

**An Analysis of  
Corporate Social Responsibility in  
Vermont Businesses**

Corporate Social Responsibility and Global Governance  
ES 401 Environmental Senior Seminar

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## Introduction

*Corporate social responsibility* (CSR) is a business concept that encourages companies to align their operations with social values and environmental consciousness in pursuit of profit. The “triple bottom line” embodies the notion of CSR by redirecting the focus of business to include environmental, social, and financial concerns. Through this, CSR encourages businesses to be accountable for, and transparent about, their operational practices. Such practices have the potential to trigger positive social change while also benefiting a business’ success and sustainability.

Within Vermont, the concept of CSR was first utilized by a group of businesses that started in the late 1970s and early 80s. Vermont business leaders realized that their companies had significant effects on society. Thus, they attempted to reorient their business goals and used their power and influence to steer society in a positive direction. They adjusted their business practices to incorporate their social values in seeking financial profits.

Originally businesses interested in corporate change followed these practices independently. However, as more businesses began to come to the same realizations, a common dialogue emerged concerning socially responsible practices. In 1990, many like-minded companies came together to discuss the way that their businesses were operating under their new consciousness. This forum eventually led to the formation of Vermont Businesses for Social Responsibility (VBSR) in 1991.

Since 1991, the practice of CSR has grown and developed substantially within Vermont across a wide variety of businesses. VBSR is now the largest organization of its kind in the United States with 593 associated businesses. With the most participating members out of any state, VBSR estimates that they are related to 10-12% of the workforce in Vermont. These numbers demonstrate how Vermont businesses are currently leading the

way and pushing the limits of CSR. This will likely continue in the future as more businesses join the movement every day.

## **Purpose**

The intent of our environmental studies senior seminar project was to integrate classroom learning of the concepts of CSR with a service learning component that examined the applications of CSR in Vermont. Our community partner was the local Middlebury-based NGO, ECOLOGIA, which served as an advisor group for our project. ECOLOGIA is engaged with the International Organization for Standardization (ISO) in a three-year standards-making process for a corporate social and environmental responsibility standard, at both the local and international level. ECOLOGIA was interested in capturing a snapshot of CSR in Vermont and in getting Vermont businesses' reactions to this emerging standard so that these findings could be part of the standards making discussion. In order to assess the prevalence of CSR in the state and gain reactions to the concept of a CSR standard, we surveyed a variety of Vermont businesses. The survey focused on five central areas: the perceptions of CSR among individual businesses, the differences in their applications of CSR, their motivation to adopt socially responsible practices, their reasons for marketing (or the lack thereof), and their thoughts about developing a standard for such practices on a statewide and international level. Our survey included small to medium sized Vermont businesses, from several to a couple hundred employees, across a broad range of industry types. Reflecting upon our findings we were able to ask the question of whether or not CSR can contribute to, or enhance social change. This assessment was not intended to be an evaluation of specific businesses or their practices, but rather an overview to be used as an educational resource for students, ECOLOGIA, and Vermont businesses.

## Process

We decided that interviewing the decision makers of Vermont businesses would provide us with enough information to assess the status and motivations behind CSR in Vermont. These informal conversations gave us the opportunity to attain a deeper understanding of each business' perspective, rather than just observable superficial practices. We constructed questions to structure our discussion that covered certain key ideas regarding the incorporation of CSR in business practices and mission statements. The questions covered the following subjects:

1. Defining CSR:

How would you define CSR, in general, and for your business specifically?

2. Practicing CSR:

How do you apply the principles of CSR to your business?

What are the social impacts of your business?

What are the environmental impacts of your business?

What are some of the practices you use to incorporate CSR into your business?

How might you want to improve your CSR practices?

How do you assess and report your CSR practices?

3. Marketing:

Do you publicize your CSR? Why or why not? How so?

Do you think your marketing is effective?

4. Initiating Vermont-based Standards:

Would you support the creation of a Vermont standard for CSR? Why or why not?

To what degree / what aspects of CSR should be standardized?

Should standards be voluntary or enforced? Enforced by whom?

What are your thoughts on international standards for CSR?

