CSR – One Company's Journey

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ABSTRACT

How does a large (Fortune 100), progressive multinational corporation represent, understand, and operationalize corporate social responsibility (CSR)? In addressing this question, we analyze Intel Corporation's publicly available information, primarily its Corporate Responsibility reports, in light of the reflections of a retired Intel executive who observed, and was extensively involved in, CSR functions over his career. The study describes the public face of CSR and the relationship between this public personae and the related activities of the corporation, enhancing our ability to understand and evaluate CSR reports. We explore the meaning and operationalization of CSR, and its various dimensions, and follow them over time through their operational manifestation in the areas of governance, ethics, compliance, risks, and controls. In doing so, we assess the company's programs and procedures in terms of motivation and consistencies. The analysis represents not only the face the corporation wishes to present to the world with regard to CSR, but also addresses the conflicting and contradictory forces confronted as the corporation engages with, and responds to, the demands of its various constituencies. This "CSR maelstrom" reflects the at times irreconcilable enabling and constraining pressures constantly faced by corporate decision makers as they attempt to meet the demands associated with legal and regulatory requirements, corporate norms and values, constituency expectations, and shareholder requirements. We also consider the practical changes that have been made as the company has evolved to its 2008 CSR report. We observe the continuing action of the maelstrom and the somewhat paradoxical mutually supportiveness of self interest and altruism as they play out in the changing global business environment.

(keywords: Intel, corporate social responsibility, sustainable development, reporting, maelstrom)

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INTRODUCTION

We deem Intel a "poster child" for corporate responsibility. As one of the over 80 corporate social responsibility (CSR) related awards received in 2008, the company was ranked number one in *Corporate Responsibility Officers* magazine's 100 Best Corporate Citizens. The world's leading manufacturer of micro processors, Intel is a Fortune 100 firm and possibly the most successful business enterprise in history. From its inception, Intel has espoused a consistent set of core values such as innovation, creativity, technical expertise, proactive competitive spirit, and uncompromising integrity that provide the context for decision making and corporate action. Given its market position and economic strength, Intel enjoys significant discretion in its social and environmental programs and practices. If Intel cannot be a model corporate citizen, then we question whether anyone can.

We investigate how Intel frames, and responds to, its perceived social responsibilities. The historical origins and evolution of Intel's CSR strategy and structure provide the basis for its culture and values as well as insights into the influence of the increased societal awareness on Intel's response to, and attitude toward CSR. Corporate responsibility refers to the corporation's responsibilities to society. Sustainability represents a component of this responsibility that has to do with the resources affected by the corporation's activities. Sustainability originates in manufacturing, has an operational flavor, and is monitored through input/output ratios. Corporate responsibility currently resides in public affairs and shareholder relationships and takes on a decidedly external gloss currently being monitored by compliance to regulations and expectations. Both, we believe, must be integrated and firmly embedded within the management philosophy of the corporation. We refer to this global conceptualization as CSR.

Within Intel, we consider the meaning and operationalization of CSR by following it over time through its application in the areas of governance, ethics, compliance, risks, and controls. We identify the perspectives taken by Intel in the 2008 Corporate Responsibility Report (CRR) report and argue that these reflect, in some ways, the company's perceived, and intended, identity (Milne, et al, 2009; Roberts, 2009) that has arisen out of its own values as well as its interaction with it various constituencies. The aim is to neither disparage practices nor curry favor, but to better understand how a successful, well run multinational corporation conceives of, and responds to, its corporate social responsibilities[1] within the normal constraints of global market capitalism.

Our analysis of the company's public statements, primarily reflected in its CRRs, in conjunction with our historical contextualization provides the basis for our observations. We analyze Intel's words and actions within the theoretical context of perceived societal rights and responsibilities that give rise to a maelstrom of internal and external competing forces within which managers of multinational corporations must function. These forces arise from the competing, and complementary, interests and must be addressed for the long term health and well being of the organization. We categorize the interests as follows: government (legal and regulative); owners/shareholders; business and external stakeholders; the corporation and its culture, norms, and values.

The discussion is organized as follows. After the introduction, we provide a brief description of the corporation. Next, we present a normative context for considering CSR and discuss the maelstrom of competing and complimentary demands that arise out of the presumed

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[1] In this discussion, we use the terms *corporate social responsibility* and *corporate responsibility* synonymously in that Intel generally prefers the term corporate responsibility. Economic, social, and environmental dimensions are presumed to be included in both terms.

rights and responsibilities. The third section offers the historical context, culture, and strategic

goals of CSR within the company. The fourth section describes the public face of Intel's CSR

activities as revealed by the corporate responsibility report. Closing comments conclude the

discussion.

