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Manuscripts under review at another journal cannot be simultaneously submitted to EJBO. The article cannot have been published elsewhere, and authors are obligated to inform the Editor of similar articles they have published. Articles submitted to EJBO could be written in English or in Finnish. Paper written in Finnish must be included English summary of 200-500 words. Submissions should be sent as an email attachment and as Microsoft Word doc format to:

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Editorial objectives

Electronic Journal of Business Ethics and Organization Studies EJBO aims to provide an avenue for the presentation and discussion of topics related to ethical issues in business and organizations worldwide. The journal publishes articles of empirical research as well as theoretical and philosophical discussion. Innovative papers and practical applications to enhance the field of business ethics are welcome. The journal aims to provide an international web-based communication medium for all those working in the field of business ethics whether from academic institutions, industry or consulting.

The important aim of the journal is to provide an international medium which is available free of charge for readers. The journal is supported by Business and Ethics Network BON, which is an officially registered non-profit organization in Finland. EJBO is published by the School of Business and Economics at the University of Jyväskylä in Finland.

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Each paper is reviewed by the Editor in Chief and, if it is judged suitable for publication, it is then sent to at least one referee for blind review. Based on the recommendations, the Editor in Chief decides whether the paper should be accepted as is, revised or rejected.

The process described above is a general one. The editor may, in some circumstances, vary this process.

Special issues

The special issue contains papers selected from

- the spesific suitable conferences or
- based on a certain relevant theme

The final selection is made by the Editor in Chief, with assistance from the EJBO's Editorial team or from Conference Editorial team. In the case of conference papers, articles have already been reviewed for the conference and are not subjected to additional review, unless substantial changes are requested by the Editor.

Manuscript requirements

The manuscript should be submitted in double line spacing with wide margins as an email attachment to the editor. The text should not involve any particular formulations. All authors should be shown and author's details must be printed on a first sheet and the author should not be identified anywhere else in the article. The manuscript will be considered to be a definitive version of the article. The author must ensure that it is grammatically correct, complete and without spelling or typographical errors.

As a guide, articles should be between 5000 and 12000 words in length. A title of not more than eight words should be provided. A brief autobiographical note should be supplied including full name, affiliation, e-mail address and full international contact details as well as a short description of previous achievements. Authors must supply an abstract which should be limited to 200 words in total. In addition, maximum six keywords which encapsulate the principal topics of the paper should be included.

Notes or Endnotes should be not be used. Figures, charts and diagrams should be kept to a minimum. They must be black and white with minimum shading and numbered consecutively using arabic numerals. They must be refereed explicitly in the text using numbers.

References to other publications should be complete and in Harvard style. They should contain full bibliographical details and journal titles should not be abbreviated.

References should be shown within the text by giving the author's last name followed by a comma and year of publication all in round brackets, e.g. (Jones, 2004). At the end of the article should be a reference list in alphabetical order as follows

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Call for Papers: European Business Ethics Network EBEN Annual Conference 2017

The theme of the conference is *"Searching for Sustainability in Future Working Life"*.

https://www.jyu.fi/jsbe/ebenac2017

14-16 June, 2017
University of Jyväskylä, Jyväskylä Finland

Much of the discussion around sustainability has focused on the environmental aspect. In this conference we aim to extend the discussion to include other aspects of sustainability, especially in the context of future working life, its organizing, managing and leadership. Working life is facing significant social, technological, cultural, economic and environmental changes. We want to explore the meaning of these changes and their challenges to private and other organizations, their management and leadership.

The range of possible topics includes, but is not limited to, the following themes from the perspective of working life: workforce diversity, intersectionality, inclusion and equality, 24/7 demands, work-life/family integration, work wellbeing and quality of life, development of human and social capital, organizational change, renewal and culture, labor and human rights concerns, responsibility/ethics in leadership and HRM, good governance, human and social aspects of accounting, social/organizational innovation and social enterprise, ethical challenges of digitalization/social media, stakeholder engagement and value creation, (e-)learning/teaching and business ethics, climate change and other environmental challenges.

The 2017 EBEN Annual Conference will be preceded by a one-day workshop for doctoral students on June 13.

The deadline for submissions is March 1, 2017. Paper submission system is opened to the conference website.

The conference is organized in cooperation between the WeAll Research Consortium 'Social and Economic Sustainability of Future Working Life: Policies, Equalities and Intersectionalities in Finland' (funded by the programme Equality in Society, Strategic Funding of the Academy of Finland, n:o 292883), the University of Jyväskylä School of Business and Economics, the University of Tampere School of Management, and the Finnish Chapter of the European Business Ethics Network EBEN.

Employees Resistance Within a Knowledge Intensive Firm

Dimitris Lamproulis

Abstract

The purpose of this article is to provide an empirical basis for understanding the issue of resistance within knowledge intensive firms. The paper initially provides a theoretical investigation identifying the research gap within the literature. The research gap further is explored through an empirical research. Research findings derive from the analysis of 11 in-depth interviews taken from a new media consultancy in UK. Moreover, the findings distinctively support that, staff resistance is beyond previously (traditional) assumed polar distinctions. In that way, the investigation illustrates that, staff resistance combines opposing meanings of their actions. Thus, it is revealed new aspects of employees resistance within the case organization, a knowledge intensive firm (KIF).

Keywords: resistance, knowledge, innovation, critical management thinking, culture, employees relationships

Introduction

The research focuses on the issue of staff resistance within KIFs (knowledge intensive firms). These are defined by Alvesson (2000, p. 1101) as "companies where most work can be of an intellectual nature and where well-educated, qualified employees form the major part of the workforce". In addition, the literature includes various stream of thoughts about staff resistance. A body of research argues that, the resistance constitutes a reaction to management request (Thomas and Davies, 2002; Sveningsson and Alvesson, 2003). This results staff to selectively adopt management demands ultimately expressing their subordination (Walby, 1986). Moreover, examining employees resistance from a cultural point of view, Sturdy (1997) points out that, individuals voice their resistance due to the increased uncertainty and anxiety that experience within the process of producing innovations. In addition, Willmott (1993) underlines that, the "open cultures" of KIFs encourage individuals to possess a considerable degree of autonomy for their actions. This ultimately leads them to work hard, to be committed and to comply with seniors' demands. (Alvesson, 1995; Kunda, 1992; De Gay, 1996). All aforementioned studies, yet, analyze employees resistance based on polar distinctions between seniors/subordinates. In contrast, the current research argues that, individuals resistance expresses the dual need of breaking away of their existing barriers (mental, social) and, at the same time, retaining pre-existing forms of social relationships. This tension is pointed to be common between all organizational members. As a result, resistance of employees is a concept that can be understood beyond bipolar discriminations of senior/ subordinates, passive/ proactive resistance and individual or a team driven resistance (Derrida, 1981; Derrida, 1997).

Furthermore, the extant literature uses the term resistance to underline a way that employees adopt so as to suppress their feelings towards management. For instance, it is pointed that individuals express their resistance by distancing themselves from unpleasant consequences of their actions (Hochschild, 1983; Rafaeli, 1989; Kunda, 1992). Also, the staff use the mechanism of "deep acting" so as to oppress their feelings. In other words, staff improvise certain attitudes and beliefs at the back "stage" of the firm until, they can "naturally" express them for the satisfaction of clients (Hochschild, 1983). Moreover, Willmott (1993) underlines that, individuals of KIFs due to their increased autonomy, they undergo discourses. These enforce them to detach themselves from the painful reality that experience following ultimately the requests of management (Zizek, 1989; Willmott, 1993). Yet, the above studies are restricted to perceiving resistance as a constant curbing of employees emotions which is in accordance with management instructions. The investigation stresses a distinct view that, staff resistance incorporates a two-fold need to be creative expressing their ideas and to follow recurring (restrictive) patterns of work. Thus, the research highlights that, resistance is been shaped between polar meanings of employees behavior.

Conceptualizing resistance in KIFs

Researchers of KIFs consider resistance to be limited in the conflict between seniors and subordinates' interest and ideology (Alvesson, 1995; Deetz, 1992). As a result, staff are perceived to passively experience their oppression complying with seniors' demands (Robertson and Swan, 2004). In contrast, the current research argues that, employees resistance enforces them to constantly re-examine the meaning of their behavior. Thus, employees are perpetually involved in the process of creating the conditions of their work perceiving themselves as active (and not only passive) constructors of an organizational reality (Derrida, 1981).

In addition, Alvesson et al. (2001) argue that, resistance of individuals derives from an intra-organizational competition so as to pursue their own carrier development against that of their colleagues. Also, it is underlined that individuals often illustrate resistance to the extent that does not threat their relationships with seniors (Alvesson and Willmott, 1996; Clark, 1995). Nevertheless, the investigation's distinct approach points out that, employees' resistance intermingles contradictory meanings of their actions. The need of staff to break away from management demands and (simultaneously) their need to comply with seniors directions. Also, employees resistance encourages their autonomy promoting innovative ideas while they seek to secure senior support for the implementation of a project.

Additionally, the extant literature argues that, staff resistance is regulated by the way that individuals identity (who am I?) is been shaped within KIFs. Characteristically, Alvesson and Willmott (2002) and Meriläinen et al. (2004) argue that, professionals identity consists of their commitment to satisfaction of clients. Moreover, Alvesson et al. (2001) support that, staff of KIFs perceive themselves as members of corporate elite, thus, they seek ways of enhancing their images rather than opposing to seniors' demands (Hatch and Schultz, 2002). Also, Roberston and Swan (2004) underline that, consultants internalize norms which secure the self-regulation of their behavior agreeing to management requests (Alvesson, 2000). Yet, the abovementioned studies are limited assuming that, the construction of staff' identity is mainly influenced by seniors' control and ideology. In that way, it is omitted to examining resistance as the co-influence that is exercised between seniors and subordinates within their daily working lives. This aspect is explored by the current paper arguing that, staff behavior actually incorporates passive and active forms of resistance. Moreover, it is stressed that, staff through their resistance find themselves in a tension between attempting to change their personal (and organizational) reality while repeating pre-existing meanings and forms of organizational behavior.

Furthermore, critical is the focus of literature on forms through which employees of KIFs experience resistance. Ezzamel et al. (2001) advocate that, staff experience resistance through humor, swearing and criticizing the abilities and skills of managers. Also, resistance is articulated as staff do foot-dragging, pretending ignorance and gossiping (Scott, 1985). Furthermore, Chia (2000) points out, that the resistance of employees is expressed through sabotaging the production process. Additionally, employees resistance is delineated by not taking things seriously and undermining the importance of their working effort (Zizek, 1989). Despite that, the aforementioned examinations restrict the concept of resistance as they assume that a clear adversity occurs between subordinates and seniors. The research takes a different view arguing that, all staff (seniors and subordinates) resistance is driven by both common and different concepts within their daily organizational life. In that way, staff resistance constitutes a means of bridging their differences and an approach of pursuing their distinguishable courses of actions.

