previously unknown opportunities and build trust in new markets.[21]

The same strategic imperatives echo through the pages of guidelines produced by the OECD and the UN Environment Programme (UNEP).[22] In sum, the business case for sustainability is the bedrock upon which most international and domestic efforts to incentivize green business practices are built. To understand why policy evolved this way, one must look to existing theories of corporate environmentalism. In the next section, I review these theories and outline their shortcomings.

3. Theorizing Corporate Environmentalism

[19] A full review of these policies is out of the scope of this article. However, the Government of Canada's attempt to induce CSR in the mining sector is another good example of using economic incentives to induce sound social and environmental practices. See: Government of Canada. "Building the Canadian Advantage: A Corporate Social Responsibility (CSR) Strategy for the Canadian International Extractive Sector." Accessed 6 February 2013. http://www.international.gc.ca/trade-agreements-accords-commerciaux/ds/csr-strategy-rse-stategie.aspx?view=d.
[20] UNGC 2012, 7.
[21] UNGC 2012, 5.
[22] OECD 2011, 44; UNEP 2012; UNEP and SustainAbility 2001.

Authors from a number of disciplines have constructed theories on what drives corporate environmentalism.[23] These theories can be viewed as a sub-set of the broader literature on what motivates corporate social responsibility (CSR). I contend that existing theories of CSR can be usefully situated in a two-by-two matrix (see Figure 3.1).[24] Along the horizontal axis, theories can be classified according to whether they see corporate environmentalism as driven by forces exogenous or endogenous to the firm. Along the vertical access, theories can be classified by which logic they believe characterizes firm behaviour, either a logic of consequence or a logic of appropriateness.[25]

Figure 3.1 Key Drivers of Corporate Environmentalism

	Exogenous	**Endogenous**
Logic of Consequence	Capitalist system External stakeholder pressure **1**	Self-interested managers Organizational structure **2**
Logic of Appropriateness	**3** Social norms Regional value systems	**4** Eco-centric managers Organizational culture

A logic of consequence (or consequentialist) model of firm behaviour posits that: "individual actors have prior desires (preferences, interests) which they use to determine the attractiveness of expected consequences."[26] Theories in this dimension conceive of firms and their leaders as rational actors driven primarily by a static and exogenously-given need to either maximize returns for shareholders or pursue their own economic self-interest. Conversely, a logic of appropriateness model of behaviour assumes that firms and their agents "act, think, feel and organize themselves on the basis of exemplary or authoritative (and sometimes competing or

[23] Brown et al. 2010 and Margolis and Walsh 2003 contain comprehensive reviews of the field.
[24] Other authors have attempted to create typologies of CSR theory. Brown et al. also use a two-by-two matrix with internal-external on one axis and structure-actors on the other (2010, 6).
[25] This dichotomy is outlined in March and Olsen 2006. An analogy can be made to 'strategic' vs. 'moral' drivers of CSR, as the two are often termed in the management studies literature. See Branco and Rodrigues 2006; Graafland and van de Ven 2006.
[26] March and Olsen 2006, 248.

conflicting) rules derived from socially constructed identities, belongings and roles."[27] Applied to the case at hand, this means that companies and their leaders do not simply respond to the exogenously determined requisites of a capitalist world system or the desire for personal economic gain; rather, interests and identities are dynamic and informed by pervasive ideas about the role and responsibility of corporations and their leaders in modern society. I investigate each of these quadrants more thoroughly in the following sections.

3.1 Exogenous-Consequentialist Theories

Exogenous-consequentialist theories of corporate environmentalism have their roots in neoclassical economics. They are premised on the assumption that firms are rational, profit-maximizing actors.[28] Just as Kenneth Waltz famously pointed to the condition of anarchy in the international state system as the primary cause of war between states,[29] so too can the conditioning effects of the capitalist world economy explain corporate environmentalism. In this case, the need to maximize profit for shareholders is the exogenous, universal imperative that drives corporate behavior. It follows that decisions to pursue corporate environmentalism are deployed for rational, profit-maximizing reasons. Theories in this quadrant suggest that corporate environmentalism is a means of gaining a reputational advantage,[30] thereby allowing access to new markets and making it easier to recruit and retain young talent.[31] Environmentalism can equally be explained as a means of realizing operational efficiencies, like reduced energy consumption. Others see environmentalism as a strategic response to stakeholder concerns.[32]

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[27] March and Olsen 2006, 249.
[28] Brown et al. 2010, 5. Friedman famously wrote: "there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game." Friedman 1962, 133.
[29] Waltz 1959.
[30] Porter and Kramer 2006, 80. Miles and Covin 2000; Ruggie 2002, 35.
[31] Sims and Keon 1997. Especially in cutting-edge industries where personnel increasingly look for more than monetary awards, see: Ruggie, 2002, 35.
[32] Notably, stakeholder theory. See Freeman 1984.

Firms may adopt environmental initiatives in response to ENGO campaigns, shareholder activism, or pressure from regional or international political institutions.[33] Alternately, they may seek to pre-empt government regulation, staying ahead of the regulatory curve, reaping "first-mover advantages"[34] and raising the cost of entry for their competitors.[35] While the causal mechanism varies across theories, the causal relationship the same. Firms "go green" when it benefits the bottom line. This implies that when all other factors are held constant, firms have similar motivations to pursue corporate environmentalism.