We contacted 29 businesses and met with 17 of them (See Appendix 1). The other twelve either declined to be interviewed, broke off contact at some point in the process of

arranging meetings, or did not show up for scheduled meetings. We interviewed four businesses in each of the service and manufacturing sectors, two in each of retail and finance/banking, and one in each of energy, construction, electronics, and forestry.

We noted a distinct bias in terms of which companies were both willing and able to participate in our study and those that declined interviews or otherwise were uncooperative in establishing meetings. Most of the businesses that were willing to meet with us right off the bat were those that were already actively engaged in socially responsible practices and those already involved in the marketing of socially responsible products or practices. Several larger companies, including three ski mountains/resorts and two ski country real estate agencies, either declined to be interviewed or were unable to meet us for our study.

We recognized an additional geographical bias in the selection of businesses involved in this survey. We generally looked for businesses within reasonable (1 hour) driving distance of Middlebury, although we were occasionally able to extend our reach with a few businesses through the use of phone interviews. Most interviews involved one or two members of our class in a face-to-face interview at the business being interviewed, while in the case of Cabot Cheese and Allard Lumber, one member of the group conducted the interview over the phone. All six members of our group were able to eat dinner with the owner of Wolaver's Organic Ales and participate in the following interview.

We chose many of our initial contacts from the member registry of Vermont Businesses for Social Responsibility, leading to an additional bias towards businesses already involved in socially responsible practices. By and large, we were able to interview more than one business from each general industry, giving us the ability to compare practices within each industry sector to an extent. The type of business representative(s) we were able to interview varied. We were able to interview the owners of Ripton Country Store and Boise

Citgo due to their small size, while we spoke with the marketing director at Cabot Cheese, a much larger company. We were able to meet with the Vice President of Magic Hat and the owner of Wolaver's Organic Ales due to their companies' dedication to CSR, and the CEO of Vermont Teddy Bear was a Middlebury graduate.

During our interviews, we were generally able to follow the format presented on Page 4. However, in several situations, interviewees familiar with the concept of CSR and proud of their business practices spoke at length without any direction from the interviewer.

## **Discussion**

### **Preconceptions of CSR**

We have already noted the unique status of business in Vermont. Vermont companies operate in an environment that one of our interviewees described as "hyper-conscious." Within the first minutes of many of our interviews, many of our contacts made clear their familiarity with the concept of corporate social responsibility. For many, the language and vocabulary was clear. Without being prompted, they launched into discussions of the 'triple bottom line,' responsible investing, and local living.

In general, these 'true believers' started their businesses with the explicit goals of affecting social change and consistently enacting responsible business practices. These businesses were not restricted to an industry type within the survey group. We found architects, restaurants, stores, and breweries who proudly displayed their deep immersion within the ideals of CSR.

In contrast, we found some businesses that evidenced very little knowledge of the concepts underlying CSR. When questioned, these businesses often referenced their compliance with labor and environmental laws as their commitment to CSR. Many had not

considered the idea of extra responsible actions as a potential component of their business plan; the triple bottom line did not fall within their definition of ‘business’.

The majority of businesses fell somewhere in between the above mentioned extremes. Many interviewees were not familiar with the term ‘CSR’, but did display some working knowledge of, and familiarity with, the issues surrounding CSR. Most of these businesses displayed dedication to the principles of corporate social responsibility, even if they were unfamiliar with the terminology and language. Almost every interviewee discussed the prevalence of dialogue on this issue, either within their industry or within business in general. Many told us they felt pressure to be a ‘good’ company and feared the potential repercussions of being perceived as having a negative influence on their community. As the owner of the Ripton Country Store put it, “It’s bad business to screw your customers and community. It benefits business to operate responsibly.”

Given that many of the businesses we interviewed were culled from the membership list of Vermont Businesses for Social Responsibility, we were not surprised to hear several mention their involvement in the greater CSR community. One representative of Cabot Cheese cited his recent attendance of a statewide conference on CSR, while the a consultant from AXA Advisors told us that he maintains regular contact with other VBSR members in order to keep abreast of developments in this issue area.

By and large, most businesses, while unfamiliar with the term ‘corporate social responsibility’, displayed a notable level of commitment to at least some aspect of CSR.