THE CORPORATION

Intel is a Fortune 100 firm, the world's leading manufacturer of micro processors, and

one of the most profitable business enterprises in history. As such, within the normal constraints

of global market capitalism, the company enjoys substantial latitude and discretion in setting and

carrying out socially responsible programs and practices.[2] We evaluate the historical origins and

evolution of Intel describing its culture and values as they relate to constructs, practices, and

procedures.

Intel was founded in 1968 by Robert Noyce and Gordon Moore in California and was one

of the primary catalysts for the technology revolution centered in and around Silicone Valley

(California, USA). As the world's largest semiconductor manufacture, Intel provides advanced

integrated digital technology platforms and components for the computing and communications

industries. In 2008, the company reported net income of $5.3[3] billion, a gross margin percentage

of approximately 56% based on net sales of $37.6 billion. Total assets were $50.7 billion, and

cash or cash equivalencies totaled $3.6 billion, after a $7.1 billion stock buyback and $3.1

million in dividends.

Intel's strategic goal is

> to be the preeminent provider of semiconductor chips and platforms for the
> worldwide digital economy. As part of our overall strategy to compete in each
> relevant market segment, we use our core competencies in the design and

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[2] Alternatively, Intel's public visibility invites continual and intense scrutiny from a wide range of parties.
[3] Monetary figures are denominated in US dollars unless otherwise stated.

manufacture of integrated circuits, as well as our financial resources, global presence, and brand recognition. We believe that we have the scale, capacity, and global reach to establish new technologies and respond to customers' needs quickly. (Intel, 2008 Form 10-k:29)

Products include microprocessors, chipsets, motherboards, flash memory, wired and wireless connectivity products, communications infrastructure components, and products for network storage. The primary customer groups consist of: original equipment and design manufacturers of computer systems, handheld devices, telecommunications and network communications equipment; PC and network communications products users; and manufacturers of a broad range of industrial and communication equipment. The company's product strategy focuses on innovative products and worldwide customer support at competitive prices. The products compete primarily on performance, features, quality, brand recognition, price, and availability. Wafer manufacturing facilities are located primarily in the USA, and assembly is located off shore in low labor cost areas. The company currently employs approximately 84,000 people, over half of which are located in the USA.

As noted above, we see Intel as potentially representing the one of the "best of the lot." It is one of the most profitable business organizations in history. It has an overwhelming share of it is primary market and has been recognized as a leader in the field of corporate responsibility with over 80 awards and recognitions in 2008 (Intel, 2008:13). It represents a benchmark, what others attempt to live up to. So what is its public face and what does it actually look like? What are the fundamental motivating elements and privileged dimensions that emerge from the corporation's history and represented in its public statements? Before we do so, we briefly sketch a normative context wherein CSR generally, and Intel specifically, can be considered.

A NORMATIVE CONTEXT FOR CSR

Extending prior work (Dillard, 2007, 2009), we propose a framework associated with the relationship between business and society, and its various segments. Rights represent the privileges accruing to a societal member or group; whereas responsibilities entail the obligations accruing from the societal privileges. Rights provide legitimacy for acting. Responsibilities provide the criteria by which actions are legitimated. Accountability denotes the duty to give an account of one's actions so as to be held accountable and is a necessary condition for the functioning of a just social system. Rights and responsibilities are the emergent dimensions of the preexisting relationship among human beings who create and sustain both self and social collectives.[4] The preexisting obligation to society can be collectively characterized as acting in the public interest, that is, acting so as to enhance the wellbeing of society, not just a subset thereof. This imperative to act in the public interest provides a moral context for contemplating, carrying out, and legitimizing action and can provide the milieu within which obligations develop and are satisfied.

The corporation and its constituencies are interconnected members of an ongoing community, with an obligation to act responsibly toward one another.[5] In choosing an act,[6] the actor is obliged to consider the anticipated act and its propriety in light of the anticipated effect(s) on the actor and the community. The anticipated implications for community members are formulated based on an intentional awareness of the effect of past actions and a sensitivity to circumstances that supplement these observations. Accountability refers to the operationalization of an ethic of accountability whereby actors are evaluated based on their performance relative to an agreed upon evaluation criteria set.

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[4] There is also a relationship with the natural world that is implied herein.
[5] Niebuhr (1963) provides the ethical grounding for these ideas, which have been developed and applied in Yuthas and Dillard (1999), and Dillard and Yuthas (2001).
[6] Not to act is recognized as an action.