3.2 Endogenous-Consequentialist Theories

Theories in this quadrant point to the limits of exogenous theories of corporate behaviour, but remain rooted in a logic of behaviour that conceives of firms and their managers as responding to exogenously-given consequential interests (profit maximization or economic self-interest). Several scholars in this realm note the importance of organizational structure as a driver of corporate environmentalism. Thauer suggests that an asset specific allocation of resources can lead to investments in process-oriented environmental CSR as a means of improving the bargaining position of management vis-à-vis the production unit.[36] Others focus their attention on the strategic actions of individual managers. Chief amongst these is Prakash, who notes environmental policies should eventually be traced to the preferences, power and strategies of individual managers.[37] Prakash suggests that individual managers might see environmental initiatives as a means of increasing departmental budget and headcount, thereby creating

[33] On the threat of shareholder activism, see: The International Association for the Study of Insurance Economics. 2009, 59. On ENGO 'naming and shaming' campaigns, see: Bartley 2007, 299 and Gereffi et al. 2001; on NGOs targeting financial institutions, see Schaper 2007; on pressure from regional political institutions, see Bernhagen et al. 2013; on pressure from international political institutions, see: Park 2005.
[34] Prakash 2001, 289. See also: Fri 1992; Reinhardt 1999; Porter and van der Linde 1995; Nehrt 1998.
[35] Prakash 2001, 289.
[36] Thauer 2013, 10-11. Organizational structure has also been used to explain labour-related CSR, see Mares 2003.
[37] Prakash 2001, 296.

promotional opportunities for themselves.[38] Endogenous-consequentialist therefore allow that firms may respond differently to external stimuli, but maintain that behaviour can still be explained as rational and strategic.

3.3 Exogenous-Appropriateness Theories

Exogenous-appropriateness theories of CSR conceive of firms as quasi-public institutions with motivations that extend beyond a narrow concern for the bottom line.[39] Theories in this quadrant suggest that decisions to pursue corporate environmentalism are conditioned by the increasingly prevalent idea that corporations have environmental and social responsibilities to their employees, to the communities that host them and to society more broadly.[40] Environmental initiatives, then, are a response to the conditioning effects of broader external social structures, such as a growing concern amongst corporations for moral legitimacy.[41] These norms of appropriate corporate behaviour may be disseminated through civil society groups or through international institutions like the UNGC which enjoy a degree of moral authority and legitimacy.[42] Consequently, while firms cannot be construed as responding to external stimuli because they fear the consequence of inaction, external forces do condition behaviour in a way that persuades firms to adjust their behaviour to be appropriate within an overarching normative context.

3.4 Endogenous-Appropriateness Theories

Endogenous – appropriateness theories focus on the role of internal factors such as organizational culture or managerial values in guiding corporate environmentalism. Organizational culture can be conceived of as the values, beliefs, and practices that shape decision-making and

[38] Prakash 2001, 293. A similar argument is made by Barnea and Rubin 2010.
[39] Brown et al. 2010, 5. See also Brown and Fraser 2006.
[40] Newell and Paterson 2010, 52.
[41] Cashore et al. 2004.
[42] Brown et al. 2010, 13; Barnett and Finnemore 2004.

social interaction between individuals in a company.[43] Several authors have shown that companies whose internal organizational culture stresses environmental sustainability are more likely to project these values into their external business practices.[44] Of course, organizational culture has to originate somewhere. For this reason, other theories in this quadrant suggest that managerial values are the true driver of corporate environmentalism.[45] Since support from top management is critical to embedding CSR within a firm,[46] firms that aggressively pursue corporate environmentalism often have leaders with strong eco-centric value orientations.[47] Even when environmental decisions are not in the hands of senior managers, executive values can filter-down and condition the values and decision-making of middle management.[48] Hence external conditions and economic self-interest are less important in these accounts, since decisions about corporate environmentalism stem from the internal values of firms and managers.

While the theories reviewed above have helped explain the broader adoption of green business practices over the last twenty years, they have a number of shortcomings. Most notably, theories that fall within the exogenous quadrants struggle to explain variation in levels of corporate environmentalism between firms when external conditions are held constant. As the empirical study in the latter half of this article will show, firms that share similar business structures, regulatory environments, supply chains, and customer-bases can diverge markedly in measures of corporate environmentalism. This disparity throws into doubt the plausibility

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[43] Brown et al. 2010, 15.
[44] Arena 2007; Berger et al. 2007. Others suggest that changing organizational culture is a necessary precursor to implementing CSR, see Bhandari and Abe 2001.
[45] Desai and Rittenberg 1997, 3; Godos-Diez et al. 2011; Hemingway and Maclagan 2004; McWilliams and Siegel 2001.
[46] CBSR 2007, 34; Sangle 2010; Trevino et al. 1999.
[47] Egri and Herman 2000, 599.
[48] Berger et al. 2007; Collier and Esteban 2007; Trevino et al. 2000.

exogenous theories of CSR. While many firms possess similar consequentialist motives to heed the business case for sustainability – some clearly heed it more than others. Thus David Vogel is correct in stating that: "…this does not mean there is no business case for virtue. It is rather to suggest that any such claim must be more nuanced."[49]

Some of the variation between firms can be explained by examining acute external forces, such as NGO pressure tactics.[50] However, such theories explain only a minority of cases and struggle to explain why certain campaigns succeed while others fail.[51] A similar problem is encountered by theories that see corporate environmentalism as conditioned by broad societal norms. Even when firms operate within the same normative context, not all companies respond similarly to changing norms about the role of the corporation in society. Thus, as Bernstein notes, the widespread acceptance of certain norms does not fix the impact of norms "on the ground," since the implementation of policies still interacts with specific circumstances and processes.[52] A focus on endogenous factors is therefore critical to explaining variation in corporate environmentalism.

Endogenous theories of CSR are far less common, and perhaps accordingly, also somewhat under-developed. Consequentialist arguments that focus on organizational structure are effective in explaining certain cases, but have thus far proven resistant to generalization.[53] Theories that argue that managers promote environmental policies out of self-interest[54] cannot be empirically substantiated since most managers would be decidedly unwilling to disclose their

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[49] Vogel 2006, 45.
[50] For example, Shell's decision to sink the Brent Spar, an obsolete oil rig in the North Sea, led to Greenpeace protests in 1995 and eventually prompted major reconsideration of Shell's environmental practices. See Porter and Kramer 2006, 80.
[51] For example, Wal-Mart has pursued environmental initiatives aggressively, but has made relatively little progress on labor-relations and gender equity, despite arguably facing more pressure from NGO campaigns.
[52] Bernstein 2013, 140.
[53] See for example van der Ven's critique of Thauer: van der Ven 2013.
[54] Prakash 2001, 293.