### **Application of CSR**

The aforementioned spectrum of perceptions regarding the nature and practice of corporate social responsibility in Vermont greatly attributes to the variety in its application

across the state. Without a single interpretation or guideline for how businesses may exercise socially responsible practices, individual companies can only apply the principles of CSR, or their perceptions of them, to their own practices in a manner that is an appropriate fit to their business. Consequently, the application of CSR in Vermont businesses varies just as greatly as the perceptions of CSR, as the two are inherently linked.

Based on the distinctions made by representatives of businesses during our interviews, we were able to distill the larger notion of corporate social responsibility into three smaller categories: employee relations, environmental impacts, and social impacts. We found that most businesses concentrated on one or two of the areas rather than taking a broad approach. This is based partly on the fact that smaller businesses have less time and money to dedicate to the pursuit of socially responsible business practices, and most of the businesses that we interviewed are relatively small. Most of the businesses we spoke with found their efforts better rewarded if they concentrated on one aspect of CSR.

All of the selected businesses excelled in standards for employee relations. In general, they had high standards for wages, employee benefits, and working conditions (that are inherent to the United States and Vermont in particular). Employers work to provide a healthy, fun workplace, and livable wages. Initiatives range from the practical to the amusing, and some employee initiatives also have social and environmental benefits. For example, a bank allows employees to pay \$10 to wear jeans to work, and the money then goes towards charitable causes. Vermont Coffee Company gives all employees one paid day off to do community service. On a more fundamental level, given the small scale of most of these businesses, interviewees stressed the high level of involvement for low-level employees in creating business plans. One 10-person company is looking for ways to move the company

towards employee-ownership, while a brewery provides production line employees the freedom and incentive to reduce waste and publicize their successes.

Many businesses stressed the importance of staying in business in order to guarantee jobs for their employees. A representative of Cabot Cheese pointed out that every dollar spent on environmental initiatives is one dollar less for Vermont farmers. Allard Lumber highlights the employment of relatively uneducated Vermonters in their shop and mill; jobs that pay a livable, reliable wage. The Middlebury Co-op employs members of the co-op at the cash register and pays them in store discounts. The diversity of initiatives under way to provide good, sustainable working conditions for Vermonters is impressive.

We found a similarly notable dedication to initiatives within the community on the part of several businesses. Given the devotion to community enhancement expressed by many of those we interviewed, it came as little surprise that many owners and managers work to enhance their business' contribution to the local community. Both founders of Bast & Rood Architecture serve on their local select boards and also volunteer at a community-run vocational school. Magic Hat Brewery sponsors huge parties and concerts several times a year – and then donates the proceeds to local rape crisis centers. Vermont Teddy Bear hosted community events that provided \$60,000 to multiple charitable organizations. Morse Hardwoods sells wood at cost to Habitat for Humanity. Vermont Coffee Company gives coffee away to any non-profit institution that inquires, and a restaurant gives away food to schools and retirement homes that request it.

Similarly, we found substantive dedication to environmental initiatives amongst many of the businesses that we interviewed. For most manufacturing and production-based companies, waste reduction is a no-brainer. Many different companies mentioned energy efficiency and waste reduction methods, although they could likely be expanded. Vermont

Coffee Company buys only fair-trade, organic coffee beans, and American Flatbread grows two acres of organic crops for its own use.

While these examples of environmentally responsible action are generally inspired by a desire to cut costs, much of the other action being taken by Vermont companies today on the environmental front is simply compliance with state and federal law. Most companies felt that Vermont is fairly stringent in its application of environmental regulations and permitting requirements.

