Master's Thesis

7th June, 2017

MSc International Marketing

Aalborg University

Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious

Multiple Case Study in Singapore

Total Page No (Excluding Appendix): 87

Words (Excluding Appendix): 29,461

Author: Rolandas Salciunas

Supervisor: Mohammad Bakhtiar Rana

2

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

Executive Summary

This thesis is oriented to analyzing concept of conscious business in-depth with help of literature and real world empirical data form multinational companies and business consulting companies in Singapore. Initially there is a rigorous review of conscious business literature itself, followed by conscious business concept review within frame of literature of business ethics, CSR, legitimation and capability-based view towards business model innovation. Conceptual framework was developed subsequently where literature review served as basis for isolating relevant concept to construct a framework. During the empirical data collection sample units were exposed to conscious business concept as empirical data collection aims to discover the perceptions, motivations and practices of MNCs towards the concept of conscious business. Analysis of empirical data provided with corroborative findings that helped to see the conscious business concept in a real world in a non-role model perspective. Totality of literature data and empirical data allowed to systematically reach the synergy in theoretical discussion resulting in strategic recommendations. Strategic framework appears in a four dimensional perspective structured from internal pressures, external pressures, strategic benefits and capabilities of company, which results in a comprehensive narrative designed specifically for MNCs as a four stage strategic framework of consciousness process within a company providing with a conceivable narrative for non-role model MNCs of how to understand, become, be and challenge consciousness within company and outside.

Table of Contents

4

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

5

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

6

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

Tables and Figures

7

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

Introduction

Problem Statement

Mackey (2006), pointed out that businesses are forgetting about the higher needs of human nature such as *altruism*. Since Adam Smith (1776) stated that *self-interest*, enables effect of invisible hand that would benefit the whole economy and society naturally. Following self-interest, capitalism where workers are free to work for wages and capital is able to receive income in return (Jahan and Mahmud, 2015), (Scott, 2006), has enabled a prosperity and a political freedom Friedman (1970), eliminating poverty around the globe Mackey (by Palmer 2011). Friedman (1970) has stated that:

> *"Capitalism is the best possible economic system that is run solely on greed and it is a responsibility of government on how to ensure that greed would do the least harm to the society"*.

People started to over-glorify *selfishness* and became hypocritical about other Adam Smith's (1759) statements on *morality* in Theory of Moral Sentiments. The terrible misinterpretation of self-interest as *selfishness* and *greed* resulted in a praise of opportunistic and inhumane features of corporate leaders. Corporations built a norms that helped psychopaths to get successful (R. Boddy, 2011), (Berrone, Surroca and Tribo, 2007). Corporate *psychopaths* has gained more power and influence shaping the moral norms of organizations, enabling *greed culture*. Inadequate psychopathic actions *led to global financial crisis* and society's mistrust in corporations, as the consequence altered a need of *business ethics, morality* and *corporate responsibility* (R. Boddy, 2011).

Global Rise of Consciousness

According to Strong (2011), there are two observable *global* trends in a world that are increasingly rewarding the Conscious Business model:

1) Massive advance up Maslow's Hierarchy
2) Radical transparency (due technology)

As academia recognizing of lost "transcendence" level of Maslow's Hierarchy of Needs (Koltko-Rivera, 2006), it is observed by Alain de Botton (in Wilson, 2014) that wealthy nations are reaching advanced state of consciousness and climbing the pyramid. Enlightened leaders focuses on *existentially critical questions* on *organizational level* (Pruzan, 2001). Shift of mindset of corporations according to academics is moving from smaller ego-centric *me* to world-centric *WE* according to Coates (2013); (Pruzan, 2001). According to Strong (2011), product that incorporate meaning into their brand are in

8

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

growth category. Continued wealth and income growth enabled phenomena of *conscious consumers* (Pruzan, 2001) who to integrate meaning and purpose in their decision making. According to Sisodia (2009), *values* of societies are dominated by greater concerns with *meaning of life*, focus on giving back and *declining materialism* with greater interest in *spirituality*, as well as raid rise of feminine values. These may be the values of generation of *millennials* that will take over the business arena within few decades (Simpson, Fischer and Rohde, 2013). Most of the highly qualified employees are looking for *meaningful* work, career development*, reasonable harmony and values* (Pruzan, 2001). Emergence of gig economy, sharing economy trends now are showing that millennials are overwhelmingly searching for an alternative for independence and meaning. Csikszentmihalyi (2014) found that increase of earned money annually would not increase feeling of *happiness*. What really makes people happy is what he calls a state of *flow* where you human being is doing what he likes, what is challenging (Csikszentmihalyi, 2014) and is *meaningful* (Pruzan, 2001).

Ubiquitous communication of World Wide Web (Sisodia, 2009), makes unethical behaviour known globally in just a blink of an eye, ushering the era of *unprecedented transparency*. Universal Basic Income would come as an appropriate alternative mechanism of redistributing the *wealth benefits* of automation and globalizations, whereas the purpose and *meaning and concept of work* will dramatically change (Ugo Colombino, 2015). American government i.e. already making plans of educating and retraining workers and investing in *Artificial Intelligence* to meet the coming stream of automation (Washington, D.C., 2016). As traditional business models already becoming not competitive in a global perspective as other giant countries successfully adapting the formulas. There is a *need to change the curriculum* of *business schools* integrating rationale where businesses supposed to be more *responsible*, aware of all *stakeholders*, define purpose and meaning of business (R. Simons, 2013). Development of more *ethical, moral* and *fair contracts* within business has recently received a *global* appreciation by a Nobel Prize Committee as Academics Oliver Hart's and Bengt Holmström's were awarded a *Nobel Prize* for their contributions in a *social contract theory* field (Nobel Prize Committee, 2016).

9

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

Conscious Capitalism as Dominant Business Paradigm

In the light of global trends of consciousness and technology advancements described above, it is believed by Sisodia, (2013); Mackey, (2011); Strong, (2011); Rauch, (2011), Thigpen (2011), Hanson (2011) that *conscious capitalism* is going to be dominant philosophy on how to lead and manage business in 21st century as it leads to more value creation for all *stakeholders*. Moreover it is believed that it will become a dominant business paradigm and *outcompete other business philosophies* because it works better in long-term because of it *holistic approach*. Sisodia (2011) argues that Conscious Capitalism is the following evolutionary stage of Capitalism and because of its holistic approach where it seeks to empower the classical capitalism following its broad ideological roots, it will inevitably become the novel paradigm of capitalism. It is more realistic and more applicable to the current *global setting* and outcompetes the other recent conceptualizations of capitalism such as: Shared Value Capitalism (Michael Porter and Mark Kramer, 2011), Creative Capitalism (Bill Gates, 2008), Capitalism 3.0 (Otto Scharmer, 2010). As it is recently stated by one of the pioneer in researching the concept of conscious capitalism Sisodia (2013):

"This is not a theory that was conceived of in a vacuum; rather, it is a philosophy that emerged in an inductive way by observing the values and behaviors of a unique set of companies. We are still at the very early stages of this journey."

Critique of Conscious Capitalism Theory

Conscious Capitalism theory is criticized by Wang (2013), as he is pointing out that CC theory lacks 1) refutability – due to inadequate definition and possibility to test it in real world. CC theory also lacks a 2) consistency due to constantly changing claims of its proponents and definitions of CC theory. Also Wang (2013), states that CC theory is 3) not generally applicable to vast majority of businesses and the theory was developed only relying on "role-model" firms, as well as the uncertainty of an argument that conscious businesses are on the continuum of consciousness and are conscious to a certain degree. It is suggested by Wang (2013) to apply normative and positive (strategic or instrumental) approaches on conscious capitalism theory in order to understand "why" the *motivations* of applying it and also the *costs* and *requirements* of its *practicing*.

Research Questions (Problem Formulation)

As per above described problem statement, there are questions raised by critics of CC theory as well as statements that CC theory is still new, provides with an opportunities in advancing the knowledge in that field. However in the broad horizon of the possible research scopes, this research will focus on most pertinent aspects of conscious capitalism concept.

Firstly, since proponents of CC theory state that it is going to be dominant philosophy, due to its holistic approach and satisfaction of all stakeholders, there is a need to rigorously discuss the theory of CC and capture its relationships with CSR and business ethics.

As well as how this theory related to institutional conditions such as regulations, social values and norms. Is CC philosophy being practiced solely for moral and altruistic intentions (Mackey, 2006) or to gain legitimacy, reputation and construct attractive corporate image or is it helping to gain higher profits?

Secondly, heavy emphasis is put on the global aspect of the theory and its influence, therefore there is a need to test the conscious business concept in an international perspective. Since MNCs are the businesses that are acting globally and are creating a global business system – there is a need to establish a link between CC theory and MNCs. At this point, reacting to criticism of the theory can be useful understand how MNCs perceive the phenomena in a real world setting, practice it and what are the requirements of its applicability, as well as what motivates MNCs to pursue CC philosophy

Such research would advance the knowledge of CC theory, dynamics of this concept in international real world setting perspective by examining MNCs that do operate in Singapore which is developed economy, simultaneously reacting to the criticism of the theory.

Therefore the research rationale is: "*Understanding Conscious Business Concept: How MNCs perceive, practice it and why?*" which is going to be broken down to *3 research questions* below that will help to specify the most pertinent issues of CC theory described above and narrow down the research focus.

1. Conscious Business: what is it, and how is it related to ethics, CSR and legitimation?
2. What factors affect the perception, motivation, and practice of conscious business in MNCs and WHY?
3. Are there institutional features that plays instrumental role in adapting and practicing conscious business?

11

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

These research questions will be challenged by analyzing literature to understand conscious business, review related literature on conscious business concept, developing conceptual framework, conducting primary data collection and analysis, discussing the collected data in theoretical perspective and literature that was gathered, providing strategic recommendations and concluding whether research questions were answered as well as reflecting on the research in general.

Project Outline

The following project outline will be employed to systematically counter the research questions and research problem.

- *Introduction:* Problem Statement, Problem Formulation and Research Questions
- *Philosophy of Science:* Paradigm, methodological approach, data collection methods, sample, reliability and validity

- *Literature review and Conceptual Framework:* Reviewing literature on conscious business to understand it as well as reviewing relevant literature to isolate concepts for conceptual framework development for empirical data collection

- *Cross-Case Analysis of Empirical Data:* Initial data collection was conducted at this stage, followed by cross-case analysis. Cases are analyzed in cross-case analysis semantically, generalizations of each case are outlined and compared to each other. Combination of 5 samples in 4 cases are analyzed.

- *Corroboration Patterns and Findings:* Corroborative patterns are outlined as empirical findings

- *Theoretical Discussion and Strategic Recommendations:* Corroborative patterns are employed in theoretical discussion while strategic recommendations for MNCs are provided in relation to CB philosophy

- *Conclusions and Reflections*

Project outline is visualized in figure 1 below to help understand the project structure and flow.

Visualisation of Project Outline
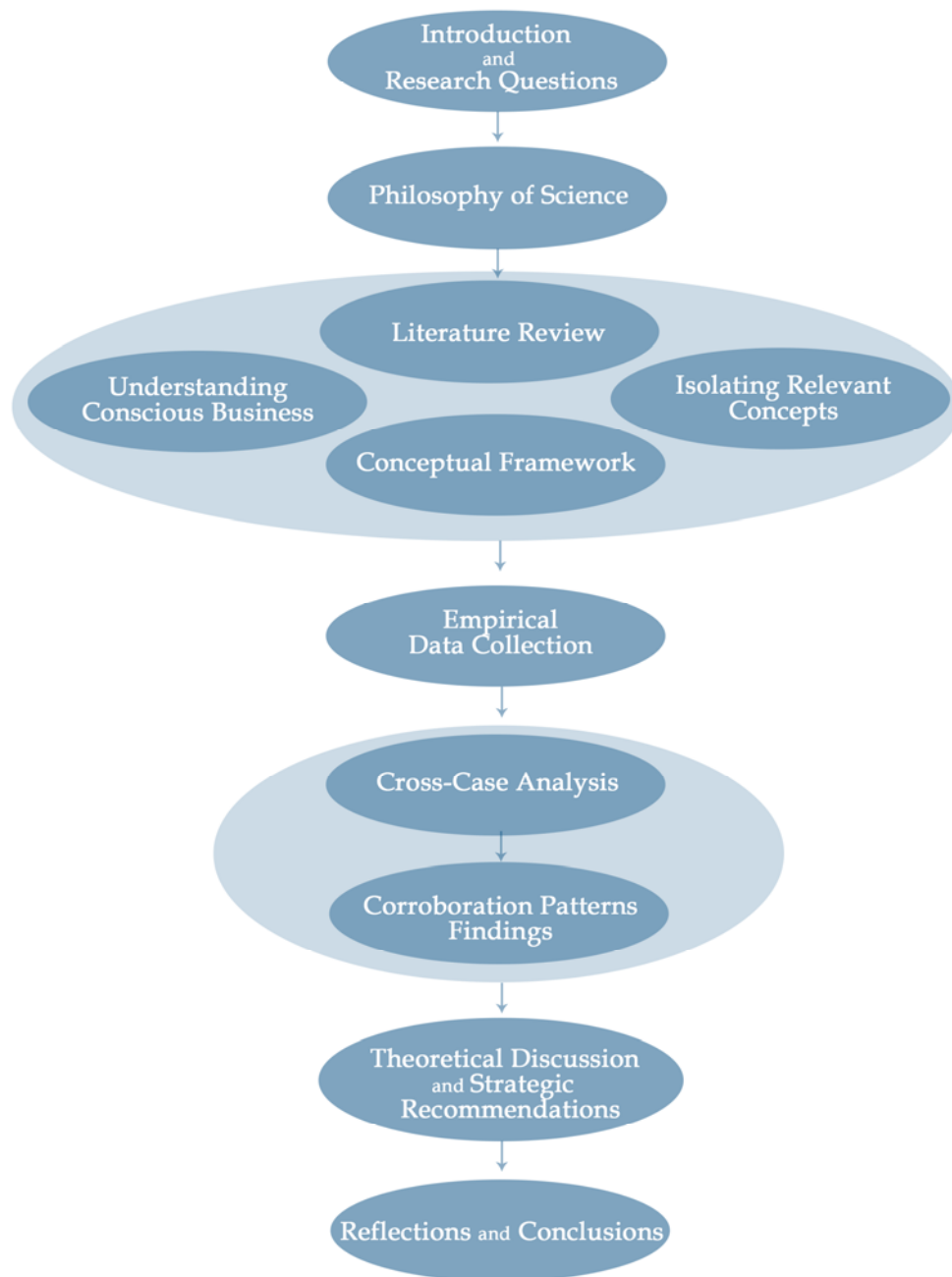
Figure No.: 1
Name: Project Outline
Source: Developed by Authors

13

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

Chapter 1: Philosophy of Science

Philosophical assumptions are underlying every research even though researcher is not aware of it, these assumptions are ontological, epistemological, axiological and methodological therefore it is imperative to reveal them as it will clarify the paradigm of research (Kuada, 2012).

1.1. Paradigms

As paradigms Kuada (2012) and Mark Saunders, Philip Lewis and Adrian Thornhill (2009) in social sciences are distinguished in two research approaches: subjective (interpretivist) and objective (positivist), both of them are compared in the table below by underlying philosophical assumptions and discussed under the table in following subchapters.

Philosophical Assumptions	Positivism	Interpretivism
Ontology: how research sees the nature of reality	Reality is external and independent from social actors. Researcher is objective.	Reality is socially constructed, it is changing by multiple actors. Researcher is subjective.
Epistemology: the view of researcher of what constitutes an acceptable knowledge	Credible data and facts are only provided by observable phenomena. Focus is on causality, generalizable processes that are reducible to simplest elements.	Source of data are subjective meanings and social phenomena. Focus is on reality behind details, subjective meanings, motivations and actions.
Axiology: how researcher sees the role of values in research	Research is independent from values and collects data in objective stand point.	Researcher is bounded to values as well as he is a part of researched phenomena and cannot be separated.
Methodological: what is the process of research	Research process is deductive while focusing on cause and effect by isolating categories primarily. Research is isolated from context. Highly structured, large samples, measurement, quantitative, but can use qualitative	Research process is inductive, while studying interdependent variables that influence each other. Deign of categories is emerging in the process, while categories are interconnected with a context. Patterns and concepts are developed to study the phenomena. Small samples, in-depth investigations, qualitative

Table: 1
Name: Positivist and Interpretivist Paradigms in Social Science
Sources: Burrell and Morgan (1982) Sociological Paradigms and Organizational Analysis: Elements of the Sociology of Corporate Life. Routledge, Kuada (2012) and Mark Saunders, Philip Lewis and Adrian Thornhill (2009)

1.2. Choice of Paradigm: Interpretivism

As per briefly described philosophical assumptions of paradigms in social science that are positivism and interpretivism, the chosen paradigm for this research is interpretivist. Positivist paradigm is not a viable option for social sciences for the reasons that it is not possible to isolate a broad spectrum of social phenomena's as well as it is not capable to explore the phenomena in-depth. Positivism also has a tendency to reduce and neglect important variables that are not possible to capture or isolate. Positivism also is determined to isolate the researcher from phenomena, however most of social phenomena's are interconnected with a researcher and influenced by.

As the aim of this research is to understand the concept of conscious business in the real world setting and capture its compatibility with MNCs operating in Singaporean market, the interpretivist paradigm is a most appropriate for exploring this phenomena as it will require to deal with phenomena's that are continuously interacting with each other within the context of study while the context itself is being observed.

Narrowing down the chosen interpretivist paradigm, the classification of radical humanist paradigm (Kuada, 2012) is chosen in relation to the research phenomena of conscious business that is tightly related to the consciousness of society. As radical humanist paradigm is applying the perspective where individual is interacting with external institutionalized world and they are interactive, while consciousness of individuals are changing and affecting the socially constructed setting.

As well as research is focused on gaining an in-depth qualitative data on the phenomena without putting constraints on the subjects of the research, while capturing their reflections on phenomena in their natural setting that is interconnected and dynamic, affected and created by subjects.

Concept of conscious business is being explored in perspective of perceptions, motivations and practices of MNCs, the phenomena itself is being introduced to the subjects of the research and therefore the researcher is affecting the investigation of phenomena, while becoming an internal researcher.

As qualitative researches are highly saturated with unique data, the samples are usually small, therefore the target sample for this research are foreign MNCs and local business consultants that are experienced in working with foreign MNCs and has knowledge and competences on their practices, perceptions and motivations.

Data collection methods are going to be semi-structured interviews with a simultaneously conducted focus group while combining both samples to supplement the richness of data and giving the opportunity for unexpected variables to occur. Use of literature and theories will help to construct the concepts through which the gathered data and phenomena is going to be interpreted, analyzed and discussed, ultimately helping to understand the phenomena, theories and its consistency with a real world.

1.3. Methodological Approach

As research paradigm is selected as interpretivist, the research nature, approach, strategy and data collection methods are going to be selected accordingly. As research is setting up a research questions and therefore determining the purpose of the research, there are three methods that are used to answer the research questions: exploratory, descriptive and explanatory (Mark Saunders, Philip Lewis and Adrian Thornhill (2009).

1.3.1. Choice of Research Nature: Exploratory

The nature of this research is going to be *exploratory* as the paradigm is interpretivist, the exploratory nature is focused on investigation of selected phenomenon and is open to introduction of new variables in the process of investigation of phenomenon. Exploratory research nature is useful to study the selected phenomenon which is conscious business and its compatibility with real world setting as phenomenon is still emerging body of knowledge and was seldom tested in reality. Therefore such nature of research allows new data to impact the direction and course of the research, affecting the problem formulation and research questions, ultimately the research will be iteratively revised and progressively acquire a true research focus.

The descriptive nature of research is not compatible in this case as the paradigm is interpretive, as well as it would require isolation of subject of study. Explanatory nature as well is from the realm of positivist studies, therefore is more suitable when analyzing correlations between variables in quantitative research in more controlled conditions. Therefore the exploratory nature is the most suitable for selected research phenomena.

16

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

1.3.2. Choice of Research Approach: Deductive (Conceptual Framework)

Although interpretivist paradigm recommends to select the inductive approach where only slight amount of literature is revised prior to empirical research and the theory is generated from that, the deductive approach is more appropriate for this research as there is appropriate amount of related to study phenomena literature that is going to provide with relevant concepts. Reviewed and selected concepts will form the conceptual framework (Rocco, Plakhotnik, 2009), which will help to study the empirical reality of study phenomena of conscious business within developed conceptual framework, by gathering real world data. Simultaneously such approach will help to test the literature with a real world data. In addition, deductive approach is more suitable when time frame of research is narrow as it captures the snapshot in time when gathering empirical data.

1.3.3. Choice of Research Design: Qualitative

Following the traditions of interpretivist paradigm, the qualitative design will be chosen which will help to capture in-depth qualitative data from study phenomena, as the research aim is to test phenomena in the perspective of perceptions, motivations and practices of foreign MNCs in Singaporean market. Therefore qualitative data collection methods will be employed such as *semi-structured interviews* and *focus group* to capture in-depth qualitative data. Moreover qualitative approach gives an opportunity to the research of finding undiscovered phenomena. While quantitative approach is not recommended in interpretivist paradigm, even despite the fact that it is not possible to isolate the phenomena to quantify it, the in-depth data collection would be impossible to collect as data collection methods are ephemeral and only tests the surface and isolated, known variables of phenomena. As well as the stigma in society is progressively developing around the questionnaires as major part of researches are quantitative.

1.3.4. Choice of Research Strategy: Multiple Case Study

As conscious business as study phenomenon of this research is lacking the real world testing, the case study strategy is appropriate as it deals with phenomena which boundaries are not clearly defined within a real life context. As *research questions* contains "what, why and how" the research strategy of case study is most appropriate one as it is best dealing with such questions (Mark Saunders, Philip Lewis and Adrian Thornhill (2009). It is compatible with exploratory nature of research and is used when exploring the phenomena with a help of theory, ultimately challenging it with a help of data gathered from case study. Case study a best fit for this research as it deals with a phenomena in perspective to the selected case within specific context (Gustafsson, 2017). In perspective to other research strategies

17

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

such as experiment, survey, action research, grounded theory, ethnographical or archival research, the most appropriate strategy is indeed a case study evaluating the factors such as resource and time availability, interpretivist nature of research and research questions nature.

Furthermore, a *multiple case study* is selected for this research to ensure the richness and diversity of data gathered (Gustafsson, 2017). As research questions of this thesis aims to test the CB concept in reality, the higher diversity of cases will provide with more accurate findings as similarities and differences will be analyzed. In turn this will result in stronger reliability of data. As well as it will allow a broader grounds for discovering influencers of CB practices in MNCs, ultimately enhancing the richness of strategic recommendations in relation to the CB theory application in real world. Following chapter will explain the data collection methods, sampling and data analysis methods most suitable for study phenomena of conscious business and research questions.

1.4. Data Collection Methods

This chapter will discuss the data collection methods that were used in this research, which are secondary and primary, the larger part of this chapter will discuss primary data collection methods, explaining the choice of sample that are foreign MNCs operating in Singapore and business consultants that are working with MNCs in Singapore. Techniques of sample selection used, that are non-probability, purposive, maximum variation sampling. Data collection techniques that are used to gather qualitative data, namely interviews and focus group interviews that were conducted on video call conference. As well as data analysis techniques using triangulation and analytical framework.

1.4.1. Secondary Data Collection Methods

Secondary data collection method selected in this research are 1) *literature review* as it will follow the deductive research approach and more importantly, the qualitative research design where gathered literature is used to *indicate relevant concept, isolate concepts* and develop the 2) *conceptual framework* in relation to research objectives to gather knowledge in unexplored research areas (Rocco, Plakhotnik, 2009), namely outlining the influential factors that would affect the practices of CB in MNCs as well as motivations and perceptions. Such conceptual framework will help to gather the accurate data to answer the research questions systematically. Literature was gathered with a use of databases of academic journals such as: Sage, Springer, Science Direct, Wiley, Palgrave, Emerald, Research Gate as well as utilization of online library of Aalborg University which provides a link to scientific articles in

18

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

academic journals, as well as using Google search engine as proxy to find relevant articles across reliable academic journals. All accessible and available data on conscious business philosophy was revised as well as related theories such as business ethics, CSR, legitimation and capability based business model innovation theories were employed as they provide with relevant concepts that helps to build a conceptual framework and narrative of knowledge for answering the research questions and understanding conscious business concept.

1.4.2. Primary Data Collection Methods

As this thesis is focused on understanding the phenomena of conscious business and examining it in a real world setting, there is a need to select the suitable sample to conduct such an examining that research questions are requesting, namely to understand how such concept is perceived, practiced by MNCs and what motivates them as well as understanding whether there are any instrumental institutional role in adapting such practices.