Machiavellian reasons for championing green policies. Endogenous-appropriateness theories are somewhat more promising. There is strong empirical evidence in support of the idea that managerial values play a decisive role in embedding corporate environmentalism in business operations.[55] However, where these theories fall short is in explaining why some senior managers have stronger environmental values than others.[56] Too often, values are black-boxed and managerial preference for environmentalism is taken as pre-existing. What is needed is a theory that explains how exogenous forces shape managerial values and how endogenous factors condition the capacity to which companies translate these values into enhanced corporate environmentalism. This is where socialization theory may prove useful.

4. Towards a Combined Theory: The Case for Executive Socialization

In this section, I develop a conception of multi-stakeholder sustainability networks (MSSNs) as important venues for socialization and explain why participation in such networks leads to increased corporate environmentalism. In doing so, I take up the challenge of previous researchers to develop an integrated theory of corporate environmentalism by conceptualizing the dynamics of internal and external influences on firm behaviour.[57] The argument, in brief, is that by interacting with ENGOs, academics, public officials and other progressive business leaders through MSSNs, executives are more likely to take a holistic view of the corporation's role in society. Socialization leads to the internalization of eco-centric values that form a basis for enhanced corporate environmentalism.[58] Subsequently, executives use their hierarchical power within the corporation to drive their values down through the firm, leading to an increase

[55] Egri and Herman 2000, 599.
[56] Matten and Moon 2004 are an exception. The authors speak to the role of executive education in shaping managerial values.
[57] Brown et al. 2010, 20.
[58] A "value" is here defined rather broadly as being a "principle or norm that guides behaviour," see Hemingway and Maclagan 2004, 36. Eco-centric values are therefore those that deeply value and identify with nature, see Egri and Herman 2000, 572.

in firm-wide attention to environmental policies, practices, and transparency. Thus the exogenous influence of MSSNs is important in redefining managerial values, but so too are endogenous factors, such as where responsibility for corporate environmentalism ultimately lies. A logic of appropriateness is operative in shifting executive values away from a focus on short-term profit maximization, but a logic of consequence helps explain why the hierarchical power of executives is necessary to convert these values into action. After elaborating this theory below, I demonstrate its plausibility through an empirical application to my four retail case studies.

Socialization is defined as "a process of inducting actors into the norms and rules of a given community."[59] The argument that socialization can condition behaviour has a long tradition in political science, particularly within constructivist theories of international relations.[60] It is far less established in the business/management literature. The causal mechanism through which socialization operates has been conceptualized in two ways. In the first, agents behave appropriately by: "learning a role - acquiring the knowledge that enables them to act in accordance with expectations - irrespective of whether they like the role or agree with it."[61] In such a case, the socialized entity may adjust its behaviour to coincide with the expectations of the socializing network, even if it has not yet internalized the values of that network. In the second way, "agents adopt the interests, or even possibly the identity, of the community of which they are a part."[62] Drawing insight from Habermasian social theory and social psychology, this type of socialization assumes that interests and identities are open for redefinition and can be

[59] Checkel 2005, 804. See also Alderson 2001.
[60] Prominent examples included: Adler and Barnett 1998 on security communities, Finnemore 1996 on the European Union, Irvine 2011 on domestic policy paradigms, and Slaughter 2004 on global government networks. For overviews see: Risse, Ropp, and Sikkink 1999 and the special issue of *International Organization* of which Checkel 2005 is the introductory article.
[61] Checkel, 2005, 804.
[62] Checkel, 2005, 804.

changed through argument and persuasion.[63] In this case, the socialized entity comes to perceive itself differently and realigns its identity and interests to conform with those of the socializing group.[64] Thus socialization can either be conceived of as constraining self-interested behaviour or as fundamentally redefining an actor's interests.

While the first variant of socialization theory has some history in management studies, principally through stakeholder theory,[65] the second has received very little attention.[66] Although the idea that firms often operate outside a narrow focus on profit-maximization is well established in the business and management literature,[67] few authors have attempted to explain why some business leaders see the role of the corporation as simply generating profit for shareholders while others see its role as creating sustainable value for broader communities and future generations. I contend that this variation can be explained by regular interaction with ENGOs, academics, public officials and other progressive business leaders in some cases but not others. If a narrow focus on profit-maximization is consistent with a logic of consequence, then socialization, by persuading corporations and executives to adopt community rules, implies that an agent switches from following a logic of consequences to a logic of appropriateness.[68] In this case, a consequentialist concern for profit-maximization is supplanted by an interest in generating profit in an environmentally appropriate way.[69]

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[63] Checkel, 2005, 812. See also Risse 2000 and Kantz 2007, 7.
[64] Slaughter 2004, 198.
[65] Freeman 1984.
[66] A notable exception is Kantz 2007 on how socialization helps explain diamond industry engagement in the Kimberley Process.
[67] A summary of such works is available in Prakash 2001, 291.
[68] Checkel 2005, 804.
[69] Although, it is worth noting that socialization is a two-way process. In some cases, the interests of non-corporate entities may realign to allow for the ongoing importance of corporate interests. See Kantz 2007, 9.

However, where previous attempts to engage socialization theory have fallen short is in specifying the conditions under which socialization is most likely to lead to behavioral change.[70] Clearly, not all socialization leads to a change in environmental practices. This is where I seek to build on existing theory by adding three stipulations about the composition of socializing networks. First, I contend that the network must be "diverse" (by which I mean, include non-corporate members) to offer a real chance of inducing behavioral change. Identities and interests likely will not change in networks where members already see their interests as fundamentally similar. In this case, the effect of socialization through industry associations or business-only networks will be minimal because members already view corporate environmentalism through a similar profit-oriented lens.