In sum, there is a great diversity of initiatives underway today in Vermont to apply the principles of corporate social responsibility to business practices, as the above examples demonstrate. For the most part, most businesses are seriously involved in one or two of the three issue areas within CSR in Vermont (employee relations, environmental impacts, and social impacts). Almost every business works towards good employee relations and healthy working conditions. Less inspiring is the commitment of most companies to minimizing their environmental impact. While most companies, especially the larger businesses, have already ‘plucked the low-hanging fruit’ of energy efficiency and waste reduction, none of the businesses we interviewed had conducted a carbon emissions inventory, and only a few spoke about initiatives to reduce greenhouse gas emissions or reduce the need for transport of their goods. For many companies, staying alive is as far as they want to take CSR. As one business owner put it, small businesses are the best incubators for new business models and ideas. As such, it comes as no surprise that Vermont businesses present a diversity of initiatives in the realm of corporate social responsibility. However, it must be reiterated that while much progress is being made, most companies are approaching the issue in a haphazard manner and working on issues as they come up rather than tackling the goal of

sustainable business head on. There are exceptions, and for the most part, these businesses are striving to impart their values to others.

### **Motivation for CSR**

The methods by which Vermont businesses apply the principles of CSR are directly correlated with their individual motivations for these practices. In order to accurately analyze the level and type of a company's dedication to, and ensuing application of, corporate social responsibility, we must first understand their underlying motivation for undertaking responsible business practices. Only by understanding the reasons behind business decisions can we extrapolate any larger conclusions and highlight effective means for advocating and spreading responsible business practices. The companies that we interviewed cited a wide array of motivating factors for their decision to undertake socially responsible practices. We found these motives to be inextricably bound to the ways in which companies apply corporate social responsibility and how they market themselves. Moreover, it can be concluded that the general motivations for CSR are either for ideological and moral reasons, or for good business practices which increase profits or reduce costs.

As referenced earlier, we spoke with representatives from many businesses that were started with the express intent not only of making money, but also of providing benefits to their human and natural communities. Their motivations for undertaking CSR are the underlying notions behind their business – in many of these cases, private enterprise just happened to be what the owners thought of as the best way to accomplish their goals. One restaurant mini-chain illustrated this sentiment perfectly. Their mission statement boils down to “Be a good neighbor; treat the neighboring flora and fauna ‘right’.”

For many of these businesses and the people that work there, business is the most appropriate vehicle for social change. The principals from Bast & Rood Architects felt strongly about responsible and community-integrated design and construction, so they started an architecture firm dedicated to this type of project. City Market, a co-operative market in Burlington, started as a collection of private citizens seeking to purchase food more cheaply and effectively from their own choice of sources. These companies could be called ‘CSR from the beginning’. Rather than adopting responsible practices at a certain juncture in the life of the business, or under outside pressure, these businesses were formed with the intention of embodying the ideals of their founders.

In addition to companies that started with the purpose of embodying the ideals of CSR, we found ideologically defined companies whose motivation for undertaking responsible practices either shifted drastically at a certain point or whose policies drifted towards CSR as they felt outside forces drawing them in that direction. Green Mountain Power experienced a shift in goals during the mid-1990s. After separating from their national affiliate, Green Mountain Energy, they became focused on Vermont and the needs of Vermonters. They recognized the importance of sustainability to Vermonters, but due to the fact that Vermont has a vertically-integrated power structure, one cannot choose where their power comes from. It was due to this that GMP decided it was their obligation to provide Vermonters with a more sustainable power supplier. They felt that they could push the limits of the “old-line” utility industry and make regional utilities accountable to their customers. Not only did this shift in ideology lead to a shift in goals, but also a new business model. The company reoriented itself towards a more local focus and now works not only to expand the rights of Vermont consumers, but also to encourage utilities to improve on their own.

This ideological shift is rare. Most ideologically-driven companies shifted gradually towards an acceptance of socially responsible business practices. Boise-Citgo gas station installed a bio-diesel pump and now encourages customers to consider scooters and other small, lower-impact vehicles for short-distance travel. This gas station is working to shift away, as much as possible, from the highly toxic chemicals involved in auto maintenance, based on a growing concern for the human health impact of environmental toxins. An electronics store, originally without an environmental bent, recognized over time the impact of their large waste stream, and has since taken steps to reduce their waste output as much as possible.

Several of the companies we spoke with are at the point now where their biggest motivation is the desire to maintain the jobs their business provides. Vermont Teddy Bear was originally founded with the express intent of 'being CSR'. At one time publicly traded, they foresaw the consolidation of the industry and decided to become private before they received an offer they and their shareholders could not refuse. In order to keep the company in Vermont, they reverted to private ownership and are dedicated to preserving the jobs they provide for Vermonters. Given its nature as a co-operative enterprise, Cabot Cheese is centered on ensuring the continuing viability of dairy farming in Vermont. These types of businesses are motivated by a belief that maintaining jobs and business in Vermont is inherently good, and that the higher standard demanded by Vermont consumers and employees pushes them towards more socially responsible practices.