To conclude, the existent literature elaborates employees resistance assuming that a clear dichotomy takes place between seniors and subordinates' interest (Giddens, 1991; Fleming and Sewell, 2002; Kärreman and Alvesson, 2004). This results, employees resistance to be examined from a passive (one dimensional) perspective leading to compliance with management instructions (Willmott, 1993; Delbridge and Ezzamel, 2005). Despite that, the current investigation argues that, individuals' resistance has a manifold operation affecting both seniors and subordinates in similar and distinct ways. More than that, staff resistance consists of both dynamic and passive meanings that direct their behavior. Thereby, the resistance leads to actions that incorporate two opposing forces: creating a new organizational reality and sustaining the existing organizational reality within KIFs (Derrida, 1981). Drawing from this perspective, the paper underlines that staff through their resistance aim to free themselves from pre-determined social, intellectual and emotional constrains. At the same time, staff resistance integrates a degree of inability to considerably change their personal or organizational reality. These issues are examined by the current paper as it attempts to empirically answer, how do employees resist within a case organization – a knowledge intensive firm?

Methodology

The paper is based on the analysis of a case organization – a new media consultancy. The case organization has been selected due to the fact that, it is a well known organization that exists in more than 10 years in the market. It is award winning and, it is ranked between the best 20 new business consultancies in UK, also, it constantly provides innovations in the market and, it is profitable.

In addition, the collection of adequate data is based on semi-structured in depth interviews. In particular, 11 semi-structured interviews are performed within the case organization. The new media consultancy, at the time of interviews (May, 2004), was employing 55 staff. Moreover, the interviews are taken by all ranks of the organizational ladder including the founders, directors, creative directors, project managers, client partners and programmers. Furthermore, the interviews are consisted from 63 questions. The typical length of an interview is 80 minutes and, it is varied between 45 and one and half hour. Also, field-notes are kept during the one week that, I have visited the case organization. The data is recorded and transcribed by the researcher. Additionally, the analysis and synthesis of data has been done manually by the researcher.

Furthermore, the research uses the methodology of Eisenhardt (1989) so as to draw categories which refer to resistance of employees. These, in particular, are evoked though the constant comparison of theory with data. Additionally, the research methodology adopts the analysis of data as narratives (Rhodes and Brown, 2005; Rose, 1999). According to it, narratives constitute live accounts of meanings that, employees use to reflect on the organizational reality and their discursive actions. Also, the analysis of data as narratives allows to be educed the subjective views of employees elaborating their resistance within the new media consultancy. This type of research, further, examines the reasons and conditions under which employees illustrate any form of resistance accepting that, the subjectivity of the researcher is an inherent part of the analysis of data (Rhodes and Brown, 2005).

Results

Resistance and knowledge creation

The research elaborates employees resistance as follows:

> "We work in silos really and we, apart from occasionally, do not talk about what the point of a project is so as to do it, how that is tackled and so forth. Also, there is the fact that you cannot go up (meaning to the upper floor where most of management directors are located apart from founders and creative Directors) and ask someone who have just done the project (John (pseudonym), major accountant and creative director)".

In the above passage, staff resistance constitutes the isolation that, they are forced to follow within the working environment. This allows staff to exercise a degree of autonomy in the manufacturing of innovations; while it discourages their cooperation.

Thus, employees resistance enhances and deters their performance within the new media consultancy.

From a different view, it is pointed the following:

> "The problems come back if people do not trust or respect each other and, we know that, no one is perfect. An internal communication, even in an small environment which is open like this, it is not straight forward. People are busy, they do not have time to say things which they should say or they are not natural communicators in the sense that, they are not good at circulating information among a wider group of people (Nick (pseudonym), Director of business development)"

The Director of business development explains that, employees resistance is expressed as lack of trust, respect and appropriate communication between each other. As a result, employees resist to completion of their work by delaying a project or leading it to failure. These inefficiencies are accepted as unavoidable phenomena and yet, they have an actual and modifying effect on a project work. Furthermore, the aforesaid staff resistance leads to actively alter project teams results and to passively accept the lack of communication between each other. Thus, the resistance encompasses both active and passive attitudes of employees so as to perform their everyday tasks. In addition, staff resistance is explained as follows:

> "I am very much into delivering to other people, for instance, our department, it's a bit careless. So you might find that the IT department, if it is doing coding, it's rubbish communicated of what it does, so I have to explain the staff about the coding, and so I have to run after people all time. I could perfectly say thanks for the brief to the client, or I can ask the client to finish the brief, and I could try to keep the project on budget. And if it goes out of budget, then I need to ask the client, if it is OK. Nevertheless, I found out that, staff have gone over budget because, they just do not get on with the work or they stuck with their projects and, I would prefer to be communicated (on time) about these issues". (Mandy (pseudonym), client partner)

The above text elicits the resistance that, employees exemplify within the IT department. In particularly, employees go over budget, stack with a project and badly communicate information that should be shared between the members of project teams and the clients. At the same time, the client partner tolerates the aforesaid resistance so as to ensure that, a project will be completed as much as possible on time and on budget or in a way that will satisfy the clients. Thereby, the aforesaid staff resistance incorporates their effort to be efficient and inefficient, their attempt to apply accurate timing and to delay executing a project, their need to satisfy their personal and the clients' interest within the completion of project' s work. Lastly, it is pointed about employees' resistance:

> "What does not work is when the opposite of that occurs. When there is tension between people and rivalry, and people hold things and, they are not sharing information and, at the end of the day, the quality of work suffers" (Clare (pseudonym), Client partner).

Interpreting the above quotation, it is pointed that, staff resistance constitutes the conflicts between members of project teams, their holding of knowledge and their lack of sharing information to each other. Yet, each employee is perceived to be responsible for the outcomes of his or her work. Thus, employees resistance leads to tensions that have a dual influence in facilitating and hindering the progress of a project.

Resistance and employees' relationships

Staff resistance underlines the issue of staff relationship within the new media consultancy. In particularly, it is pointed the following:

> "…you need a good relationship (with colleagues) to have general exchange of knowledge. People do not want to give you more, to share knowledge and work with you, Unless you are a good person to work with and they enjoy working with you. if you are a bad person to work with, they will hold back and give you a little of the way" (Antony (pseudonym), client partner)

The preceding passage elaborates that, employees relationships depend on the way that share knowledge to each other. In other words, staff, in their everyday interaction, tend to hold a degree of knowledge for themselves facing their colleagues antagonistically and making sure that, they know as less as possible. Also, employees exemplify resistance allowing certain staff to have considerable access to their knowledge while others are treated with an increased hostility and displeasure. Thus, the individuals illustrate both a friendly and hostile attitude toward their colleagues and the completion of their work.

Additionally, resistance has a critical cultural concept that is elaborated as follows:

> "I do not believe on values, let me think, I think, they would not necessary be values, they would be sort of emotions almost. I do not know if having a good time making sure to enjoy yourself, team work, they are really fix values like passion and such sort of stuff which, we sell to our clients all the time or that's what they (clients) want…. I do not think we need that sort of thing (values) in the creative industry. We should adapt with what are the clients' needs. if we have values, we should not be going down this route because, it means that we cannot necessary be flexible following clients businesses. I think, we should be neutral to that sort of thing (values) and exist through the work that we do (David (pseudonym), Creative Director)"

The preceding text shows that, staff resist by refusing to accept that, certain values direct their actions within the workplace. This is because, the creative director underpins that, his actions are only a subject of his own control that derives from his creative passion. In addition, the creative director claims that, the staff (experts) should be able and adjust themselves to the demands of clients while convincing them to follow values which, they do not believe in. Thus, the aforesaid staff resistance incorporates their need to believe in possessing an autonomy and to follow the requests of clients. Also, the preceding resistance critically underlines that, all staff retain vague the boundaries between of what constitutes truth and false, real and unreal for themselves and clients within the manufacturing of innovations.

Furthermore, resistance of employees is explained as follows:

> "As a company, as a culture there is still a little bit of competition among people. I suppose, it's kind of people maybe wanting to be recognized for their contribution, maybe claiming a little bit more credit than they should or, more commonly, not giving credit to all those people who were involved in a project. (Nick (pseudonym), Director of business development)".

The above passage articulates that, employees are involved in a competition between each other. This takes place as they resist common organizational norms by keeping knowledge for themselves, claiming more acknowledgement than they should, and not giving credit to those that they worth it. Thereby, the staff resistance addresses the satisfaction of their personal interests while they retain a degree of collaboration with each other. Additionally, it is pointed as follows:

> "Are any specific expressions that exchanged among employees? I mean we are trying to orchestrate some (expressions), we have at the moment like "Express yourself". Yet, it's not embedded entirely in the working environment, we still go though kicking around the ways which, we try to explain ourselves" (Alex (pseudonym), founder).

The aforementioned text underlines that, staff of new media consultancy are constantly involved in the effort to reveal themselves within the working environment. This effort leads them to identify expressions that are never fully applied within the workplace. Thus, employees constantly resist to follow guidelines as ways of controlling their own actions. At the same time, they persistently observe their "real" motives so as to systematically map their working behavior and to improve the results of their effort.

Resistance in project teams

Project teams play a central role within the new media consultancy. Interestingly, it is elaborated the following:

> "I mean, yes, mainly on projects where somebody did not know a piece of information that I need to know (as a project leader) at a particular time. He was forced to give an answer and gave an incomplete answer or one that did not present the company to the client. I mean, a classic example will be to having putting together a proposal which did not have a key piece of information in it. Because, nobody who was working on that proposal knew that, we had done something relevant (in past) in regard to what the client was looking to do" (Nick (pseudonym), Director of Business Development)

As above is illustrated, employees resist in the effort to ensure the success of a project. This occurs as they hide knowledge or provide incomplete answers to their colleagues. Moreover, the staff use a bad timing of bringing information together. Thus, the aforesaid resistance leads to inefficiencies in the production of projects. At the same time, it, also, enforces staff to seek for new opportunities as they are involved in constructing projects from scratch.

Additionally, it is pointed about the staff relationships within project teams:

> "But, if among the project team, employees are not truthful with each other and, they lack honesty in terms of their approach, it's much harder to flash it out (the problem) because, you have to pick it out, if it gets embedded (in the team), the mistake or the crisis gets much harder to be removed .." (Antony(pseudonym), Client partner).