Second, while diversity is important, so too is the participation of peers within the network. The presence of other firms or executives can lead to mimetic isomorphism, alternately known as the copy-cat effect. Mimetic isomorphism assumes that "firms are likely to follow participants, other firms, which they respect and deem trustworthy."[71] Mimetic processes are particularly relevant when uncertainty is high, as it is in the evolving domain of corporate environmentalism.[72] In a survey of 394 corporations from Western Europe and Latin America, researchers found that peer influence and normative suasion, particularly a desire to emulate peer corporations on the New York Stock Exchange (NYSE), were critical factors in explaining

[70] Although, Checkel does specify a number of broader conditions under which identity and interest change are most like to occur (1) "The target of the socialization attempt is in a novel and uncertain environment and thus cognitively motivated to analyze new information.(2) The target has few prior, ingrained beliefs that are inconsistent with the socializing agency's message. (3) The socializing agency/individual is an authoritative member of the ingroup to which the target belongs or wants to belong. (4) The socializing agency/individual does not lecture or demand but, instead, acts out principles of serious deliberative argument. (5) The agency/target interaction occurs in less politicized and more insulated, in-camera settings." Checkel 2005, 813.
[71] DiMaggio and Powell 1983; Haunschild and Miner, 1997.
[72] DiMaggio and Powell 1983; Haunschild and Miner, 1997.

decisions to join the UNGC .[73] In this case, evidence of other companies or executives seriously engaging with environmental problems is vital to changing the preferences of big-box retailers.

Lastly, it is important that the network comprise persons with hierarchical power within their host company. Failing the direct involvement of senior executives, it is important that members of the sustainability network have direct access to executives or board members. This stipulation builds on the established notion that securing the buy-in of top management is vital to the success of any CSR initiative.[74] If a sustainability network encompasses middle managers with little access to senior management, it holds little potential to influence the behavior of the corporation as a whole. Conversely, if socialization occurs at the most senior levels, or if those involved in the networks have regular opportunities to capture or persuade senior management,[75] then behavioral change is more likely.

For these reasons, MSSNs are particularly effective venues for socialization. An MSSN comprises a group of diverse stakeholders representing at least two of the following sectors: industry, civil society, government, and academia. Hence industry associations, even those that focus on environmental issues, are not considered MSSNs unless they actively include external stakeholders.[76] MSSNs convene regularly around a pertinent environmental issue or issues. Groups that address environmental issues on an ad-hoc basis or as part of a broader agenda are therefore not considered MSSNs.[77] Moreover, MSSNs must enable *dialogue* between stakeholders. They cannot constitute a one-sided relationship where a single stakeholder dictates the agenda and terms of participation for other stakeholders. Thus while a group like the World

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[73] Perez-Bartres et al. 2011, 850.
[74] See: Boddy and Paton 1998, 118; Prakash 2001, 287; Sangle 2010; Trevino et al. 1999.
[75] Prakash 2001, 287.
[76] For example, groups like the National Association for Environmental Management or the Reusable Packaging Association.
[77] For example, while several firms in this study have engaged with the Initiative for Responsible Mining Assurance or the National Governor's Association on environmental initiatives, these groups are not considered MSSNs because they maintain broader agendas.

Resource Institute's Corporate Consultative Group (WRI CCG) would be considered an MSSN, the US Green Business Council would not because membership consists of abiding by a set of pre-determined rules, not engaging in a dialogue about what those rules should be.[78] Lastly, I caveat that while MSSNs are important venues for socialization, they are not the only avenues through which socialization can occur. Socialization can equally occur through less formal channels.

5. Methods and Data

I investigate the influence of socialization on corporate environmentalism through comparative case studies of the four largest grocery/household goods retailers in the United States: Wal-Mart, Target, Costco and Kroger from 2009-2012.[79] I selected this timeframe because it was a time of tremendous change for corporate environmentalism, but also because of the lack of comparable data prior to 2009. The project is framed as a most similar systems design insofar as it seeks to hold as many factors as possible constant.[80] All four of the companies under analysis can be classified as "big-box" retailers in the grocery/household goods sector, all are headquartered in the United States and face similar regulatory pressures, all have been the subject of ENGO campaigns at various points, all possess similar opportunity structures for increasing efficiency across their global supply chains, and all ostensibly have a similar customer-base drawn by their interest (primarily) in low prices.

The dependent variable for the study is corporate environmentalism, comprising a retailer's processes, performance and transparency related to environmental matters. The

[78] The same stipulation holds for many eco-labeling organizations, since membership does not reflect a dialogue between industry and external stakeholders.
[79] This is the research design suggested in Brown et al. because the small-n sample "can yield more refined understandings of the weight of various contextual and agency factors, and how they intersect in practice" (2010, 24).
[80] Lijphart 1971.

difficulty of operationalizing this variable has been well documented in other research and will not be reviewed here.[81] Suffice to say, the best available strategy is to use multiple indices covering the various dimensions of corporate environmentalism. To this end, this study relies on three indicators. The first is the Newsweek Green Business Rankings (NGBR), a comprehensive aggregate measure of environmental processes, performance and transparency. The rankings are the result of a rigorous, peer-reviewed research process which includes both quantitative and qualitative data from some of the world's leading environmental research organizations.[82] In lieu of using a company's absolute NGBR score, which may fluctuate drastically year-to-year owing to slight changes in methodology, I instead benchmark the four retailers in this study against each other using their ranking relative to other US firms within the same year.[83] Second, to better capture the transparency dimension of corporate environmentalism, I use the CDP Disclosure Ratings.[84] Third, I look for qualitative evidence of what Prakash terms "Type II" environmental policies.[85] Type II polices are ones that go beyond compliance with environmental regulations and in which profitability cannot be assessed through conventional investment appraisal procedures.[86] Identifying such policies is more of an art than a science, since motives to pursue a given policy initiative are always complicated and often multifaceted. Nonetheless, the presence