The other primary motivating factor for socially responsible business practices, aside from ideological grounds, is the belief that CSR is good for business. Most companies pointed towards employee relations as a large factor in their motivation. They cited the importance of high standards for workplace conditions, wages, and benefits throughout

America and especially in Vermont. These companies work to minimize employee turnover, absenteeism, and to increase productivity. In these cases, employers understand that by creating enjoyable working environments they could achieve all of these goals. Vermont Coffee Company has a larger goal of devolving ownership from centralized to employee ownership. The Marriot Courtyard in Middlebury cited the fact that employees are the critical contact point between a company and its customers, especially in the service sector. Given that employees are the public face, their happiness is highly valued, and every company we interviewed expressed their desire to maintain good employee relations.

Almost every business in our survey noted the financial benefit of reducing their environmental impact. Magic Hat Brewery cited the limits imposed by their water-use permits as one incentive to reduce their volume of water waste. Therefore, the more efficiently they use water, the more money they save and the more they can grow and produce within the current permit regime. AXA Advisors works to save in small ways – reduce paper waste, use natural light as much as possible, and use fluorescent light bulbs. Both Allard Lumber and Morse Hardwoods burn their own waste wood to heat their building, reducing heating costs significantly. For almost every company, it simply makes financial sense to use less energy and fewer resources whenever possible.

Many companies mentioned pressure from customers as their primary motivation in undertaking responsible business practices. While no interviewee told us that solely profit margins motivated them to act responsibly, many admitted that their efforts are largely directed at satisfying customer demand or defining their niche. A supervisor at Boise-Citgo gas station told us that their motivation for offering the more “sustainable” fuel was primarily environmental but that they had also noted significant consumer demand for bio-diesel prior to installation of the facility.

In discerning a company's motivation for undertaking socially responsible business practices, it is difficult to accurately determine the legitimacy of their dedication, as it is hard to draw a line between ideological and financial motivation. Private enterprise is inextricably bound to profit and loss – even in environmentally and socially friendly companies. No business is a charity, and even the most socially responsible companies are limited in their ability to give back to the community because, in the end, any business that does not make money cannot exist. Many companies see this fact and argue that the greatest good they can accomplish is to simply exist and maintain the jobs they provide for Vermonters. Whatever their motivation, most Vermont companies do feel some compulsion, either from their own conscience or from outside pressure, to act responsibly.

### **Marketing CSR**

Given that there is a recognized market niche for socially responsible products and services, it is not hard to imagine why a company would want to market itself as such. We found companies' style of marketing their social responsibility to be closely linked with their basic motivation for conducting socially responsible business practices. Many businesses, even some of those where CSR was most deeply integrated, were hesitant to market themselves as socially responsible companies. On the other hand, many of the less responsible businesses felt very comfortable emphasizing their achievements. In both cases, a company's decision to market their social responsibility seems to be largely dependent on their target consumer group and on perceptions already held by customers.

Many of the companies founded on principals of social and environmental responsibility felt that they were already perceived as socially responsible companies, and therefore did not need advertise this fact. Some businesses of the 'true believer' variety felt

that any overt mention of socially responsible practices might in fact offend some customers. While this sentiment was rare in interviews, a larger group of businesses felt that they would not profit by advertising their practices because most of their target consumers simply do not care. The owner at Boise-Citgo cited the fact that he didn't sense any demand from his customers to change his business practices in any way (bio-diesel example aside), and thus felt that advocating for the local goods he sells would not benefit him at all.

Many of the socially responsible businesses we interviewed were generally uncomfortable using their practices as some kind of 'gimmick'. Given their ideological motivation, they felt that their actions were not for the good of their bottom line but for the community. "If I'm doing this because I want to," one interviewee argued, "why should I tell everybody else about it?" We sensed a general fear amongst the most socially responsible businesses that they would be pegged for 'greenwashing'; actively presenting a positive public image to generally environmentally unsound practices. Furthermore, they felt their motives might not be pure if they started using their practices for marketing.