1.4.3. Sampling: Maximum Variation Sampling

Therefore *non-probability sampling* is selected, more specifically a *maximum variation sampling* (heterogeneous) which is a technique of *purposive sampling*, where units of research are selected by the researcher, as such sampling technique is recommended when research is examining only certain aspects of the research units (Patton, 2002), therefore it is most suitable for this research as it is examining only selected aspects of conscious business within conceptual framework. Reasons for selecting *maximum variation sampling technique* is that it helps to develop a wider picture of research phenomena, since the literature review is indicated that conscious business philosophy was constructed only by using the data from "role-model" companies and it lacks the testing with diversified sample, that will help to examine the phenomenon *from different angles* and identify patterns, congruencies, differences. Specifically the geographical location of sample is selected as Singapore, since it is one of the most highly saturated country/city with foreign MNCs as well as it is in continuously ranked as 1st country in the world on ease of doing business, (World Economic Forum, 2015), ultimately becoming a hub of diverse range of different MNCs from different countries, cultures, business ethics and business philosophies and often named as one of the most innovative economies in the world, therefore it is more than suitable geographical location for selecting the sample for researching the conscious business philosophy in perspective to MNCs.

More specifically, the sample was initially planned to be 5-10 MNCs, conscious business proponents and independent business consultants that has experience working with foreign MNCs and has a knowledge in business ethics narrative.

Case Composition	Data Collection Method	Sample	Characteristics	Interviewee Position	Comments
Case 1	Semi-Structured Interview	MNC1	Multinational Company (MNC), Operating in: Singapore as well as in other ASEAN countries. Industry: Beauty Products, Consumer Goods	General Group Manager	MNC that did agreed to participate in study as there were relationships established before study.
Case 2	Focus Group Interview	MNC2	Multinational Company (MNC), Industry: Financial Services, Operating in: Singapore and other ASEAN countries	Managing Director & Head of Tax & Accounting Policy. (*Conscious Business Proponent*)	Conscious capitalism movement helped to reach this participant as he is conscious business proponent in Singapore. MNC where participant is working appeared to be ethical and provided with robust data on MNCs in Singapore.
		BCC1	Business Consulting Company (BCC), Clients: MNCs, SOEs, GLCs, SMEs. Field: finance, insurance, engineering, technology, etc. Operating in: Singapore and other ASEAN countries	Business Owner	Business consultants appeared to be eager to participate as well as extremely knowledgeable and experienced with MNCs operating in Singapore, therefore provided extremely robust data
Case 3	Semi-Structured Interview	BCC2	Business Consulting Company (BCC), Clients: MNCs operating in Singapore. Field: Consumer Goods Branding and Marketing. Operating in: Singapore and other ASEAN countries	Business Director	Business consultants appeared to be eager to participate as well as extremely knowledgeable and experienced with MNCs operating in Singapore, therefore provided extremely robust data
Case 4	Semi-Structured Interview	MNC 3	Multinational Company (MNC), Industry: Bank, Finance, Investment, Insurance, Operating in: Singapore and worldwide	Sales Director Asia	Provided with an independent view and was not familiar with the concept of CB.

Table 2
Name: Systematic Descriptions of Samples and Methods of Data Collection
Source: Created by Author

Such sample proves to be extremely diversified and is able to offer diversified data on specific aspects of research phenomena as it is interconnected on the level of examined aspects. Subsequent interview conducting was oriented to achieve the data saturation therefore in later interviews increasingly deeper and focused questions were asked on unexplored subjects within conceptual framework.

1.4.4. Combining Semi-Structured Interviews and Focus Group

Following interpretivist paradigm selected and qualitative design of this research to solve the research questions, the primary data collection methods are selected accordingly. As research is aimed to gather an in-depth exploratory data about the phenomena, the most appropriate tool is an interview, while *semi-structured interview* is most suitable for this research due to deductive approach as literature review and conceptual framework will provide with a semi-structure for empirical data gathering. Therefore concepts will be used to build a structure. To ensure the richness and diversity on in-depth data, one more methods will be used as *complementary* to semi-structured interview, the *focus group interview*. Interviews and focus group were carried out simultaneously in non-sequential order, therefore both methods are serving the same purpose to gain in-depth diversified data on research phenomena (Barbour et al 1999), specifically the focus group sample consisted of conscious business proponent from foreign MNC operating in Singapore and independent business consultant that has experience and knowledge about foreign MNCs operating in Singapore. The participants that couldn't participate in focus group in given time were interviewed separately. Focus group and interviews were based on same agenda, piloting by the same questions and moderated according to the semi-structure of questionnaire that is developed in accordance to conceptual framework.

1.4.5. Data Triangulation and Within-Method Triangulation

As described above, this research is using maximum variation sample technique where different samples are used to gather data and combination of qualitative data collection techniques, namely focus group and semi-structured interviews. As it is stated in Kuada (2012) that due to dynamic complexity of social phenomena's it is imperative to use *data triangulation and methodological triangulation* to at least grasp the phenomena in reality as social phenomena's are multidimensional. Since the objectives of this research are to examine the conscious business philosophy in a real world setting, although it is narrowed down by research question to the applications of CB philosophy by MNCs, it is examined in an international perspective, which provides with additional dimensions and perspectives. More than that such CB concept is extremely holistic and is intertwined with various dimensions of social setting as well

21

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

as internal company's dimensions as depicted in conceptual framework, therefore it is not possible to gather data for complex picture from one sample using single data collection method.

1.4.6. Online Virtual Interviews and Focus Group Techniques

Using internet and technology to conduct interviews and focus group online is almost an imperative in research where data is extracted through communication, since it saves resources of researcher, eliminating logistic issues for participants and researcher as well as minimizing a need to change schedules of participants (Morgan and Lobe, 2011) as top managers in MNCs and business consulting companies are the only ones who has competence to discuss research phenomena and related concepts, the issue of time and convenience is extremely pertinent, therefore without use of technology, the possibility to conduct such interviews would not exist as it is hard to set appointments even online. Logistics are extremely sensitive issue for top managers, operating on international level as many of their work related tasks requires travelling. Utilizing technology and internet increases the efficiency of qualitative data collection as well as increases the chances to get access to data generally (Sullivan, 2013), as some of interviewees were traveling and Skype interview was the only possibility. Therefore program Skype was used to conduct online virtual focus group as well as conducting interviews, however also one interview was conducted live in face-to-face manner. There was one interviewee taken per company, interviewees were appointed by the companies and all of them are from the top management of the company to be able to hold a discussion on the level that research phenomena requires. Over 1000 MNCs were contacted and over 100 business consulting companies were approached (all business chambers in Singapore were approached and databases with a list of foreign MNCs were utilized, consulting companies were found using Google), ultimately the sample resulted to be as described above, only 4 companies spared time to have a discussion on research topic (see limitations). Interviews were 30-60 minutes long, as top managers are extremely sensitive about their time. Nature of questions and structure of questionnaire were designed according to conceptual framework developed from literature review. Therefore main aspects of CB phenomena were highlighted to discuss them in perspective to concepts that were used as categories for questionnaire structure and questions were designed in accordance to variables within categories. Same questionnaire structure was used for semi-structured interview and focus group to ensure consistency.

1.5. Analytical Methods and Framework

There are few analytical techniques mentioned by Yin (2004), such as building-explanation, time series analysis, logical models or cross-case synthesis, however it is stated that here are no formulas. It is suggested that it should follow the structure of project and be logical and understandable to a reader while use of tables, charts and figures is highly recommended as well as it is important to separate the collected data and present it objectively and only later to interpret it, so that would allow the reader to interpret the data independently and construct and independent view. As Gustafsson (2017) states:

"Remember throughout that everyone, even a scientist, thinks in narrative. Science is a story. Tell it"

Therefore as the research is using different samples and different qualitative data collection methods while analyzing the phenomena from different dimensions (concepts as categories) it will be analyzed and presented accordingly. Ultimately it is expected to compare the cases in a logical linear manner to be able to derive the differences, similarities and complementarities between cases and see whether there is any corroboration. Corroboration patterns will be employed in the theoretical discussion and findings will be presented ultimately.

Analytical framework as below is constructed by the research in respect to the theoretical concepts that provides with a dimensions, as well as data samples and collection methods. In general the analytical framework as mention is of logical, linear, deductive design and of an interpretive nature, following the interpretivist paradigm and deductive design of research.

23

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore
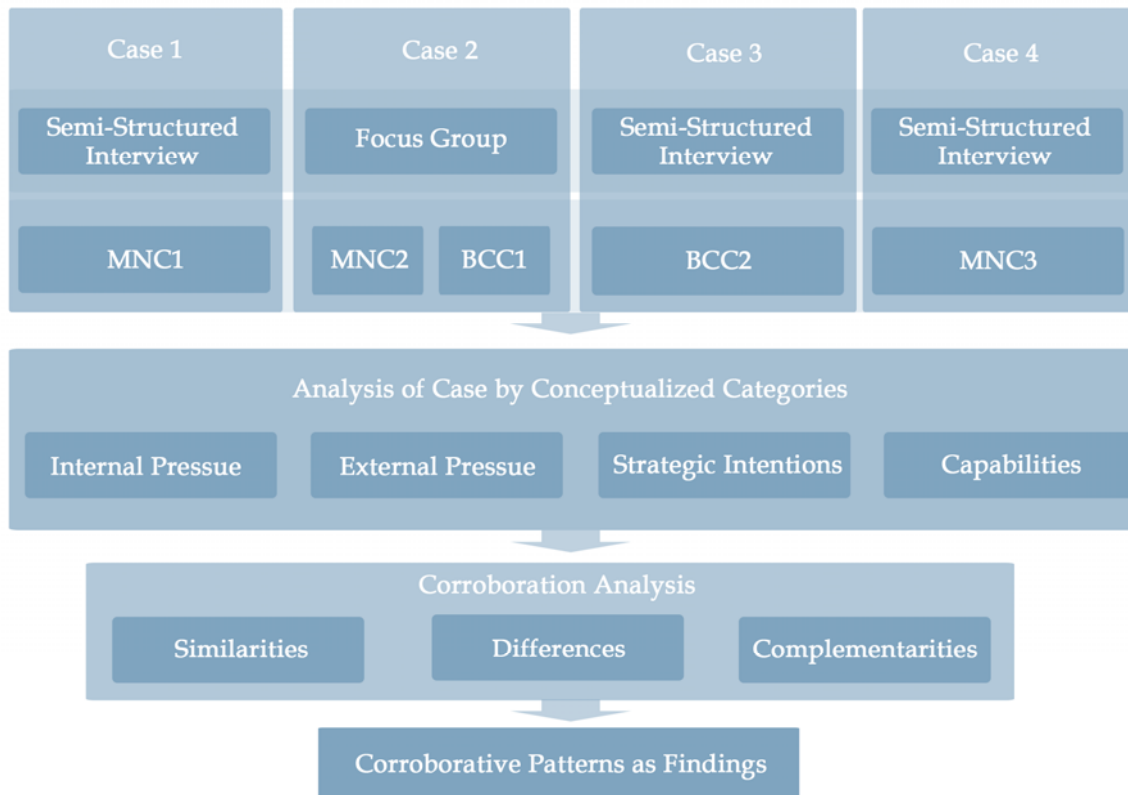
Figure: 2
Name: Analytical Framework
Source: Created by Authors

1.6. Reliability and Validity

Construct validity is being established by correct operational measures for the concepts that are being studied as stated by Yin (2009). Although this research is following the interpretivist approach which would suggest to select an inductive approach, the research is rather constructed in a deductive manner and following the top-down approach, as the first research question demands the in-depth analysis of literature that would subsequently lead to the development of elated concepts my help of additional literature which would help to answer the second research question and gather the empirical qualitative data in exploratory manner. Such structure provides with a solid base of systematic structure that helps to tangle the complex problem in an understandable and coherent way.

As research design is qualitative, by default qualitative methods are considered to be of higher validity as the sample that was used in this research was small and therefore there was more room to capture

and analyze data more accurately. Data was collected by semi-structured interview and focus group, that were conducted through online video conference on Skype, however according to Sullivan (2013), the online interviews do not lose the qualities of face-to-face interview as everything is visible and hearable on the screen, more than that it even increases the validity as an interviewee may feel more confident, comfortable and safe while being interviewed online.

Analytical tools for data analysis was conducted in an improvised and corresponding to the research way. As there are no specific formulas of how to conduct analysis, the validity comes from logic and reason, therefore the analytical framework was created to illustrate the logic and meaning of analytical process which is linear and deductive.

External validity stands for domain to which study findings can be generalized as stated by Yin (2009). Representativeness of sample is influenced by these aspects: 1) there are 3 different samples (foreign MNC, conscious business proponent (in foreign MNC) and business consultants) 2) and they are all interconnected on the dimension of foreign MNCs practices, motivation and perception of business ethics in Singapore. Although those 3 types of samples are distinguished, the interconnectedness of that dimension provides research with data from different perspectives on research questions. Ultimately these 3 samples represent the *mixture of social actors* that do encounter perception, motivation and practices of business ethics in MNCs from different angles, internally and externally.

Although the samples are very small and according to Dworkin (2012), there supposed to be at least 4 units interviewed per sample, the research of this sample can still be generalizable on the market of Singapore for the reasons that the interviewees were the top managers of interviewed companies which makes total number of possible interviewees extremely small and since Singapore is geographically small country the results can be generalizable on extent of Singaporean market. Mixture (*triangulation*) of samples and data collection methods resulted in 3 cases that provides with a dynamic perspective on the research problem which increases the *validity* of this research.

Reliability according to Yin (2009) is demonstrating that operations and measures such as data collection techniques and analytical techniques can be repeated with the same results. Generally it is considered that qualitative researches do have low degree of reliability due to its interpretivist paradigm as research is subjective, therefore the results may not be the same as there might be additional literature on research phenomena that would affect the data collection initially, as well as there might

be changes in social setting as it is constantly being influenced and constructed by social actors. The variables and concepts that are being researched are extremely dynamic and turbulent.

As data collection was conducted online, the participant errors were diminished as logistical and timely issues were easier to solve, however some of the respondents were extremely sensitive about duration of interview and were in a little rush by answering questions Online data collection methods proved to be better in terms of *higher focus* of participants on topic, what resulted in deeper and more insightful answers as individuals felt comfortable and not worried about their appearance and etc. the discussions appeared to be more robust. Participant biases were avoided as questions about research were not revealed and discussion was conducted in objective conceptual manner, avoiding private questions. Researcher errors were avoided as researcher was prepared for interviews with semi-structured questionnaire as well as conceptual framework, however the researcher was helping participants to respond in genuine way. Researcher is aware of its biases and is systematic in interpretation of results while following the analytical framework and being objective with a help of literature.

1.7. Limitations and Challenges

Primary data collection objectives after problem formulation of a research was to interview 10 MNCs and conduct a focus group with proponents of conscious business versus business consultants. Invitations for an online or face-to-face interview (on preference) were sent around 1000 MNCs and 100 consulting companies through chambers of commerce of Euro Chamber, British Chamber and Norwegian Chamber in Singapore (as they had lists of companies), as well as utilizing google, Wikipedia lists and other listings on MNCs operating in Singapore. However during the process of sourcing for units of analysis there occurred unforeseen challenges such as: 1) interviewees from samples are top managers that are extremely busy, unfortunately they are the only ones who has competence to speak on such complex multidimensional level about conscious business concept and business ethics in perspective to their multinational companies and conceptually. 2) Business ethics appeared to be very sensitive topic and many companies refused to discuss it even on the conceptual level due to their privacy policies. 3) Companies were seeking for strategic benefits of their participation in research. Ultimately such responses can be taken as sign of low ethical concerns among companies in Singapore.

Such challenges has been encountered with a modifications of sample that in turn occurred to be more beneficial. Business consultants appeared to be more eager to discuss on study phenomena and were

not that constrained on talking about ethical practices of MNCs therefore sample was correspondingly modified not to lose the opportunity to get objective data.

Secondary data collection, there was spend substantial amount of time to collect and filter relevant data to build relevant concepts about the study phenomena, since study phenomena of conscious business philosophy is very fresh and extremely complex and multidimensional, it automatically enables the possibility to relate this concept to a vast spectrum of literature. Therefore it was hard to narrow down the literature to few concepts that are most relevant as there are vast variety of concepts that do significantly influence the study phenomena. Therefore a lot of time was spent on conceptualizing relevant variables and it was done carefully and attentively so that there would be strong structure prepared on which empirical data collection could be executed which would help to examine the research problem and answer the research questions.

Chapter 2: Literature Review and Conceptual Framework

To understand the concept of conscious business (CB) this theoretical chapter will discuss the theories of conscious capitalism (CC), business ethics, legitimacy and corporate social responsibility, as well as separately discussing phenomena of business and civil society collaboration which is a part of CC theory.

The CC theory is used as a grand theory and as a fundamental structure for theoretical review, whereas other theories will be incorporated in the body of CC theory in order to achieve immediate perspective, comparison and shed light on relationship of selected theories to CC theory. In this way theoretical analysis will gain consistency and coherence, where all the chapters will be molded with a chapter of "relevance and linkages", where points of relationships will be emphasized and further used in conceptual framework.

2.1. Understanding Conscious Capitalism

Conscious Capitalism and *Conscious Business* often used as a synonymous. However CC refers to the broader sense of doing business, as it is stated by Sisodia (2011), CC is not a business strategy or business model. It is a comprehensive *philosophy of doing business*. As well it is emphasized that CC that is defined by them is not a final word, it is expected that the definition and *philosophy will dynamically evolve* together with the consciousness of society (Sisodia, 2011), (Mackey, 2011).

Conscious Capitalism is often referred as *movement* (Sisodia, 2011), what is also true and it is backed up with the help of NGOs (Mackey, 2011). Business that *embodies* the CC *philosophy* to their business, *becoming a Conscious Business* and part of the *movement*.

> "To be conscious means to be awake, mindful. To live consciously means to be open to perceiving the world around and within us, to understand our circumstances, and to decide how to respond to them in ways that honor our needs, values, and goals [. . .] A conscious business fosters peace and happiness in the individual, respect and solidarity in the community, and mission accomplishment in the organization"
> (Kofman, 2006).

2.1.1. Four Tenets of Conscious Business

It is believed by Conscious Capitalism proponents, that companies who embodies the tenets of CC will in a long run outperform other companies in a multiple dimensions, including financial performance, ultimately creating a positive impact on the world (Sisodia, 2011).

The Idea of Conscious Capitalism goes *beyond* being "virtuous" or "doing well by doing good". It creates entirely new *super structure* for business and reasons for their *existence*. The four tenets

Figure 3
Name: Conscious Business Concept Illustration
Source: www.consciouscapitalism.org

(Figure 3) of CC build on the extant knowledge of leadership and management. They are built on important academic work related to *purpose*, *stakeholder* management, *leadership* and *culture* (Sisodia, 2011). These principals according to Rauch (2011), provides business with coherent philosophy that engages the whole person, not simply the "*economic man*".

Tenet 1: Higher Purpose

Business can and must be done with a *higher purpose* in mind, the main purpose of business cannot be maximizing profits. Compelling sense of purpose enhances engagement of stakeholders and unleashes the tremendous amounts of *energy* within organization (Sisodia, 2011). *Money* is still *absolutely necessary* for company to flourish, however it is not inspiring purpose to pursue. It is argued by Mackey (2011), that in order to achieve high levels of *trust* and *performance* it is crucial to discover the higher purpose for company. The following *existential* questions are being asked:

1) Why does the business exist?
2) What is it trying to accomplish?
3) What core values will inspire the enterprise and create greater trust and commitment from all of its stakeholders?

Companies must have an ideals to purse, same as human has an aspiring ideals. *Timeless ideals* for companies are identified by Mackey (2011):

The Good: Service to others by improving health, education, communication and quality of life.
The True: Discovering and expanding human knowledge.
The Beautiful: Creation of beauty, excellence and aesthetics.
The Heroic: Courage to do what is right to change and improve the world.

29

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

Companies that are able to embed such higher purposes to their business model, tend to inspire *trust* in all of their major *stakeholders*. Companies that embed such core values and higher purpose, tend to achieve *higher* degree of *ethical* commitment (Mackey, 2011). More than that, the sense of higher purpose releases tremendous amounts of *organizational energy* according to Sisodia (2011).

Tenet 2: Stakeholder Interdependence

Conscious Business according to Mackey (2011), understand that all *six major stakeholders* are *interconnected* and business must be managed in a way that the value creation should be optimized among them. *Six major stakeholders* are: 1) Customers 2) Employees 3) Suppliers 4) Investors 5) Society 6) Environment. *Win-win-win* solutions tradeoffs among stakeholders are very often in CB, while conflicts are rare, the value distribution is seen as *non-zero-sum-game*. The "*harmony of interests*" is the priority between interdependent stakeholders. Leadership of CB is skilled in "*systems thinking*" and is concerned of relationships that exist between all interdependent stakeholders. Employees, investors and suppliers *cooperate voluntarily* to *create value* for customer, this type of voluntary cooperation is not influenced by external coercion. Leadership of CB is focused on *win-win-win-win-win* business strategies, which is more complex and sophisticated way of doing business that transcends traditional mindset of analytical view of differences, conflicts and tradeoffs (Mackey, 2011). Win-win-win simultaneously beneficial type of management is represented in an acronym *SPICE: Society, Partners, Investors, Customers and Employees*. According to Sisodia (2011), conscious business *aligns* the interests of all stakeholders. *Society* is listed first because of holistic beliefs of conscious business which means that business must do what is *right for society*, ultimately has a positive *net impact on the world* (Sisodia, 2011).

Tenet 3: Conscious Leadership

In order to pursue the higher purpose and achieve high levels of organizational trust and performance it is *crucial* to have a high quality and commitment *leadership* at all levels of organization. The higher purpose loses its effect without a conscious leadership. *Stakeholders* and especially employees *expect* leaders to "*walk-the-talk*" and serve the purpose of the organization. It is crucially important that management at all levels would pursue the higher purpose instead of self-interest, power and money (Mackey, 2011). Conscious leaders are expected to *lead by example, mentoring, motivating, developing and inspiring* people, not through command-and-control incentives or "*carrot and stick*" mindset (Sisodia, 2011). Leaders are focusing to enable cultures that are continuing to operate in

30

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

conscious manner, that is conscious to see interdependences and able to extract synergies from them. Conscious leaders build cultures that *are self-organizing, self-motivating and self-managing* and are *not dependent on charismatic leadership* (Sisodia, 2011).

Tenet 4: Conscious Culture

Conscious Culture of CB naturally evolves through commitments to higher purpose, stakeholder interdependence and conscious leadership. CB cultures vary from one another, but according to Sisodia (2011), they all have these qualities in common that are represented in an acronym *TACTICLE*: T) Trust A) Authenticity C) Caring T) Transparency I) Integrity L) Learning E) Empowerment. Mackey (2011), adds these complementary qualities to acronym: *1*) self-managing teams, 2) commitment to fairness, 3) personal growth, 4) love and caring. In general, CB are committed to create a workplace that reflects a community that is thriving to flourish and self-actualize.

2.1.2. Practices of Conscious Business in Firms Perspective

As it is illustrated by Mackey (2006) holistic interdependence where core values and business purpose is at the center and is surrounded by six constituencies (stakeholders): customer, employees, investors, suppliers, communities and environment. CB ends up in virtuous cycle that is exponentially *beneficial to all constituencies* in long run. *Customers* - conscious business firstly is focused on developing and maintaining strict and explicit quality standards, in order to provide customers with *high quality products*. As customers is the most important constituency, CB wants to ensure that customers voluntarily choose CB products to achieve *happiness*. CB treats *customer as ends* and not as means. CB is aware of consciousness of consumers (Mackey, 2006). *Employees* - In order to have customers happy, CB must have their employees happy, while treating their *employees as an ends* as well. Empowering employees to encouraging self-sustaining teams and sense of *shared purpose*. Achieving trust through transparency, including 1) salary information. Implementing 2) salary caps where 3) frontline employees are paid more than their industry counterparts, while 4) CEOs are paid modestly. Giving opportunity to vote for their benefits they prefer. 5) Refusing command and-control management style, and embracing "do it my way" approach. 6) health insurance for full time employees, 7) ability to choose bonus packages (Mackey, 2006).