[81] See: Delmas and Blass 2010; Ilinitch et al. 1998.
[82] Newsweek 2012c. For a detailed description of the methodology used to calculate the NGBR, see: Newsweek 2012a. For further comments on credibility, see: Makower, Joel. "The Agony and the Ecstasy of Newsweek's Green Rankings." Accessed 22 February 2013. http://www.greenbiz.com/blog/2011/10/17/agony-and-ecstasy-newsweeks-green-rankings?page=0%2C1.
[83] Newsweek 2012a.
[84] The NGBR's disclosure (transparency) score was only introduced in 2011, having replaced a reputation survey score which was based on an opinion survey of CSR experts, academics and other environmental experts. Thus the NGBR is not a good measure of transparency for this time period. While the CDP Disclosure Rating reflects the degree to which companies are transparent on their climate change performance, CDP reports often reflect broader environmental goals than climate change. Hence, there it is plausible that the CDP Disclosure Rating is a reasonable proxy for a firm's transparency about its environmental initiatives more generally. See Newsweek 2012a.
[85] Prakash 2001, 288.
[86] Prakash 2001, 288.

of such policies is a good indicator of which firms are committed to operating in an environmentally responsible manner.

I search for evidence of socialization through MSSNs and other venues by looking at both quantitative data (the number of relevant MSSNs a company belongs to) and qualitative data (documented evidence of the influence of these networks). I draw data from corporate sustainability reports, Carbon Disclosure Project (CDP) investor responses, newspaper/magazine articles, websites and interview transcripts. I use the same resources to search for evidence of alternate hypotheses: an overt profit-motive, concern for societal norms, acute pressure by ENGO groups, self-interested executives, or the presence of eco-centric leadership. In each case, I attempt to trace the process through which corporate environmentalism first gained (or failed to gain) traction within a firm and to document how these processes continue to shape corporate environmentalism.

6. Results

When Wal-Mart, Target, Costco and Kroger are compared through the aforementioned indices of corporate environmentalism, a clear picture of variation within the same sector emerges. As Table 6.1 shows, Wal-Mart and Target are the most consistent sustainability leaders and Costco and Kroger the sustainability laggards.

Table 6.1 Newsweek Green Business Rankings US 500 Companies 2009 – 2012[87]

2009	2010	2011	2012
59. Wal-Mart **72. Target** 161. Kroger 200. Costco	**51. Wal-Mart** **61. Target** 136. Kroger 169. Costco	**52. Wal-Mart** **197. Costco** 211. Kroger 236. Target	**41. Wal-Mart** **85. Target** 152. Kroger 156. Costco

[87] All data drawn from: Newsweek 2009; Newsweek 2010; Newsweek 2011; Newsweek 2012b.

From 2009 to present, Wal-Mart consistently outperformed other grocery/household goods retailers in the NGBR. Target also scored well for most of the years under consideration.[88] Costco and Kroger, while demonstrating significant fluctuation between years, consistently finish two-to-three times lower than their competitors.

A similar patter emerges on the second indicator of corporate environmentalism, the CDP disclosure ratings. As Table 6.2 shows, Wal-Mart and Target average disclosure ratings over the four year timeframe that are two-to-three times higher than those of Costco and Kroger.

Table 6.2 CDP Disclosure Ratings 2009 - 2012[89]

	Costco	Kroger	Target	Wal-Mart
2009	17	18	48	89
2010	32	21	66	86
2011	49	49	77	85
2012	39	52	87	86
Avg. Disclosure	**34.25**	**35**	**69.5**	**86.5**

Since efforts to address climate change tend to encompass broader environmental actions, we can reasonably infer that Wal-Mart and Target are more transparent about their environmental efforts as a whole.

Lastly, evidence of "Type II" environmental policies also seems to suggest a more earnest commitment to corporate environmentalism from Wal-Mart and Target. For example, Wal-Mart has taken a leadership role in supporting lifecycle analysis and efforts to create a global sustainability index.[90] However, its actions in this domain have not been consistent with a

[88] While Target outperformed the other retailers in its Environmental Impact Score in 2011, its ranking fell due to a poor Environmental Management score that year.
[89] Data in this table is drawn from: CDP 2009; CDP 2010; CDP 2011; CDP 2012a. For a complete review of how CDP Disclosure Ratings are calculated, see CDP 2012b.
[90] See Wal-Mart 2008; Wal-Mart 2009; Wal-Mart 2010; Wal-Mart 2011; Wal-Mart 2012.

company seeking excludable club-goods.[91] Indeed, the organization it funded to lead this initiative, The Sustainability Consortium, now includes over 90 members, many of them Wal-Mart's largest competitors.[92] For its part, Target operates an electronics recycling program for its customers with no immediate profit-motive.[93] In 2011 alone, the program recycled over 7 million pounds of electronic waste.[94] Moreover, Target ensures that e-waste items are processed domestically, thereby raising recycling costs.[95] While this may equally be construed as a move to gain reputational advantage, the immediate return on investment for Target is difficult to quantify.

In contrast, both Costco and Kroger demonstrate a lack of Type II environmental policies. Costco's environmental initiatives are largely focused on operational efficiency initiatives with a direct tie to profitability.[96] In 2011, Costco stopped selling 12 at-risk species of fish and announced a one-year partnership with the WWF to revise its seafood sourcing policies.[97] However, this move came only after Greenpeace waged a lengthy campaign to encourage Costco to "stop destroying the oceans through its seafood purchasing practices."[98] Thus this action does not qualify as a Type II initiative, since it appears to have been triggered by a direct-concern for reputational damage. Kroger shares Costco's focus on energy efficiency initiatives with a direct tie to profitability. In its 2012 CDP Investor Response, Kroger notes that investments in energy efficiency "must satisfy the Company's minimum internal rate of return