Many businesses pointed towards the need to educate their customers about the goods they purchase. The Middlebury Natural Foods Co-op highlights the local foods they sell, and encourages customers to buy more local foods, even putting up pictures of local farmers above their products. Some interviewees raised the question of where education ends and marketing begins; a good question for many of the businesses to consider. The Middlebury Co-op offers cooking classes to teach customers how to use unfamiliar, locally-grown produce. Can this be considered marketing given that the eventual goal is to sell more of a certain type of food? If a 'green' architecture firm publicly advocates responsible development, and this contributes to their business, does their advocacy count as education

and activism, or is it simply advertising? When a coffee roaster provides free coffee to non-profit organizations for conferences, is it community charity or indirect marketing?

While many companies were hesitant to advertise their socially responsible practices, or at least hesitant to call their publicity ‘advertising,’ an equal number of businesses proudly advertise their practices for a variety of purposes. Small Dog Electronics recognized the need for product differentiation in a relatively non-diverse, faceless industry. The manager also mentioned his desire for their business to serve as a model for others and saw active marketing as the best way to achieve that goal. As with companies more hesitant to advertise, much of what goes into marketing socially responsible companies emerges somewhere in between marketing and education. The founder of Wolaver’s Ale who advertises his organic beer does so both to advertise his product and also to highlight the issue of organic farming.

When looking at the overall trend of advertising social responsibility in business, or the lack thereof, the prevailing theme that emerges is one of confusion. Given the variety of motivations for employing CSR practices, we found no overarching goal for what companies hoped to accomplish for their business by acting responsibly, and thus no single pattern for how to best integrate CSR into companies’ public presentation. Businesses that felt pressure to comply with CSR practices generally advertised their actions, because they felt the market demanded it in the first place. Businesses that employ CSR for the sake of doing good were more hesitant to announce the fact overtly, but nonetheless found ways to integrate their practices into their marketing. American Flatbread claims not to over-accentuate their socially responsible business practices in advertising, but nonetheless displays thank-you letters on their walls from students at local schools who enjoy donated food. The businesses we interviewed varied considerably in their intentional and unintentional marketing, and as long as motivations and levels of commitment differ so greatly, this is not likely to change.

## **Limitations to CSR**

The methods and extent to which Vermont companies apply CSR principles is also significantly shaped by certain impediments of business. Most interviewees already involved in CSR expressed their intent to ramp up their involvement in socially responsible business practices, but bemoaned their inability to do as much as they want. We found numerous similarities in the type of barriers facing businesses hoping to increase their level of CSR.

First, several companies described the lack of consumer demand for socially responsible products and services. This lack of demand means that most consumers are unwilling to pay the extra cost associated with better environmental and social practices. Related to this, many interviewees mentioned the difficulty inherent in educating the consumer and cultivating a greater social awareness. Given the aforementioned hesitation on the part of some businesses to display their socially responsible practices, many companies mentioned their inability to effectively brand their products as socially responsible and tie them in with larger values. This is especially true of smaller retailers we interviewed – given their relatively fixed line of products, they found some difficulty in distinguishing themselves from the rest of the pack in terms of their community involvement.

Given the small size of many of the businesses we interviewed, several companies cited their small size and market force as a constraint. With fewer resources and less influence than larger companies in larger markets, many businesses felt that their size prevented them from doing as much as they would like. The lack of product differentiation in some industries, such as electronics and wood processing, means thin profit margins and limited ability to spend money on decreasing their environmental impact and increasing community involvement.

Many businesses, particularly smaller ones, cited the high cost of formal evaluation and audits as a limiting factor on their ability to self-assess and formulate coherent plans and goals. One larger company has decided to undergo an audit of their business practices on a yearly basis, and recently completed their first audit. However, they told us that the high cost, while providing very useful insight into the effectiveness of their CSR initiatives, did limit their spending on actual projects and community investments.