The preceding text points out that, individuals resistance is expressed as lack of honesty and truth for each other within project teams. These behaviors are difficult to be disposed by a project team and, yet, individuals resistance persistently prefer to put first their personal interest against that of their colleagues. This disintegrates the bonding between staff and, at the same time, it increases the individuals' reputation within the firm. As a result, the aforementioned resistance encourages both destructive (disagreements, failures) and constructive (creativity, passion for work) aspects of individuals behavior within the process of manufacturing innovations.

Furthermore, it is mentioned the following:

> "Most people here are very opinionated about what they do, which it's good. They come with ideas and perceptions about how things should be done. Achieving a common decision is the hardest thing…" (Bryan(pseudonym), Co-founder)

The above passage elaborates that, individuals resist to taking common decisions within project teams. As a result, conflicts between staff often appear influencing every part of the organizational life. At the same time, yet, the aforementioned resistance encourages project teams to consider a number of alternatives before they agree with the most suitable solution to a project's request. Thus, the employees' resistance creates simultaneously difficulties and solutions within the process of manufacturing innovations.

Conclusions and discussion

The current research discrete approach based on examining the issue of resistance within a knowledge intensive firm. The research findings are resulted to consider resistance of employees within three main categories. The knowledge creative process that results in innovations, the type of relationships that are developed within the new media consultancy and the way that project teams operate Moreover, based on theory of Derrida (1997), the paper argues that, resistance is a critical concept that evolves through the essential need of staff to act between opposing meanings of their actions. Thus, the research distinctively underlines aspects of employees resistance that, they have contradictory consequences within the case organization – a new media consultancy.

Furthermore, the current paper argues that, it goes beyond bipolar distinctions that often are taken for granted within the study of resistance. For instance, the extant literature considers resistance to be generated because of an assumed distinct difference of power between seniors and subordinates (Alvesson, and Willmott, 1996; Alvesson et al., 2001; Beech, 2008). Also, studies consider that, employees resistance leads them to be either loyal or disloyal to senior management (Collinsson, 2003; Alvesson, 2000). The aforesaid distinctions, yet, are found to be vague within the case organization. In particularly, the research findings argue that, the resistance incorporates the need of staff to be autonomous and to gain the support of their seniors. Moreover, it is pointed out that, staff exemplify resistance as they hold knowledge for themselves, and at the same time, they ensure to retain a certain degree of cooperation with their colleagues. Also, staff resistance derives from their uncertainty to believe in their abilities and from their need to illustrate an image of self-assurance to clients. Conclusively, it is highlighted that, staff resistance incorporates opposing meanings which guide them to a multiplicity of behaviors within the new media consultancy.

Additionally, a stream of research (Willmott, 1993; Kärreman and Alvesson, 2001; O' Doherty and Willmott, 2001) clearly points out that, employees of KIFs passively follow forms of resistance which lead them to comply with management decisions. Moreover, recent empirical research underpins that, staff resistance can considerable ameliorate the influence of management within a firm (Thomas and Davies, 2005; Anderson, 2008). Despite that, the research findings distinctively support that, employees resistance combines both active and passive attitudes which result to modifying effects within a project's work. For instance, it is found out that, employees accept as unavoidable phenomenon the considerable lack of trust and appropriate communication between each other, and at the same time, they actively seek to ensure the development of their personal skills, to find out new ideas and to perform distinct project outcomes for clients.

Furthermore, the extant research concludes that, employees resistance evolves from their autonomy within KIFs (Robertson et al., 2003; Beech, 2008). This allows them to adopt multiple identities (professionals, experts) adjusting themselves to different organizational circumstances that experience in order to enforce their personal interest against that of their colleagues. In the same line of thought, a body of research points out, that employees resistance reinforces their compliance to management-demands recognizing themselves with corporate elite of KIFs (Du Gay, 1996; Kunda, 1992; Roberston and Swan, 2003). The aforesaid approaches yet, take for granted that, all individuals actions are driven by a limited number of similar goods; obtaining a senior post that secures high salary and recognition among colleagues within KIFs. Thus, it is omitted the complexity of emotions, meanings and attitudes that shape employees resistance. Distinctively, the research argues, that any explanation of employees resistance incorporates multiple and contradictory meanings of their behavior. For instance, the research findings point out that, resistance of employees merges their dual need to promote their self interest and (simultaneously) to ensure the satisfaction of clients. Similarly, it is ascertained that, individuals resistance combines both their need to delay a project or to go over budget and (at the same time) to perform their best possible work.

At last but not least, previous studies perceive staff resistance to have negative (or positive) results within the construction of innovations (Kunda, 1992; Collinson 1994; Casey, 1995; Du Gay, 1996; Fleming, 2007). Yet, the research findings highlight that, staff resistance intermingles both creative and destructive ways of manufacturing products. In particularly, the research points out that, the resistance of employees motivates them to increase their personal performance affecting, also, negatively their cooperation. Furthermore, the investigation shows that, employees resistance enforces them to adopt new approaches within the manufacturing of products. This, yet, is limited by the necessity to be ensured that each project is going to be completed as close as possible to a deadline. Similarly, the study results show that, staff resistance combines a considerable lack of commitment towards their work and the necessity to comply with a project teams norms and objectives. Thus, it is argued by the research that, employees resistance leads (concurrently) to creative and to harmful behavior within the case organization.

In conclusion, the current investigation provides distinct insights to the issue of resistance within the new media consultancy. In other words, the paper empirically shows that, staff resistance can be most comprehensively understood, if it is examined beyond the bipolar distinction between seniors/subordinates. Also, the research elaborates that, employees resistance combines passive and active attitudes within their daily working behavior. Moreover, it is pointed that, the staff resistance encloses both positive and negative meanings of behavior within the case organization. Also, the research findings articulate that, staff resistance comprises their two-fold need of supporting their self-interest and the customers' satisfaction. In other words, it is pointed by the study that, resistance is shaped between bipolar distinctions of employees actions.

Further research and implications

The preceding discussed conclusions of research contribute to the extant organizational theory. In other words, the research provides evidence supporting that, employees' resistance is shaped by merging opposite meanings of their behavior. Thereby, it is argued that, staff resistance incorporates (both) the need to satisfy their self interest and the collective benefit of a team, their need to hold knowledge and share knowledge, to be fair and unfair with their colleagues, to act with truth and falsity, to be creative and repetitive to same ideas, to trust and distrust their colleagues.

In addition, it is stressed that, research results cannot be generalized across knowledge intensive firms. This is because; the study uses an interpretive analysis of data. Also, the results of the current work are limited within the case organization. Thus, it is encouraged further exploration to be contacted about the research topic across a variety of knowledge intensive firms. Furthermore, a future investigation could examine employees resistance as it is articulated though their use of language and communication. Additionally, a future research could attempt to explain how the resistance of individuals changes their power relationships with colleagues within knowledge intensive firms.

Moreover, the research main implications address the existent organizational theory. In particularly the current investigation argues that, staff resistance leads them to not always comply with the requests of management. In other words, it is found that, individuals of the case organization due to their autonomy, they follow their own routes of actions considerably affecting the way that project work is completed. Furthermore, the current research argues that, resistance makes vague the boundaries of power between seniors and subordinates. As a result, it is shown that, project leaders and directors often ought to tolerate staff resistance so as to ensure clients satisfaction. Thereby, it is pointed out that, employees resistance results to multiple consequences which go beyond assumed bipolar distinctions between seniors and subordinates.

In addition, the research adds to extant literature empirically showing that, staff resistance incorporates both passive and active attitudes towards their work. In particularly, the research elaborates that, employees resistance leads them to passively accept their lack of communication and to actively pursue their own recognition within their firm. Furthermore, the current paper exemplifies that, individuals resistance aggregates both creative and destructive approaches within the manufacturing of innovations. For instance, it is argued that, the staff constantly seek for opportunities to produce profound work and are limited by the need to satisfy certain demands of clients.

To conclude, the paper's main contribution derives from the empirical exploration of a case organization- a knowledge intensive firm. Moreover, it resolves that, employees resistance highlights three main categories of employees behavior: the knowledge creative process that results in innovations, the relationships that are build between employees and the operation of project teams. Furthermore, the analysis of data has shown that, employees resistance is manifested between bipolar differentiations of senior or subordinates, loyal or disloyal staff, and passive or proactive type of resistance. Consequently, it is found that, staff resistance combines opposing meanings of their actions such as cooperation and hostility, efficiency and inefficiency, knowledge sharing and knowledge holding. In that way, the current paper reinforces a distinct approach to issues of employees resistance within KIFs.

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The Role of Charisma in Accounting Change

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Abstract

According to Max Weber charisma will be applied to a certain quality of individual of which he is considered extraordinary and treated as endowed with supernatural, superhuman or at least specifically exceptional powers or qualities (Weber, 1978). In this paper we focus on the charisma of Prof. Martti Saario, and what role his charisma played in the accounting change in Finland in the middle of twentieth century. Our aim is to demonstrate that his exceptional personality with charisma succeeded in communicating a meaningful and appealing message to his students and other followers. The intended contribution of this article is to enlarge our understanding of accounting change in a national context, and discover how a personal charisma plays a role in a historical accounting change.

Key Words: Accounting change, Finland, charisma in accounting

Introduction

From a historical perspective it is notable that the greatest accounting changes have originated in ideas of individual actors. The primary origin of today's accounting theories and systems was the double account system, published by Luca Pacioli in his book Summa Aritmetica Geometria, Proportioni et Proportionalita in 1494. The contribution of A.C. Littleton's thought in the area of accounting education, theory and practice has been unparalleled (Bedford & Ziegler, 2016). In Germany, Eugen Schmalenbach, Professor at the University of Cologne, had a great contribution to the accounting. His accounting chart model in 1927 was even a sensation, since it was presented in an academic format (Richard, 1995; Schmalenbach, 1919; Wüstemann & Kierzek, 2005).

This study examines the accounting change in Finland, and the contribution of a Finnish professor Martti Saario (1906–1988) to the change. His creation, the expenditure-revenue theory, has strongly influenced Finnish accounting thought, education and practice until the present day (Näsi & Näsi, 1996; Pajunen, 2010; Pihlanto & Lukka, 1993, 1994; Virtanen, 2007). Saario's theory was developed in the academic world, implemented by accounting professionals in practice and absorbed into Finnish tax legislation (The Corporate Tax Law 1968/360) and accounting legislation (The Accounting Act of 1973/655). This kind of progress is not typical of academic research, and its major benefits have been delivered outside of accounting practice or legislation. Kaplan (2011) wrote of a gap between accounting research and practice, stating that much accounting research has been reactive. While academic research has studied, evaluated, and explained existing practice, it has not contributed to advancing that practice (Kaplan, 2011).