[91] Potoski and Prakash 2005.
[92] CDP 2012e, 6.1b.
[93] Target 2011, 11.
[94] Target 2011, 13.
[95] Target 2011, 14.
[96] Prominent initiatives include constructing energy efficient warehouses, reducing plastic PVC packaging, and recycling waste materials. See: Costco 2012a, 13-14.
[97] Best, Dave. 2011. "Costco Steps Up Sustainable Seafood Policy." *Triplepundit.com*. Posted 3 March 2011. Accessed 19 August 2013. http://www.triplepundit.com/2011/03/costco-steps-sustainable-seafood-policy/.
[98] Greenpeace. 2011. "Costco makes a move toward ocean protection." *Greenpeace.org*. Posted 28 February 2011. Accessed 28 August 2013. http://www.greenpeace.org/canada/en/Blog/costco-makes-a-move-toward-ocean-protection/blog/33498/. Greenpeace singled out Costco for a campaign, setting-up a website called oh-no-costco.com to publicize its grievances.

for a viable economic investment."[99] Hence a decision to switch to natural refrigerants in its cooling systems was deemed too cost prohibitive to pursue at this time.[100]

Taken together, the three indicators on the dependent variable suggest clear variation between the four retailers. Wal-Mart and Target outperform Costco and Kroger across all indicators of corporate environmentalism. But what accounts for this variation? Evidence strongly supports a socialization theory of corporate environmentalism. Wal-Mart and Target, the environmental leaders, are far more engaged in MSSNs and other forms of socialization than their competitors. Additionally, there is evidence that socialization through these networks either directly or indirectly affects executives at the top of the corporate hierarchy. Conversely, Costco and Kroger, the environmental laggards, are less engaged in MSSNs or limit participation to middle managers with little access to senior decision-makers.

Table 6.3 Membership in Multi-Stakeholder Sustainability Networks 2008 - 2012[101]

Name of Partnership	Costco	Kroger	Target	Wal-Mart
BSR			✓	✓
CI Corporate Partner				✓
CI Business & Sustainability Council				✓
EDF Corporate Partner				✓
EPA Green Chill			✓	
Fishwise			✓	
Forum for the Future			✓	
Global Partnership for Oceans	✓			
National Fish & Wildlife Foundation				✓
NRDC Clean By Design			✓	✓
Roundtable on Sustainable Palm Oil		[102]		✓
Sustainable Apparel Coalition			✓	✓
Sustainable Fisheries Partnership	[103]			✓

[99] The exact number of this rate of investment is unspecified. CDP 2012c, 3.3c.
[100] Kroger 2012, 30.
[101] Only MSSNs that meet the scope conditions outlined in Section 4 are included in this table. The table does not include MSSNs in which the retailer's suppliers belong. It also excludes regional MSSNs outside the US (international partnerships, however, are counted). Only partnerships that are acknowledged by the MSSN are included in this table.
[102] While Kroger is not acknowledged as a member of the Roundtable on Sustainable Palm Oil (RSPO), it has agreed to source its palm oil form RSPO certified suppliers.

Sustainable Packaging Coalition	✓		✓	
The Nature Conservancy			✓	✓
The Sustainability Consortium		✓		✓
US DOE Better Buildings Alliance	✓		✓	✓
WRI Corporate Consultative Group			✓	✓
World Environment Centre				✓
World Wildlife Fund Partner	✓	✓		✓
Total	**4**	**2**	**10**	**15**

Table 6.3 reviews engagement with MSSNs at any point between 2008-2012. The timeframe is adjusted to allow one year of lag-time between socialization through MSSNs and a change in the dependent variable. The table does not include in-house networks or working groups, networks in which none of the four retailers are members, or instances of one-time or ad-hoc socialization between executives and external stakeholders. At a glance, Wal-Mart and Target are quantitatively far more engaged in these networks than their counterparts. However, it is worth acknowledging that the socialization function of these networks varies considerably. Moreover, the number of MSSNs a corporation belongs to does not establish the direction of causality. It is entirely possible that MSSN membership is a symptom, not a cause, of corporate environmentalism. For these reasons, qualitative evidence of socialization is more relevant.

In this regard, Wal-Mart demonstrates the most evidence that socialization has been critical to its sustainability journey.[104] A chance encounter on a Tokyo bus between a Conservation International employee and Rob Walton, Wal-Mart's chairman and the son of founder Sam Walton, led to a meeting in 2002 between Walton and Peter Seligmann, the co-

[103] While Costco claims to have worked with the Sustainable Fisheries Partnership (SFP) (Costco 2012b, 1), SFP does not acknowledge a current/past partnership on their website.
[104] A more detailed version of Wal-Mart's sustainability journey is presented in Humes 2011.

founder and CEO of the ENGO Conservation International (CI).[105] During the meeting to discuss Walton Family Foundation business, Wal-Mart CEO Lee Scott happened into the room and Seligmann seized the opportunity to propose overhauling Wal-Mart's environmental practices. A subsequent meeting between Lee Scott, Peter Seligmann and others in 2004 further seeded the idea that Wal-Mart could become an environmental leader. During this meeting, mimetic isomorphism played a key role in convincing Scott that the environment was now a legitimate area of concern for business. Seligmann talked at length about the work CI had done with Starbucks and McDonalds.[106] He highlighted the fact that CI's board included such titans of industry as the chairman of Intel and the CEOs of BP and Starbucks. Still unconvinced, Lee Scott began taking meetings with former Clinton White House officials, competitors, and politicians who would only agree to meet in secret.[107] He walked away from these early meetings with a key insight: society's expectations of corporate conduct had changed.[108] Lee Scott's conception of the role Wal-Mart could play in environmental stewardship was fundamentally transformed from a logic of consequence to a logic of appropriateness. In his own words, he notes: "I had an intellectual interest when we started. I have a passion today."[109]

Wal-Mart began pulling sustainability ideas from everywhere. The open-source approach worked so well that the company decided to institutionalize socialization through "sustainable value networks" (SVNs), working groups composed of Wal-Mart employees, suppliers, environmental groups, and regulators who gather to share and generate new ideas about

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[105] The events in this paragraph are described in: Fortune. "Wal-Mart Chairman: How We Came to Embrace Sustainability." Accessed 21 August 2013 at http://tech.fortune.cnn.com/2012/04/17/rob-walton-peter-seligmann-transcript/. They are a transcript of an interview of Rob Walton and Peter Seligmann describing their initial contact and how it shaped Wal-Mart's sustainability practices.