Overall, for most of the businesses involved in this project, size seemed to be the main constraining factor preventing companies from greater involvement in CSR. With less market share and fewer human and financial resources, small companies simply have less leeway in their ability to work towards the triple bottom line.

Furthermore, the type or nature of a business plays a large role in how a business practices socially responsible behavior or how a business will express its commitment to social responsibility. Put simply, the type of business, be it service sector, retail or manufacturing defines which types of socially responsible behavior a business is most likely to pursue, and which will be most powerful and effective.

For example, waste reduction in a service sector business will have a small net effect, while the same commitment to waste reduction by a production company can drastically reduce a company's environmental impact. Bast & Rood, an environmental architecture firm has committed to using only recycled material, a socially responsible behavior that has a large impact because of the nature of their business. If a service sector business were to make this commitment it would have a very small net effect in comparison.

In this same sense, the nature of a business defines the partnerships or supply chain that the business will work with. If the business must use materials supplied by another business it can choose to work only with other socially responsible businesses or it can

demand socially responsible behavior from its partner businesses. Vermont Teddy Bear is a large corporation that works with Chinese suppliers. Because they use so much Chinese product they have been able to create a direct relationship with suppliers in China and require that workers in those factories receive livable wages and work in a positive environments. The Middlebury Natural Foods Co-op has focused on supporting as many locally and responsibly grown products as possible to support local farmers, while the Vermont Coffee Company has chosen to distribute its coffee only to distributors who are known to have high standards for customer service.

Lastly, the private or public ownership of a business has a large impact on a businesses' ability to operate responsibly. A privately owned business has more freedom to adopt newer technologies and socially responsible practices that may or may not create larger net profits. Once a business has been traded publicly a lot of this freedom to try more risky behaviors is compromised by stockholder demand for greater paybacks.

We also found that lack of guidance, in both the moral and regulatory sense, limits the spread and the future of socially responsible practices among Vermont businesses. We found that despite the large membership of Vermont Businesses for Social Responsibility, many businesses were genuinely unaware of what other businesses in their industry or sector were doing as far as social responsibility is concerned. Many businesses were reticent to collaborate with peers, and we feel this may be due to the primarily profit-oriented motivations for many of their socially responsible practices. In this way, the market advantage that a business would gain trumps any greater social or environmental good that could come from spreading a socially responsible practice among peer businesses.

Many Vermont businesses also do not have any internal goals or plans for the future of social responsibility in their businesses. Rather than set and pursue a specific set of

internally generated goals, many businesses subscribe to a “seat of your pants” strategy for implementing CSR, which involves making responsible decisions when the opportunity presents itself, rather than seeking out more sustainable beneficial practices. Thus, the potential for socially responsible behavior is limited to only the opportunities that present themselves.

We also found that sometimes regulations inhibit socially responsible behavior. More often than not, standards associated with chain businesses do not cater specifically to the Vermont branch and are not flexible to allow for the most socially responsible behavior. Chain regulation limitations come into play most frequently on issues of buying locally, accommodating the Vermont aesthetic, and incorporating specific local opportunities. Furthermore, zoning or permitting laws can make the most socially responsible option impossible or even illegal. However, the socially responsible behavior we did note is occurring without regulatory guidance and reveals an understanding of the implicit value of practicing responsibly and giving back to the community.

## **Vermont Standard**

Given the current ISO process (see Purpose section), throughout our interviews, we introduced the subject of voluntary standards for corporate social responsibility, and found most businesses relatively oblivious to the potential benefits or hindrances of a standard. One exception where the companies involved with the production and distribution of food and drink, who were already familiar with the notion of standards. In some cases, such as in the use of certified organics, companies already participated in standardization processes. Cabot Cheese found that their Kosher- and Hallal-certified cheeses sold better amongst

average consumers simply because, they thought, most consumers will pick a certified product over an uncertified one, given no other preconceptions about either product.

In general, most companies felt that a catchall standard for socially responsible business would not be useful to them. Most businesses expressed a concern that a catchall standard would be so base-line that it would be useless. How can a standard work for small retailers, consulting firms, industry, and restaurants all at the same time? Without sector-specific standards, several interviewees noted, any effort would only be able to accomplish the bare minimum. Many of the more socially responsible businesses felt that a standard would not apply to them, given their already high level of commitment, and that it could cause an increase in greenwashing. A representative from Small Dog Electronics expressed his opinion that “a standard takes the business out of business.” By essentially forcing companies into action, he reasoned, a standard would water down the legitimate, voluntary efforts already underway, and would provide less incentive for companies to act responsibly on their own.