Investors – conscious business strives to never waste investors' money and rather create a added value from business and for investors. All value is not created through labor and investors do add up to it with

31

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

capital investment, whereas profit creates wealth and prosperity (Mackey, 2006). *Suppliers and Partners* - without suppliers CB don't have anything to sell, therefore CB maintain healthy relationship with suppliers and encourage suppliers to raise the quality and efficiency of their production (Mackey, 2006). *Communities* – it is believed by CB that best societies are those where they transacts businesses. Businesses do enjoy legal status of individual, therefore has responsibilities. 1) CB do support community by complying with social setting. However philanthropy, executed properly, is an obligation of citizens. 2) i.e.: donating percentage of profits to non-profit organizations, 3) embracing a volunteering among customers in social purposes. 4) Compensating employees for volunteering for social good. 5) Partnership with poor communities and supply them with necessary commodities. 6) Providing assistance for entrepreneurship with micro-loans and 7) consulting. As well as CB is providing 8) micro-credits for the poor as a (Grameen bank) (Mackey, 2006). *Environment* – is seen as a voiceless stakeholder by CB (Mackey, 2006). Responsibility to environment is expressed by CB in such ways: 1) supporting organic and sustainable agriculture by selling sustainably produced products. 2) helping to develop distribution networks that follow sustainable standards 3) maintain less chemical contamination of products 4) reduce usage of fossil fuels 5) cooperate with local sustainable producers 6) prohibit usage of GMO 7) prohibit usage of antibiotics and growth hormones. As well as 8) compassion for livestock, eliminating cruelty 9) refusing inhumanely produced production 10) helping create alternatives for humane production. 11) Refusing to sell endangered species or other. In technical perspective CB is 12) replacing outdated equipment on time as well as 13) utilizing solar energy and other green building practices such as 14) reusing, recycling and reeducating. Also CB do 15) utilize a wind energy (Mackey, 2006).

2.1.3. Efficiencies of Conscious Business

According to researches of Sisodia (2013) and (Simpson, Fischer and Rohde, 2013) it is found that Conscious Businesses continuously *outperform* traditional S&P 500 businesses by overwhelming financial proportions in long run. CB performance is superior over less conscious business and it based on two dimensions: revenue and efficiency. CB is achieving growth currently at the expense of their less-conscious competitors, when more companies become conscious, they would need to create additional value to meet higher-level needs of customers through innovation (Sisodia, 2011). Superior CB performance is an answer to its sustainability, the practices that enabled CB to achieve superior sustainable performance are discussed below by Sisodia (2011; 2013). By being mutually beneficial to

all stakeholders, CB manage to *deliver superior performance* due to these *factors* (Mackey and Sisodia, 2013), (Mackey, 2006):

Becoming conscious will guarantee the superior financial performance as conscious business is still a business and must have a *competent management* that is naturally vital for well-being of business but is complementary with Conscious Capitalism philosophy which enables prosperity and growth. However it is pointed out by Sisodia (2011), that due to rise of consciousness, transparency and connectedness, the *external pressures* and expectations are going to *demand a change* of businesses and change of institutional body. Ultimately business is *expected* to *behave ethical* in its voluntary exchanges and be *responsible* for its *effects* on *environment, society and stakeholders* (Mackey, 2011).

First of all it would be a misconception to believe that CC is treating all of its stakeholders *"equally"*, rather a "*harmony of interests*" is dominant state of business activities in CB. According to Mackey (2011), it is important to understand that pressures are coming from all stakeholders in following order: *1) customers, 2) employees 3) investors*, not just shareholders. As all of the stakeholders are valued, the key stakeholders are as listed above in the priority order (Rauch, 2011), since no business can survive without *customers*, *employees* or *investors*. It is stated by Rauch (2011), that all stakeholders must be treated fairly and professionally, however not all of them has same *demand and value to business*. Same *as human body organs*, stakeholders has their functions and significance, therefore stakeholder treatment is complex and must be optimized and aligned. When CB is making a difficult business decisions, they apply *interdependent stakeholder view*. In the case of outsourcing production to developing countries the traditional view is that customers and shareholders would benefit while employees might lose their jobs. *First*, by outsourcing, company is improving optimization and efficiency, increase profit of investors, provide lower price to customers, create new supplier relationship, and create new jobs in developing countries. *Second*, CB would do outsourcing in a conscious way, by simply retraining their employees with great assistance and if employee don't want do retraining, CB provides great assistance in finding jobs outside (Mackey, 2011).

More than that, when focus is allocated to *stakeholders interdependence chain* the profit is skyrocketing according to Rauch (2011). The real secret of CC performance is harnessing a higher aspirations of stakeholders. Through engaged, fulfilled and productive employees motivated by higher purpose, the more dedicated customers are evolving. These kind of shock waves through interdependent stakeholder chain elevates everyone higher at the end. Ultimately by focusing on

33

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

employees and customers, the better business is created which benefit all stakeholders, by *creating shared value that transcends economic rationale* (Rauch, 2011). More than that, the goal setting theory in psychology realm is proving a confirmatory results that goal setting is enhancing performance and motivation (Peterson, et.al., 2010). As it is found by Mackey (2006), companies are not doing well in long run if they focus only on the needs of shareholders, I may only be effective for short term, while damaging company's performance in long rung. Therefore the counterintuitive approach to profit maximization is not to focus on the profit maximization but rather focus on stakeholders to make them happy. As illustrated by Mackey (2006) *profit is by-product* of company successfully achieving goals, same as happiness is a by-product of pursuing goals in person's life. Profit is ultimately a by-product in a long-term generated by 1) higher purpose, 2) high quality products, 3) customer satisfaction, 4) employee happiness, 5) excellent suppliers, 6) community and 7) environmental responsibility. According to Rauch (2011), company cannot primarily focus on generating profit as profit is must only ensure business continuation. Same as people *need air to breath*, but do not live in order only to breathe.

For some traditional companies Conscious Business "engine" does not work, 1) because of too high levels of *idealistic*, spiritual consciousness or 2) because of business fundamentals are too *weak* (Sisodia, 2013), (Coates, 2013). More than that, as it is explained in Mackey (2006), example with solely altruistic and solely profit oriented organizations, the both approaches are unethical and do not create value. Ultimately it is distinguished by Sisodia (2011) that CB achieve their superior performance not because of their *virtuous* behaviour, but rather because of acting *wisely*. Conscious businesses are very selective in perspective to their suppliers, they are looking for innovative, *quality-focused* companies with a consciousness. Due to holistic view, CB is building mutually beneficial long-term partnerships. CB wants to pay well to their suppliers so they could pay well to their employees and their suppliers and deliver quality supplies. CB will not engage in low quality supplier who is squeezing costs due to expense of their employees and other stakeholders (Sisodia, 2011). CB typically has low *employee turnover*, what also results in saving of hiring and training. CB take care to hire employees that align with higher purpose of company. Employees in such companies are loyal, experienced, engaged and productive. Lowering their administrative cost, through gathering ideas of employees and suppliers, has leaner management structures. CB end up in systems of high *trust* among all stakeholders with lower

transitional costs and legal costs. As well as they have modest CEO salaries and high frontline employee salaries in comparison to industry peers (Sisodia, 2011).

A new paradigm for Non-Profit-Organizations or NGOs is offered by Mackey (2006), where he is criticizing the *limitations* of today's non-profit models. It is argued that non-profits today creates inefficiencies, waste and stagnation due to their *outlived mentality*. *NGOs* 1) must become economically sustainable and 2) realize that profit is not evil and its part of healthy holistic organization (Mackey, 2006). There is a *stereotypical wall* built between for-profits and non-profit organizations. Stereotype 1) one is that making *profit* is seen as *greedy and selfish* activity. Stereotype 2) is that *non-profit cannot make profit* because it would contradict their altruistic goals. Rauch (2011), Sisodia (2009) and (Strong, 2011), believes that *Conscious Business is working in tandem with NGOs*. CB is playing a crucial role in helping them to *tackle social problems by value creation, higher purpose, inspiration and prosperity*. Examples are given by Strong (2011), that CB trending in overtaking public domains in sectors of *education, health and replacing arbitration courts*. As well as it is found by Rana (2015), that *NGOs* has increasingly significant influence on shaping business systems (Redding, 2005), the conscious businesses according to Strong (2011) and Mackey (2006) are increasingly participating in the *shaping of business systems* in terms of laws and regulations like their partners NGOs. According to Strong (2011) CB would affect business systems through *innovation*, *leadership* and even *overtaking* some aspects of *regulatory* activity of government. In relation to such CB pro social activity Rana and Sørensen (2016), argues that MNCs are able to *gain legitimacy collaboration with civil society.*

Traditional businesses spend overwhelming amounts on marketing, managerial fees, legal fees and high executive compensation, while CB is spending very little on marketing due to many satisfied customers who unleash "*word-of-mouth*". This results in enormous *cost saving* for conscious businesses. As a conscious capitalism proponent never had a definitive list of characterizations and it was hard to define the Conscious Business, the following list of characteristics is provided by Sisodia (2013) that is believed that can help to *characterize the Conscious Business*: higher sales intensity, measured in sales relative to their asset base, gross margins that are healthy but not maximized, higher spending per non-executive employee (pay + benefits), higher revenue per employee, lower employee turnover, higher employee engagement, lower administrative costs, fewer managerial positions, fewer layers between top leadership and the frontline, greater decentralization, more team-based work, lower executive compensation costs, hence a lower ratio between top pay and average pay, lower legal costs, lower

35

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

marketing costs, lower product return costs, lower warranty costs, higher net margins, higher p/e multiples.

2.1.4. Corporate Social Responsibility versus Conscious Business

There are *many forms of ethics in business* and they *materialize* in different business models, programs and systems within corporations Leiva, Ferrero and Calderon (2016), such as: Corporate Social Responsibility, Triple Bottom Line Model, Firms of Endearment, Authentic Corporations, Visionary Companies, B Corps and Benefit Corporations. Unfortunately *Corporate Social Responsibility (CSR)* is used as *proxy* of *Business Ethics* by business scholars, according to Leiva, Ferrero and Calderon (2016), bibliometric review of academic papers on ethics, corporate identity, image and reputation. Corporate Social Responsibility, is *defined* as the activity that is not legally required but it has intention to provide a benefit for some external party. Party that benefit can be associated or not associated with the company directly, and the company that is providing the benefit is expecting nothing in return (Moriarty, 2016). CSR is *shareholder-oriented*, has nothing to do with corporate purpose, contradicts with business goals and implies financial and ethical liabilities. It is consistent with traditional business models and is used as an "add-on" PR messaging strategy, which is often seen as "*greenwashing*". Good intentions are not connected to the purpose of the company. All these CSR type "bolt-on" models are attempting to "*graft*" social and environmental responsibility Mackey, (2011). Alternative is offered by contemporary scholars and top business leaders in the world Sisodia, (2013); Mackey, (2011); Strong, (2011); Rauch, (2011), Thigpen (2011), Hanson (2011) the *Conscious Business Model* with its *Conscious Capitalism Philosophy*, which in itself *incorporates* all what above "ethical" practices, models and programs has to offer in total and in fact offers more.

Conscious Business Requires Genuine Transformation

CB is *stakeholder-oriented*, pursuing higher purpose, finds synergy in caring and profitability, has holistic approach and complex adaptive business system. Social responsibility is embedded in its core values of business model. *Requires genuine transformation of business model* to four tenets philosophy. Good intentions are within core of the business (Mackey, 2011), (Sisodia, 2009). As it is stated by Sisodia (2009; 2011), Conscious Capitalism philosophy must be embedded in company's *DNA*, and it is not "add-on" marketing strategy as illustrated by Mackey (2011) in comparison to CSR. Therefore in order to practice CC philosophy, company must change initially. However as stated by Rauch (2011), there are many companies that are practicing CC and it does not require to be primarily profitable to be able to

practice CC contrary to implementing CSR. Ideal *analogy* of Conscious Capitalism in its applicability is a *democracy*, as suggested by Rauch (2011). Many of countries are democratic, however even the most democratic countries falls short in some aspects in perspective pure ideal Platonic democracy, same is with Conscious Capitalism philosophy. Even most conscious businesses may fail to execute some of CC principles. Firs to understand, is that there is no strict black or white qualification criteria for considering a business a conscious business. Conscious Capitalism is a philosophy which can be practiced in as many ways as there are businesses, it is rather a *degree of implementing* the Conscious Capitalism what matters (Rauch, 2011).

Conscious Business is not solely for Social Good

There is clear evidence that in developing economically free countries where capitalism itself is *eliminating poverty*, whereas CB are doing so through leadership and *influence* on business systems, i.e. *regulations* and *labor standards* (Strong, 2011). Conscious Capitalism is not solely a social movement, it is more comprehensive and has a substantial potential on solving many of world's problems, with help of international government cooperation (Mackey, 2011). As many of proponent of CC are believers of free market (Mackey and Sisodia, 2012), they agree with Hayek (1976) claim that social justice is a mirage. It is naïve to think that CC can tackle the unequal distributions of wealth. Rauch (2011) argues that as long as there will be human element in capitalism and free markets, the irrational behavior and outcomes will pertain. As long as capabilities and efforts of individuals vary, the unequal distribution of wealth, standards of living and etc. will pertain Rauch (2011). Whereas studies on Intelligence Quotient (IQ) confirms that cognitive abilities vary in respect to personality differences (Peterson, et.al, 2008), confirming that inequality is natural phenomena explaining consequentialism of Pareto distribution (Piketty, 2014), (Pareto, 1896). There is a misconception that Conscious Businesses are primarily pursuing the higher purpose which is "doing good", while simultaneously well there is a confusion of understanding the definition of "virtuous" and "doing good" in business according to Mackey (2011). According to Mackey (2011), businesses are not required to do something special to be virtuous. Doing business that is inspired by voluntary exchange and backed up by high responsibility is already virtuous and good for society.

2.1.5. Motives and Influencers of Ethical Practices

As *research questions* are constructed to clarify the influences and motivations of CB and as we understand that CB is advanced form of ethics, the literature on motivations and influences of business ethics practices will help to build a perspective to see how and why MNCs practice CB. Many companies becoming conscious of changing circumstances and the need of becoming more ethical. Motivations of ethical actions and formation of ethical identity is called a "*Ethicalization*" by contemporary business ethicists namely Fukukawa, Balmer and Gray (2007) , and it is assumed that it is generally motivated by events in the world such as changing, *social, cultural, political and economic trends*, as well as *environmental* (Saebi, 2017). It may be also a change in *financial* or *technological barriers*, *uncertainties with knowledge and resources*. However in general, the influencers of process of company's Ethicalization including motivational factors and influential factors are summarized by Fukukawa, Balmer and Gray (2007) as follows:

a) Altruistic beliefs of a leader and managerial role
b) Internal and external pressures
c) Strategic benefits
d) Managerial competences and resources

Relevance of Understanding of Conscious Business Chapter

This chapter serving as an explanatory chapter is constructed to provide an understanding of the concept of conscious business and bring up all available literature in one systematic and coherent way. As in this chapter conscious business concept was described as well as it was put in the perspective of literature of CSR and business ethics, it provided with relevant variables that may influence motivations, perceptions and practices of conscious business in MNCs, that are *outlined as 1) internal pressures, 2) external pressures 3) strategic intentions and 4) managerial competences.*

These four influencers will be used as structural pillars for conducting the further literature review on understanding of what may influence the conscious business practices in MNCs. Therefore it will be further examined in relation to legitimation theory, BMI capability based view and in strategic perspective as these theories discuss the process that are outlined as influencers above. As well as aspects of conscious business concepts are outlined to construct a more systematic view of conscious business that will help to analyze the concept in real world setting as these aspects will be employed in conceptual framework. Following *aspects* are selected as most outstandingly defining the conscious business concept. Conscious business has 1) existential meaning (higher purpose) 2) sees profit as by-product 3) seeks harmony of all stakeholder interests 4) highly society oriented 5) acts out leadership

AALBORG UNIVERSITY
DENMARK

38

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

instead of control 6) maintains conscious and healthy culture 7) requires genuine embodiment of philosophy and transformation. Due to interpretivist dynamics of methodology such iterative approach will be beneficial for the research as well as provide with more logical and linear approach to answer the research questions as conceptual framework will be developed at the end of this chapter that will help to gather the empirical data collection developed concepts.

39

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

2.2. Internal and External Pressures

As the legitimation theory provides with the similar perspective that is complementary to above outlined influencers. Therefore building on legitimacy theory, the literature review will provide with a structure of understanding the motivations and influencers of CB practices of companies and provide with relevant concepts that may help to answer the research questions. Legitimacy literature provides with the dynamics of how internal and external influences affect the company's ethical performance as well as business ethics literature provides with the codes of ethics in firms perspective and sheds light on practices of these dynamics. As it is argued by Berrone, Surroca and Tribo (2007), there are two influencers who are defining the expectations and legitimate grounds for ethical behavior, those are *internal and external influencers*. The *external* influencer may be an *institutional environment* and *society* while *internal* influencer may be a pressure from *altruistic beliefs* of *top management* and *employees*. Both greatly affect the company's willingness to perform an ethical stance as both are the stakeholders and they expect company to satisfy their ethical requirements. As a proponent of CC theory Mackey (in Palmer, 2011) states that there are problems with *morality and ethics* within practices of businesses, CC theory is stakeholder oriented and do embed their philosophy in to their complex business system.

2.2.1. Legitimacy and Business Ethics

Concept of legitimacy in organizational studies is tightly related with *morality* and is in general an evaluative judgement of organization (person or institution) based on its conformity to social norms, beliefs and values as well as compliance with legal requirements (Foreman, Whetten and Mackey, 2012). Most quoted and acceptable definition of legitimacy is provided by Schuman (1995):

> *"Legitimacy is the generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions."*

Foreman, Whetten and Mackey (2012), provided contemporary multidimensional view of *criteria* for evaluation and assessment of legitimacy: 1) Cognitive, moral, normative, 2) Rational, pragmatic, 3) Regulative, socio-political. Three pillars of legitimacy as provided by Schuman (1995) are seen as most inclusive and precise: 1) Strategic Legitimacy – does it benefit me? 2) Moral Legitimacy – is this the right thing to do? 3) Cognitive Legitimacy – is this how it usually is? Legitimacy is an assessment of appropriateness of organizations, usually within following scope:

40

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

1) behavioral consistency with its core company's properties and identity 2) behavioral fitness to the set of social requirements. Generally, legitimacy is an assessment of firm's identity and at the same time assessment of its behaviour towards, what is required and is expected to do from organization by the *external social setting* (Foreman, Whetten and Mackey, 2012). It is observed by Long and Driscoll (2008), that companies applies *codes of ethics* simply for the *strategical* reasons of *gaining strategic legitimacy*:

"Organizations can sometimes use the presence of a code (*business ethics*) as a badge of morality". However it is suspected by Long and Driscoll (2008) that companies only utilize codes of ethics to gain *strategic legitimacy*, but *not truly* adapting and following them. As it was already described in a previous chapter Foreman, Whetten and Mackey (2012), there are three main types of legitimacy and those are *moral legitimacy, cognitive legitimacy and strategic legitimacy*. The following chapters are going to take a look at each type of legitimacy by focusing on its pragmatically assumptions (Long and Driscoll, 2008), and how adopting the business ethics would affect each type of legitimacy. Business ethics focuses on the activity of "doing business" which is exchange of goods or services between individuals while applying the ethical dimensions on this process. Business ethics analyses the processes of production, distribution, marketing, sales and consumption of goods and services (Moriarty, 2016). As it is stated by Moriarty (2016), we are all engaged in or preparing to be engaged in a business which ultimately shapes the world and our lives most substantially, therefore the questions of business ethics are extremely important to our wellbeing. Business ethics is no longer the concern of philosophers and social scientist, it is a concern of everyone who is engaged in the process of value creation in capitalist systems. *"What is ethical or unethical in business?"* This is the question that business ethics is trying to emphasize and analyze which in itself converge the disciplines of politics, philosophy, economics, psychology, law and ethics itself, as business activity is navigating itself within all these disciplines. However business ethics are focused on for-profit organizations as they are portrayed as businesses in perspective of non-profit organizations which are organizations (Moriarty, 2016).

41

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

2.2.2. Moral Legitimacy

As per an intense academic and philosophical debate whether the corporation or business is a moral agent or moral person it is agreed at the current moment that corporations can be addressed to act as *moral agents*, however not the moral persons. Therefore businesses are entitled to a moral responsibility. 1) There are many serious problems in the world: poverty, conflict, environmental 2) Any agent that has resources and knowledge to address the problem has moral responsibility to do so in *tolerable* costs. Some claim that firms it is responsibility of state, but since individuals has moral and social obligations and individuals are part of companies, they ultimately has moral obligations to society (Moriarty, 2016). Businesses cannot have good or bad intentions as they are not the individuals, but the individuals within firms can have intentions and are holding the responsibility. Furthermore, if an individual within firm is performing a harmful activity it must be regarded as the activity of the frim as a activity of moral agent, this enables the society to blame the behavior of the firm as well as it enables the conceptualization of corporate reputation as an asset or liability (Moriarty, 2016). Moral legitimacy is granted to an organization by its conformance to social values and obligations, when goals that being pursued by organization conforms to social morals. Moral legitimacy is a *normative* process which manifests in a continuous conscious assessment of right versus wrong activities and always choose the appropriate one. Ultimately such conformance to social values is necessary to *maintain a basic social order* (Long and Driscoll, 2008).

Institutional theory offers useful narrative of moral legitimacy, because the ethical codes for organizations are usually determined by institutions. As *institutionalized* environment allows to see the boundaries of organizational behaviour, it is possible to capture the interactions between organizations, suppliers, customers, labor pool, technology and other stakeholders. As well *cultural* environment sets boundaries, shapes and penetrates the organizations. To operate and survive within this *culturally* and *institutionally* shaped environment it is necessary for companies to demonstrate their conformance and their adaptively to social structures. Ultimately they achieve *legitimacy* and value impregnated *status*, through conforming to structures, procedures and behaviors, therefore becoming institutionalized. Process of institutionalization is a construction of socially desirable formal entities that would counter the self-interest and permit the resolution to social dilemmas by implementing the externally constructed standards for fair exchange (Long and Driscoll, 2008). From this institutionalist narrative, the *social contract* notion arises. Whereas social contract is construct through which business behaviour is brought into conformity with social expectations. Businesses are implied to behave aligned with

42

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

society values while receiving *reciprocal rights* and obligations. Ultimately this *social contract is a base of moral legitimacy*. Codes of *business ethics demonstrate* that company is behaving (or not) according to the social values and are carrying the responsibility towards the *community as stakeholders* though what they gain legitimacy. Ultimately corporations only exist because they are legal creations of society, if they do not *serve the society*, their legitimacy is questioned and their survival is threatened. Therefore companies must *follow the social contract* and *change its behaviour accordingly* (Long and Driscoll, 2008).

2.2.3. Cognitive Legitimacy

Cognitive form of legitimacy according to (Long and Driscoll, 2008), is when adoption of organizational structures, processes and *behaviour appears to be orthodox*, comprehensible, logical and taken for granted. Cognitive legitimacy is achieved through *cultural alignment, imitation* and *isomorphism*. Cognitive legitimacy is better seen in *new institutionalist narrative*, where *social constructionist* view is applied rather than social realist perspective. Other than moral (normative) legitimacy, where social contract is basis for compliance, cognitive legitimacy emphasizes the situational frame and how social identities are defined. Social structures are derived from situations in which the *habits of actors interlock* and become taken for granted according to Long and Driscoll (2008). *Spontaneous order theory*, Hayek, F. A. (1988) viewed *social constructs* not as a conscious invention (that which is intentionally designed by man), but as spontaneous order or what he referred to as:

<div align="center">"Social constructs is the result of human action but not of human design"</div>

When new actors are introduced in such social setting, they recognize behaviors that they see as a social norms. Traditions is good example of cultures, where they pass through generations while losing their subjective meaning, however through continuous sharing, they are shaping and structuring the reality and the social setting. Organizational action creates social facts, which are ultimately become distanced and perceived as sources of meanings that shapes the behaviour of organizations. New institutionalism suggests that organizations exist in the open system, however this theory *do not dismiss the social contract and moral legitimacy* if such behaviour becomes institutions which is further legitimized by replication by organizations. Within such social constructionist view, isomorphism is an *antecedent of legitimacy*, where *predictability* results in mimicking the structures and behaviors of organizations within particular social setting. Companies achieve homogeneity and resemble the social setting. Legitimacy is natural by-product of institutional norms and norms of social setting. *Business ethics*, can become one of such structures that would allow to gain legitimacy, through *isomorphism*. Institutional

43

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

isomorphism do not focus on enhancing the effectiveness of organization and it simply *rewards* the organization *solely for* its *conformity* to the *social setting*.

2.2.4. Codes of Ethics in Firms Perspective

First view is that the firm should be managed in the interests of shareholders maximizing their wealth and it is called as *"shareholder primacy"* and it is a dominant view in recent decades of business practices. In this view shareholders hires managers to run the firms for them in their interests. It is argued firm is *more efficient* when it is run in this way and it is also setting a *measurable objective* that is to maximize shareholder value through *profit maximization* (Friedman, 1970). However on the *critique* of this argument it is said that people should be able to pursue the *projects that matter* to them even if they do not maximize welfare (Moriarty, 2016). *Second* view is *stakeholder theory* (or *mindset*) (Freeman, 1984) and it is claiming that instead of focusing on interests of shareholders, managers should seek to find a *balance* between the interests of all stakeholders, where stakeholder has a "stake" or interest in the firm, including a financial interest. Critique of stakeholder theory (or mindset) is that it seems insufficiently articulated and weakly defended. It is a problem to define all stakeholders, however most commonly identified stakeholders are: *shareholders, employees, community, suppliers and customers*. But the line is not clear whether a subject qualify to be called as stakeholder. The other problem is of balancing the interests, it is not determined exactly in what way to do it (Moriarty, 2016). Stakeholder mindset is seen as the way of embeddedness in network of relationship by Norman (2013) and can be called as *relationship marketing*.