[106] Marc Gunther, "The Green Machine," *Fortune Magazine,* 31 July 2006. Accessed 10 March 2011. http://money.cnn.com/magazines/fortune/fortune_archive/2006/08/07/8382593/index.htm.

[107] Patricia O'Connell, "Wal-Mart's Scott: "We Were Getting Nowhere," *BusinessWeek,* 21 September 2005. Accessed 16 March 2011. http://www.businessweek.com/bwdaily/dnflash/sep2005/nf20050922_2095_db008.htm.

[108] O'Connell "Wal-Mart's Scott: "We Were Getting Nowhere."

[109] Gunther "The Green Machine."

sustainability. SVNs socialize executives directly and indirectly, both through direct participation and through quarterly progress and activity presentations to the Vice President of Corporate Affairs and the CEO of Wal-Mart international.[110] The impact of SVNs and MSSNs on Wal-Mart's environmental performance cannot be overstated. In a 2008 interview, Lee Scott noted that ENGOs have been critical to helping the company understand sustainability issues and pushing it to go farther in thinking green.[111] On his ENGO partners, Scott comments: "They are more aggressive than we are, and they push us to go further, but they also have not been as judgmental about our failures as I was afraid they would be."[112] There is also evidence that this commitment to engagement with MSSNs continues to define Wal-Mart's corporate environmentalism.[113] Current CEO Mike Duke notes in Wal-Mart's 2012 CSR Report that candid conversations and constructive relationships with SVN partners lead to learning and, ultimately, to results.[114] Meaningful socialization also continues outside the SVN structure. Both Rob Walton and current CEO Mike Duke are members of the executive board of CI's Center for Environment Leadership in Business.[115] Leslie Dach, Executive Vice President, Corporate Affairs and Government Relations sits on the board of the World Resources Institute (WRI) where she rubs shoulders with luminaries like Al Gore.[116] In sum, qualitative evidence strongly suggests the vital role of socializing Wal-Mart executives in fomenting and maintaining the company's commitment to the environment.

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[110] CDP 2012e, Section 2.3a.
[111] Groom, Nicola. 2008. "Wal-Mart kept NGO partnerships on the DL." *Reuters*. Last modified 13 March 2008. Accessed 22 February 2013. http://blogs.reuters.com/environment/2008/03/13/wal-mart-kept-ngo-partnerships-on-the-dl/.
[112] Groom 2008.
[113] The fact that SVNs focused "primarily on environmental impact" might also explain why Wal-Mart has been so active in this domain, and less active in other aspects of CSR. See Wal-Mart 2008, 11.
[114] Wal-Mart 2012, 2.
[115] Fortune 2012.
[116] WRI "WRI Board of Directors." *World Resources Institute.* Last accessed 22 February 2013. http://www.wri.org/about/board.

Similar evidence of engagement in MSSNs is present for Target. President & CEO Gregg Steinhafel writes in Target's 2011 CSR Report that sustainability is not something the company can do alone, it needs "business, community and civic partners around the world who share and inform [its] principled approach."[117] Hence, "Target actively engages with NGOs to guide our work in addressing our guests' and communities' key environmental concerns, including climate change, energy efficiency, product safety and sustainable fisheries."[118] Chief amongst these attempts to engage outside stakeholders is Target's partnership with WRI, which has "helped to inform Target's viewpoint on issues relating to climate and energy policy- and has provided our company with access to a network of like minded companies who are contributing to ongoing policy discussion."[119] The WRI Corporate Consultative Group (WRI CCG) "serves as a vehicle for exchanging valuable thinking about responses to shared challenges…Members engage with WRI experts – and with each other – to access environmental intelligence in order to protect and grow shareholder value and steer business to better protect the environment."[120] Target also notes the influence of its founding membership in the Sustainable Apparel Coalition (SAC) as a model for how it would like to engage with external stakeholders and peers in a collaborative and partnership-oriented environment.[121] Here again, it would appear that a combination of network diversity (the presence of WRI, EDF, EPA experts) as well as peer representation leading to mimetic isomorphism is critical to understanding the impact of socialization. Furthermore, Target's representatives on the WRI CCG and SAC report to Target's Sustainability Leadership Council which consists of Vice President or Senior Vice President level representatives and is

[117] Target 2011, 3.
[118] Target 2011, 43-44.
[119] CDP 2012d, Section 2.3a.
[120] WRI. "WRI Corporate Consultative Group." *World Resources Institute.* Accessed 22 February 2013. http://www.wri.org/corporate-consultative-group.
[121] Target 2012, 9.

supervised by the Corporate Responsibility Committee, a sub-set of Target's Board of Directors.[122] Thus, there is compelling evidence that socialization either directly or indirectly affects the highest levels of Target's management.

At the other end of the spectrum, evidence of socialization through MSSNs is lacking in Costco and Kroger. While Costco created a Corporate Sustainability and Energy Group (CSEG) in 2007, it is entirely internal to its operations. The group comprises employees with backgrounds in merchandising, legal, operations and purchasing, but no external stakeholder representation.[123] This group is singularly responsible for developing and evaluating environmental policy across the organization. It is perhaps for this reason that Costco's environmental strategy consists mostly of pursuing low-hanging fruit, like incorporating skylighting into its warehouses and recycling packaging materials.[124] Costco's most significant external partnership was with the World Wildlife Fund (WWF) and was limited to assessing Costco's seafood procurement policies.[125] As noted earlier, the reason for this engagement was likely concerted pressure from Greenpeace over Costco's seafood procurement.[126] The remainder of Costco's MSSN engagement appears tied to realizing operational efficiencies: increasing energy efficiency and reducing unnecessary packaging.[127] While laudable, these efforts do not suggest a company that sees itself as a leader in green business practices. There is also evidence that senior management is disconnected from sustainability practices. A 2009 CSR report noted