Some of the mid-range socially responsible businesses felt that a relatively inclusive standard might provide the opportunity for them to differentiate their products from those created by reprehensible companies. One larger company felt that a very strict standard would serve no purpose, because large companies, especially cooperatives, would have an especially difficult time meeting the standard and would be, they felt, unduly punished.

Overall, most businesses expressed significant reservation regarding any standard for socially responsible business practices. Businesses that are already socially responsible felt that their efforts would be slighted, while less socially responsible businesses feared that even their efforts would go to waste if they were excluded from a standard. Above all, most businesses felt that, in one way or another, a broad standard would not apply to them. Either

they are too small to concern themselves with the process involved in certification, or their business is already CSR and does not need a decal to say so.

## **Conclusions**

This project did face some limitations that likely impacted our overall findings and conclusions. Our conclusions could have been more substantiated with more time and a much larger collection of Vermont businesses that encompassed the full range of sizes and sectors. Our initial selection of businesses was attributed to our bias towards businesses that are explicitly involved with the field of CSR through their association with VBSR. Later in the project, however, we attempted to counter this bias by involving other businesses that claimed no affiliation with VBSR and could provide an alternative perspective to business in Vermont.

Despite the limitations inherent in our short-term study, several valuable lessons emerged through our findings. The most uplifting accomplishment of the project was affirming the spirited and growing presence of CSR in Vermont. Whether a business knew the specific language of CSR or not, Vermont companies certainly demonstrate clear understanding of the values of CSR and a desire to practice responsible business behavior. Community values appeared inherent in all businesses, across business size and industry type, although not necessarily the most dominant force in their business agenda.

As discussed periodically throughout this paper, employee relations have become an unquestionable and essential feature of responsible good business in Vermont. One theory for understanding employee relations' prevalence in Vermont looks at the broader nationwide movement for improved labor conditions. What was once a great struggle to attain higher labor standards, which resulted in the passing of federal legislation, is now a business

norm and social expectation. Today, we anticipate a similar sort of transformation that will infuse the broader principles of CSR into ordinary business expectations. Additional core goals of Vermont businesses already reflect some of this transformation; businesses aspire to remain in Vermont, to maintain the livelihood of their employees, and to contribute to the local and regional economy.

Thus, CSR is living and growing within Vermont. However, Vermont businesses are continually threatened by encroaching outside competitors. This continual pressure often distracts from a businesses' ability to concentrate on improving its practices. Until a more substantial and wide-spread ideological revolution occurs, increasing business awareness of the economic and social potential associated with more responsible practices, CSR will likely remain a gradual and quiet form of social change in Vermont. The triple bottom line has the potential to positively affect each and every individual and community, not merely individual businesses. A standardized vision for how CSR is applied to business on a global scale may be a critical step in advancing the movement's ideals. Vermont businesses may feel isolated from impacts associated with international standards. However, if an international standard for CSR impacted the corporations that threaten small Vermont business livelihood, Vermont business would be increasingly concerned with the global CSR movement. Vermont businesses have a long way to go before fully embodying the ideals of CSR. A global standard, however minimal the changes might seem to Vermont businesses, has the potential guide Vermont's businesses towards greater CSR goals.

## **Appendix 1: The Participating Businesses**

Allard Lumber Company  
American Flatbread  
AXA Advisors  
Bast and Rood Architects  
Boise Citgo and Cyclewise  
Cabot Cheese  
Green Mountain Power  
Magic Hat  
Middlebury Courtyard Marriot  
Middlebury Natural Food Coop  
Morse Hardwoods & Millwork Company  
Ripton Country Store  
Small Dog Electronics  
Vermont Coffee  
Vermont Teddy Bear Company  
Wolaver's Organic Ales

One bank wished to remain anonymous for our study.

Twelve businesses declined participation in our study.

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