It is obvious that solely applying stakeholder or shareholder approach the ethical resolution would be achieved. Neither of them is ethically plausible. The ethical resolution is to *allow managers to do what morally permissible* to achieve ends of both stakeholders and shareholders. Business ethics is still trying to determine *what is morally permissible* (Moriarty, 2016). As Friedman (1970) stated that shareholder *ownership* gives them the *right to control the frim*. Ultimately shareholders ensure that the firm would be run in their interests. However recently the concept of *firm* as something that can be *owned* is challenged. *Contractarian* realm of academics do not rely on assumption of ownership of firms, rather they assume that that there are contracts and agreements that define whether capital hires labor or labor hires capital. It is just that most often capital is hiring labor. Contractarians see the firms as a "*nexus of contracts*" among various parties (Moriarty, 2016). *Workers-controlled firm's* realm states that - standard corporate governance regimes according to are recognized as oppressive and unaccountable *private dictatorships*, as well as Varoufakis (2008) metaphorically defined businesses as

small soviet unions. These academics encourage to address the problem in a way that would allow workers to participate in managerial decision making, be able to reject arbitrary directives by managers, organize firm's policies and that generally the firms would be in control of workers (Moriarty, 2016). As Noam Chomsky states (in Rudolf, 2004), that *anarcho-syndicalism* is the way by which people will take their lives and their work in to their own hands as it will imply the *humane ethical standards* and the "new sense of right" by raising consciousness of their own strengths and capabilities.

What should be for Sale? Many ethicists argues that sexual services, surrogacy services and human organs should not be for sale, the argument is ultimately that markets in kidneys suggest that human *life* can be for sale, however it can save lives of people. Ultimately consensus achieved is that whether thing can be sold for money it is based on the *cultural contingency* (Moriarty, 2016). Usually in ethical realm the topic of businesses and workers I discussed in a problematic background of an employer being superior to employee, as they have more power and greater discretion given them by regulations and legal context. There are four important issues to address in this narrative: hiring and firing, pay, meaningful work and whistleblowing (Moriarty, 2016). Business has an *enormous impact on a society*, in a way that it creates goods and services for people which are shaping their lives and their minds, businesses are shaping the *laws* and the *regulations* of states and also trying to help to solve a social problems of society (Moriarty, 2016). It is no longer a matter of country and government only to maintain the wellbeing of society, there is *no longer* a distinction between private and public domains due to a huge potential of corporations to influence the society in broad sense. In fact organizations do directly influence society and are part of it, therefore are responsible directly for their effect on society. Ultimately by being more aware about their influence, organizations must understand that healthy societal atmosphere is *precondition* for properly functioning market and properly functional companies (Pruzan, 2001).

2.2.5. Internationally Varying Ethical Codes

MNCs are operating across the national boundaries, societal and cultural contexts which makes their activity more significant in ethical and moral domains. Many of most significant contributions in CSR are *made by MNCs* exclusively (Moriarty, 2016). As it is stated by Moriarty (2016), there are different moral and ethical norms in different countries that MNCs need to follow to gain access. It is even harder go gain legitimacy in such varying context for MNCs and it is argued by Barkemeyer (2007), that company must constantly learn and analyze the market and underlying ethical and moral norms and adapt their ethical standards accordingly. Therefore it is required from companies to reorganize their international

legitimacy gaining strategies and make the more market sensitive and establish procedures for constant feedback loop of changing norms (Barkemeyer, 2007). *Global Codes of Ethics* and international organizations such as United Nations has created business ethic codes for international businesses. United Nations Global Compact that requires MNCs to follow rules in areas of human rights, labor, environment and anti-corruption (Moriarty, 2016). *Varying moral and ethical codes* across the different countries and cultures is a challenge for every MNCs and the challenges are whether MNCs should apply *host* country moral codes or should they apply their *home* country moral codes (Moriarty, 2016). It is signified by Yusoff (2013) that institutional setting including NGOs, private organizations and governmental body is creating the grounds and influence on whether the ethical activity will be convenient to perform. *Universal Moral Norms -* ethicists are arguing that there is certain "*moral minima*" across the countries that are met in all contexts. Those universal moral norms are derived from by a convergence of religious, philosophical and cultural belief systems. It is argued that MNCs are flexible within the boundaries of those universal moral norms, but they must also take into consideration the culture and traditions of those countries (Moriarty, 2016).

2.2.6. Relevance of Internal and External Pressures Chapter

This chapter helps this research to isolate relevant concepts and variables that corresponds to the influences of why companies practice business ethics, ultimately will provide help to develop the conceptual framework of understanding why MNCs practices conscious business and how do they perceive it. Two concepts from literature of legitimation, business ethics and CSR has been derived in this chapter: internal pressures and external pressures on ethical practices of companies. These two concepts will be isolated and further employed in conceptual framework. It is found that 1) *internal pressures* consists of variables such as altruistic and moral aspirations of leaders, employee needs, investor's needs. While 2) *external pressures* consist of variables such as social norms and values, moral agency, institutions, regulations, identity-based pressures, global trends.

46

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

2.3. Strategic Intentions

This chapter will review the literature of legitimacy, business ethics and CSR in a perspective of strategic benefits and intentions that are developed in correspondence to ethical practices of companies in literature. As strategic intentions are outlined as one of the influential factors of applying business ethics by companies, this chapter will help to indicate the variables within this concept that might influence CB practices in MNCs and will help to construct a conceptual framework to better understand this perspective in real world.

2.3.1. Strategic Legitimacy

It is observed by (Long and Driscoll, 2008), in empirical history, that business ethics was applied solely for moral purposes even by an MNCs in order to maintain the internal audience out of social conflict and follow the social norms. As well, business ethics were a reference to the virtuous state of mind, where management for sake of morality decided to do right versus the wrong. However since moral and ethical codes were transformed to regulatory, legal and technical rhetoric, it created a precedence for a legitimacy, ultimately for strategic legitimacy (Long and Driscoll, 2008). Strategic legitimacy is achieved by conforming to rules and regulations of society, and most commonly organizations act in a rational, self-interested manner by calculating the costs and benefits of conformance and non-conformance (Long and Driscoll, 2008). It is argued by Long and Driscoll (2008) that companies applies business ethics practices to receive value in return. Strategic legitimacy implies a focus on managerial roles in organization, where insiders searching for ways how to legitimize the organization within given social setting. Strategic legitimacy view take into account the possibility of gaining legitimacy through conformance to social norms, stakeholders as well as isomorphism and business ethics (Long and Driscoll, 2008). Strategic legitimacy is less affected by a broader social and cultural forces and tend to *react* to immediate and most salient constituents. In this respect it is seen as a resource within cost-benefit perspective and is used as a means to achieve ends of organization (Long and Driscoll, 2008).

Informal structures driven by self-interested rationale are emerging that are initiated by subgroups within organizations with an intent of *maintaining control over conditions* of social settings. Therefore a particular structures of business ethics that can take form of CSR or other "doctrines" may be *created and managed by special interests*. Changing nature of varying social values and norms is challenging the organizational retrospective adaptation and justification of their actions, therefore managing the strategic legitimacy is a problem in this respect. As well the political role towards promotion of some

47

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

institutional structures may be in favor for particular organizations. Sometimes new values and social norms are convenient for particular subgroups (Long and Driscoll, 2008).

2.3.2. Legitimacy through Symbolic Business Ethics

According to Long and Driscoll (2008), it is precisely through the business ethics, that a legitimacy is available to gain through strategic actions of organizations. It is important to consider the power of various constituents in society. It is the competition among the constituents over the right to control and label the ideas in order to control the conditions and social setting, results in institutions. Ultimately, legitimate structures are constructed structures according to Long and Driscoll (2008). Business ethics serve as a legitimating role by promoting trust in organizations management. Business ethics are practiced driven by self-interest in order to maintain trust by the external constituents (stakeholders). In this perspective a legitimacy may become not an outcome of isomorphism demanding pressures but rather a result of decision of management to enhance trust. Such symbolic activity may gain access for organizations to act freely and without restrictions in particular setting or domain. Often symbolic demonstration do not affect the core process of organization and remains only a symbolic business ethics and moral façade. And it is found by Long and Driscoll (2008), that in many cases of communicate business ethics the actual ethical codes were applied only to maintain *minimum standards* and *lack any true sense of morality*. Within this perspective, management retrospectively manipulate their communicated goals and actions in order to create appearance of conformity of social setting norms. Organizations may adopt various appearances that would help them to acquire resources and discretion within specific social settings. To *gain strategic legitimacy*, companies are doing very obvious *errors*, they tend to dramatically push the adaptation of ethics and ethical initiatives, and they only ensure the *minimal* ethical standards to be able to communicate their *symbolic* conformity and business ethic. However, they are not focusing truly on developing the ethical culture and behaviour of company, therefore losing their legitimacy instead. This type processes are called "*teenage ethics"* by Long and Driscoll (2008). It depends on whether company *follows* its moral and ethical codes or only applying them as "*greenwashing*" strategy Curtis (1998).

2.3.3. Legitimacy, Reputation, Identity and Firms Performance

Legitimacy constitutes external stakeholder evaluation of organization based on identity-related expectations that are similar to reputation. These are the distinctions provided by Foreman, Whetten and Mackey (2012). Legitimacy is evaluation of conformity with established norms and standards, a judgement of appropriateness. It raises the question whether organization can be an exemplar for the

48

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

social context. External observers evaluate organization in terms of similarity and isomorphism. Reputation is an assessment of relative performance and effectiveness in perspective to other organizations. It focuses on identity attributes and it distinctiveness. It is evaluating firms past performances and see it as a signal of capabilities and effectiveness in future events. Organizations face a variety of expectations that has identity based origins and they are essential for survival of company. Company must follow their core role-related activity and institutional identity *codes* that are set by externalities and they are non-negotiable, while violation results in loss of legitimacy and sometimes death of organization. Some companies, may modify its activities that do not violate their identity standards, therefore trying to positively enhance its reputation. Organizations may add some "*makeup*" to its activity to emphasize their role in some particular domain, therefore according to Foreman, Whetten and Mackey (2012), organizations modifying identity *for* gaining reputation. However these changes must achieve "identity synergy" that they would not be too drastic and would not contradict the identity and core-related activity and core properties of company. At the same time identity changes and modifications must be in tune with stakeholder expectations, react to whether stakeholders want changes or they do not. As well they must follow the external expectations of social setting.

Ethical stance of company depends of the expectations of society, as it is also an extremely significant stakeholder. Legitimate claims made by constituencies that interacts with a firm results in a legitimacy. Need for legitimacy is formed by the expectations of society where specific required behavior is considered as right or wrong, ethical or unethical. Stakeholders such as investors, customers ,interest groups, employees, legal system and community forms these requirements and expects corporations to legitimately fulfill them. Berrone, Surroca and Tribo (2007). Corporate reputation is affecting the behaviour of business leaders because of growing expectations of employees, customers, investors and media as well as it is being marketed increasingly by consultants and PR experts (Pruzan, 2001). According to Pruzan (2001), companies hiring external reputation officers and use similar services. New marketing, PR and reputation management systems being developed to manage and maintain corporate reputation. Some major organizations has their reputation management departments which signaling that reputation management will be similar importance to quality management (Pruzan, 2001). It is ultimately argued by Berrone, Surroca and Tribo (2007), that if ethical stance of businesses which includes its ethical values, behavior, communication and commitments can be seen as competitive advantage, it also must be seen as a component of corporate identity which is enhancing firms performance.

2.3.4. Financial Performance and Ethical Codes

Although Friedman (1970) stated that CSR is waste of shareholders money, academics in this domain has found some **positive financial correlations** with CSR activities (Moriarty, 2016). However the causalities is not clear, whether firms engage in it after they are financially strong, or financial success comes after engaging in CSR. Some argue that CSR should be conducted if it satisfy the ends of shareholders, others state that CSR is necessary regardless of ends of company (Moriarty, 2016). According to Curtis (1998), there is a positive correlation between business ethics and financial performance among 27% of largest 500 US companies that refer themselves as ethical. Some businesses encourage ethical codes as it is assumed that ethical behavior increase profitability of company. As it is found by Orlitzky (2005), in meta-analysis of 52 studies within 30 years on social responsibility and financial performance, the results are that they both correlate positively. According to Yusoff (2013), the causal relationship chain of CSR and positive financial performances leads through concentrated focus on definitive stakeholders through which the company would gain a legitimacy and positive reputation which in long run will result in greater financial performance. More than that it depends on extent and rightly chosen values are the most important to follow to achieve positive correlation with financial performance and positive performance of business in general (Han and Donker, 2008). It is stated by Han and Donker (2008) that ethical behavior of companies **positively affecting management, employees, shareholders, stakeholders and the society in general**. As well ethical behavior of company is considered as an added value creation by the company and the company is seen as more valuable by the stock market as well as in the global context as it identifies itself with ethical business performance, as the ethical behavior is becoming increasingly appreciated. Ultimately business **ethics positively affects financial performance** in long run (Choi and Jung, 2008), (Pruzan, 2001).

2.3.5. Influence on Supply Chain

It is assumed by Long and Driscoll (2008) that business ethics is a tool of MNCs to reestablish or gain legitimacy within a global context of poor labor practices, supply chain contradictions and subcontractors. **MNCs** are receiving new **socio-political pressures** to maintain **moral legitimacy** and adapt it to their **supply chain** as well and act more **globally responsible** as they do have a significant influence in international perspective (Long and Driscoll, 2008); (Bendixen and Abratt, 2007); (Czinkota, Kaufmann and Basile, 2014). Some MNCs are blamed that their suppliers are not applying the moral codes in their practices. Sometimes the solution for MNCs are to divest from the country which is not compatible with its ethical and moral standards. By **divestment** MNC is putting **pressure** on that

50

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

country's moral and ethical standards, forcing them to improve them so they could save the economic contributions of MNCs (Moriarty, 2016). MNCs has a direct positive influence on ethical standards of their suppliers and buyers that result in ethical reputation of buyers and suppliers which result in greater shared value creation of all actors of supply chain (Bendixen and Abrattn, 2007).

2.3.6. Influence on Business Systems

Businesses on the other hand are engaging in civil society collaboration because they *want to shape laws and regulations* in to their advantage. According to ethicists – engaging in civil society collaboration to seek the advantage only for your business is *socially wasteful economic activity*. However lobbying for resources from government can sometimes do good as they should be distributed to society in some extent. Prisoners Dilemma is that if all businesses will engage in lobbying, then whole economy will suffer from it, so there must be some equilibrium (Moriarty, 2016). Sometimes MNCs has power to manipulate governmental policies just by threatening to leave the state or stop economic activity there if they have substantial contribution to the region. Therefore governments are sensitive to MNCs wellbeing and are dependent in some extent (Moriarty, 2016).There is no doubt that MNCs are able to *shape* some countries policies positively, but ethicists claim that if these businesses acts like states, therefore they must be governed like states, they must be governed by all stakeholders (Moriarty, 2016).

2.3.7. Relevance of Strategic Intentions Chapter

This chapter has reviewed the literature related to business ethics, legitimacy and CSR in perspective to the strategic intentions of the company towards ethical practices as it is found in first chapter of understanding conscious business that companies may practice ethics to gain strategic benefits. Therefore the name of this chapter is a "*strategic intentions*" as it is isolated as a concept and will be used in conceptual framework. Together with concept of strategic intentions, the following variables from this chapter as influencers are selected and will be used in conceptual framework: legitimacy, reputation, efficiency, influence on social setting, firm's performance, financial performance and competitiveness.

2.4. Capability Perspective on Business Model Innovation

As it is found in a chapter of understanding the conscious business, that process of ethicalization of companies is influenced by certain managerial competences and resources, there is a need to review a literature on this topic and capture the concepts that may influence the motivations, perceptions and practices of conscious business in MNCs, ultimately helping to answer the research questions. Achieving genuine transformation is extremely demanding, whereas it requires specific competences and resources, routines and processes to identify the trends of ethics and need of change (Saebi, 2017), (Inigo, et. al., 2017), which in theory of business model innovation is identified as capabilities of sensing, seizing and reconfiguring Teece (2007; 2010), that combines to capability of constant innovation of business model to keep up with trends of consciousness (Mezger, 2014). Concept of *Business Model* itself is not completely developed in theory of economics according to Teece (2010). However the reason for that is that business models are coming from ubiquity of theoretical construct that are changing as fast as markets are changing and business models are some sort of a problem solving. Capability-based BMI is also gaining momentum and being applied in sustainability, social and environmental change context (Inigo, et. al., 2017). Stakeholders and external (social, environmental) pressures are identified as a BMI antecedents recently and it is found that sustainability is gaining momentum in BMI studies. (Saebi 2017). Companies must shape and adapt their business models together with their components in order to ensure long-term value creation and proposition, as well as capturing it. In this process BMI is identified by Teece (2007) as a set of *meta-capabilities for dynamic capabilities*. In order to be able to innovate a business model company is required to develop set of capabilities that would enable a company to renew the *configuration of components* of business models. BMI is triggered by external environment as well as motivation to strengthen the internal structure of organization (Inigo, et. al., 2017). Capability-based BMI framework is conceptualized by Mezger (2014), based on three dynamic capabilities as key dimensions of company, crystalized by Teece (2007): *1) sensing* threats and opportunities *2) seizing* opportunities and *3)* maintaining competitiveness by *reconfiguring* firm's assets. More than that there is ultimately a higher order dynamic capability identified by Mezger (2014), which is 4) capability of business model innovation itself.

BMI framework is built on *learning abilities* of organization Mezger (2014), whereas all three dimensions of requires firm to 1) *gather* external knowledge, 2) *combine* it with existing knowledge, and 3) based on synergy *derive* the new business models. Whereas process according to Inigo (et. al., 2017) may look as follows: 1) challenging and transformation of *architecture of business model*, 2) change in

resource base to acquire new capabilities, 3) transformation of *organizational structure* and 4) transformation of *value chain structure*, ultimately 5) *shaping* new business models and *value proposition.* Transformation of key capabilities of organization is necessary to change a business model.

2.4.1. Sensing Capability

Sensing threats and opportunities is first dynamic capability that is formed from following components: 1) Ability to *recognize* global trends and changings in business environment that is relevant to organization. It is achievable through institutionalized knowledge gathering links from relevant fields. 2) Ability to *identify* trends and linkages in changes of customer needs, competition, technology (Mezger 2014), environmental and social changes (Saebi, 2017) in order to innovate business model and value proposition (Inigo, et. al., 2017). BMI is typically carried out by firms that *continuously identifying, experimenting and exploiting* new business opportunities. In order to do so, companies must be able to constantly, monitor changes in market, competition and environment as well as be flexible for exploration of new ideas (Inigo, et. al., 2017).

2.4.2. Seizing Capability

Seizing opportunities comes after relevant opportunities and threats are detected. It is possible to encounter these opportunities by *modifying* existing business models or *creating* new ones. Generally speaking this dynamic capability is ability to *focus on opportunity identification and its emphasis on timely, market-oriented decision making* (Mezger, 2014). Seizing captures firm's ability to sys*tematically and iteratively integrate new knowledge into configurations* new business model. Systematic BMI is an iterative cycle of:

1) Idea sensing and development
2) Testing of idea and development (seizing)
3) Testing of new configurations of new business model (seizing)

First capability consist of gathering external and internal knowledge that is relevant to value creations. 1) Institutional assessment of all business model components. 2) Market sensing capability is ability of market orientation to recognize shifts of preferences and expectations of target groups (Mezger, 2014). *Ability to combine gathered knowledge pieces* such as customer knowledge, market knowledge or trend knowledge and knowledge about alternative business models. It is achievable by establishing: 1) Institutionalized routines to gather knowledge relevant to value creation process. 2) Continuous feedback routines in testing the model configuration alignment with knowledge relevant to value creation process (Mezger, 2014). Learning-oriented, experimentation-based approach is

implementation of experimentation-based iterative processes and routines. This allows company to create a systematic design in order to achieve continuous flow of new business models. Embeddedness in "ecosystem" of company helps in BMI process by access to resources, knowledge and complementary assets that are available (Inigo, et. al., 2017).

2.4.3. Reconfiguring Capability

Reconfiguration of business model requires not only reallocation of existing resources, but also a capability of acquisition and integration of new competences and resources (Mezger, 2014). *Absorptive capacity* of organization is relevant when earning to conceptualize new business models for value creation. There are three major reconfiguring capabilities identified by (Mezger, 2014). Core foundations for BMI *reconfiguration* are capabilities of evaluating, selecting and acquiring. *First capability*: ability to determine, resources that required to implement *Second capability*: ability to acquire resources that required for BMI *Third capability*: ability to replace the existing set of abilities. *First* capability focuses on *adaptations of activates that are relevant to the value creation*. *Renew resources and competences* in align to activities of value proposition by:

1) Recognize the need for evaluation of activity systems
2) Select and implement changes of activity systems
3) Build up new resource and competence

Second capability requires to *implement structure and process to re-evaluate the set of competences and resources fitness to new business model* (i.e. derive specific management tasks, employee training, recruiting, hiring external consultants and partnering). *Third* capability stands for *sourcing of operational competences and resources* that are necessary to implement in the new business model. It can be achieved by systematically by *externally acquiring* capabilities and competences that represents company's core assets through:

1) Hiring employees with relevant competences and resources,
2) Acquiring companies with relevant competences and resources.
3) Integrate and collaborate with partners with relevant competences and resources

2.4.4. Business Model Innovation Capability

The *synergy* of dynamic capabilities (sensing, seizing, reconfiguring) of BMI enables a firm to ultimately *achieve* a higher order capability which is itself a capability of business model innovation. *Capability of BMI* empowers firm to be 1) able to *continuously* challenge and *renew* its business models and value proposition chain, as well as an 2) ability to *renew an entire logic of doing business*.

2.4.5. Relevance of Capabilities Chapter

Since there are many concerns raised by CC theory critics on its applicability Wang (2013), (O'Toole and Vogel, 2011), *dynamic capability view on business model innovation* will be useful to see what capabilities companies need to have and develop in order to carry out ethical practices and gain benefits from them. Theory of capability-based BMI, opens the perspective on company capabilities of being aware of social setting and changes happening around the company, therefore these *capabilities are a precondition* to any progress beyond the compliance with a social setting. Ultimately, higher order capability of BMI (Mezger, 2014), is a precondition to *any progress* of company as it empowers company to be able to *challenge and constantly question* its *core logic* of their existence as well as because of *learning-driven approach*. It is a precondition to already poses some of the capabilities for BMI, at least a capability of capturing the information and processes happening around that would lead company to realize that business ethics going to provide with *legitimacy, reputation, firms and financial performance* Long and Driscoll (2008), (Foreman, Whetten and Mackey, 2012), (Rana and Sørensen, 2016), (Berrone, Surroca and Tribo, 2007), followed by the challenging and analyzing the company in this perspective and ultimately transform the company by incorporating a routines and process that would ensure a constant *sensing, seizing and reconfiguring* a company (Mezger, 2014), even beyond what social setting requires, where the totality of all above would allow such company to identify as a *conscious business* of some degree (Mackey, 2011). It will allow to presume that *MNCs operating in foreign market* may *already have specific resources and competences,* but they need to *modify* them in order to achieve a compliance with current social setting, as well as enable themselves to be innovative and constantly develop and improve their capabilities to be able to achieve constant progress (Mezger, 2014). Therefore without transformation, no progress is achievable in perspective to business ethics and conscious business philosophy. Ultimately this chapter will provide with the *concept of capabilities* that is consisting of variables such as seizing, sensing and reconfiguring that may influence the practices, perceptions and motivations of CB in MNCs. This concept will be employed in configuring a conceptual framework of this research.

2.5. Conceptual Framework

Literature review provides with a conceptual narrative which will help to grasp consciousness (ethical practices) of MNCs, specifically focusing on how they *perceive* conscious business concept, what *motivates* them to engage and how do they *practice* it. As research questions are focused on analyzing the conscious business concept, there is a need to specify and outline the most important aspects of CB concept as variables as it will provide with a structure that will help to analyze it from different perspectives of other influential concepts.

Concept	Aspects
Conscious Business	Has Existential Meaning of Business
	Sees Profit as By-Product
	Seeks Harmony of Interest Among All Stakeholders (Society, Partners, Investors, Customers, Employees)
	Highly Society Oriented
	Acts Out Leadership Instead Of Control-On-Command
	Maintain Healthy Company Culture (Trust, Transparency, Caring and Empowerment etc.)
	Requires Genuine Transformation

Figure 4
Name: Conscious Business Aspects
Source: Developed by Authors

With a help of literature, four main concepts are employed in this conceptual framework that are categorized and has their own variables that are influencing a perceptions, motives and practices of conscious capitalism philosophy, ultimately defining the consciousness of MNCs.