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[122] CDP 2012d, Section 1.1a and 2.1a.
[123] Costco 2009, 10.
[124] Costco 2009, 2.
[125] WWF. 2011. "WWF Collaborates with Costco Wholesale to Assess Wild-Caught Fisheries and to Further Develop a Sustainable Sourcing Strategy." Accessed 22 February 2013. http://worldwildlife.org/press_releases/wwf-collaborates-with-costco-wholesale-to-assess-wild-caught-fisheries-and-to-further-develop-a-sustainable-sourcing-strategy. See also: Costco 2012b, 2.
[126] Greenpeace. 2011. "Costco makes a move toward ocean protection." *Greenpeace.org*. Posted 28 February 2011. Accessed 28 August 2013. http://www.greenpeace.org/canada/en/Blog/costco-makes-a-move-toward-ocean-protection/blog/33498/. More recently, Costco has become a member of the Global Partnership for Oceans, but this may also be an attempt to save face after the Greenpeace campaign.
[127] Costco 2009; Costco 2012a.

that the primary purpose of conducting a GHG inventory was to allow managers, not executives, to develop policies and assess progress.[128]

Kroger performs somewhat better at housing accountability for corporate environmentalism with senior managers, but it too is hampered by its lack of meaningful engagement with MSSNs.[129] Accountability for environmental initiatives is located at the VP level and the VP reports directly to the chairman of the board.[130] However, Kroger's opportunities for socialization are largely limited to "industry leadership trade organizations."[131] Such networks lack the stakeholder diversity necessary to fundamentally redefine the company's identity or interests. This point is reinforced by the language used in the company's comments on its rationale for stakeholder engagement. Kroger's 2012 CDP response notes: "Kroger has an engagement process that determines which individuals, organizations, and committees will help create long-term shareholder value through managing risks as well as identify new areas of opportunity to grow our business."[132] The language employed is entirely consequentialist, focusing on how stakeholder engagement can create value for shareholders, not for society as a whole.

8. Conclusions

This article asked why do some mega-retailers commit to ambitious environmental agendas while others in the same sector do not. The qualitative and quantitative evidence is persuasive and suggests that socialization through MSSNs and other groups, when coupled with an internal structure that allows for direct or indirect involvement of senior management, is a

[128] Costco 2009, 12.
[129] Notable exceptions include partnerships with WWF on reforming seafood procurement and The Sustainability Consortium on life cycle analysis. See: Kroger 2011, 21.
[130] CDP 2012c, Section 1.2a.
[131] CDP 2012c, Section 2.2a.
[132] CDP 2012c, Section 2.3a.

powerful theory of corporate environmentalism. Socialization, by realigning managerial values, shifts decision-making criteria from a narrow focus on profit maximization to a broader focus on creating social value. These managerial values are then driven down through the firm, leading to an increase in firm-wide attention to environmental policies, practices, and transparency.

Admittedly, these findings are based on a small sample and thus we should be cautious in drawing broad conclusions. Nonetheless, these early findings suggest a number of promising avenues for further research. For one, the socialization-corporate environmentalism nexus could be submitted to a broader empirical test. The nature of the research question lends itself particularly well to a natural experiment research design, wherein the environmental policies and performance of MSSN members are compared to those of a control group. Second, it suggests that more cross-pollination is needed between scholars of business and political science/public policy.[133] In particular, there is every indication that socialization could be just as relevant to a larger class of CSR initiatives, including social and labour-related initiatives. Third, the conditions under which socialization is most likely to change behaviour requires further research. My findings suggest that both network diversity and similarity are important insofar as the former broadens the range of ideas and interests represented within the network and the latter engenders processes of mimetic isomorphism. However, it would be interesting to note whether these dynamics change when applied to different industrial sectors or different issue-areas.

In terms of policy implications, these findings suggest significant shortcomings in existing policies aimed at greening the economy. For one, they suggest that too much emphasis has been placed on the business case for sustainability. The business case for sustainability is premised on the idea that no significant change in the logic of decision-making is needed to achieve environmental goals. It promotes a win-win discourse which highlights the compatibility

[133] A similar appeal is made in Brown et al. 2010, 25.

of capitalism with environmentalism.[134] However, in practice, the transition to a green economy does require a shift in logic. As the cases examined in this article have shown, it requires that people in the highest reaches of the business world see their interests as extending beyond a narrow focus on profit-maximization. Existing policies that encourage business leaders to see environmentalism from a profit-maximizing perspective do not allow for such a shift to occur. As Vogel notes: "In most cases, CSR only makes sense if the costs of more virtuous behaviour remain modest."[135] Channeling public resources into this framework then risks constraining action to low-hanging fruit or stymieing corporate environmentalism when it is no longer profitable. Limiting corporate environmentalism in this way bodes ill for efforts to transform the global economy in time to prevent climate change, deforestation and related planetary crises.[136]

Socialization offers a mechanism through which the values of business leaders can be realigned to view environmentalism not as a means to an end, but as an end in and of itself. Conscious instrumental calculation must be replaced by a "taken-for-grantedness" that recognizes that corporate environmentalism is both appropriate and expected.[137] Already, there are signs that this is the future of corporate environmentalsim. A 2010 survey of over 1000 CEOs worldwide found that nearly one third highlighted "difficulty of engaging with external groups" as the key barrier to integrating a companywide approach to sustainability."[138] This suggests there may be opportunity space for governments and IOs to help facilitate that engagement. If resources were redirected from existing efforts to make a business case for sustainability, they might be better used in helping facilitate partnerships between industry, government, academia and civil society.

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[134] Bernstein 2013, 141.
[135] Vogel 2006, 4.
[136] Bernstein 2013, 142.
[137] Checkel 2005, 804.
[138] Accenture 2010, 42.

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