An Ethic of Accountability

We propose that within western market capitalism, *the central role of business (corporate management) is in ensuring the long term viability of a democratically governed society*[7] *grounded in justice, equality, and trust and supported by sustainable natural, social, and economic systems.*[8] It is upon this basic premise that the objectives and actions of corporations and their management should be based and evaluated.[9]

When considering the economic sector, there are two primary constituency groups: business and the citizenry.[10] Society, whose will is enacted through the state,[11] grants rights and accepts associated responsibilities. Society is necessary for corporations to exist in that they are literally constructed thereby. The state creates (charters) and sustains corporations by providing the necessary infrastructure (security, regulation, judicial systems, conflict resolution/contract enforcement, education, etc.). Generally through some sort of property ownership arrangements, society grants organizational management the right to use its economic assets (natural, human, financial, and technical) in order to provide goods and services and employment opportunities for its citizens. Society entrusts organizational management with control over its economic assets and accepts the responsibility of providing adequate and just social, political, and material

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[7] Democracy is a contested concept (Held, 2006) and an issue well beyond the scope of this discussion. Referring to the general conceptualization set forth in the Universal Declaration of Human Rights Article 21, Section 3, a "democratically governed society is one in which 'the will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret vote or by equivalent fee voting procedures'."

[8] This legitimating criteria also applies to any societal institution such as education, government, the church, military, press, etc.

[9] The neoclassical economics (e.g., Friedman, 1962), or any other, position may be justified by arguing that it best ensures the long term viability of a just society. The point is, such a position cannot be assumed, as seems to be the cause in the USA. The case must be made on the basis of the strength of the arguments made and the evidence presented.

[10] These are not necessarily mutually exclusive sets. In the following discussion, we consider shareholder/owners, stakeholders, and legal and regulatory agencies.

[11] Given that we are presuming a just society is a democratically governed one, the will of its citizens is reflected in the form and actions of the state. As such, the state, as a societal institution, is granted privilege over the other institutions to the extent that it reflects the collective will of the people.

infrastructure. In return, management enters into a fiduciary relationship with society in regard to these assets. As part of this fiduciary responsibility, organizational management is obliged to provide an account of, and to be held accountable for, its actions. In giving an accounting, corporate management must render its actions transparent and understandable by providing relevant, timely, and accurate information.

In conjunction with granting control of society's economic assets to organizational management, society also has the right to hold corporations accountable for their use of these assets. In conjunction with this right, society (state/citizenry) has a responsibility to specify the reporting and performance evaluation criteria so that corporate management knows the dimensions along which they are to be evaluated. We refer to these reciprocal sets of rights and responsibilities as an *ethic of accountability* (see Table 1). Both parties, corporate management and the citizens of society, are equally responsible for carrying out this ethic of accountability. The appropriateness of corporate behavior can be considered within the context of an ethic of accountability. In light of the asymmetries of power created within market based capitalist systems, society must design the accompanying reporting and evaluation criteria providing that guidance concerning the corporation's responsibilities.[12] Change should be the result of ongoing democratic debate and deliberation.[13]

***** Enter Table 1 here ******

Next, we consider the various competing and complementary pressures that accompany the various rights and responsibilities.

The Maelstrom

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[12] Society's expectations.
[13] For example, see Habermas (1984, 1987), Reynolds and Yuthas (2008).

The various societal actors impose competing, and complementary, forces on organizational management and must be dealt with as the corporation attempts to fulfill its corporate social responsibilities. Following our previous work (Dillard and Layzell, 2009), four primary motivational or force vectors create the organizational maelstrom[14] (see Figure 1).

- Compliance – what does the law/society expect?

- Fiscal Responsibility – what is in the best interest of the owners/shareholders?

- Stakeholder Expectations – what do the stakeholders want the corporation to be?

- Company Values – what does the corporation want to be?

***** Enter Figure 1 here ******

These four factors represent four primary constituency groups whose conflicting interests must be seriously considered in respect of CSR. Compliance refers to the demands placed on the corporation by government and regulators. These demands are reflected in the procedures and/or actions required or encouraged by law or regulation. These parameters specify the minimum standards of responsible action necessary in maintaining an entity's license to operate and their implementation may have significant impacts on operations and their costs, bringing compliance into conflict with owners/investors interests.

The second factor refers to the demands of shareholders and other investors and considers action in terms of fiscal responsibility. For example, this group would expect management to consider the economic costs and benefits associated with environmental expenditures, public relations programs, and initiatives directed toward building community goodwill. With this constituency group, the justification for actions is that they will ultimately enhance profitability.

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[14] We do not present the four dimensions as unrelated or linear dimensions, and we make no claims as to directionality or causality.

The third category refers to expectations of the various constituencies ranging from workers, customers, and supply chain partners to members of civil society. This category represents demands traditionally associated with noneconomic CSR issues as well as economically related ones. For example, workers expect a fair wage and safe working conditions. Customers expect safe and reliable products.