Firm's perspective is useful to employ in this conceptual framework as it will help to build a perspective on how a totality of CB aspects and influential factors will manifest itself in to tangible practices on a micro firm's level. To put it in a firm's perspective a stakeholder view is employed as only through a stakeholders, company can express their moral and ethical concerns. *Specific practices* represented in actual actions and procedures of CC philosophy (Mackey, 2006, 2011) and business ethics (Moriarty, 2016), and CSR (Saebi, 2017) in *firm's perspective* are:

Stakeholder	Practices Example
Customers	Focus on high quality products, voluntarily follow un-institutionalized product safety standards, maintain a just price, do not manipulate customers, etc.
Employees	Do more for their employees if company is able, frontline employee salary higher than industry average, CEO salary caps, salary transparency etc.
Partners	Selecting quality-focused suppliers,
Society	Donating percentage of profits to non-profit organization, compensating employees for volunteering for social good etc.
Environment	Reduce usage of fossil fuels, utilizing solar wind energy, reusing, recycling and reeducating, refusing inhumanely produced production etc.

As the need for such ethical practices metaphysically *arises from a moral agency*, but due to cognitive processes in society Long and Driscoll (2008) the following influencers do have a great impact on whether the practices will be applied and to what extent. However moral agency can still be extremely influential as well, even though it has already done its job to arise the need for such ethical practices.

2.5.1. Four Concepts as Influential Factors

Conscious business philosophy as advanced form of business ethics practice is determined by following influencers as mentioned above. *Four main categories* are conceptualized as *influential factors* (Saebi, 2017) (Fukukawa, Balmer and Gray 2007) of consciousness of MNC:

Concept	Influencers	Sources
Internal Pressures	Altruistic aspirations of leaders Employee needs Investors Needs	(Moriary, 2016) (Mackey in [Palmer, 2011]), (Koltko-Rivera, 2006) (Mackey, 2006, 2011) (Berrone, Surroca and Tribo, 2007)
External Pressures	Social norms and values, Institutions and regulations, Identity based pressures Global trends Moral Agency	(Long and Driscoll, 2008), (Foreman, Whetten and Mackey, 2012) (Rana and Sørensen, 2016), (Moriarty, 2016), Strong (2011), (Alain de Botton in [Wilson, 2014])
Strategic Intentions	Legitimacy, Reputation and Efficiency Influence on Social Setting Firm's performance, Financial performance, Competitiveness	(Choi and Jung, 2008),(Pruzan, 2001), (Han and Donker 2008),(Orlitzky 2005),(Curtis 1998), (Yusoff, 2013), (Moriarty, 2016), (Berrone, Surroca and Tribo 2007), (Sisodia 2013), (Simpson, Fischer and Rohde, 2013).
Capabilities	Sensing, Seizing, Reconfiguring Competences and resources (as routines, processes and assets)	(Saebi, 2017) (Fukukawa, Balmer and Gray 2007). (Mezger, 2014), (Inigo, et. al., 2017, Teece (2007; 2010), (Mackey, 2011) (Sisodia, 2013)

Table 3
Name: Conceptual Framework – MNCs perceptions, motivations and practices of CB
Source: Developed by Authors

Conceptual framework will help to understand influential factors in relationship between CC philosophy and MNCs, ultimately helping to build a strategic perspective on how companies would navigate their business in perspective to influential factors. Such conceptual framework is universally applicable for collecting data from any company regardless of whether company is practicing CC philosophy or not, for the reason that many companies do practice CSR and business ethics in general, (Leiva, Ferrero and Calderon, 2016), (Saebi, 2017) what is premature form of conscious business. Therefore it will complement the literature on CC philosophy and respond to pertinent arguments of critics Wang (2013),

(James O'Toole, David Vogel, 2011), by providing an opportunity for *examining non-role-model companies* in perspective of CC theory, in this case MNCs in Singapore.
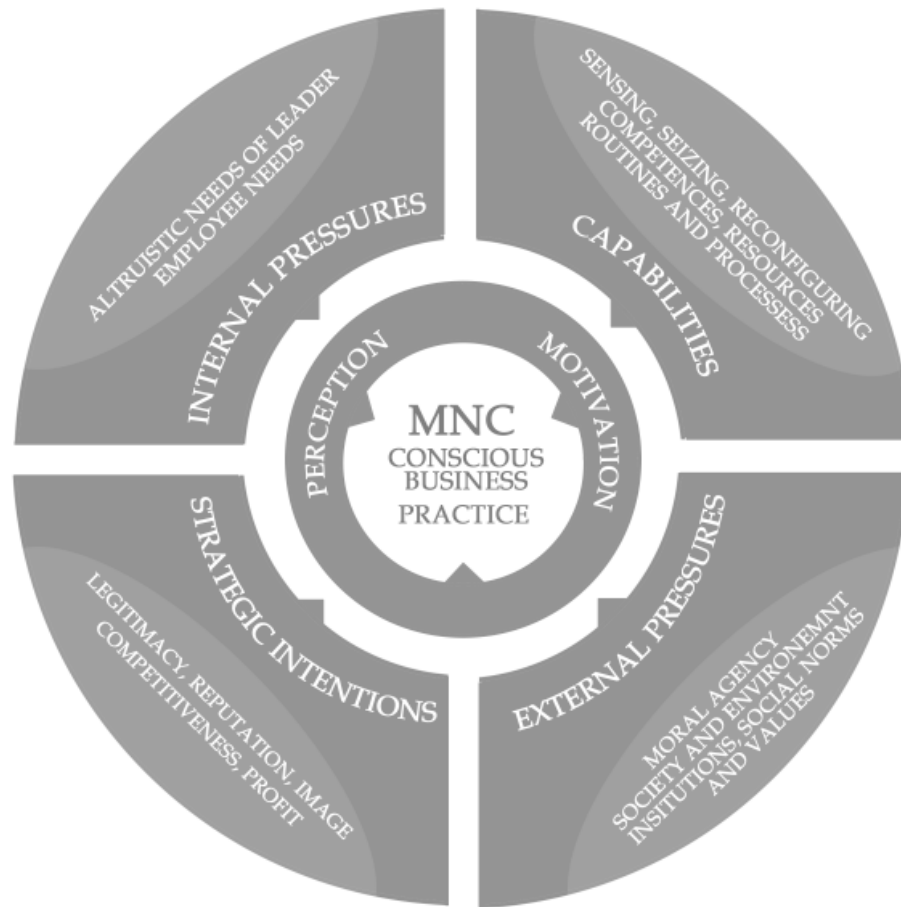
Figure 5
Name: Conceptual Framework – MNCs perceptions, motivations and practices of CB
Source: Developed by Authors

As per *research questions* specific orientation on what factors and how they influence the *1) Perception, 2) Motivation, 3) Practices* of conscious capitalism philosophy (or business ethics) in MNCs, below these factors will be described in perspective of influential factor as category. Some of the influencers may not affect perception, motivation or practice directly and some of influencers may affect them in varying degrees.

2.5.2. Internal Pressures

In general all the ethical practices are arising from the *altruistic aspirations* of company (Moriarty, 2016) (Long and Driscoll, 2008), and only later on through *cognitive* processes they become institutionalized therefore projecting internal and external pressures on business as well as an opportunity to gain *strategic* benefits Long and Driscoll (2008). Inner *altruistic needs and beliefs* of leader of company forms a motivations and perceptions towards consciousness of business (Mackey, 2011), that ultimately forms the *moral agency* of company (Moriarty, 2016). *Internal pressures* from stakeholders such as employees and investors can force company to apply ethical standards or not (Mackey, 2011), (Long and Driscoll, 2008).

2.5.3. External Pressures

External pressures from social setting and institutional context that may significantly affect the perception (Long and Driscoll, 2008), (Foreman, Whetten and Mackey, 2012) (Rana and Sørensen, 2016), of MNC towards ethical practices and conscious business. Global trends and host country norms and values may shape perceptions of MNCs (Moriarty, 2016). As well MNC may simply be put in position where it must comply with social norms and values to achieve *isomorphism* to gain legitimacy as permission for operating in the particular social setting (Rana and Sørensen, 2016), (Long and Driscoll, 2008). MNCs may be under pressure to practice 1) social, environmental, global responsibility as well as 2) stakeholder interdependence (Long and Driscoll, 2008) and in some cases 3) collaboration with government, institutions and civil society (Rana and Sørensen, 2016).

2.5.4. Strategic Intentions

Perceptions of business ethics, conscious business or CSR will affect how MNC will see it in strategic perspective. MNC decision will be affected by *strategic gains* that are possible to extract from ethical activities that are gains of: *legitimacy, image, reputation, market valuation, financial performance, superior performance* Sisodia (2013), (Simpson, Fischer and Rohde, 2013). To achieve strategic motivations, company may apply ethical practices as a badge of morality. Whereas the practices will include *all above* what business ethics and CC theory has to offer and will be *applied to the extent it is strategically beneficial* (Long and Driscoll, 2008). However companies may communicate an ethical behaviour (Berrone, Surroca and Tribo, 2007), but not applying it will be identified as "greenwashing" and will discredit a company (Long and Driscoll, 2008).

59

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

2.5.5. Capabilities

Even if business will be 1) driven by extremely altruistic beliefs of leader, 2) internal or external pressures or 3) driven by extreme strategic benefits - CB practices may not be effective for business (Sisodia, 2013), because of selection and extent of implementation of CB concept is extremely dependent on a competences of MNCs. First of all company must be *capable to perceive*, notice, understand and be aware of concepts of CSR, business ethics and conscious business to develop the perceptions about them, therefore it requires certain capacities and competences of company Teece (2007; 2010), Mezger (2014). It requires capability of *1) sensing* (Mezger, 2014), (Inigo, et. al., 2017), to be *able to understand* the sophistication and usefulness of conscious business and distinguish it from CSR and business ethics. As theory may be unknown as it is quite new (Sisodia, 2013) and there are many doubts raised by the critics of CC theory (Wang, 2013). Motivations may be affected by the competences of company to perceive and comprehend the concepts of CSR, CB and business ethics in general as i.e. company may not be aware of usefulness of CC theory. Therefore *quality of perceptions and motivations* depends on competences of leaders and managers (Mezger, 2014) (Saebi, 2017) (Fukukawa, Balmer and Gray 2007). Perceptions and motivations toward the business ethics determines company's decision which practice it will implement and to what extent. Process of *2) seizing* (Mezger, 2014), where company do compare the information and knowledge with its current business model, requires competences and resources therefore a capability of *seizing* will heavily influence the decision. While CSR is easy bolt-on approach, CC theory requires a *genuine transformation*, (Mackey, 2011) at least evolutionary slow transformation (Inigo, et. al., 2017), which demands capability to *3) reconfigure* business (Inigo, et. al., 2017) and implement new routines and process will determine the selection of ethical practice, to what extent it will be implemented and how it will be maintained, generally resulting in *effectiveness* of applied ethical practices (Mezger, 2014).

Chapter 3: Empirical Cross-Case Data Analysis, Corroboration and Findings

This chapter aims to present the data collected through semi-structured interviews and focus group, the data is presented in analysis of cases through cross-case analysis using the analytical framework presented in methodology chapter. The data will shed light on the conceptual framework of this research as data was collected in correspondence, it will also be analyzed in correspondence. Therefore there will be 4 dimensions in accordance to which, the data will be analyzed as each dimension is a concept from conceptual framework. Analyzed data will provide similarities, differences and complementarities between cases, the following chapter will derive the corroborations between cases that will provide with a clarified picture in perspective to the research objectives to understand perceptions, motivations and practices of conscious business in MNC in Singapore. As mentioned there are *4 dimensions* that are presented as concepts that influence MNC practices, perceptions and motivations toward conscious business in conceptual framework. These dimensions are as follows: 1) Internal Pressures 2) External Pressures 3) Strategic Intentions 4) Capabilities

There are 4 different cases that consists of different samples and data collection methods. [1]In *Case 1* there was conducted a semi-structured interview in a face-to-face manner. In *Case 2* the focus group interview was conducted online in Skype video conference. There were two participants. One participant was a conscious business proponent from MNC operating in Singapore as well as other major countries internationally in banking industry, while participant position in that company was a Managing Director & Head of Tax and Accounting. Second participant was business consultant operating in a Singapore while having experience and knowledge of MNCs performance in Singapore on analyzed dimensions, while holding the position of Business Director and being owner of the consulting company. In *Case 3* there was conducted a semi-structure interview online in Skype video conference. The participant was from business consulting company operating in Singapore, while as well having experience and knowledge of how MNCs perform in Singapore on analyzed dimensions. Participant position in company is Business Director. In *Case 4* there was semi-structure interview conducted on Skype, the participant was Sales Director for Asia in IT and financial services MNC that helped to saturate

---

[1] More specific information on cases can be found in appendix due to confidentiality, as appendix is only attached to the version that will be sent to university. Project without disclosed participant information will be sent to other participants and collaborators without appendix due to confidentiality.

the data and finalize the data collection, sharing perceptions toward CB philosophy conceptually. Case 1, 3 and 4 is data from semi-structured interviews while case 2 is data from focus group, as there were 2 participants only, the data will not be analyzed in separate table and it will be presented in one table however with the higher attention to the congruence on topics and themes within the focus group. As the focus group respondents did agreed on all the themes of focus group the data analysis do not require specific outlined table for analysis of focus group data.

Dimension 1: Internal Pressures

This dimension is discussing the internal pressures on consciousness of MNC as conceptualized from literature review. Such analysis will help to understand what influence the practices of conscious business in MNCs, motivations and perceptions towards it in real world, specifically in Singapore.

Dimension 1: Internal Pressures	
Case 1 (MNC1)	- Employees has their own personal goals - Employees expects to achieve their goals by working in company - Employees expects that their goals will match the company goals - Employees has basic economic needs - Ensuring that employees gain enough money is virtuous as it may help to achieve goals in their personal lives - Management is encouraging employees to participate in CSR practices - Individual leaders altruistic beliefs initiate ethical practices - Employees expects moral behaviour from company leaders
Case 2 (Focus Group) (MNC2 and BCC1)	- Size of company influences the need of profit. - Management expects ethical activities to be self-sustainable and not costly - Management defines a boundaries under which company makes profit - Investors and shareholders cannot be neglected in pursue of higher purpose - Investors are crucial for company's survival and profit is necessary for them. - Profit is crucial and ethical boundaries are the way to make profit - Management defines ethical criteria around decision making and degrees of profit making - Board of directors beliefs are fundamentals of company's consciousness and why they do business. - CEOs has high influence on ethical practices in company and purpose of company - Management inspires initiatives to change company's ethics - CEO altruistic beliefs inspires initiatives to increase consciousness of business - Management shapes company's purpose, goals and values - Employees can spread word about company's greenwashing - Employees expect leaders to walk the talk

Case 3 (BCC2)	- Small number of individuals are concerned about ethics in MNCs - Profit is number one in perspective to ethics or higher purpose, or stakeholders. - Some leaders has altruistic inspirations toward ethical production - Only single leaders has altruistic aspirations in companies and they have to lose only their reputation and gain nothing personal. - Younger leaders within companies are more ethically concerned - MNCs are managed by elder management - Elder management have profit driven rationale and have no interest to change. - Elder management block ethical initiatives as they are perceived as costly - Retirement -Consciousness of companies increases one retirement at a time.
Case 4 (MNC3)	- Shareholders and directors expectations are to grow, create value and gain profit - Shareholders and directors expectations are viability of company - Value creation is priority and ethics are conditions - Ethical conditions are conditions, therefore they are secondary - Value must be created because shareholders will not provide capital constantly - Shareholders has highest influence on whether company is ethical - Shareholders primarily determined degree of ethical standards as they assign directors - Directors by request of shareholders set ethical processes and standards - Directors may convince shareholders to allow implement ethical changes - Directors influence ethical standards of company - Personalities of employees influence successfulness of implementation of ethical standards

Cross-Case Analysis: Corroboration Patterns of Internal Pressures on Consciousness of MNC

Influencer (Who? What?)	Effect (How? Why?)	Fr. Per Cases
Shareholders and Investors Needs	Has highest influence on company's consciousness due to decision making power	3
	Expects company to grow, create value and gain profit	3
	Expects company to be viable	2
	Expects returns on their investments	3
	Higher purpose cannot dismiss shareholders needs as capital is crucial for company's survival	3
	Provides directors with ethical requirements	1
Board of Directors CEOs Management	In power to support employees ethical behavior	1
	Expects ethical activities to be self-sustainable	1
	Defines ethical standards under which company makes decisions, do business and makes profit	2
	Beliefs of directors are fundamentals of company consciousness	3
	Has high influence on ethical practices, purpose, goals and values	4
	In power to inspire ethics and purpose	3
	In power to exercise altruistic beliefs	3
	In power to exercise individual leadership	3
Employee Needs	Economic needs of employees are first	3
	It is virtuous enough to fulfill economic needs of employees	1
	Has personal goals	2

63

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

	Expects to fulfil personal goals in company	1
	Expects to match the goals with company	3
	Expects moral behaviour from leaders	2
	In power to spread unethical behaviour	2
Profit Need Value Creation Need Cash Flow Need	Cash flow, value and profit is primary and necessary for company's survival, ethical conditions are secondary	3
	Ethical conditions cannot serve as oxygen for company's survival Size of company influence degree of profit orientation and consciousness	3
Younger Leaders	More ethically concerned	1
Amount of Ethical Leaders	Few leaders has altruistic beliefs	1
Elder Management	Less ethically concerned Has profit driven rationale Sees ethical activities as costly	1
Personalities and beliefs of staff	influence consciousness of company	1
Change of directors	increases Consciousness	1
Size of company	influence ethical capacity and need	1

Corroboration patterns are derived in a form of variables that depicts who or what influence the consciousness of MNCs internally as well as how and why. Strength of variable is primarily determined by number of different types of effects as well as partly by frequency it has occurred through 4 cases. Findings are discussed in following chapter and summarized before theoretical discussion.

Dimension 2: External Pressures

This dimension is discussing the external pressures that are influencing company as conceptualized in conceptual framework. Such analysis will help to understand what influence the practices of conscious business in MNCs, motivations and perceptions towards it in real world, specifically in Singapore.

Dimension 2: External Pressures	
Case 1 (MNC1)	▪ MNCs cooperate with institutions and follow regulations and social norms. ▪ Partners expectations influence morality of company leaders ▪ Institutions do not care much about ethical practices as long as company follow the standards.
Case 2 (Focus Group) (MNC2 and BCC1)	▪ Social media helps to reveal whether communicated values and goals are carried out in company ▪ Social media helps to reveal if company using ethics for greenwashing ▪ Social media is obstacle for greenwashing ▪ Millennials are whistleblowing when see unethical activities ▪ Needs of people in society determine whether they will work for ethical or unethical company ▪ Economic stability is very important need of people as it is basic need ▪ Further people are motivated to contributing to value, learning and feel free to work on what they are trusted to by company. ▪ Economic rationale is still in mindset of people since one generation ago people had hard times to manage their lives in Singapore. ▪ After filling basic needs millennials would go for company with higher purpose ▪ Even millennials wouldn't choose higher purpose over money ▪ In Singapore due to social setting and business system, there is small room for people to think of something besides economic stability since everything is very expensive and after graduating the reality kicks in and people must manage their income and expenses. ▪ There are certain ethical standards and boundaries that are necessary to carry out in Singapore by companies ▪ It is better for MNCs to follow standards and other expectations as non-compliances comes with unfavorable sanctions ▪ Many initiatives in terms of ethical standards are regulatory driven in Singapore ▪ MNCs comply with ethical standards due to external institutional and social pressures and are afraid of sanctions from non-compliances ▪ MNCs do carry out ethical standards not only due to compliance, but mostly. ▪ Investors are influencing ethical practices if there are strategic benefits ▪ Economic rationale within management is very common in Singapore and Asia. ▪ Ethical standards determines whether company will partner with someone. Some MNCs do not partner with government.

Case 3 (BCC2)	- MNCs carry out CSR practices due to external pressures from competitors MNCs who carries out CSR. - Consumer's preferences determines if ethically produced product will be bought, in Singapore consumers care more about the price. - Consumers in Singapore are not willing to pay more for green products - MNCs utilize the minimum requirements in standards and even opportunistically diminish real quality of goods to increase the margin as regulations allows. - MNCs always tries to follow the moral minimum of ethical standards that are institutionalized. - MNCs are hiding their unethical flaws and matching the moral and institutional minima. - MNCs are more sensitive to institutional and social expectations as they care about their reputation and are afraid of social and institutional sanctions - MNCs are feeling identity based pressures from society to carry out home standards in host country - While local companies may allow themselves to treat their employees badly. - MNCs are bottom line oriented in terms of ethics. - Governmental organizations are also influencing ethical standards in markets by their applied ethics. - MNCs are more concerned to comply with social setting rather than ethically challenge the market. - Ethical behaviour of MNCs is strongly influenced by consumers as they vote by buying products - Millennials are concerned more about environmentally friendly products but they have low buying power yet. - Strategic change to comply to ethical needs of millennials can cause authenticity problems and damage the reputation. - There are very few MNCs that are concerned with ethics - Consumer goods companies do have certain degree of ethics sometimes - Ethical concerns depends on industry, tobacco industry has no ethical concerns
Case 4 (MNC3)	- Companies implement ethical standards only when passiveness is becoming a treat - Companies invest heavily in ethics after their unethical practices are publicly revealed - Companies implement ethical standards under pressure not to lose their customers - Companies may suffer substantial losses due to revealed unethical behavior - Social media has high influence on revealed ethical standards or companies - Customers are very sensitive to unethical behaviour of companies - Publicly exposed companies are more sensitive to ethical issues - Ethical standards in publicly exposed companies are extremely influenced by customer perceptions - Non-publicly exposed companies may care how they are perceived by their partners and institutions only - Market forces are influencing company's ethical standards - Transparency is increasing in the world so companies are forced to be ethical - Consumers gaining higher power to express their opinions and influence company's viability - Consumers are asking for ethical services and products

Cross-Case Analysis: Corroboration Patterns of External Pressures on Consciousness of MNC

Influencer (Who? What?)	Effect (How? Why?)	Fr. Per Cases
Competitors	Setting ethical standards for market by applying ethics	3
	Amount of ethical companies influences market standards	1

66

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

Millennials	Sensitive to unethical behaviour of companies Whistleblowing swiftly Economic stability is still prior to ethics After filling basic needs aims to higher purpose More concerned to buy green products Has low influence due low buying power	1
Partners	Expects certain ethical standards Unethical partners are threat	1
Revealed Unethical Behaviour	Positively influences ethical practices	1
Customer	Preferences influence ethical standards of companies	3
	Price is primary concern Not willing to pay more for green products Sensitive to unethical behaviour Has high influential power by buying ethical or unethical products Expect ethical products	1
Moral Minima Institutional Standards and Regulations	Implies need for minimal ethical standards Social and institutional sanctions are harmful Compliance is necessary Ethics in governmental institutions lead by example	2
Social Norms and Values	Economic rationale is very common in Singapore and Asia	1
Home country standards	Imposes ethical standards in host market 2	1
Reputation	Affects sensitivity of MNCs to social and institutional norms	1
Social Media and Communication Technology	Reveals applied ethical standards Reveals if company follows their communicated values and goals Reveals if company is greenwashing Increasing transparency and positively influences ethics	1
Potential Employees Preferences (Jobseekers)	MNCs are perceived as good employer	1
Needs of society	Economic stability is basic need and is very influential Economic rationale is in mindset of older generation of Singapore	1
Business system structure	People are forced to work for profit oriented companies as there are high expenses in Singapore	1
Industry and Public Exposure of Company	Type of industry determines ethical standards Non-publicly exposed companies are less ethical Public exposure positively influences degree of ethical practices	1

Corroboration patterns are derived in a form of variables that depicts who or what influence the consciousness of MNCs externally as well as how and why. Strength of variable is primarily determined by number of different types of effects as well as partly by frequency it has occurred through 4 cases. Findings are discussed in following chapter and summarized before theoretical discussion.

Dimension 3: Strategic Intentions

This dimension is analyzing the strategic intentions as an influencer on practices of conscious business in MNCs, motivations and perceptions towards it in real world, specifically in Singapore.