According to Watts and Zimmerman, no single accounting theory is generally accepted, but there are local factors that create a demand for a theory (Watts & Zimmerman, 1979). This paper analyses the Finnish societal and economic context where Saario's theory was developed, and discovers what role Prof. Saario had in the changing process. Since there is comprehensive research on Prof. Saario's accounting theory (Näsi, 1990; Näsi & Näsi, 1996; Pihlanto & Lukka, 1993, 1994) we draw on a qualitative approach to study his personality and charisma (House et al., 1991; Brown, 2011; Watts & Zimmerman, 1979). Weber opposed notion of charisma with everydayness of bureaucratic and traditional authorities, and portrayed charismatic as extraordinary features and otherworldly indifference (Joosse, 2014; Adair-Toteff, 2005; Weber, 1978). Weber's term on charisma has seen to be a social construction in social dynamics that are not stable but last only brief periods offering way to a historical change (Chua & Poillaos, 1998; Caramanis, 2005; Carnegie & Edwards, 2001). In fact, Weber was not necessarily interested in what charisma is. Rather, he was interested in the transformation of charisma into something permanent and institutionalized (Adair-Toteff, 2015; Joosse, 2014).

We interviewed five emeritus Professors who were students and/or colleagues of Prof. Saario in order to understand Prof. Saario's personality (Carnegie & Napier, 1996; Collins & Bloom, 1991; Hammond & Sikka, 1996). Another source of data for this study was historical written documents and literature. The intended contribution of this study is to enlarge our understanding of accounting change in a national context, and represent the concept of charisma in an accounting change. It is evident that charismatic personality can play as a catalyst in historical development what accounting change is (Caramanis, 2005; Weber, 1978).

Accounting change

Literature on accounting change

In the previous literature accounting change is seen in the first place as response to economic, social and political pressures (Napier, 2001). In a political process interrelations between accounting and state are central for changing (Hopwood, 1987; Miller, 1990; Napier, 2001; Watts & Zimmermann, 1986, Zeff, 1978 etc.). In an accounting change the roles of accounting and the objectives of government together serve political rationales (Miller, 1990). The adopting of accounting change is as much a product of political action as empirical findings (Horngren, 1973). Accounting theories are embodiments of the political process, where individuals are using and seeking power of government in order to achieve wealth transfers (Watts & Zimmerman, 1979). There is a lot of evidence that politics plays an important role in the lobbying for an accounting change (Gipper et al., 2013). When politicians support an accounting change they tend to adopt the public interest arguments advanced by the special interests who promote the change (Watts & Zimmermann, 1979). In an organizational context accounting change is presented as an inter-play between new accounting practices, routines, institutions, power and politics (Burns, 2000).

Watts and Zimmerman (1979) suggest that there is demand for accounting theories because they will serve certain functions in an economy. Firstly, there is a pedagogic need for accounting change. Costs, techniques and formats vary across firms, and theorists are needed to examine existing systems and summarize differences and similarities which can lead to certain accounting procedures. Further, the auditors would value information in the form of theories and they would like to know how managers' actions would be affected by alternative accounting procedures. It is possible that managers would use accounting to serve their own interests at the expense of shareholders. If here is an accounting theory usable, the auditor is able to monitor managers' behaviour and have readymade arguments to use against such practices of the management. Private citizens, organizations and politicians have incentives to employ the powers of the state to make themselves better by legislation that redistributes wealth in the society. In the political process financial accounting has a central role when wealth is transferred from a group to another. This transfer happens directly by affecting to the contents of financial statements and indirectly by legislative decisions based on financial statements. The relationship between the government intervention and accounting theory produces a demand for theories because each group affected by an accounting change demands a theory that supports its position. There is a need for theories that prescribe the world. It is seen there that individuals involved in the political process act in their own interest rather than a public interest (Watts & Zimmerman, 1979).

It is obvious that accounting change has to be validated by accounting professionals before they can be widely accepted in society. Professional practitioners have great power, founded on their body of knowledge (Hines, 1996). When aspiring to fill the gap between academic research and practice, it is necessary to work on problems whose solutions will expand the common body of knowledge for accounting practice (Kaplan, 2011). All great accounting innovations have first been validated by accounting professionals. Double entry bookkeeping started its triumphal march in practice in the British Railways (Edwards, 1985) and the ideas of Littleton were validated by the American Accounting Association (Bedford & Ziegler, 2016). There is no accounting without accounting professionals who have the power to change not only accounting practices but also social practices and society (Burchell et al., 1980; Edwards, 1985; Hines, 1996; Romeo & Rigsby, 2008). Littleton also saw that theory and accounting practice represented a single body of knowledge and were not separable. He firmly believed that practice reflected theory and that theory found its expression in practice (Bedford & Ziegler, 2016).

Demand for an accounting change in Finland

Financial statements mentioned in the first Finnish Accounting Act in 1925 were a balance sheet and a calculation of profit or loss. Format for presentation of the assets, liabilities, revenue and other elements of financial reports was free. The objective of reporting was to supply information for the owners of the firm related to their property. After the Second World War the ownership of companies was moving from sole trader entrepreneurship to bigger companies owned by shareholders. It had become evident that the prevailing accounting practice and legislation were too narrow for the current use of the accounting function in society in the middle of the twentieth century. This changed when Saarios' expenditure-revenue-theory was outlined and adopted as the theory basis for accounting legislation. The government introduced new legislation where the fundamental change was to incorporate Saario's expenditure-revenue theory as a theoretical framework for taxation and accounting (The Corporate Tax Law, 1968/360; The Accounting Act of 1973/655). The main purpose of accounting was now annual profit measurement and the financial statement was seen to be only of minor importance. After 1973 the financial statements were made up of an income statement, a balance sheet and notes which had to be prepared according to the Saarios' theory. A very important user of the financial statements was the Government and its' agents, and in many cases the taxation purposes led the presentation of the annual accounts.

There are several cultural attributes listed by Nobes (1998) which can explain, at least to some extent, the spreading of Saario's theory in Finland (De Silanes et al., 1998; Nobes, 1998). Applying Nobes' (1998) classification, Finland was a country with weak equity outsider market, like other Scandinavian countries (De Silanes et al., 1998). Finland is situated between Russia and Europe, which means that location and history have certainly influenced Finnish accounting thinking. Finland has a unique culture and an original language. As in the Netherlands, where accounting was influenced by Limberg's theory and in Germany where Schmalenbach was influential, so in Finland Saario's theory became the leading approach to national accounting (Nobes, 1998).

The accounting education in the first half of the twentieth century was young in Finland, and there was certainly a need for a rational theory to replace the prevailing rules of thumb in accounting practice. Finnish accounting education was immature but strong, having been established at the beginning of the twentieth century (Näsi & Näsi, 1996). The Institute of Authorized Public Accountants was founded in 1925, and the Association of Finnish Accounting Firms (Taloushallintoliitto) in 1968. The accounting education sector and profession were seeking a position of knowledge in the accounting field. Saario's theory was in use when the associations expanded their power in accounting education and in the development of professional practice (Virtanen, 2009). The Accounting Board operating under the auspices of the Ministry of Employment and the Economy was established in 1973 to give instructions and opinions on the application of the new Accounting Act based on Saario's theory. The accounting professionals had a strong representation on the board (Virtanen, 2007).

While the only users of accounting information had been the owner and any creditors of the company, Saario's theory offered information to several stakeholders outside and inside the firm. In the new economic situation, it was important to be sure that the managers of the companies were not able to further their own interests at the expense of shareholders. Accounting theories made it easier for auditors to monitor managers' behaviour. There were much more users of financial documents than before; owners, lenders, management, the Government, tax officers and other authorities who needed the information for their own purposes (Virtanen, 2009). The objective of documents was much wider than before; they were supposed to follow property, to calculate profit and also to offer tools for the management of the firm and for the control of the Government over the firms (Näsi, 1990; Virtanen, 2009).

It was understood that only theory-based accounting could give a fair presentation of the financial activities and the profit for the year. However, there was a certain hidden purpose of the new legislation; through it the government tightened its grip over companies. A company's taxation was based on accounting, and the profit of the company was divided to taxes and dividend to the owner. In practice, accounting was in many cases made for taxation purposes, especially when the tax rate was as high as 40 per cent of the profit for taxation. The company, however, was allowed to make write-offs and reservations for taxation purposes, and finally the new legislation was very agreeable to both the companies and the government (Stenman, 1974; Virtanen, 2007, 2009).

The accounting change was a political process as well (Burns, 2000; Gipper et al., 2013; Hopwood, 1987; Miller, 1990; Napier, 2001). Saario's accounting theory was presented in 1945 and was incorporated into accounting legislation 28 years later in 1973. The explanation for why it did not happen before lies in the relative support for the major parties in the Finnish Parliamentary elections 1945–1972. During the period the support for Finland's Center Party (CENT), generally supported by farmers, reduced 21.3 % to 16.4 % during the period 1945 to 1972, and the support for the Left Party from 23.5 % to 17.0 %. In the same period, a new party, the Smallholders Party of Finland (Pientalonpoikien puolue, SAF), was rapidly gaining support (Press, 2013). The National Coalition Party (Kokoomus, SAML) was also starting to rise in popularity. The statistics reflect changes in society and in the political climate in Finland that turned to right and was more favourable to entrepreneurship. Evidently, by 1973, the body politic had changed sufficiently to incorporate Saario's theory into accounting legislation. The accounting change prescribed largely the future of the Finnish economic and national development during the following decades. Accounting legislation, especially combined with taxation, is used to transfer wealth from one group to another (Hopwood, 1987; Miller, 1990). A consequence of the accounting theory in Finland was to facilitate a great transfer of wealth from firms to the government. After the Second World War, wealth was used for reparations and reconstruction: in the 1960s and 1970s wealth was needed for education and social welfare. It is notable that this was the period in history when the ideal of social welfare was established in Finnish and other Nordic societies. Saario's accounting theory offered a great opportunity for the government to intervene in the operations of firms and collecting taxes and sharing welfare to the society.

Data and method

The data for this study was collected through interviews and archival sources. The interviews were carried out in the winter of 2011 and each of the five Emeritus Professors was interviewed once, lasting from 60 minutes upwards. The interviews took place in homes or work places of the interviewees, and hence we also had opportunities to informal and easy discussions. The Professors told their stories freely, thinking back Martti Saario and his personality. All interviews were tape-recorded and transcribed thereafter. In Table 1 are presented the Professors we interviewed, their relationships to Martti Saario, and the date and place of the interviews.