Dimension 3: Strategic Intentions	
Case 1 (MNC1)	• MNCs share knowledge, educate and help innovate to suppliers as it is beneficial for both partners, they saving costs and time so it would help to gain profit. • Executing leadership instead of command helps to lower a turnover and increase loyalty. • Empowering loyal employees with authority and it is increasing their fulfilment with work. • Ethical behaviour of company increases authenticity and trust among stakeholders and comes back beneficially in holistic way • It is important for employees to have their own goals • If employee goals aligns with company goals it works beneficially for both parties
Case 2 (Focus Group) (MNC2 and BCC1)	• There are companies that use CSR for marketing • Most of the companies use these practices for marketing rather than applying them truly. • Purpose helps to align business goals with stakeholders. • Purpose does not need to be socially responsible one as long as it is clearly stated. • It is easier to do business with company that clearly states their purpose, doesn't matter if its profit driven or not. • It is important to clarify for company why they do business, goals and priorities, regardless of ethics so stakeholders can decide to engage or not when purpose is stated. • Company gains profit from institutionalized ethical practices (triple bottom line) • High transparency inspires higher consciousness and self-governance of company leaders • It is very attractive if personal employee's values are aligned with company's values if company follows those values. • To work in organization that is purpose driven is a premium feature for potential employee, but not crucial •
Case 3 (BCC2)	• Everything what is carried out as CSR is not serious and is for show • MNCs calculate costs and benefits of ethical activities and if they are not profitable, they will not be applied. • It is more expensive to produce green products • Quality of green products is not the same as not green. • MNCs only carry out ethical activities to compensate their revealed unethical behaviour. • MNCs treat their employees well to attract better talents and increase productivity • MNCs hide their actual ethical policies as they might not match with communicated ones • Usually only single leaders has altruistic aspirations in companies and they have to lose only their reputation and gain nothing personal. • MNCs are perceived as more ethical in terms of treating their employees well •

68

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

Case 4 (MNC3)	• The trend of green and sustainable companies is growing because it's profitable. • Consumers are willing to pay for ethical products • Being ethical helps to image • To achieve profit from ethical standards they must be communicated • Communicated Ethical standards creates premium image • Communicated Ethical standards creates possibility for higher margin • Ethical standards is long term investments with high risk on return • Ethical standards can be employed to achieve investments, capital and other cash flows • Being ethical may affect profitability in a long run because of premium perception of customer towards company

Cross-Case Analysis: Corroboration Patterns of Strategic Intentions and Consciousness of MNC

Influencer (Who? What?)	Effect (How? Why?)	Fr. Per Cases
Empowering Partners	Educating, sharing knowledge and innovating together saves costs and increases quality of goods	1
Leadership instead of command	Increases loyalty of employees Decreases employee turnover	1
Empowering and Treating Employees	Giving authority increases trust and fulfilment in work of employees Attracting better talents Increasing productivity	1
Ethical Standards and Behaviour	Increases authenticity and trust among stakeholders Beneficial to all stakeholders Creates premium image Has high risk on investment Attracts investments and cash flow Necessary for company's performance	1
Purpose of Company	Increases efficiency in dealing with stakeholders Helps stakeholders understand company better Provides possibility for alignment of purpose, goals and values Purpose increases efficiency regardless of its type	1
Values and Goals Alignment	Alignment with employees increases work satisfaction Alignment with stakeholders increases efficiency	2
CSR	May be used as marketing May be used as greenwashing	2
Transparency	Increases consciousness of leaders and employees Increases self-governance and responsibility sense of leaders	1
Institutionalized ethical standards	Profitable in long run (triple bottom line) Determines selection of beneficial partners Influence innovation process	2
Ethical products and services	Quality is lower Profitable Consumer willingness to buy Creates room for higher price margin	1
Costs	Ethical practices must be not costly, profitable or break-even Ethical Practices are expensive	1

Compensating unethical damage	Applying ethics to compensate for unethical behaviour	1
Hiding unethical behaviour	Threat of misalignment of applied ethics with communicated ethics	2
Communication of Ethics	To be profitable, ethics must be communicated	1
Educating society	Influence perceptions of ethics	1

Corroboration patterns are derived in a form of variables that depicts who or what influence the consciousness of MNCs from strategic perspective as well as how and why. Strength of variable is primarily determined by number of different types of effects as well as partly by frequency it has occurred through 4 cases. Findings are discussed in following chapter and summarized before theoretical discussion.

Dimension 4: Capabilities

Dimension of capabilities will help to understand what capabilities according to real world data are required to practice conscious business philosophy as well as whether they influence the practices of conscious business in MNCs, motivations and perceptions towards it in real world, specifically in Singapore.

Dimension 4: Capabilities	
Case 1 (MNC1)	• Company can only change vision and have higher purpose when is generating enough profit and capable • Degree of your ethical practices depends on your capabilities, resource and knowledge • Employees as well must be educated • Certain qualities of leader such as honesty and humbleness and sense of morality are necessary • Company would need hire more people to carry out additional ethical practices • Company must educate themselves and society. • Company must get knowledge about ethical practices and how carry out them. • When employing there is a need to determine if potential employee goals aligns with company's and why they want to work.
Case 2 (Focus Group) (MNC2 and BCC1)	• Capabilities are not the most important, but they are necessary • There is a need to make profit in order to function • CEO must find innovative ways to implement changes • CEOs capabilities determines whether company will institutionalize ethical practices (Triple bottom line) • MNCs institutionalize ethical standards on how they do business and with who • MNCs institutionalize ethical standards on innovation process • There are companies that communicate high ethical standards but has no capabilities to act them out. • Once certain ethical practices are institutionalize it is hard to change them • Only setting up the goals and values is not enough • Money is necessary to pursue a higher purpose • Senior management must be transparent to change organizational culture

	• Senior management must lead the organization by example higher purpose has to be taken with grain of salt in perspective to basic needs of people.
Case 3 (BCC2)	• All MNCs oriented toward growth and costs as they see that it is not possible to have a different main purpose, if business has different main purpose it comes at cost of the growth. • MNCs are good at hiding their unethical flaws and matching the moral and institutional minima. • Some leaders has altruistic inspirations toward ethical production but they are not enough • Companies make decisions to produce harmful (environmentally) products due to higher profitability and perceptions of consumers to make product look premium.
Case 4 (MNC3)	• Older companies needs to undergo a change in board of management to become ethical • Expenses on ethical practices must be compensated by higher margin on products • Resourcefulness and cash helps to implement ethical changes in company • Certain degree of ethical standards are necessary for company to perform • 99 out of 100 issues including CB philosophy and high quality products can be checked, but without profit company still dies. • Viability, self-sustaining, cash flow and profitability is always first and ethics is a conditions are always second • If company is ethical and not creates value it will not survive • Shareholders must be willing to take higher cost for ethical standards that will repay later • Shareholders must be able to see long term benefits of ethical standards • Processes within company must be changed to ensure ethicalization • Ethical processes are institutionalized by shareholders and directors • If company is initially not ethical, there is a need to change directors implement ethical changes • Capital is necessary to follow other higher purpose than profit • Without having profit as priority, company is dependent on subsidies • Profit is part of value creation • Cash flow is necessary to execute ethical standards • Cash flow is naturally secondary to ethical conditions as conditions are around how profit is achieved • Without profit company lose shareholders and possibility to reach for higher purpose

Cross-Case Analysis: Corroboration Patterns on Capabilities and Consciousness of MNC

Influencer (Who? What?)	Effect (How? Why?)	Fr. Per Cases
Profitability and Value Orientation	Necessary and primarily for pursuing higher purpose	4
Capital and Resourcefulness	Increases ease of implementation of ethical standards	2
Competences	Influence degree implementation of ethical standards	1
Knowledge	Influence degree implementation of ethical standards Necessary to carry out ethics Access to knowledge	1
Moral Qualities of Leader	Sense of morality and humbleness Ability to execute leadership Influence degree implementation of ethical standards	1
Employee Amount	Influence implementation of ethics	1
Learning	Necessary to increase ethical standards	1

71

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

Processes	Employment process must be conscious to higher ethical employees	2
Capabilities	Necessary but not primarily for ethics Must be sufficient to apply communicated ethical standards	2
Innovation	Institutionalization of ethical standards in innovation process	1
Abilities of leaders	Innovation capabilities influence degree of ethics Determines institutionalization of ethical processes	1
Institutionalized ethical standards	Ethical standards must be institutionalized to take effect Long lasting and hard to change	2
Transparency	Necessary for implementation of ethical standards	1
Age of CEOs, Board, Management	Elder management usually is blocking ethical standards and has economic rationale Elder management must be changed to increase ethics	2
Expenses of ethical standards	Must be managed to achieve break even	1
Ethical Standards	Necessary for company's performance Categorized as a condition in perspective to value creation	2
Shareholders	Must be willing to incur higher costs of ethics Must be long term oriented Must be able to see benefits of ethics In power to institutionalize ethical standards	1

Summary

Corroboration patterns are derived in a form of variables that depicts who or what influence the consciousness of MNCs from company's capability perspective as well as how and why. Strength of variable is primarily determined by number of different types of effects and partly by frequency it has occurred through 4 cases. Findings are discussed in following chapter as theoretical discussion. As data collection process exposed interviewees (MNCs and BCCs) to most important conscious business aspects such as, higher purpose, profit as by-product view, stakeholder harmony, society orientation, leadership, conscious culture, the interviewees *revealed* their perceptions, motivations and required practices toward conscious business concept. Discussion of findings will be incorporated in theoretical discussion in following chapter. It will help to understand the systematic analysis of data collection on study phenomena. Variables will be discussed in priority order where starting from most relevant and influential ones. By that this analysis will understand the *most pertinent issues for MNCs in being and becoming conscious*. Following the structure of conceptual and analytical framework, issues as variables will be discussed in perspective of four conceptualized categories. Such discussion and summarizing will help to identify the most relevant variables for strategic recommendations for MNCs on being and becoming conscious.

Chapter 4: Theoretical Discussion and Strategic Recommendations

As empirical findings from data collection where MNCs from the real world were exposed to the concept of conscious business has revealed MNCs reaction towards CB concept which is captured in form of most pertinent issues as variables which according to their reaction would be extremely important if such concept ought to be carried out by MNCs. This chapter will provide with a narrative of *"what is being and becoming conscious for MNCs?"*, such chapter will at the same time provide with an illustration of conscious behaviour of MNCs and how to become conscious, while building on identified pertinent variables and constructing the illustration within the frame of those variables. Such strategic recommendations will be illustrated in the form of strategic matrix on the micro level of firm's perspective of operating in international space (Rana, 2015) in order to be conceivable and applicable for any MNC that has a glance at the illustration and may not be aware of conscious business concept prior. Structure of strategic matrix will be built on subsequent stage process from capability-based business model innovation literature (Mezger, 2014), which is consistent with the concept of continuum of consciousness from conscious business literature (Sisodia, 2013), both discussed in literature review. Strategic matrix will be supplemented with a theoretical discussion in prior, while employing the terminology and concepts from literature review and conceptual framework to discuss dynamics of both.

4.1. Consciousness of MNCs: Ethics and Economic Rationale

Consciousness starts from understanding the need of it already, while actions and decision making are increasing the degree of consciousness. However degree of consciousness according to CB literature (Sisodia, 2013), (Strong, 2011), is directly correlated with performance of company, including financial performance, competitiveness, efficiency, productivity, image, reputation and legitimacy. Concepts of conscious business and consciousness in narrative of MNCs as it is revealed by exposure of interviewees to CB concept in real world is often perceived and defined in terms of ethics, CSR or sustainability - such definition is not sufficient as consciousness surpasses these practices. Counterintuitively to MNCs perception of consciousness, their expressed worries towards CB concept is in fact very big part of consciousness. Therefore as Mackey (2006) offered a paradigm shift in terms of destroying the conceptual wall between for-profit and non-profit organizations, the analogous perspective for MNCs is offered by this research to help conceive consciousness. *Firstly*, paradigm shift in MNCs should occur in

73

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

perspective of ethics, CSR and sustainability concepts, by taking them out of vice-versa position in perspective to economic rationale of company. It is important not to see economic rationale of MNCs as purely opportunistic and greedy as well as not to see the ethics as altruistic and divine. *Consciousness* rather would mean that *ethics and economic rationale* is extremely intertwined, dynamically cooperative and *indispensable* from each other concepts. Therefore it is not appropriate to see the economic rationale in MNCs as a sinful as well to see ethical rationale as altruistic.

4.2. Four Perspectives and Variables towards Consciousness

Literature review and four isolated concepts as perspectives (as categories) which has provided with relevant variables that constructs the dynamics of how influential the ethical rationale is for MNCs, Empirical findings revealed the true perceptions, motivations and contemplated practices of conscious business, that appeared to be extremely pragmatic, although counterintuitively conscious, therefore complementary to this research. The complementarity of variables from both data collection sources will achieve synergy in this chapter, building grounds for strategic framework, employing additional literature to achieve congruence.

4.2.1. Internal Pressures Perspective

As literature review only discussed variables that put pressure on applying ethics and by that increasing consciousness of company, empirical findings provided with variables that influence consciousness of company in different ways. Although altruistic beliefs of leaders and employee needs may influence consciousness of company positively, the other more important variables has higher influence whether company will or will not become conscious. Shareholders has highest influence on company's consciousness, following by board of directors that together are following the goal of creating value and gaining profit, which is crucial for company's survival. As Strong (2011), stated that profit is oxygen for company, it is therefore a conscious decision to take it in account seriously and do not neglect it while moving towards consciousness in company. However employees has high influence and are in power to significantly influence management whether the consciousness of company will increase, ultimately decision making power is in the hands of shareholders and board and they are the ones whose consciousness must be altered through internal processes such as employee needs, aspirations of young leaders, beliefs of staff, change of board of directors. As well the external pressures can be put on these decision makers.

4.2.2. External Pressures Perspective

External pressures that can alter a consciousness of decision makers in MNCs that are shareholders and board of directors respectively is more diverse when company is operating in international space. By operating in such dynamic global context MNCs are exposed to various types of pressures such as identity based pressures, home country based pressures, various global trends, internationally varying social norms, values and ethical standards, by that projecting diverse responsibilities and expectations, as well as regulatory and institutional expectations coming from transnational communities, host country institutions, government and civil society as described in literature. However real world data altered additional variables that must be taken into consideration when discussing consciousness of MNCs. Expectations of customers appeared to be the most influential external pressure on company's consciousness narrowing down to the generation of millennials that are very sensitive to ethical standards holistically. Other strong influencers of consciousness are partners and competitors manifesting themselves into market pressures. More than that MNCs expressed high concern about raising transparency due to social media as stated by (Strong, 2011), which ultimately influencing consciousness of company from multitude dimensions.

4.2.3. Strategic Benefits

Strategic benefits comes from managing internal and external expectations consciously. In terms of internal pressures that are employee needs, altruistic aspirations of leaders and moral agency, as stated in literature, conscious culture, leadership, higher purpose and harmony of stakeholders (including internal), is empowering the company, resulting in higher trust, transparency, motivation, productivity and happiness of constituents in general. That in turn results in pragmatic benefits such as firm's performance, higher quality products, financial performance, competitiveness, efficiency, legitimacy, reputation and image, according to literature. Empirical findings variables are consistent with literature on all the terms mention above. However real world provides with more down to earth perspective on pragmatics of managing internal pressures. Such that ethical standards must be institutionalized to gain effect, employees has their basic economic needs and personal goals while alignment with a company will result beneficially. Ethical activities must be cost efficient, as well as ethics must be communicated to achieve full effect. More than that ethics may be used to compensate unethical behaviour. Speaking of external pressures it is found by Rana and Sørensen (2016) that compliance and collaboration with institutions, civil society and partners is helpful for internationalization, embeddedness, legitimacy, reputation, image and efficiency, same process is existent in perspective to ethical standards, social

norms and values with analogous strategically beneficial outcomes as found by Tan and Wang, (2010). Therefore *ethical rationale is imperative and indispensable from economic rationale when operating in international space for MNCs*. Empirical findings again provides with more realistic variables such as that expectations depends on industry, but most importantly the strategic benefits that can ever be achieved are dependent on customer. It is reminded that customers still have their basic economic needs and more concerned about price and quality of product or services rather than communicated ethics, even millennials. However conscious behaviour may educate the consumers and make them more conscious about their decision making. Another strong influencer of strategic benefits from conscious decision making is that goals and values must be communicated clearly regardless whether they are ethical or not.

4.2.4. Capabilities

In order to be able to even be aware of internal and external processes surrounding the MNCs, company must already possess certain capabilities, to grasp strategic benefits, company is required to possess even more capabilities. Capabilities in perspective to conscious business philosophy are processes, routines, resources, standards and other conditions that alter the way of doing business, as well as management and leaders must possess certain competences and qualities. However as CB requires genuine transformation (Mackey, 2011), and becoming conscious is a process, the capabilities outlined in BMI theory (Mezger, 2014) are crucial variables, these are capabilities of sensing, seizing and reconfiguring that manifests into capability of business model innovation. Empirical findings revealed most sensitive aspects for companies when discussing the applicability and practice of CB philosophy. It is outline that first and foremost company must ensure that it creates value, profit and high quality profit, while business ethics is a condition. As well, ethical procedures must be carried out in a cost efficient manner. However the important point is that capabilities of companies on being conscious are extremely dependent on beliefs, age, competences and knowledge of shareholders and board of directors, following by personality qualities of employees. Abilities such as seeing long term benefits of conscious business practices and abilities to institutionalize them, while achieving a break even. Capital and resourcefulness is by no doubt an influential variable and it may ease the process of consciousness of MNC. On the other hand the company that is dependent on donations is not a conscious company. In perspective of variables discussed above in every dimension, consciousness of MNC is ultimately and simply means to *genuinely* be aware, take into consideration and take actions towards all the variables altered above, whether it will *ease, obstruct or condition* the process of consciousness of company.

4.3. Strategic Framework: Four Stages of Consciousness

Building on four stages operational contribution model framework (Hayes and Wheelwright, 1984), (Terry et. al. 2014), the strategic framework will be constructed. As it serendipitously appeared to be consistent with initial concepts and variables used in conceptual and analytical framework, such as internal expectations, external expectations, capabilities and strategic perspective. Dynamics of strategic framework are presented in table below, depicted in illustration and described in following chapters.

This four stages of consciousness strategic framework is a comprehensive illustration of process of consciousness within MNCs specifically and picturing what, how and why MNCs should do in order to practice conscious business philosophy.

	Variables	Stage 1 Understanding	Stage 2 Becoming	Stage 3 Being	Stage 4 Leading
Internal Pressures	Value Creation Shareholders Intentions Board of CEOs Employee Needs Young Leaders Altruism	Understanding Needs of Internal Stakeholders	Complying with Expectations	Utilizing Expectations	Challenging Expectations
External Pressures	Customers Social Media Increasing Publicity & Transparency Millennials Home Country Pressures Global Trends & Communities Institutions Civil Society Ethical Standards Partners & Competitors	Understanding Needs of Constituents. Social Norms, Global Trends & Institutional Requirements.	Complying with Expectations	Utilizing Expectations	Challenging Expectations
Strategic Benefits	Profit Competitiveness Legitimacy & Reputation Image Market Embeddedness	Awareness Knowledge Information	Achieving Compliance Benefits	Yielding Premium Strategic Benefits	Redefining Norms of Social Setting Leading the Market Gaining Competitive Advantage
Capability	Processes & Routines Resources & Capital Standards Conditions Consciousness Shareholders Qualities Board Competences Value Creation	Sensing Seizing Learning Comparing Rise of consciousness	Reconfiguring Institutionalizing New Processes Routines Standards	Maintaining Managing Following Processes Routines Standards	Self-Challenging Constant BMI Implementing Consciousness in Innovation process

Table 4
Name: Strategic Framework: Four Stages Towards Consciousness of MNC
Source: Developed by Author

The illustration below visualizes the dynamics between perspectives, while chapter below explains how variables within perspectives works and moves MNC in advance towards consciousness.
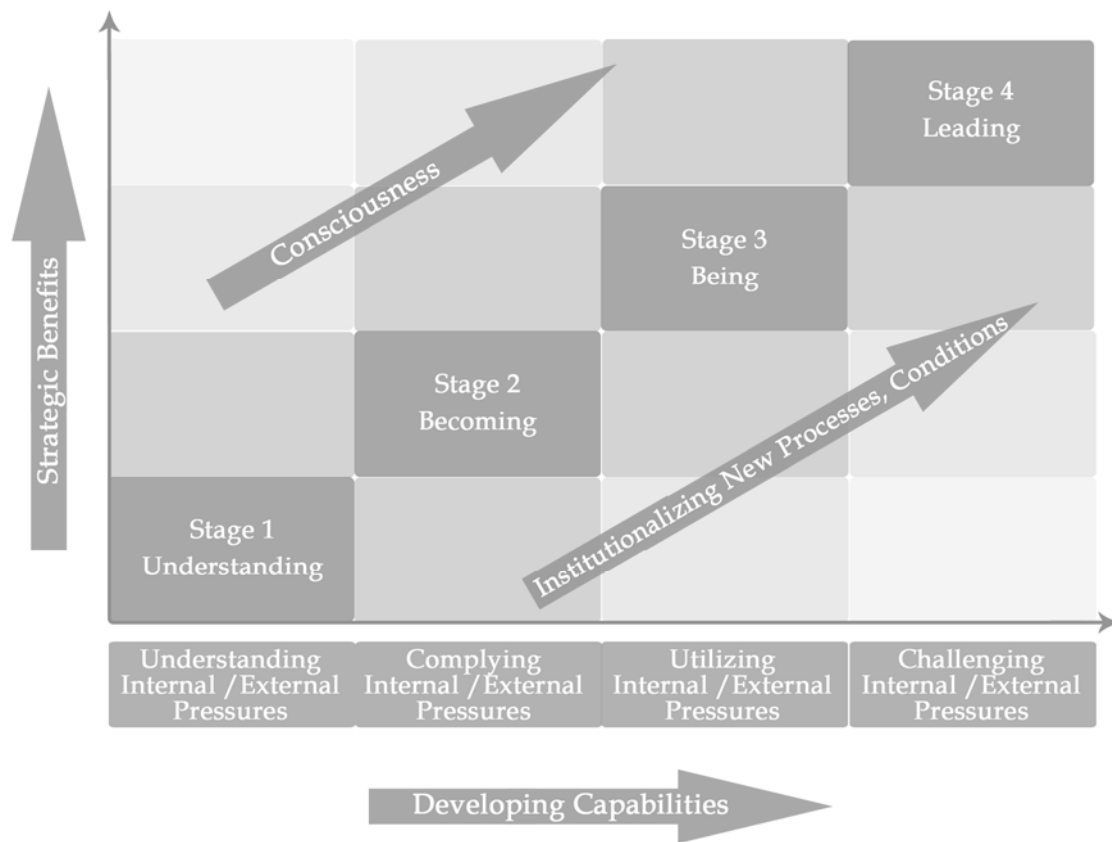

Figure 6
Name: Strategic Framework: Four Stages Towards Consciousness of MNC
Source: Developed by Author

4.3.1. Understanding Consciousness: Stage 1

At this stage MNC may be not yet conscious, while inspiration for consciousness may come from internal pressures or from external. As shareholders are the decision makers, they are the ones who must be influenced and convinced to make changes. However as CEOs, has second highest decision making power and are in power to make changes with confirmation. Therefore at this stage, the combination of internal and external pressures that are listed above must inspire management to raise a concern and start understanding the needs of external and internal stakeholders, whether they are ethical needs or economic needs. Ultimately at this stage capabilities of management is deciding factor, as they must be able to identify the needs of constituents, learn and conceive them, as well as they must be able to see the long term beneficial outcomes of such effort. Therefore at this stage MNCs would need to establish

78

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

processes and routines that may help them be up to date with fluctuations among internal and external pressures, learn to be sensitive to them to be aware, informed and knowledgeable.

4.3.2. Becoming Conscious: Stage 2

At this stage MNC while already becoming aware of needs and expectations of constituents and strategic benefits coming with satisfying them. At this point MNC must determine and identify the routines and processes that must be established in order to achieve compliance with expectations. There are various examples of conscious practices or ethical standards that are discussed in literature or empirical findings that can be implemented, however company must be conscious, which means that change can be to optimize processes and standards and make them more ethical, as well as there may be a need to implement a higher economic rationale and focus on value creation and consumers needs if company is not performing well. This is a moment requires change of CEOs in case the beliefs of previous CEOs were not compatible with new ethical standards, as MNCs mostly has elder management and they are not eager to see benefits of consciousness. Standards, conditions, routines and processes must be changed and new processes must be established in respect to learned expectations of constituents. After institutionalization of processes it is hard to change them back and company's consciousness degree is sealed and paradigm shift within company, among staff and external constituents may happen. As at this point company may start feeling the strategic benefits that comes with internal and external compliance which can manifests itself in higher trust, transparency, motivation, productivity, efficiency and higher performance of company in general, while externally company may achieve legitimacy, competitiveness, market embeddedness, more efficient relationship with partners and recover image and reputation.

4.3.3. Being Conscious: Stage 3

At this point where company has learned to learn and be sensitive to internal external pressures, as well as understanding the need of satisfying them, company will be able continuously implement necessary changes as routines and processes for business model innovation may be institutionalized. Therefore this stage is a constant development stage, where company must institutionalize the processes that will increase the awareness of company, increase the efficiency and flexibility of implementation of new processes and improve ways to consciously manage the internal and external pressures. By that the paradigm may shift from complying to utilizing expectations and take their existence to the advantage of the company. At this point all above mentioned strategic benefits may come while increasing competitiveness and financial performance of company.

79

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

4.3.4. Leading Consciously: Stage 4

At this point when company learned to deal consciously with internal and external pressures and understand benefits of it as well as learned to innovate, MNCs are able to take the lead in the social setting and get into position where with developed capabilities and consciousness it may influence of social setting, social norms and standards as well as influencing regulations. Ultimately company is able to redefine certain norms and ways of doing business by challenging the market and internal and external constituents. MNCs may gain competitive advantage by continuing to innovate after satisfying and utilizing all the expectations, start challenging themselves and ultimately result in challenging social setting. Specifically MNCs may challenge the needs of customers, educate them and show them better example of product as well as challenge the competitors, partners and institutions by communicating highly conscious culture and harmony of company. Ultimately there is a shift of consciousness where holistically – internally and externally everyone who is exposed to such process gains benefits.

80

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

Chapter 5: Conclusions

The project aim is to answer three outlined research questions regarding perceptions, motivations and practices of conscious business in MNCs as well as understanding the conscious business initially and whether there are favorable institutional conditions. Firstly, the paradigm of interpretivist was selected with qualitative research methodology which lead to multiple case study in Singapore utilizing focus group and semi-structured interview techniques on Skype and in face-to-face manner. Second chapter has provided with rigorous literature review on conscious business concept, followed by review of other theories which were selected through iterative process and enabled to isolate relevant concepts and variables in understanding CB concept in literature as well as framing a ground for empirical data collection. Empirical research presented data from MNCs and BCCs (business consulting companies) from Singapore, which has enriched the conceptual understanding of CB concept and provided with down to earth perspective and variables towards it by sharing their perceptions, motivations and assumed practices, while being exposed to main aspects of CB concept. Data analysis was conducted in cohesive and systematic manner in order to achieve corroboration between cases and outline the most influential factors and how they influence the MNCs willingness apply the concepts. Influencers includes the factors that may ease, obstruct or condition the application of CB in MNCs, and they are outlined within 4 conceptualized dimensions that are internal and external pressures, strategic benefits and capabilities of company. Theoretical discussion chapter employed the empirical findings and discussed them in perspective to literature that ultimately provided with a narrative to construct a strategic framework of four stages for MNCs in applying and practicing conscious business philosophy. Four stages illustrates the process from inspiration of consciousness within company by understanding, followed by becoming, being and leading. All four stages dynamically comprehend 4 dimensions and variables within them. In perspective to research objectives it is appropriate to state that this research has encountered the research questions rigorously and provided with rich content that is systematically organized to answer the research questions as well as it has approved the interpretivist paradigm exploratory nature of research which attempts to identify and find a new undiscovered elements and dynamics related to research.

81

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

Reflections

Given the time frame for the research which is more than enough, this thesis could achieve a higher coherence, depth and rigorousness as well as diversification of a sample. Firstly the literature review is lacking a coherence although research paradigm is interpretivist which allows an iterative process, the researcher has wandered away from research questions which required recalibration of literature review, however such process enhanced richness of literature. Amount of literature that was reviewed is slightly "overdosed" which caused challenges in identifying relevant concepts isolating and conceptualizing them to gather empirical data and answer research questions.

Empirical research sample size too small to be confident about generalizations of findings as there were 3 MNCs and 2 business consulting companies interviewed, while initial plan was to interview 5-10 MNCs. As well as the richness of focus group data is affected negatively due to only 2 interviewees participating. Furthermore data that was gathered is analyzed in a systematic manner and corroboration was achieved by outlining the findings, however empirical analysis requires higher clearance, coherence and structure, it still remains confusing despite that it is systematic.

Theoretical discussion and strategic recommendation chapter although is a comprehensive, is still lacking depth and clearance on how exactly variables are interacting within dimensions and stages.

In general project could achieve higher coherence, carefulness and be designed in a reader friendly manner, while being less repetitive and more concise. Despite the downfalls thesis remains comprehensive.

82

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

References

A

Adam Smith, 1776. Wealth of Nations, *Charles J. Bullock Cosimo, Inc., 2007 ISBN 1602069395, 9781602069398*

Adam Smith's, 1759), Hume, D. (2011) New Letters of David Hume, ed. Raymond Klibansky and Ernest C. Mossner, *Oxford: Oxford University Press*

Alain de Botton (in Wilson, 2014) A Design for Life An hour with Alain de Botton. *Deloitte Review. Issue 14, 2014*

B

Barbour et al. 1999. Combining Focus Groups and Interviews: Telling How It Is; Telling How It Feels. *SAGE Publications.*

Berrone, Surroca and Tribo, 2007. Corporate Ethical Identity as a Determinant of Firm Performance: A Test of the Mediating Role of Stakeholder Satisfaction. *Journal of Business Ethics (2007) 76:35–53*

Bruce R. Scott, 2006. The Political Economy of Capitalism. *Working paper*

Bill Gates. 2008. Making Capitalism More Creative; *accessed at www.time.com/time/business/article/0,8599,1828069,00. Html*

C

Csikszentmihalyi, 2014. Applications of Flow in Human Development and Education Mihaly Csikszentmihalyi The Collected Works of Mihaly Csikszentmihalyi. *Springer Science+Business Media Dordrecht 2014*

Coates, Breena E. 2013 April Embedding Leadership driven Conscious Capitalism into Corporate DNA. *Advances in Management; Apr 2013, Vol. 6 Issue 4, p14*

Czinkota, Kaufmann and Basile, 2014. The relationship between legitimacy, reputation, sustainability and branding for companies and their supply chains. *Industrial Marketing Management 43 (2014) 91–101.*

Choi and Jung, 2008. Ethical Commitment, Financial Performance, and Valuation: An Empirical Investigation of Korean Companies. *Journal of Business Ethics (2008) 81:447–463 Springer 2007*

Curtis, 1998. A Study of The Link Between a Corporation's Financial Performance and Its Commitment to Ethics. *Journal of Business Ethics 17: 1509–1516, 1998. 1998 Kluwer Academic Publishers. Printed in the Netherlands.*

83

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

D

Dworkin, 2012. Sample Size Policy for Qualitative Studies Using In-Depth Interviews, *Springer Science+Business Media, LLC,*

F

Foreman, Whetten and Mackey, 2012. An identity-based view of reputation, image, and legitimacy: Clarifications and distinctions among related constructs. *The Oxford Handbook of Corporate Reputation*

Fukukawa, Balmer and Gray, 2007. Mapping the Interface Between Corporate Identity, Ethics and Corporate Social Responsibility. *Journal of Business Ethics (2007) 76:1–5*

Fukuyama, F. 2000. Social Capital and Civil Society. *IMF Conference in Second Generation Reforms*

Freeman, R. Edward, 1984. Strategic Management: A stakeholder approach. *Boston: Pitman. ISBN 0-273-01913-9.*

Friedman, 1970. The Social Responsibility of Business is to Increase its Profits. *The New York Times Magazine, September 13, 1970. Copyright @ 1970 by The New York Times Company.*

Friedrich A. Hayek, Law, Legislation And Liberty: The Mirage Of Social Justice (1976).

G

Gustafsson, Johanna 2017. Single case studies vs. multiple case studies: A comparative study. *Academy of Business, Engineering and Science Halmstad University Halmstad, Sweden. Paper type: Literature review.*

H

Hanson, 2011. The Long History of Conscious Capitalism. *California Management Review Vol. 53, No. 3 Spring 2011 cmr.berkeley.edu*

Hayes, Robert H., and Steven C. Wheelwright. 1984 Restoring our Competitive Edge: Competing Through Manufacturing. *New York, NY: John Wiley & Sons, 1984.*

Hayek, F. A. 1988. The Fatal Conceit: The Errors of Socialism, Bartley, W. W., III, (ed.). *London: Routledge.*

Han Donker Deborah Poff Saif Zahir, 2008. Corporate Values, Codes of Ethics, and Firm Performance: A Look at the Canadian Context. *Journal of Business Ethics (2008) 82:527–537 Springer 2007.*

I

Inigo, Laura Albareda & Paavo Ritala, 2017. Business model innovation for sustainability: exploring evolutionary and radical approaches through dynamic capabilities. *Industry and Innovation, 2017*

J

AALBORG UNIVERSITY
DENMARK

Jacob B. Hirsh, Dominique Morisano, Jordan B. Peterson, 2008. Delay discounting: Interactions between personality and cognitive ability. *Journal of Research in Personality Volume 42, Issue 6, December 2008, Pages 1646–1650*

Jahan and Mahmud, 2015. Finance & Development. Sarwat Jahan is an Economist in the IMF's Strategy, Policy, and Review Department, and Ahmed Saber Mahmud is Associate Director in the Applied *Economics Program at Johns Hopkins University.*

James O'Toole, David Vogel, 2011. Two and a Half Cheers for Conscious Capitalism. *California Management Review Vol 53, Issue 3, pp. 60 – 76 First published date: May-01-2011*

Justin Tan, Liang Wang, 2010. MNC Strategic Responses to Ethical Pressure: An Institutional Logic Perspective. *Journal of Business Ethics 98(3) · July 2010*

K

Kuada, J., 2012. Research Methodology: A Project Guide for University Students. *Samfundslitteratur*

Kofman, Fred ,2006. Conscious Business: How to Build Value Through Values. *Boulder: Sounds True. ISBN 978-1591795179*

Klaus Schwab, 2015. The Global Competitiveness Report 2015–2016, *World Economic Forum, , ISBN-13: 978-92-95044-99-9*

L

Leiva, Ferrero and Calderon, 2016. Corporate Reputation in the Business Ethics Field: Its Relation with Corporate Identity, Corporate Image, and Corporate Social Responsibility Corporate Reputation Review, *Vol. 19, No. 4, pp.299–315. 2016. Macmillan Publishers Ltd & Reputation Institute, 1363-3589*

Long and Driscoll, 2008. Codes of Ethics and the Pursuit of Organizational Legitimacy: Theoretical and Empirical Contributions. *Journal of Business Ethics (2008) 77:173–189 Springer*

M

Mark Saunders, Philip Lewis and Adrian Thornhill, 2009. Research Methods for Business Students, *Pearson; 5 edition*

Morgan and Lobe, 2011. Online Focus Groups. The Handbook of Emergent Technologies in Social Research*., Publisher: Oxford University Press, Editors: Sharlene N. Hesse-Biber, pp.199-230*

Mackey, John. 2006. Conscious Capitalism Creating a New Paradigm for Business. *Online: http://www.wholefoodsmarket.com/blog/john-mackeys-blog/conscious-capitalism-creating-new-paradigm-for%C2%A0business*

Mackey, 2011. What Conscious Capitalism Really Is. *California Management Review Vol. 53, No. 3 Spring 2011 cmr.berkeley.edu*

Moriarty, 2016. Moriarty, Jeffrey, "Business Ethics", The Stanford Encyclopedia of Philosophy *(Winter 2016 Edition), Edward N. Zalta (ed.), URL = https://plato.stanford.edu/archives/win2016/entries/ethics-business/>.*

Michael E. Porter and Mark R. Kramer 2011. Creating Shared Value: How to Reinvent Capitalism—and Unleash a Wave of Innovation and Growth," *Harvard Business Review, 89/1-2. 62-77.*

Mackey John and Sisodia Rajendra, 2012. Conscious Capitalism: Liberating the Heroic Spirit of Business

Morisano, D., Hirsh, J. B., Peterson, J. B., Shore, B., & Pihl, R. O., 2010. Personal goal setting, reflection, and elaboration improves academic performance in university students. *Journal of Applied Psychology, 95, 255-264*

Michael Bendixen Russell Abrattn, 2007. Corporate Identity, Ethics and Reputation in Supplier–Buyer Relationships. *Journal of Business Ethics (2007) 76:69–82 Springer*

Mark E. Koltko-Rivera, 2006. Rediscovering the Later Version of Maslow's Hierarchy of Needs: Self-Transcendence and Opportunities for Theory, Research and Unification. *American Psychological Association 2006, Vol. 10, No. 4, 302–317*

Mezger, Florian, 2014. Toward a capability-based conceptualization of business model innovation: insights from an explorative study. *R&D Management Journal Volume 44, Issue 5 November 2014 Pages 429–449*

N

Noam Chomsky states (in Rudolf, 2004), Rocker, Rudolf (2004). Anarcho-Syndicalism Theory and Practice. *Oakland, Edinburgh: AK Press. ISBN 1-902593-928. [8]*

Nobel Prize Committee, 2016. Social Contract Theory Awards. *Online: https://www.nobelprize.org/nobel_prizes/economic-sciences/laureates/2016/popular-economicsciences2016.pdf*

O

Otto Scharme, 2010. Seven Acupuncture Points for Shifting Capitalism to Create a Regenerative Ecosystem Economy, *Oxford Leadership Journal, 1/3*

Orlitzky, 2005. Social responsibility and financial performance: Trade-off or virtuous circle?. *University of Auckland Business Review.*

P

Patton, 2002. 36. Qualitative research and evaluation methods. *3rd Sage Publications; Thousand Oaks*, CA

Palmer, 2011. The Morality of Capitalism What Your Professors Won't Tell You. *by Students For Liberty and Atlas Economic Research Foundation. ISBN: 978-0-89803-170-6*

Pruzan, 2001. Corporate Reputation: Image and Identity. *Corporate Reputation Review Volume 4 Number 1. Vol. 4, No. 1, 2001, pp. 50-64 Henry Stewart Publications*

Paul Terry, Alan Graden, and Ed Haltrecht. 2014. The New Four Stages of Contribution Research Today's Workforce: Demographic Differences, Behavioral Contributions, and Who is Really Doing What

Piketty, Thomas. 2014. Capital in the Twenty-first Century. *Harvard University Press*

Pareto, Vilfredo. 1896. Cours d'Économie Politique. *Geneva: Droz*

R

Rana M. B. and Olav Jull Sørensen, 2016. Building Different Levels of Legitimacy in Internationalisation: Subsidiary – Civil Society Nexus in Institutional Void. *International Business centre, Aalborg University, Denmark 42nd EIBA Annual Conference | Vienna | December 2-4,*

Rana, M, B. 2015. Tri-Space Framework for Understanding MNC Behaviour and Strategies: An Institutionalism and Business System Perspective. *Palgrave Macmillan*

Ralf Barkemeyer, 2007. Legitimacy as a Key Driver and Determinant of CSR in Developing Countries. *Paper for the 2007 Marie Curie Summer School on Earth System Governance*

Redding, G., 2005. The Thick Description and Comparison of Societal Systems of Capitalism. *Journal of International Business Studies, Vol. 36, No. 2 (Mar., 2005), pp. 123-155*

R. Boddy, 2011. The Corporate Psychopaths Theory of the Global Financial Crisis. *Journal of Business Ethics (2011) 102:255–259 Springer 2011*

Rocco, Plakhotnik, 2009. Literature Reviews, Conceptual Frameworks, and Theoretical Frameworks: Terms, Functions, and Distinctions. *Human Resource Development Review 8(1):120-130.*

Rauch, 2011. Conscious Capitalism: A Better Road Map. *California Management Review Vol. 53, No. 3 Spring 2011 cmr.berkeley.edu*

S

Sisodia, Rajendra, 2013. Understanding the Performance Drivers of Conscious Firms. *California Management Review, Vol. 55, No. 3, pp. 87–96. ISSN 0008-1256, eISSN 2162-8564.*

Strong, 2011. What Are the Limits to Conscious Capitalism? *University Of California, Berkeley Vol. 53, No. 3 Spring 2011 cmr.berkeley.edu*

Sullivan, 2013. Skype: An appropriate method of data collection for qualitative interviews?. *The Hilltop Review, 6(1), 10.*

Simpson, Fischer and Rohde, 2013. The Conscious Capitalism Philosophy Pay Off: A Qualitative and Financial Analysis of Conscious Capitalism Corporations. *Journal of Leadership, Accountability and Ethics vol. 10(4) 2013*

Sisodia, 2011. Conscious Capitalism: A Better Way To Win. *California Management Review Vol. 53, No. 3 Spring 2011 cmr.berkeley.edu*

Sisodia, 2009. Doing business in the age of conscious capitalism. *Journal of Indian Business Research Vol. 1 Nos 2/3, 200 pp. 188-192 q Emerald Group Publishing Limited*

Saebi and Foss 2017. Fifteen Years of Research on Business Model Innovation: How Far Have We Come, and Where Should We Go? *Journal of Management Vol. 43 No. 1, January 2017 200–227*

87

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

Schuman, 1995. Managing Legitimacy: Strategic and Institutional Approaches. The Academy of *Management Review Vol. 20, No. 3 (Jul., 1995), pp. 571-610*

T

Teece, D. J. 2007. Explicating Dynamic Capabilities: The Nature and Microfoundations of (Sustainable) Enterprise Performance. *Strategic Management Journal 28 (13): 1319–1350.*

Teece, D. J. 2010. Business Models, Business Strategy and Innovation. *Long Range Planning 43 (2–3): 172–194*

U

Ugo Colombino 2015. Is unconditional basic income a viable alternative to other social welfare measures? *IZA World of Labor 2015: 128*

V

Varoufakis, Y. , 2008. Game Theory: Can it Unify the Social Sciences? *SAGE Publications (Los Angeles, London, New Delhi and Singapore)*

W

Wang, 2013. On the Scientific Status of the Conscious Capitalism Theory. *California Management Review Vol. 55, No. 3 Spring 2013 cmr.berkeley.edu*

Washington, 2016. D.C. 20502, December 20, Executive Office Of The President-- *Artificial Intelligence, Automation, And The Economy*

Y

Yusoff et. al., 2013. (Haslinda Yusoffa, Siti Salwa Mohamad, Faizah Darus). The Influence of CSR Disclosure Structure on Corporate Financial Performance: Evidence from Stakeholders' Perspectives. *Procedia Economics and Finance 7, 213 – 220. 2212-5671 © 2013 The Authors. Published by Elsevier B.V.*

Yin, R. K. , 2009. Case study research: Design and methods *(4th Ed.)*

Yin, R. K., 2004. The Case Study Anthology. *Thousand Oaks, CA: SAGE Publications*

88

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

Appendix

Case 2 - Focus Group Interview

Sample Code: MNC2

Company 1 name: DBS Bank

Company 1 Overview: DBS is a leading financial services group in Asia, with over 280 branches across 18 markets. We are headquartered in Singapore, with a growing presence in Greater China, Southeast Asia and South Asia. As a bank born and bred in Asia, well-positioned as your partner to capture opportunities across the region.

Interviewee 1 Position: Managing Director & Head of Tax & Accounting Policy. (Conscious Business Proponent)

Interviewee 1 Name: Mr. Mikkel Larsen

Sample Code: BCC2

Company 2 Name: Praxis Management Consulting Pte Ltd

Company 2 Overview: Clients include multi-national corporations (MNCs), Asian investment holding companies, government ministries & agencies, commercialising state-owned enterprises (SOEs), government linked companies (GLCs), small and medium enterprises (SMEs), start-ups, and many Asia-grown companies/organisations across the Asia Pacific Region. The industries that these companies represent include investment banking, finance, banking, insurance, mining, pharmaceuticals, telecoms, engineering and technology, infrastructure, logistics, food/agri-business, chemical, medical, military-related, professional services, government administration and services, higher education plus many others

Interviewee 2 Position: Business Director - Owner

Interviewee 2 Name: Ms. Dr. Robyn Wilson

Indicators: R – is indicated as Researcher, I1– is indicated as an Interviewee 1, I2– is indicated as an Interviewee 2.

R: Introducing main aspects of conscious business 1) CB has a higher purpose and sees profit as by-product would this perspective be workable in perspective of MNCs in Singaporean market? 2) seeks harmony of all stakeholders –would MNC be interested in applying these aspects and why?

I1: you need to segregate those who really has those purposes embedded and those who use them for the marketing. DBS is one of the most ethical companies that I have been working in but we still need to make profit and we still need to attract capital and the only way to do it is through the equity or debt. And to do that you do need to make a profit. Our own commitment of social entrepreneurs, we expect that those social entrepreneurs of our company would be profitable and be sustainable to achieve a break even, otherwise it becomes a scarcity. I don't think that for the company of **size** it is a viable solution to have a profit as byproduct, you can have it to the various degrees, and you can have various

circumstances under which you don't want to make profit as well as you can have various tradeoffs between stakeholders and be clear what are those tradeoff, but neglecting two very important stakeholder groups which are investors and debtholders it will not work on any type of scale.

I2: I would agree, and particularly in Asia, it is very pragmatic here, money need to be made and particularly economic rational, start-stop decision making is very much part of it. I think I have one MNC who has a higher purpose of feeding a world but they can't feed the world unless they make money, they would have some stop-start criteria around which would determine who would they partner with and deal. Other MNC do not partner with government entities, nor countries. There are various boundaries set, but at the end of the day they have to make money.

I1: you not supposed to focus on 0 profit, as profit creates employment. This is not about yes or no to profit, this is about degrees and conscious decisions about, "I am willing to do profit under these circumstances", as example in cases of creditor banking practices they can be not willing to do profit on tax sensitive transactions. But it is not about not making money at all.

I2: or with the banks investing in businesses that are cutting down trees in Indonesia. The criteria around decision making is important because at the end of the day we are going to make money. Otherwise by the definition the strategy is not robust. And I also agree with that there is difference between companies that play with social responsibility that is in a similar bucket with ethics. Companies institutionalize and has robust boundaries on how do they do business, where they play and how they do money. Even institutionalize ethics on process of innovation. They concerned about how they for example build a new building with environmentally friendly materials. But on the other hand there are companies that has many pages on CSR in their annual report not following it seriously.

I1: there is also a concern about those companies that communicate highly virtuous goals and have no abilities to live up to them. There is US company and couple of others here in Singapore that are communicating these kind of higher ethical standards and goals, but I really think that if you would get a really deeper insight on some of these companies you would see that it is really more of the marketing than application.

I think purpose is important in terms of stakeholders to rally around you, but it is not necessarily must be a socially responsible one. This can be some sort of product that is serving some purpose in a world, but you do it with a main purpose of getting your stakeholders to align. I would rather be an employee of a company which has main purpose or be supplier of such company, but this doesn't mean that that purpose cannot be profit driven.

R: Would companies need to have certain degree of capabilities or resources to live up to higher standards?

I1: I don't think this is most important, of course you need to have some resource, but this is fundamentally about the belief of the company on the board level about what they want to do with that company. So this is not about capabilities, this is about fundamental philosophical belief of why we are here?. Good example is Novo Nordisk where CEO was forceful and powerful came in and truly believed in triple bottom line and that you couldn't just have everything in profit, so he institutionalized it and today that company has actually profited from that. But it is now even harder to change back when the new board comes in. so it is about to find the way how you change the nature of company. And one of

the most important thing in all of this is to clarify why you are here. It is not important if company wants to make tobacco and make as much profit in a world as possible and exploit all the employees, if company is clear about it then stakeholders are able to choose to not engage in it. Clarity around the goal and priorities is a critical aspect.

I2: I agree with that. It is not an exercise of putting a mission, vision and values up in the frame where you walking into the building, it is how everybody in organization walks and talks about it. And how it is aligned and understood what that purpose is. And it is something that is going to be shaped by the owners or founders of the company. And senior management are going to walk the talk and how they behave and make decision, has to align with that and must be transparent and that then change the organizational culture, as everyone is matching and understands the domain where the business is happening and not where it's not happening.

I1: I could not agree more than that, and I believe that luckily social media will help to all of this self-governing, because if company says that we have this lofty goal of doing right and saving the world, but if you ask their employees about it, they will call it greenwashing, and today it is really hard for a company to call themselves a do-gooder if they really cannot live up to it. Because there are many opportunities for employees to spread the word quickly. So in this point of view there is some kind of a self-governance in the world that wasn't existing a couple of years ago.

I2: and we also got this new generation called the millennials running around that are hypersensitive and call it out as soon as they see it.

R: Speaking of social norms and values, do people expect companies to be ethical or they would not care and work in some company that is solely profit driven.

I2: I guess it depends on the need of people, every individual has different needs and if they need an economic stability and they have elderly parents or children and etc. sometimes the decision is often to work for a company that is economically driven until I sort myself out, people going to have different lines about how they make the decisions but that said, if we think about motivations, people are generally motivated on contributing to value, learning and being free to work on what they been trusted to work on. If your values aligns to companies and company is walking the talk and it can be very attractive. But sometimes companies do not live up to their values and sometimes people join good organizations leave bad bosses. It is a very mixed bag, but the alignment between the individual values and values of company is very important.