Oral history represents a historical methodology, which have great potential for illuminating past events, and like in our study, for researching life stories. Interviewees may offer new information and other perspectives on written material (Collins & Bloom, 1991). However, oral history has rarely been used as a research methodology in accounting despite of the fact that it is capable shedding light on the lived experiences of people and events in the past (Hammond & Sikka, 1996). We started the data analysis during the data collection process, after that we read the data carefully through many times. Our preliminary aim was to identify Saario's life story and personality, and write a biography. However, a biography of Prof. Saario is written already, and published in Twentieth Century Accounting Thinkers (Edwards, 1994; Lukka & Pihlanto, 1994). We considered that our new collected interview data could have offered some new insights into the life of Saario and his influence on accounting discipline. Very soon we noticed that the notions of charisma were mentioned several times in the interviews. Prof. Majala, for example, said that Saario had a strong aura. Prof. Riistama emphasized his clear and original thinking, and he said; his charisma lied mostly in the clarity of his thought. This gave a new direction for our study of Prof. Saario, and we started to consider his charisma and how he used his charisma among his followers in accounting change (Broadbent & Laughlin, 2004; Carnegie & Napier, 1996).

Interviewee	Relationship with Martti Saario	Interview date	Interview place
Prof. Pertti Kettunen	Saario's student	25.1.2011	Prof. Kettunen's home, Jyväskylä
Prof. Kalervo Virtanen	Saario's student	7.2.2011	Prof. Virtanen's home, Helsinki
Prof. Reino Majala	Saario's assistent	8.2.2011	Turku School of Economics, Turku
Prof. Veijo Riistama	Saario's student	2.5.2011	Oy Tuokko Ltd, Helsinki
Prof. Pekka Pihlanto	Saario's student	8.2.2011	Turku School of Economics, Turku

Table 1 Interviews for the study

The other source of data was written archival material. The archival data included text books and studies written by Saario (1945, 1968), Michelsen (2001), Näsi & Näsi, (1996), Pajunen (2010, 2011) Pihlanto and Lukka (1993, 1994), as well as Virtanen (2007, 2009). Moreover, sources include accounting and taxation legislation, rules on accounting, and articles published in Finnish professional journals, particularly in Liiketaito (Business Skills), Tilisanomat (Bookkeeping News) and Tilintarkastus (Auditing).

Carnegie and Napier (1996) presented that the theoretical perspective in accounting history research is a choice of the researcher. If a researcher believes that a theory helps to explain the phenomena under discussion, then there is no reason not to apply the theory to the domain of accounting history. Our choice was to use a loose theoretical background of charisma, represented by Max Weber. We cannot see Weber's writings on charisma as "a real theoretical framework" as he does not define the term charisma. Rather he defines what charisma is not; charisma lies not in bureaucracy, it is not a permanent structure, not rationally ruled (Weber, 1978). The theoretical perspective was needed for understanding Saario's charisma in its context, in Finland, in a certain time and among his colleagues. Charisma by Weber is understood as a social construction; … he does not derive his claims from the will of his followers… it is their duty to recognize his charisma (Weber, 1978).

Saario's life and accounting theory

A brief biography

Saario was born in 1906 in the small Finnish town of Nummi into a farming family and went on to attend the first university-level business school in Finland, The Helsinki School of Economics and Business Administration (HSE), that had been established in 1911. He graduated in 1929 with a degree in economic sciences and defended his licentiate dissertation (conferring a degree somewhere between the present-day Master's and doctoral qualifications) in 1932. He worked as a lecturer 1929–1939 at the Business School in Viipuri, a town then in Eastern Finland that was subsequently annexed by Russia and renamed Vyborg (Pajunen, 2011; Pihlanto & Lukka, 1993).

In 1939, the HSE recruited doctoral students and also allowed sponsorship for the applicants. Saario was among eight applicants accepted (Michelsen, 2001). In addition to his doctoral studies, he worked in the archives of the tax office in Helsinki. (Michelsen, 2001). His studies suffered some serious misfortune; when Viipuri was lost to Russia, Saario lost some books and data, meaning the empirical part of Saario's work remained incomplete (Pajunen, 2011). Soon after the war, Saario submitted his doctoral dissertation for assessment. It was difficult to find examiners for his creation, because only a few people were familiar with Saario's topic, accounting theory. Finally, two examiners, Huugo Raninen and Carl-Erik Olin were found, and Saario was able to defend his doctoral thesis, The Realization Principle and Depreciations of Fixed Assets in Profit Calculation. The thesis was accepted in November 1945 (Michelsen, 2001; Pajunen, 2011).

> …his dissertation was quite incongruous…there were some problems in the acceptance process. Professor Huugo Raninen, who was a professor in business economics, brought it about. Traditional accountants with a balance sheet way of thinking took it with a grain of salt. However, it was accepted. (Prof. Virtanen)

Saario's academic career was by no means smooth. He was hardworking and dynamic, and his aim was to develop accounting as an academic discipline. During his tenure at the university, Saario's expenditure-revenue theory gradually came to be accepted among his colleagues and students (Pajunen, 2011).

He held his professorship at the Helsinki School of Economics from 1948 to 1971 and at the Turku School of Business Economics from 1964 to1973. He published textbooks, gave lecturers in academia and accounting professionals' courses. That way he was able to ensure a prominent role for his expenditure-revenue theory in the academic arena and in practical accounting education (Näsi & Näsi, 1996). The theory was clear and simple, and it showed in a very understandable way how accounting and financial statements were to be prepared (Pihlanto, 2011). Saario himself wrote that using an accounting theory makes it easy to categorize various diverse and heterogeneous phenomena to groups and understand under which rules these groups must be processed (Saario, 1968).

The theory had much in common with the ideas developed by other accounting academicians from the 1940s through to the 1970s. The model of the "entity" theory was developed by Paton and Littleton in 1940 in their monograph, An Introduction to Corporate Accounting Standards. The theory's central emphasis was a measure of earning power, which enabled external users of the resulting information to assess managerial performance. This was crucial because non-owner-controlled companies proliferated during this period. In Saario's theory, the idea was exactly the same; to match historical costs to revenues in the income statement and to calculate the profit by subtracting the costs from the revenues. The most important non-owner in Finland was the taxation, the invisible partner, or Fiskus as Saario called him. Fiskus was understood to be both the financer and the owner of the company (Bedford & Ziegler, 2016; Saario, 1945, 1968). Schmalenbach & Saario view assets to be "revenue charges in suspense", awaiting some future matching with revenue as expenses, like Paton and Littleton did (Wüstemann & Kierzek, 2011).

Saario's charisma

Charisma is not a new concept in business research (Caramanis, 2005; Conger et al., 1987; Glynn et al., 2008; House et al., 1991; Joosse, 2014; Shamir, 1994; Takala, 1979; Takala et al., 2013). Chua and Pouallos (1998) and Caramanis (2005) employed their studies on Weber's class-status-party model and his views on history process for understanding professionalization of accountants. Charisma literally means gift of grace, and it is a socially constructed feature that is dependent upon the personal aura of a great personality (Caramanis, 2005; Weber, 1978). Based on Weber (1978) charisma is a certain quality of an individual personality. Charisma has been defined as a kind of personality attributes which a person either has or does not have (Brown, 2011, Conger and Kanungo, 1987; House et al., 1991; Takala et al., 2013). Such personal attributes as physical appearance, energy, trustworthiness, perseverance, use of voice and rhetorical skills have been examined as charismatic traits (Bryman, 1992.) According to Steyrer (1998) there are two important aspects of charisma. Firstly, the leader's exceptional and exemplary qualities are of importance. Secondly, those qualities are evaluated by followers, that is, charisma lies in the eyes of followers. The most important quality is evidently the ability to recast the world in a new light, providing followers with a life-changing vision (e.g. Conger & Kanungo, 1987; Glynn and Dowd, 2008; Takala et al., 2013; Tiryakian, 1995; Weber, 1978). Besides personal factors, situational factors have also been seen as a key in defining charismatic leadership (Bryman, 1992). Followers not only see the leader's behaviour and personality but also account for subordinates and situation-specific factors (Shamir et al., 1993; Conger, 1999). Charismatic personalities are self-appointed leaders who are followed by those who are distress and who need to follow the leader because they believe him to be extraordinary qualified (Caramanis, 2005; Weber, 2009). In a changing environment, a charismatic individual can success in communicating a meaningful and appealing message to followers (Lämsä & Hautala, 2008). A charismatic person is able to change the history, as Weber (1978) wrote; …charisma is indeed the specifically creative revolutionary force of history, and …the natural leaders in moments of distress - whether psychic, psychical, economic, ethical, religious, or political… were bearers of specific gifts of body and mind… (Weber, 1978).

Saario looked like a typical professor of those days. He was more fleshy than skinny, despite playing volleyball, and often wore a grey tweed suit, usually with a bow tie. It was a tidy, but not too dressy, and his outlook was rather bohemian (Pajunen, 2011):

> He had a suit with a vest. I think it was tweed, thick, light col-

> our and a tie. He didn't dress in a dark suit. Sometimes he had a bow tie, like a cat's bow tie. (Prof. Pihlanto)

> His outward appearance was not very sporty. He looked like an elderly gentleman. He moved very vividly during his lectures. Very often he had one hand in his pocket. His gestures were very strong. He was also a little fat. Indeed, he was no Adonis. (Prof. Riistama)

The interviewees reminisced about some examinations conducted by Saario. In those days, oral examinations were sometimes arranged. When Saario was examining a student who had researched an issue Saario was especially enthusiastic about, it could happen that Saario himself talked more than the student did.

> I remember that sometimes there were oral exams…When Saario gave an oral exam, it was easy, because Saario himself talked more than the student. He became enthusiastic about his own ideas and talked and talked. We just had to listen. He might have asked something, but most of the time he talked about what he had been thinking. (Prof. Virtanen)

Saario also worked as an auditor alongside his university career. Prof. Kettunen remembers that auditing was sometimes very entertaining.

> I did some auditing with him, mostly for building firms. That business is not especially sober. It was sometimes so that we went there in the morning, then we had lunch and in the afternoon we could not do any auditing. (Prof. Kettunen)

Saario's charisma is a distinct feature mentioned by his former colleagues in our interviews. Both Professor Pekka Pihlanto and Professor Veijo Riistama mentioned it directly, the latter suggesting Saario's charisma originated in his clever thoughts and deep thinking, while Professor Reino Majala, in his turn, mentioned that Saario had a strong aura (Pajunen, 2011):

> Charisma radiated from him. A charismatic person is easily recognized even without knowing him beforehand. When a charismatic person enters a room, he/she is noticed. (Prof. Pihlanto)

> There was something in him. Of course, he was an authority on bookkeeping and therefore, he had that special aura. Everybody knew that this is the Saario. It was naturally a big deal for us to have this kind of man as a professor. Studies got out of the rut. (Prof. Majala)

He was a talented orator who used a charismatic and down-to-earth personality to entertain and win over his audience. Obvious traits of Saario were his enthusiasm and spontaneity. It was said that his lectures were not always coherent, while creativity and interestedness dictated his presentations.

> He was very impulsive person. He spoke with enthusiasm. When he was at full speed, his lectures were very rapid. He stood up on the fringe of the speaker's stand; he put his thumbs under the strap and swayed dangerously. Many were of afraid that he would fall. He was unsystematic. When he started he said now follows point one and then he continued speaking. But point two never followed. Any type of system was missing. (Prof. Virtanen)

Saario was literally an accounting thinker. His colleague Professor Virtanen describes how he enjoyed thinking specifically but not necessarily putting his thoughts down on paper. He solved one problem by thinking it through, and after that took on another issue. Prof. Pihlanto, reported by Pajunen (2011) told that Saario described himself as more of an inventor than a scientist (Pajunen, 2011).

Saario in due course gained certain fame in Finland after the expenditure-revenue theory received public recognition. He often lectured, and at various types of educational seminars and events for accounting professionals. Professor Pihlanto remembers that Saario appeared in a special way in tax seminars. The audience started to applaud as soon as he had drawn some lines on the blackboard (Pajunen, 2011).

> Somebody said, I think it was Lehtovuori, that when he had a presentation about the expenditure-revenue theory, there was always a blackboard in the room; at least he always wanted to have that. He drew an account. Then he turned to the audience and bowed and the audience applauded. (Prof. Pihlanto)

A charismatic person can play as a catalyst in historical development (Carnegie & Edwards, 2001; Caramanis, 2005; Weber, 1968). We found in Saario's personality some important attributes of charisma, like physically appearance, energy, trustworthiness, perseverance, use of voice and rhetorical skills (Bryman, 1992). Charismatic attributes are evaluated by followers, that is, charisma lied in the eyes of his students and colleagues (Steyrer, 1998, Takala et al., 2012; Weber, 1978). Saario was able to bring sense to the young accounting discipline, and show a way towards a strong accounting future, and he had a great number of followers in the young accounting profession (House et al., 1991; Bryman, 1992). Even decades after his dead, many stories of Martti Saario and his behavior are still living in the Finnish accounting community.

Summary and discussion

In this study we examined accounting change in Finland and how Prof. Martti Saario's charisma contributed to the accounting change. The change in Finland was a process of economic, social and political pressures (Napier, 2001). It served the goals of accounting professionals as well as the Finnish Government and politicians (Hopwood, 1987; Miller, 1990). Saario's theory offered rationality to business, provided information needed by several stakeholders, and was useful in dividing the profit between the owner and other parties, especially the personification of taxation, called by him Fiskus (Zimmermann & Watts, 1979; Saario, 1968). To owners of the company, it provided a monitoring mechanism to oversee managerial activity and calculate profit. To the government the theory offered a means of control over firms and facilitated tax collection. The body politic used the theory in transferring wealth and gaining voters (Napier, 2001; Miller, 1990; Gipper et al., 2013). The theory was a commodity with several good qualities (Watts & Zimmermann, 1979), it was rational, suited for the purpose and easy to learn, factors that swiftly established it among accounting professionals, who became the main disciples of Saario and put his ideas into practice.

The main contribution of this paper to the literature of accounting change is to represent how Prof. Saario's personal charisma was a factor or catalyst in a specific historical accounting change (Caramanis, 2005; Carnegie & Edwards, 2001). Saario's charisma with the emphasis on his personality, behaviour and talent of a speaker was a reason for the success of the theory. He was able to charm his students and accounting professionals, who put his theory into practice. The academic environment provided the ideal place from which to spread the ideas; the audience was ready and after graduating, the students applied the theory in their everyday work. Accounting professionals attained a respected position in society due to their application of a scientific theory (Hines, 1996; Watts and Zimmermann, 1979). Indeed, it is said that social circumstance and social interaction can sometimes explain charisma better than the personality alone (House et al., 1991; Takala et al., 2013).

There is a number of limitations involved oral history methodology. It is important to interview relevant people in order to achieve a balanced view. We were lucky to find five people who remembered Martti Saario, and were able to evaluate his personality and life work. In fact this was the last moment to record their views (Carnegie & Napier, 1996). Another limitation of oral histories presented by Collins and Bloom (1991) is the lack of trust between the interviewees and interviewers. We could not sense this kind of distrust. We had access to the homes or work places of the interviewees, and as being accounting researchers we had a common language with the interviewees. Furthermore, there is a limit to the number of individuals who can be interviewed. We interviewed five Emeritus Professors, and we see that this is a suitable number for the purpose of this research as they were in very close relationships with Martti Saario (Collins & Bloom 1991).

The findings of this study encourage us to study accounting change from a more holistic perspective. The big changes need a certain social, political and historical context to be happen, as Napier (2001), Burns (2000), Hopwood (1987), and others have presented. Accounting changes need demand markets as Watts and Zimmermann (1979) suggested, and accounting professionals for spreading the message. Finally, a historical accounting change needs powerful and charismatic persons to reverse the direction of history (Caramanis, 2005; Weber, 1968).

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Shared Value and Philanthropy: the Potential Role of Corporate Foundations

Marco Minciullo

Abstract

This paper deals with the topic of research of Corporate Foundations (CFs), aiming at stressing how these organization have been studied so far, and how it could be possible to reconsider their role in the domain of philanthropic initiatives. In particular, this study aims to reconsider the phenomenon of Corporate Foundations under the shared value perspective, highlighting the ability of these organizations to respond to requests of multiple categories of stakeholders. Through the analysis of CFs peculiarities the study will underline the characteristics that are suitable for taking into consideration the potential role of CFs, by means of creating value for both society and firm. Thus, this paper aspires to contribute to the growth of knowledge in the field of Corporate Foundations by adopting an integrated perspective, and by providing suggestions for stimulating new directions for further inquiry.

Key Words: Corporate foundations, shared value, CSR, corporate philantrophy

Introduction

The relationship between business and society has been significantly discussed in the last decades (Scherer and Palazzo, 2011) but it represents an issue which is continuously investigated and reconsidered along the evolution of our economic systems. Recently the debate has been enriched by the emerging perspective of Shared Value (Porter and Kramer, 2011; O'Toole and Vogel, 2011), which assumes that is it possible to create a new capitalism in which firms can create economic value by creating value for society. This perspective implies the coexistence of social responsibility, sustainability, and philanthropy issues as crucial for the development of activities suitable for creating shared value.

The idea of creating value for both firms and society has been traditionally associated also with strategic philanthropy (Campbell and Slack, 2008). Within this perspective, this research wants to put a question on the potential role of Corporate Foundations (Corporate Foundations, from here on CFs) (Anheier, 2001) in the ongoing debate. These organizations, in fact, embody some characteristics that are potentially suitable to meet the interests of multiple stakeholders, and may therefore be particularly suitable for creating value for society and business.

Within this perspective, this research wants to put a question on the potential role of Corporate Foundations in the CSV context, by analyzing whether the fundamental characteristics of these organizations are suitable to the creation of shared value.

The paper is then structured as follows: in the first part we give an overview of the modern statement of social responsibility and of the definition of shared value, looking afterwards at a brief contextualization of philanthropic activities under the shared value perspective. The description of Corporate Foundations introduces a significant part of the study, in which we describe how these organizations can create value. The final part of the paper individuates the characteristics of corporate foundations that can enable the creation of shared value, namely the close ties between the foundation and its founder firm, and the integration mechanism, as well as the limitation of our approach and ideas for further researches.

Corporate social responsibility, shared value and corporate philanthropy

Corporate Social Responsibility (CSR) has been defined as the voluntary integration of social and environmental concerns in business activities (Carroll, 2000; Carroll & Shabana, 2010).

The role of firms toward society has been mostly intended as the expression of an ethical orientation (Garriga and Melè, 2004), as a tool for meeting the expectations of the community and of multiple stakeholders (Waddock et al., 2002) and avoiding reputation risks (Bebbington et al., 2008), and as a mean for obtaining a competitive advantage (Russo and Fouts, 1997; Porter and Kramer, 2006; Mackey, 2009). The debate has discussed for a long time whether CSR can only represent a discretionary element, disconnected from the business logic, or whether it can create value for the enterprise (Scherer and Palazzo, 2011).

Recently, academic and managerial attention has been dedicated to the ability of social initiatives to create value, for both the firm and the society, in line with the development of the 'shared value' perspective (Porter and Kramer, 2011).

The Creating Shared Value (CSV) perspective assumes the possibility to create a new form of capitalism in which firms can create economic value by creating value for society, as every societal need can represent a business opportunity (Mackey, 2009; O'Toole and Vogel, 2011; Porter et al., 2012). Firms are supposed to create shared value only through the redefinition of their operating models (Spitzeck and Chapman, 2012; Pfitzer et al., 2013).

This original theoretical approach sought to elevate the role of CSR activities at a strategic level (Maltz et al., 2011), but it originated a significant debate in the academic world, as various contributions pointed out various critical issues related to this perspective (Beschorner, 2013; Hartman and Werhane, 2013; Crane et al., 2014). In particular some academics have put in evidence (Crane et al., 2014) the actual lack of originality of this concept, already present in the academic and managerial area, though with different nomenclatures. Furthermore, critics contest a superficial approach to the conflict that often opposes social and economic goals, which cannot be bounded only with regard to the creation of a competitive advantage. However, what seems to differentiate the 'shared value' perspective from other approaches, given the need to integrate social and economic value (Emerson 2003; Hart and Milstein, 2003, Prahalad and Hart, 2002; Elkington, 1999), is the idea that it is possible to solve social issues in order to create economic value, and that a growing number of firms could decide to deal with these issues in order to increase their profits.

CSV has been considered also in analogy with the concepts of 'strategic' and 'instrumental CSR' (Porter and Kramer, 2006; Donaldson and Preston, 1995), which consider the solution of social issues a crucial element for enhancing the competitive positioning of the firm. However, CSV goes beyond a mere ethics- or compliance-driven perspective (Font et al., 2016), as it aims at creating value for the company and for the communities within which the company operates (Maltz & Schein, 2012; Pfitzer, Bockstette, & Stamp, 2013) through a radical change in the way the firm perceives its business model, and in the way it interacts with customers and local communities (Porter and Kramer, 2011).