I1: It is a premium to work in an organization which is a purpose driven but you still have to make a living because it is probably a more a consideration here in Asia and in Singapore where the older generation has problems to manage their lives. If you look at Maslow's hierarchy of needs, even the millennials here are still attracted to go for the salary to satisfy their basic needs. But once you fill your basic needs, I think there is enough science that millennials would rather go for purpose driven company. We all want to feel good as long as we fill our basic needs. I wouldn't believe that even millennials would drop money for some higher purpose. It has to be taken with a grain of salt.

I2: I think millennials in Singapore has small window, post degree, before they can get serious with their career if they want to do some social enterprise, start up work, some parents might give them the lead to do that, it is expensive to get married and buy houses in Singapore so reality is kicking in.

R: Speaking of MNCs, is motivation for ethical practices coming from altruistic beliefs or strategic intentions?

I2: in Singapore there would be some ethical boundaries and standards, that no company would dare cross if you want to be operating here, you wouldn't want to be caught in certain areas. And if there is an expectation in Singapore you wouldn't want to be crossing the line and you would comply. There are standards here in Singapore, in Malaysia you can be wondering a little bit.

I1: generically, I would say that a lot of the changes that happens is regulatory driven, but it needs to be and it serves a right purpose. But if you look at some sustainability and responsibility practices that are expected to carry out here in Singapore as example in banking sector, companies do it more because they are afraid of certain pressures that comes from society or regulatory pressures from institutions. It is wrong to say that companies do it only for the compliance, but the pressure for the compliance to the regulations is extremely influential.

I2: talking about DBS, they has a major shareholder that is establishing an institute of sustainability around a headquarters, so there are investors that are taking a lead in some ethical practices. But if talking about agriculture and quality of food and if you would compare China and Australia on food production, there would be big differences.

Case 1 – Semi-Structured Interview

Sample Code: MNC1

Company Name: MASE Group

Company Overview: Cosmetics Manufacturing, Consumer Products, Marketing & Distribution, Professional Hair Saloon, Marketing & Distribution.

Interviewee Position: Group General Manager

Interviewee Name: Mr. Ling Ping

Indicators: R – is indicated as Researcher, I – is indicated as an Interviewee.

R: Introducing main aspects of conscious business 1) CB has a higher purpose and sees profit as by-product and 2) seeks harmony of all stakeholders 3) empowering the healthy culture in company, why would you think companies do this?

I: we emphasize on supporting our employees and retraining them, reeducating if necessary. Regarding profit as by-product, that would not be possible, of course we have to have some kind of vision that higher purpose is important, but profits are very important. We can say that our purpose is better well-being of people, but only if company generating enough profit, only then you can change the vision of company.

R: So you need to develop certain capabilities to be able to carry out such philosophy of higher purpose?

I: yes only when you are capable

R: In perspective of internal stakeholders as example employees, would following these aspects of CB philosophy be somehow better for company?

I: it is important what is the goal of employees for their own life, some of the employees may have their goals, but some of them they do not have and they may only work for the money. For them maybe it is good enough to get the money and to survive that month. There are many employees that face that problem so my mission is to ensure that does employees get enough money. So in a way if we would help them to achieve their goals in their lives this would be very meaningful but we may not have enough time to have the one to one sessions to them. So we are trying to indirectly encourage them to go to some social or humanitarian work.

Sometimes when I interview higher educated employees, I ask if they have any goals for themselves, so some of them have goals and sometimes our company may help to achieve their goals.

R: Do businesses reacts to outside external social norms, institutional regulations, would they try to keep up with these standards?

I: We cooperate with institutions in Singapore, associations and NGOs. We receive the information on how we need to act in terms of social norms and regulations. As we are producing beauty products, we are following the legal requirements and other regulations to meet specifications for Singaporean market.

R: What would you think about the aspect of harmony of interest all stakeholders?

I: It is effective, you can help your suppliers and it can be beneficial to both of you. What we did is we shared the production standards of Toyota production systems, where they have 7 specific ways of carry out production. So we requested suppliers to send the products just-in-time, but we need to educate them why is it good to do it and how is it good for them and for us if they are able to practice it. So they can save a lot of costs. So we worked a lot with them.

Even the customers are getting educated to take their products on time, and they must be on time to take their products, if they are not there on time, they will not receive the product and they will need to wait for other time of delivery. In general you are saving a lot of time. So in the end is becoming a win-win. But in business we need to make money.

R: What would you think about the point of leadership instead of command?

I: we don't command them, we are helping them practice. Our staff haven't changed many years so they see values in working with us. It results in lower turnover. We provide them with the authorities to lead the certain aspects of company after they work enough time, so it improves the fulfillment of their work.

R: Talking about capabilities, how demanding would it be possible to incorporate and maintain these aspects in company?

I: beside profit, certain knowledge is required for sure, academic wise certain things must be there, but it depends on what beliefs person has. Because if person is opportunistic, he will not be able to see this perspective at all. So initially it starts from personal qualities of leader such as honesty and altruistic beliefs, and morality. Therefore if he has a morality he will be able to practice it. Leader must have ethics of doing business as without it business may not go through, as suppliers may not believe in you and employees may feel that leader is making too much profit from them.

R: What company would gain strategically from such ethical activities of CB?

I: it would definitely be beneficial, people would believe in you. If people see good in your product, they will trust in your product, as well as if they will see a good quality. If you are working honestly, you are humble and ethical they will come to you. Generally it comes back to you in a holistic way.

R: would there be any support of ethical activities in MNCs by government?

I: I think they do not care too much about ethics of your business, they only concerned if you are okay, if you need any help and if you can carry out doing your business, they would not care too much if you are ethical or not.

R: Would company need to carry out some changes to implement such practices?

I: I think you would need to hire more people to carry out these practices and take care of them. As well there is a need to educate ourselves as well as society. But we need to get knowledge first.

Case 3 – Semi-Structured Interview

Sample Code: BCC2

Company Name: Equus Design Consultants Pte Ltd

Company Overview: Working with clients across Asia-Pacific representing every type and size of business, from start-ups to market leaders, from luxury to logistics. Industries: consumer, education, financial healthcare, hospitality, industrial.

Interviewee Position: Business Director

Interviewee Name: Ms. Cheah Su Fei

Indicators: R – is indicated as Researcher, I – is indicated as an Interviewee.

R: Introducing main aspects of conscious business 1) CB has a higher purpose and sees profit as by-product and 2) seeks harmony of all stakeholders –would MNC be interested in applying these aspects and why?

I: from my personal experience working with consumer package goods companies such as Unilever, P&G, Carlsberg, DiMaggio, Hennessey, Unilever, and Nestle. Not in any of my experience during 10 years of working with MNCs there was probably only one individual per all of them who was concerned of a greater good. Most of the time it does not come into the discussion at all.

I do branding and packaging of the product for these companies, so this includes brutish, japan and American tobacco companies and they are not concerned about ethics. However consumer good companies supposed to care, but I never came across anyone who cares.

As example you can use a paper label on your beer bottle or plastic label, companies would go for plastic because it looks more premium and will be sold at the higher price with better margin. Consumer perception towards plastic is that it is more premium.

Profit is definitely number one, and environmental consequences are not interesting. I feel that they are not eve loved and everything you see as CSR is not serious.

R: So CSR is in a way a marketing tool?

I: They do some CSR events but its just because they feel that they need to do it, because other companies also do have CSR departments and carry out some activities but in reality they do not do as much. The closest I come to it is a Kinley Clarks, there was one person who was concerned about the plastic usage and he wanted to change it to paper, but it never happened.

As well, Unilever was thinking about green dishwashing liquid, but performance will not be able to match the regular dishwashing liquid. As well it would be more expensive and people perhaps are not so concerned, people feel good about being environmentally concerned but not in a way that it affects their wallet.

R: So the deciding factor is that consumers are not willing to pay more for green product?

I: Correct. In Asia it's not firs concern as well as Singapore is also guilty. There is very little to say that ethics are more important than business, especially when it gets to food it becomes very questionable. As example one MNC bought a juice company where there was initially 40% of juice in the product, while MNC diminished to the legal minimum of 10% juice in the juice product, redesigned a packaging to look more healthy and fashionable, while making it less healthy, ultimately squeezing higher margin, cutting costs, developing a brand. In conclusion they knowingly telling a lie, so MNCs are biggest offenders.

R: Usually according to the literature MNCs do follow higher ethical standards and even push others?

I: Not really. There was situation in developing country, where MNC utilized the traditional recipe of soup which is nutritional and is boiled by mother, to target poorer segment. So MNC created a very cheap version of this soup without nutritional value, but branded it as nutritional, so MNC targeted the feelings and needs of those consumers, but they are not the most educated so they do not really understand that it may not be the same nutritional value.

They do create the stream of revenue for themselves but not raising nutritional standards and actually damaging health of society.

R: Actually in CB philosophy they believe that if you influence society positively, you receive benefits back in other ways to your business and not only.

I: if talking about MNCs I wouldn't say that it's the case. There are not real changes in ethical standards of companies. Even this soup story, I wouldn't know if I wouldn't work on the inside. I think companies just improved on hiding their unethical flaws and save their reputation.

As example Unilever caused a problem of pollution by making small packages of soup for poor segment in underdeveloped economies. So this ended in a lot of rubbish. But they announced recently that they going to make biodegradable package, but just only after they did so much damage and it got visible.

R: Would employee see the MNC as better in terms of ethical standards internally?

I: in terms of processes internally, they are seen as more ethical of treating their employees more ethical, they have coaching processes, informing them and so on if there is a problem. But it is because they have same standards in their home countries. Local people would prefer to work with MNCs as they would not hold a salary, pay in time. So yes MNCs has higher standards in treating their employees better. While local companies in Singapore even fire pregnant employees without notice and not paying a salary, so employees go to the court and MOM would need to make local company to behave, but MNC would not risk their reputation.

R: So would these ethical standards of treating their employees better would improve their reputation?

I: they ensure that they get a better talents while becoming a better employer. As it is know that in home countries of those MNCs the standards are quite high so they must maintain them in other subsidiaries. Because if you are MNC you can't treat your employees in different countries differently. So if there are very high expectations in some particular headquarter of MNC, it pushes expectations

96

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

and standards all around the MNC. So generally in employees perspective they are ethical, but not in a way that profit is by-product.

R: So if companies could diminish their ethical standards they would?

I: I think yes, it is a lot driven by the bottom line. But recently, one governmental organization wanted to do a rebranding, as they know that they have a role of approving certain papers but they wanted to do more. They do not have to, but the head of organization has a bigger vision, they want to be more proactive and help to society at large. But that would be the first time that I heard of certain things.

R: So these kinds of initiatives comes only from the top management?

I: It is only this one guy, in this intellectual property office, but this person recognizes that Singapore will encounter some economic difficulties so they need to change the economic engine to help the society and change the norms of society, so it is not only MNCs who are influencing ethical practices in the society, but also the governmental organizations. So he wants empower individuals to feel free to come up with new ideas as he feels that without that there would be no progress. But the profit is not their concern as it is organization related to government, so it is a personal initiative at the risk of personal reputation, while there is nothing to lose by doing nothing and more to lose while rocking the boat.

R: Would leaders in MNCs see any reasons to carry out such activities as this individual in governmental organization? Or they only complying to social setting?

I: its more of a complying, the fact that unilever announced the shifht to biodegradable packages, it means that there is certain group of consumers who are concerned, so it matters of how strong is this group and how much impact they will do by buying. However the data shows that younger consumers care more, but they are not yet ready to buy. So when younger will grow up, companies will be forced to comply with their needs.

R: So companies only react to the pressures from market?

I: if you want to have companies who are pushing themselves for greater good you need them to be younger, MNCs are very old companies with very old people at the top. Now Lego announced that they want to make their bricks environmentally friendly, but the CEO is very young, in early 40s. But generally the top management of companies are in their 40s, 50s or 60s so boomers are the ones who are holding on to do things in old way that they know and it is profit concerned. So they are not going to change.

R: So it depends on young generation but they are not able to express their opinion as consumer?

I: Yes, they are not yet able to, but it will be interesting to see if in the next five years these older MNCs are still able to attract the younger consumer. Because maybe younger consumers forgotten about them and there is a company out there that has same kind of products that are produced ethically, so maybe younger consumer would never look at the product of MNC. So there is a possibility for this scenario.

As consumers are very sensitive to authenticity, the company cannot change due to the fact that they are losing their business, so it is good idea to start thinking about that as soon as possible in a 5 years period it might be too late.

R: So it requires some serious transformation of company?

I: yes but it is almost impossible especially when you have a baby boomers generation in charge, they don't like change and they do not want to risk as they are few years away from their retirement. So it is in their personal interest to block changes. As it is stated that science move forward one funeral at the time, so business ethics can move forward one retirement at the time. MNCs hide a lot of their ethical or unethical policies.

R: So talking again about conscious business in general, having in mind all these beneficial outcomes that we mentioned such as higher purpose, healthy culture, leadership, society orientation, would it be realistic to carry out it today?

I: depends on what your business initially want to achieve, if you want to achieve growth, then you cannot maintain these ethical standards as the growth is the main goal, therefore you can only carry out these ethics at the expense of growth. Because all the mindset of all the company is oriented toward growth, and if it's going to be change, growth will be affected. As now all the MNCs are oriented at growth and costs.

Case 4 – Semi-Structured Interview

Sample Code: MNC3

Company Name: Kapsch TrafficCom Pte Ltd

Company Overview: International supplier of technology, solutions and services for the Intelligent Transportation Systems (ITS) market.

Interviewee Position: Sales Director Asia

Interviewee Name: Bruno Serrien

Indicators: R – is indicated as Researcher, **I** – is indicated as an Interviewee.

R: Introducing main aspects of conscious business 1) CB has a higher purpose and sees profit as by-product and 2) seeks harmony of all stakeholders 3) exacting leadership 4) ensuring healthy culture. Is there anything that company would gain from such combination of practices?

I: you are putting profit in secondary and even third position. We can talk about companies that can be set up with a purpose of helping a community which are non-profit organizations and then it is much easier to implement such a principals for non-profits. As non-profits mostly get subsidized by government or people or other organizations with purpose so they would be following their higher purpose.

If I would focus on normal companies, purpose in normal companies, for most people on a senior level: shareholders, directors the fundamentals of the company is to grow and to create value. Profit is the part of the value you are creating. Value is mostly defined in terms of monetization (money), that is the fundamental principal of capitalism also. That's what shareholders and directors expects. That's also necessary in order to make company viable.

You can state that you want to make a value in a certain conditions, but value creation still stands in a first place and conditions although they are very important they are still a conditions and they are secondary. Value creation is fundamental, because you can have a business which is operating under very strict ethical or other conditions which are very important to the directors, employees or shareholders, but in the end if he company is not viable if the shareholders will provide capital increase, every six months or every 3 months, they will stop doing business as company is not generating value for them, company must be profitable. You are wonderful, you are green, you take care of nature and people, and you respect rights of people. But in the end you have to be profitable, because otherwise shareholder will pull out the plug.

They will also pullout the plug if company is profitable, but not follow certain ethical standards, but they would do it very seldom in this situation. They would rather change directors in these situations. Because money will continue flowing if company will continue to be viable, they will just say that you will need to change certain things like: the way you create value, the way you generate profit. Then you change people, you change the processes etc. etc. but the fundamentals of having a company around is till be profitable and having a positive cash flow at the end. Company has to be viable. Viability doesn't has to come in one week, this can be in 1 year or in 5 years, but that's what you want to decide what

99

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

you set up the company. Then you put in the money which is going to make the company working for five years. But it's going to have to be viable. Because I don't believe that we going to go to the society where 50-60% of the companies are going to be losing money but everyone is going to be happy, I think this is the pure utopia, it will never happen. You need to be able to generate value and profit, which will provide to shareholders, otherwise you will simply die happily.

R: Yes the CB philosophy is also stating that profit is very important for company to survive, but it cannot be first order goal, the value creation would rather be in first place and profit only helps to create value, while such a higher purpose and other aspects as stakeholder harmony, leadership and healthy culture are empowering the company and helping to create more value.

I: As you mentioned the high quality product, I think that supposed to be the main thing, but as long as I know the companies with the high product, they are profitable because of that. Having a high quality product is almost a condition to be profitable, but I still think that first purpose must be profitability, because even if you have a high quality product and you run out of money, you going to have to close down your company.

Let's say you have a high quality product, you have a super management, you have wonderful employees, your business is produced under the most sustainable standards and green, you take care of everything, you are the number one employee in the world, but at the end, you are not profitable. You have 99 issues out of 100 checked, but you are not profitable – you won't survive. The only one way to survive is someone is going to pump money into the company and its not a normal commercial company anymore, it's just a non-profit organization to keep people and customers happy, and that is not sustainable. So coming back to it, the value creation and profitability at the end is always going to be the number one. Because that's going to be the only way you are going to attract capital is to be sustainable. I am sorry to say but I really do not believe in it as in the end you are going to come back to profit.

Let's take an example such company as Tesla, all people want to work for that company, its considered to be one of the best employees, very great product, sustainable, green but its losing a lot of money. The main shareholder of Tesla, Mr. Musk keeps going around and charming the world to pump in billions into Tesla and he says one day I will be profitable and will be able to return money back to you and create value, so at the and again it's all about creating that value. And giving back money to the shareholders. Any company is going to need a shareholders otherwise you will not be able even to function to keep sustainability and quality, you need to make money to sustain that, in the beginning shareholders can pump in the money, but later that money has to be generated by the company itself.

And then we go back to the basics, cash flow and profitability, cash flow is coming before profitability. That cash flow has to be generated by the companies itself or shareholders or donors. In case of NGOs you need to achieve some kind of breakeven. Even in NGOs they have to cut their costs if they want to keep receiving **cash flows**. It's like the oxygen, you won't be able to live without oxygen, and cash is oxygen.

R: you mentioned capabilities, what capabilities company would need to have to manage cash flow and maintain these high ethical standards of conscious business.

I: I am absolutely convinced that there supposed to be certain accountability, integrity and other conditions that company would be able to function and perform. You need to take care, but that's all about people. you start with shareholders who pump money into the company because those shareholders will choose a board of directors and that board will choose the directors and together they will draft a set of rules which will govern the business. Those set of rule will include certain standards on how that company how to perform and how they will generate the value and the cash flow.

Its interesting point here, because what do you want to achieve here? You want to achieve certain sustainability of you environment or society? You want to put your employees and customers under stress or you just want to create a happy environment and work on certain ethical standards on which everybody will benefit. Not only company but also customers and suppliers. So we all become much more happy.

We can do that. But this all depends on the moment that you start. Your shareholders they pump in the money and all this may costs some more money before you get your returns, but on the long term, you probably may see benefits if you find that way of working and generating new products and profits I would say. You communicate that towards your customers that you are that company that you take care of certain ethical standards and I would say yes, that's probably going to work.

Lets take IKEA as an example, I think they promote that heavily, that they take care of their employees and environment, they only use the products that are produced in a sustainable way, wood from forest where everything is replanted, suppliers where employees are taken care of where they are not suppressed. Yes that's absolutely possible, but at the end IKEA is hugely profitable you see what I mean.

R: But the question is, maybe the profitability is influenced by this kind of their philosophy?

I: Absolutely, I fully believe it, that this can go together. But in the beginning it can be a little difficult to achieve all this. Because you need some people who take in harmony in the same way. If you go to IKEA for an interview, you don't need to put a suit and a tie. They have other issues that are more important, they want to go deeper into your personality, they want to see if you fit in the group and have same philosophy. On the other hand they have a big cash buffer in order to deal with all that and find ways to be as they want to be.

Another company which could do that is Apple, they have 50billion cash on their balance sheet, they can do that, they have the money, they can easily invest a couple of billions in changing themselves when something does not look good form the outside, because sustainability, taking care of your employees, and all this looks good from the outside and puts a nice label on your products. If you say I am number one employer, people wants to work with me, I take care of my employees, I care for equality, I give chance for promotions, I take care of their children, they can work from home, flexible hours, I take care of my suppliers. Which Apple didn't do to their suppliers who has one of the highest suicide rates in the world in Chinese company Foxconn, only when these things came into public Apple started to take responsibility for this as it influenced a lot of people who are buying their products. So at the end companies will do all this in order to ensure that customers are buying their products and they keep on

101

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

being profitable. So you always come back to profitability and cash flow. And would it help to be profitable – in the long term I think it will.

Today being ethical – it all helps of having a good image of the company. Companies that projects good image has a higher chance to sell their products and ask for a premium for that. Customers would appreciate that they are ethical and I am ready to pay 20% more for that product. At the end company will get profit form that and 20% would go to the bottom line and keep it profitable.

R: What initially inspire companies to employ these standards you mention that companies has already enough profit so they could start implementing these standards, so what would inspire them to change, would it be strategically for the image?

I: companies can start from the beginning to be ethical, but you need to start from the shareholders, you say that it will take longer for us to implement such a philosophy and will take one or two years more to be profitable, but in the long run it is seen that being such (not saying that you see profit as secondary, profitability is still first) will probably contribute positively to profitability. Because perception of customer will say that it is worth to pay a premium.

So you will see more and more companies coming to that turning point where you see that our image is not good and has to be improved and if we do that, we have higher chance to sell our product and even ask for a premium on our products. Because we are perceived as a good company with higher standards and it can happen at any point. I'm talking about perceptions, some companies may not be perceived as having ethical standards.

Let's take example of United Airlines, its good example that you need to learn your employees to treat customers respectfully. So now United Airlines has to make a complete U turn in how they will treat their passengers because they lost around 1billion dollars of value over night. Because they were not operating under certain ethical standards. Many companies will face that especially when you are publicly exposed. You shouldn't forget that there are a lot of companies that are operating in the background, there are billions of dollars of revenues, they will not thing that they will need to apply certain ethical standards, but companies that are exposed to consumers they have to make sure that they are operating under certain standards.

You can start as ethical, but there are many companies that are operating 20, 50, 100 years and at the certain point they will be pushed to make a U turn and change their processes so what they will do, they will simply fire the portion of the management, because it requires a different thinking it requires a complete different thinking. You have to fire the management and hire the other management which thinks in different way. There is a lot of companies that has been doing that but they are mostly have a lot of public exposure. They are forced by market forces to change themselves.

R: Its interesting answer because you almost reading what the conscious business philosophy is predicting.

I: Yeah, you going to be forced at the certain moment, because everything is getting so open and so transparent today and the end the consumers who has the choice will force companies to change themselves. You just have to look at United Airlines and how many people said that they will never fly with their airlines. So shareholders loses money, they need to make those money back, they call the

boss of company, they ask to replace the CEO with a new one who will design a **new processes**. In order to ensure that after a while customers will perceive United in certain way and that they would say that it's the most beautiful company in the world. They take care of passengers and so on. And I am ready to pay 10% more for a ticket. There are many companies that haven't thought about that, but they start thinking about that when they face the problem. Very few will tackle it because it will cost money, and only repay in the long run. Why do you think there are so many bio products and green products – because it is profitable. Because consumers are asking for it.

103

Master's Thesis. "Towards Consciousness in MNCs: Understanding Conscious Business Concept, Being and Becoming Conscious". Multiple Case Study in Singapore

Interview Questions

Warm Up Questions

Shortly about the company?

Job Position and responsibilities?

Is your company foreign to Singapore market?

Concept

Conscious Business (CB):

- Establish existential meaning of their business
- Sees the profit as by-product
- Seeks Harmony of Interest among all stakeholders (society, partners, investors, customers, employees) and is win-win-win oriented
- Highly society oriented
- Act out leadership instead of control-on-command
- Maintain healthy company culture with trust, transparency, caring and empowerment etc.
- Collaborate with civil society, NGOs and government
- Requires genuine transformation

Influencers

1. Why would MNCs carry out such CB practices?
2. Would MNCs feel moral obligation to carry out such CB practices?
3. What would MNCs expect to gain from CB practices (in Singapore)?
4. Are MNCs expected by society, institutions or government to act out such CB practices?
5. What are general ethical expectations from society, institutions, government toward MNCs?
6. Would such CB activities had an influence over social setting?
7. How do institutions and regulations configured towards ethical practices and CB practices?
8. Are there any initiatives from institutions or government to embrace such ethical activity?
9. Do institutions support ethical movements?
10. Are MNCs aware of ethical practices?
11. Are MNCs trying to understand the ethical norms, standards, models of social setting?
12. Would MNCs need to change their business model to adapt the conscious business practices?
13. What capabilities would be required from MNCs to carry out such business model change?
14. Would it require capabilities to maintain CB practices? What capabilities?
15. Are MNCs eager to embrace changes of their business model to be more conscious?

Manifestation

16. How foreign MNCs in Singapore try to establish higher purpose or meaningful work?
17. How MNCs do try to achieve harmony of interest? Win-Win-Win?
18. How do MNCs tackle ethical expectations and pressures of social setting?
19. How do MNCs try to maintain a healthy work culture?
20. How do MNCs collaborate with NGOs or government?