Such a radical change must be expressed first of all within the corporate culture and values, as well as in strategy (Pfitzer et al., 2013). Thus, at the operational level three main ways for achieving economic success and creating shared value have been proposed (Porter and Kramer, 2011): (1) reconceiving products and markets, meeting societal needs through the redefinition of existing product or through innovation; (2) redefining productivity in the value chain, with the aim of creating synergies with societal issues; (3) enabling local cluster development, which allows firms to improve their productivity while addressing gaps or failures in the framework conditions surrounding the cluster.

Accordingly, CSV has put in evidence the importance of satisfying the unmet needs already existing in the market (Porter et al., 2012), reconsidering innovatively how value is created along the value chain in order to have a positive effect on society (Pfitzer et al., 2013), and considering that the development of its local environment can positively affect firm's activities. The main difficulty related to this approach is represented by the fact that it is often controversial to balance short-term costs against long-term externalities (Porter and Kramer, 2006; Font et al., 2016).

Shared value and strategic philanthropy

CSV is considered potentially able to foster sustainable business innovation and to sustain growth, by reconnecting economic and societal success with a long-term perspective. CSV, in particular, considers social issues under a business-oriented perspective, implying the need of equilibrium between costs and outcomes. This approach may result similar to strategic philanthropy (Spitzeck and Chapman, 2012), for the way it takes care of the effectiveness of social outcomes in comparison to investments (Porter and Kramer, 2006).

The intent to create value both for firms and society has been traditionally associated also to the strategic approach to philanthropy or so called strategic philanthropy (Campbell and Slack, 2008). Strategic philanthropy, in fact, is expected to satisfy some of the company's ethical obligations to stakeholders (Gan, 2006) and to provide the firm with increasing profits (Buchholtz et al., 1999), through a consistent synergy between philanthropic activities and firm's core business and activities (Brown et al., 2006). Thus, philanthropy represents a field which could be suitable for creating shared value mainly by enabling local cluster development and creating value for firms (Smith, 1994; Porter and Kramer, 2002). If reconsidered beyond a mere grant-making nature, philanthropic activities may actually play a significant role (Bruch and Walter, 2005), by aligning social and economic goals (Saiia et al., 2003), and by pursuing long-term interests (Porter and Kramer, 2002), especially when philanthropic and business goals are seen as mutually enhancing (Rumsey and White, 2009).

Considering the field of strategic philanthropy, a potentially flexible form for creating a synergy between social and economic goals is represented by Corporate Foundations (CFs), a dedicated body (Anheier, 2003) in charge of managing firm's philanthropic activities. Since corporate philanthropy has become more relevant, a significant number of firms has decided to reassign such activities to CFs (Anheier, 2001) in order to have an holistic approach, with specific resources and competences. CFs are intended to support charitable causes and to create advantages for the firm at the same time (Porter and Kramer, 2002; Hemphill, 2004; Pedrini and Minciullo, 2011), two goals that potentially embody the substantial conditions for creating shared value.

Within this perspective, this research wants to put a question on the potential role of Corporate Foundations in the CSV context, by analyzing whether the fundamental characteristics of these organizations are suitable to create shared value by enabling the development of the local environment.

Corporate foundations

In order to understand the potential role of CFs for CSV, it is useful to provide the reader with a brief summary on the nature of such organizations.

Although a significant number of studies in the field of corporate philanthropy, so far CFs have been scarcely investigated, as they represent a small subset in the generic category of private foundations, to the point that a generally accepted definition has not been yet identified (Anheier, 2001, 2003).

At the regulatory level, CFs do not have a unique shape, but despite the various European and non-European regulatory systems, there are some key features common to almost all contexts (European Foundation Center, 2003).

CFs are independent private law institutions aimed at serving specific or multiples public purposes (Salamon and Anheier, 1997). By contrast to charities, organizations aimed at exclusively nonprofit purposes (Sansing and Yetman, 2005; Irvin, 2007), corporate foundations (1) depend on a firm for funding (the "founder firm"); (2) have close ties with this firm due to annual endowments and non-financial resource dependence (employees, staff support, relations, knowledge and know-how) (Frooman, 1999); and (3) nearly always have corporate executives as members of their boards of directors (Webb, 1994; Anheier, 2001).

Thus, the majority of CFs income comes from a corporate source, through diverse channels, e.g. assets, regular donations, fundraising initiatives, but CFs receive also non-financial support (European Foundation Center, 2003).

The increased relevance of this typology of organizations registered in the recent years is the result of a convergence of some favorable conditions for identifying social problems, proposing solutions, supporting and cooperated with firms and public institutions (Sandfort, 2008). CFs, indeed, have a significant degree of autonomy and self-governance (Anheier, 2001), that allow them to flexibly manage significant resources, that can be invested without regard to public deliberations or market restrictions, coherently with the purpose of the founder firm (Jobome, 2006a).

CFs have been analyzed with regards to their forms of governance, potential conflict of interest, areas of activity, communication, and orientation to performance (Westhues and Einwiller, 2006; Jobome, 2006b; Ostrower, 2006; Cornforth, 2013; Minciullo and Pedrini, 2014, 2015; Minciullo 2016).

However, in the group of foundations, CFs reveal some characteristic potentially appropriated for developing a strategic philanthropy and creating shared value, which so far have not been stressed.

First of all, the ability to promote the convergence of multiple interests combining ethic goals and firm's interests starts from the motivations which may lead firms to the decision of constituting their own foundation.

Generally speaking, the aims which may encourage for-profit firms to set up their own foundation have been classified in the literature into three main categories, such as "ethical", "personal" and "strategic" (Carter, 2006; Bronn and Vidaver-Cohen, 2009). These reasons, however complex and diverse, can be contemporarily present and integrated with each other (Varcoe and Sloane, 2003), but the academic debate has not delved fully this possible interaction.

With regard to the ethical reasons, companies may fulfill their corporate philanthropy goals more accurately through CFs (Lee et al., 2009). Through a CF a firm has a dedicated instrument to apply and exhibit ethical and moral management, to carry out its responsibility as good corporate citizens to society, and to undertake social activities for the enrichment of society, particularly with a local scope (Carroll, 2000).

This assumption fits with some recent contributions, which underlined the discretionary nature of this kind of choices, and put in evidence that firms voluntarily decide how to allocate resources to charitable or social services activities (Ricks, 2005). Thus, ethical purposes are recognized as suitable for being positively conjugated with business purposes, rather than as a constraint (Rumsey and White, 2009), especially if considered in a local perspective.

The academic debate has also stated that the intention to engage in corporate philanthropy, more precisely through a CF, may derive from the personal motivation of top managers (Merchant et al., 2011). In particular, contributions have emphasized that top managers are interested in CFs both to pursue career advancement goals (Galaskiewicz, 1997; Werbel and Carter, 2002) and to undertake their individual ethical inclinations, eventually promoting initiatives in the local areas where the manager may be mostly recognized (Buchholtz et al, 1999; Salancik and Pfeffer, 1977).

Thus, ethical and personal reasons are aligned with the idea of creating value for society, but not for the firm, at least not directly.

CFs and value creation

The novelty of the shared value perspective is represented by the awareness of the need to respond at the same time to public's desire to see firms involved in bettering society (Lee et al., 2009) and to firm's desire to improve its competitive advantage of a firm (Sen and Bhattacharya, 2001; Porter and Kramer, 2002).

Philanthropic initiatives have been recognized as suitable to enhance firms' competitive advantage to the extent that they influence the decisions of the firms' stakeholders in their favor (Kurucz et al., 2008; Carroll and Shabana, 2010).

On this issue, the literature has focused on four main sources of competitive advantage connected with the establishment of a CF, such as (1) fiscal benefits, (2) employees engagement, (3) firm reputation and stakeholder management, and (4) direct control of philanthropic activities.

The quest for (1) tax benefits has been considered, for a long time, the primary motivation linked to the creation of a CF (Sansing and Yetman, 2005), thanks to favorable tax regimes available in many countries (King and Tchepournyhk, 2004). Thus, for-profit firms may benefit from the constitution of a CF by reducing tax liability, as it could be possible to give more consistent endowments in higher profit years, and less consistent endowments when profit are lower; another benefit is given by the opportunity to appreciate properties or stocks by providing the CF with these. In addition, a CF implies benefits for its founder firm because it can sell properties without paying capital gains tax on earnings, it has no limits for what concerns gifts, and can also deduct gifts to foreign countries (Webb, 1992). By contrast, CFs taxation rules imply a minimum percentage of total assets to be given out annually and excise taxes on earnings, but the relevance of these rules is often not enough relevant, in comparison with the described benefits (King Tchepournyhk, 2004). The fact that business can achieve a substantial tax advantage by providing financial support for CFs may nevertheless be useful to encourage a lasting commitment of companies in philanthropic activities, closely linked to economic benefits (Boesso et al., 2015).

(2) At present day employee engagement (Turban and Greening, 1997; Brown and Dacin, 1997) has been defined as a fundamental element to manage for improving firm's competitive advantage (Maignan and Ferrell, 2001a; Peterson, 2004). Recent studies have argued that pressures concerning CSR from internal stakeholder groups are becoming as considerable as the external ones (Smith, 1994; Waddock et al., 2002; Margolis and Walsh, 2003).

In this context, philanthropic activities play a positive role for promoting employee commitment, as reported by various studies related to the methods for enhancing employee morale (Buchholtz et al., 1999), employee retention (Griffin, 2004), and employee empowerment (Foster et al., 2009). Other contributes have underlined that employee engagement is even influenced by the quality and the intensity of corporate philanthropic activities (Post and Waddock, 1995), which can be organized according a coherent strategy or mainly assigned to employee volunteerism (McAlister and Ferrell, 2002).

Hence, as CFs are bodies dedicated specifically to philanthropic activities, an improvement in employee engagement could be realized more effectively through their activities. CFs, in fact, could are suitable for maximizing the benefit to the recipients as well as the indirect benefits for the company. As an example, the activities carried by CFs in this field could include providing services or support for workers and families, improving working environment, creating and transferring knowledge, supporting employee volunteerism, involving employees in charitable actions (Turban and Greening, 1996; Greening and Turban, 2000; Bhattacharya et al., 2008).

Employee engagement and fiscal advantages are important drivers for the decision of constituting a CF, but, considering the firm as a whole and its long-term perspective, it is possible to look at another important driver, the opportunity of controlling directly and effectively philanthropic activities.

(3) Through a CF, in fact, a firm can assign its philanthropic activities to a single dedicated body (Anheier, 2003), with specialized staff, structures and procedures. Therefore, a firm could be interested in constituting a foundation in order to ensure a continuous and prolonged commitment to charitable causes, and to foster a more efficient approach to the related activities (Petrovits, 2006).

Besides, a firm could be able to keep under control its philanthropic activities, exploiting benefits and avoiding potential damages for its reputation (Westhues and Einwiller, 2006).

A CF allows the firm not only to institutionalize philanthropic programs and activities, but also to let these activities reflect the organizational and local culture (Muller and Kraussl, 2011). The fact that the CF is an legally independent organization could seem as a threat of a minor control and of a reduced direct influence of top managers (Werbel and Carter, 2002), but it can be compensated by the frequency and the quality of the interactions with the founder firm (Minciullo and Pedrini, 2015).

In addition to the previous reasons, another reason for the creation of a CF is related with (4) the satisfaction of external stakeholders, a basic element for building a competitive advantage (Roberts and Dowling, 2002; Brammer and Millington, 2005). The improvement of the relationships with external stakeholders can be reached by many ways (Freeman, 1984; Donaldson and Preston, 1995; Frooman, 1999), but, under the perspective of this study, it is possible to focus on corporate reputation. In fact, according to extant research reputation embodies all the other methods (Bhattacharya et al., 2008), as it is intended to improve customers' image of the company (David et al., 2005), and to strengthen the bargaining force of the firm in negotiations with its stakeholders (Maignan and Ferrell, 2001b). Previous studies have already shown that the social activities of enterprises have a positive effect on its reputation (Fombrun et al., 2000), and that this applies in particular to philanthropic activities (Sen and Bhattacharya, 2001). Some studies claim that the main reason for the creation of a foundation is linked to a purely reputational purposes (Strachwitz, 1994; Toepler, 1996), but it has been also stated that philanthropic activities can legitimize the role of business in its environment, build deep ties with the territory, play an important role in local economic development and encourage the dissemination of knowledge and skills (Fombrun and Shanley, 1990). This can be particularly true with regard to CFs, as they symbolize an innovative and poorly imitated way to strengthen relations with customers (Bhattacharya and Sen, 2004), and manage corporate public relations (Marquardt 2001). Furthermore, the positive impact of CFs can be closely linked to the widespread perception that these organizations are more neutral and objective than companies, and therefore may appear more reliable in carrying out CSR activities (Westhues and Einwiller, 2006). Therefore, the presence of elements of impartiality along with integration factors could explain the greater chance to improve corporate reputation through the activities of the CFs.

In summary, CFs' purposes appear to fit with CSV perspective, as they respond at the same time both to public pressure, which calls for greater involvement of companies in a general process of improvement of society (Lee et al., 2009), and to the interest of the firm, which aims to increase its competitive advantage (Sen and Bhattacharya, 2001; Porter and Kramer, 2002). So, in the field of philanthropic activities, the creation of a CF could result as a tool to create value for the company and for society.

The hybrid nature of corporate foundations for CSV

It is now necessary to examine more thoroughly the distinguishing features of CFs, and in particular the close relationship between these organizations and their founder firms, in order to verify the presence of substantial elements that can create value in the presence of converging interests. The academic literature concerning corporate foundations identifies as distinctive characteristic of CFs the strong ties with the founder firm, intended as committed and reciprocal involvement, high level of trust, frequent and repeated interactions between the organizations (Rowley et al., 2000; Granovetter, 1973).

However, the literature on CFs has mostly investigated the nature of the financial flows, i.e. the forms through which financial assets are provided by the founder (initial endowment, periodic donations, profit share), and eventually linked to the economic performance of the firm (Varcoe and Sloane, 2003; Petrovits, 2006; Pedrini and Minciullo, 2011). In the CSV perspective, instead, we consider CFs more similar to subsidiaries in MNCs than to charities, mainly for the relevance of the activities carried out, and for the large group of stakeholder involved (Gnyawali et al., 2009). Notwithstanding the obvious differences in terms of vertical relationship, the hybrid nature of CFs requires to refer not only to nonprofit contributions, but also to valorize the potential ability of CFs to contribute to firm growth.

Thus, this study consider the strong link between CFs and founder firms an essential element to give CFs a strategic value and, therefore to make them able to foster CSV.

A fundamental element of this intense relationship is the total dependence of CFs from Founder Firms in terms of resources, both financial and non-financial.

First, founder firms represent the most important source of financial resources, which are established by the firm and provided through an annual endowment or other types of allocation, according to the withholding strategy. Second, founder firms provide CFs with other essential not financial resources, including employees, staff support, relationships, knowledge and know-how, ICT infrastructure, real estate infrastructure, administrative or legal services (Anheier, 2001, Ostrower, 2006).

It is clear that resources are key instruments for CFs, because these are essential for conducting operations and also strengthen the ties with the firm, due to their direct effects (Anheier, 2001).

Thus, it is widely accepted in the academic debate that philanthropic activities depend on available resources, often referred to as “slack resources” (Buchholtz et al., 1999; Waddock and Graves, 1997), and that there is a positive relationship between perceived resource availability and philanthropic giving.

Therefore, an appropriate level of resources is a discriminant element for achieving both organizational and social benefits (Thorne et al., 2003). This is particularly valuable not only for the intangibles, such as brand and reputation (Westhues and Einwiller, 2006), but also for knowledge and culture, given that the ability to transfer knowledge (Mitton et al., 2007) between the founder firm and its CF appears to be beneficial to both organizations (Minciullo and Pedrini, 2015).

Thus, the almost total dependence of CFs on founder firms in terms of resources strongly connotes these organizations compared to traditional foundations, usually depending on a number of founders and donors partners (Anheier, 2001).

Shared resources, in fact, strongly tie the fortunes of the CF to those of the founder firm, and supports their integration.

The integration between CFs and founder firms

Next to the sharing of resources is necessary to consider other forms of control and coordination through which the company can stimulate CSV through its CF activities. A company looking for a better and more meaningful interaction with its CF can refer to knowledge transfer mechanisms (Argote and Ingram, 2000; Miao, and Choe Song, 2011; Yamin, Tsai and Holm, 2011), which were analyzed both at the level of individual files (Minciullo and Pedrini, 2014) and at the level of more sophisticated transfer models (Minciullo and Pedrini, 2015). Such contributes verified that, depending on the organizational dimension on which intends to have a greater impact, and with a significant effect on 'approach to performance (Ostrower, 2006)

The influence of founder firms on CFs was analyzed with respect to the ability to orient the organizational model and areas of activity, and it was inferred that a clear and defined vision of the role of the CF may favor a subsequent alignment between organizational model, activities and operations (Pedrini and Minciullo, 2011), offering the opportunity to develop synergies between social interests and corporate interests. Thus, CFs may allow founder firms to have more control over their charitable programs, to coordinate with the business strategy, and assess their impact with business objectives and the needs of the community (Tokarski, 1999).

The strategic integration studies between company and CF have shown that the company leads the CF strategy through a significant representation in its board of directors (Anheier 2001) and through the performance appraisal systems (Boesso et al., 2015). Thus, recently the procedures of corporate governance have been applied to the context of CFs, with particular reference to some tools designed to improve organizational performance and increased transparency towards local stakeholders, by means of compliance and reporting systems (Conforth, 2013).

However, founder firms work to guarantee the CFs the appropriate level of autonomy required to properly conduct business, so they manage to balance the respective powers (Waters, 2011), in the delicate balance between autonomy and integration.

In conclusion we can say that the company's ability to strongly address the CF, through the resources and coordination and monitoring mechanisms, could make CFs propitious to the creation of value for the firm and for society. Indeed, the involvement of the founder firm in CFs initiatives through continuous interaction, ensures the alignment of the objectives of the two organizations. It also stimulates greater efficiency both at the social and at the organizational level. At present, however, this view has not been adequately explored by academic debate, which focused on more specific issues without offering an overview of the potential role of corporate foundations for CSV.

Conclusions, limitations and further research

This work aims to contribute to the literature on CSV and on CFs, in an attempt to put a question mark on the potential strategic role of these organizations, which embody many of the characteristics required to meet the interests of multiple stakeholders, creating value for society and for firms.

CFs have been analyzed for a long time only according specific points of view, based on reputation (Strachwitz, 1994; Toepler, 1996; Westhues and Einwiller, 2006), public relations (Marquardt, 2001), or philanthropy in general (Petrovits, 2006). This resulted in a limited discussion in the academic world about the peculiarities of these specific foundations and their potential, thus highlighting an unsuitable gap in the literature, with respect to the growing importance of the phenomenon (Anheier, 2001).

The recent debate on the creation of shared value, which has found legitimacy both in the academic world and in the practitioner field, proposed an alternative vision of businesses, usually considered suitable to effectively meet only one group of stakeholders (i.e. shareholders, customers, employees or communities).

This study wanted to highlight that, in this sense, corporate philanthropy, and especially the CFs, can play a significant role in fostering CSV by enabling local cluster development. CFs have some potentially decisive evidence to support companies in fulfilling their ethical purposes, in fostering the development of the community within which the company works, and in getting a unique form of competitive advantage.

The CFs are, in fact, a great opportunity to create synergies between philanthropic activities and the core business of the company, thanks to the complementary presence of multiple objectives, and in particular to the ability to favor the development of local communities. Thanks to the peculiar organizational characteristics, CFs are potentially offering high efficiency in serving a social purpose, together with the ability to sustain its competitive edge.

Compared to generic foundations, CFs respond to a multistakeholders perspective, thanks to the combination of the strong ties with the company and a considerable degree of autonomy, which allow a balanced and concrete approach to philanthropic activities. Therefore, companies could be interested in CFs as a strategic tool to gain many competitive advantages, through actions aimed at solving social issues that may imply an improvement at the organizational level.

This study has significant limitations that reduce the scope of the theoretical contribution. First, the main limitation of this study is the lack of specific literature concerning the analysis of the distinctive features of the CFs, which made it necessary to refer to articles from other streams and to obtain deductions. In the future, it will be possible to improve the presented framework, through the promotion of this kind of study with a better and more specific definition of the variables considered. In addition, this study doesn't take into consideration theories on the evaluation of social performance, an important issue which certainly deserves new and thoroughly investigations.

This line of research may identify some interesting implications for academics and professionals. Academics may be interested in the redefinition of the CFs, seen under the perspective of CSV, as well as in a business-like context. For practitioners, instead, however, it may be helpful to re-evaluate the relationship between the direct engagement of the firm and the increased ability to satisfy multiple stakeholders, creating synergies.

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