The fourth factor concerns the norms and values held by the corporation and its inhabitants and the associated activities engaged in because the corporate culture sees them as appropriate or necessary in meeting the corporation's social and environmental responsibilities. For example, an organization that prides itself in "doing the right thing right" would see this criteria as a guiding principle in, say, sourcing decisions.

Intel's response to the maelstrom is operationalized through programs and procedures developed across the various organizational units as well as the headquarters level. As portrayed in Intel's CRR, the associated programs and outcomes fall under five general categories: supply chain management, workplace quality, community involvement, education support, and environmental improvements. We argue that these programs are a response to the maelstrom of forces, and their outcomes reflect the efficacy of the response. For example, the programs implemented are presented as both providing economic benefits and furthering social objectives. Intel has always seen good community relationships as both necessary of doing business (fiscal responsibility) and the right thing to do (corporate culture). An educated work force as well as an expanded customer base follow from improved science and math education. Also, improving

the environment reduces the negative business and reputational risks associated with operations as well as develops goodwill among constituency groups.[15]

Next, an analysis of Intel and its organizational dynamics provide insights into who Intel considers as its stakeholders as well as how the company has responded to these various and competing demands.

ORGANIZATIONAL DYNAMICS OF CSR

The organizational process created by Intel yields insights in to corporate attitudes and processes associated with corporate social responsibility providing an understanding of its place within the cornucopia of competing voices attended to in organizational management's decision making and actions. First, we trace the genesis of CSR in Intel. Next, we describe the internal and external dynamics surrounding the place and practice of corporate responsibility in Intel. Then we consider the related organizational structures that have emerged in addressing corporate responsibility. These represent the means by which Intel grapples with, and responds to, the CSR maelstrom.[16] As these processes and attitudes are repeated over time, they produce, and reproduce, the corporate context.[17]

The Origins of CSR

In the first explicit CSR oriented report in 2001,[18] Craig Barrett, then President and CEO highlights Intel's ongoing commitment to corporate responsibility.

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[15] Intel represents a progressive company, probably on the leading edge in responding to its corporate responsibilities; however, classifying it as a sustainable entity is currently unjustified, as with any multinational corporation.

[16] Regulatory requirements provide the minimum obligations to various constituencies as well as the impetus to respond to needs.

[17] Structuration theory (Giddens, 1984; Dillard, et al, 2004; Dillard and Yuthas, 1998) provides the latent theoretical context within which we fame organizational activities in that the ability of actors to create and recreate social structures within which actions are enabled and constrained.

[18] The Report was titled the Global Citizenship Report. As noted later, it is not coincidental that the first CRR was published in the wake of the corporate debacles coming to light at this time.

Much like other core operating programs at Intel, our ideas about corporate responsibility are embedded in the way we do business throughout the organization – in human resources; purchasing; quality; investor relations; legal; and environmental, health and safety- in every aspect of our company. Our commitment to doing the right things right runs deep in our corporate culture. We don't view corporate responsibility as a fad or marketing scheme. In fact, much of what we address in this report has been a part of the way we've done business since Intel was founded in 1968. (Global Citizenship Report, 2001:04)

However, there is little ambiguity as to the top priority.

Over the past several years, expectations have changed. *Making a profit for shareholders is still the top priority*. However, corporations now are also expected to be good citizens. We view corporate citizenship as the relationship forged between Intel, the communities in which we operate and society in general. At Intel, corporate citizenship is firmly anchored in our corporate values. Although this is Intel's first public report focusing on corporate responsibility, it builds on our long-standing efforts to ensure accountability and transparency in our environmental, health and safety reporting—and also on our long-term commitment to being a good neighbor in our communities and a great place to work for our employees. (Global Citizenship Report, 2001:05, emphasis added)

Intel's sense of corporate responsibility appears to include, but go beyond, the minimum legal and regulatory requirements. The company's strategy appears focused first on enhancing shareholder value which translates into asking first what is the most economically beneficial alternative and then what is the most sustainable, or least unsustainable, means for attaining it.

The origins of what is now termed corporate responsibility can be traced back to when Intel first left its roots in the Santa Clara and started to build, mainly factories, in other locations.[19] As the company grew and engaged a wider range of constituencies, site selection and manufacturing took the lead in managing these groups because it was the division most directly involved. The primary actors included treasury and tax and manufacturing and construction. Tax and Treasury engaged in negotiating grant levels and tax relief offered by the

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[19] Initially the building sites were in the USA and that is what is presented in this scenario. The new site scenario for non USA locations involved the same conceptual players, but the Government players would be national of supra-national level politicians, development agencies, etc.

local community to attract the investment and job creation (i.e., Intel) to a given site. Elected

officials, as representatives of the public, played a prominent role in the initial contact. Local tax

legislation required voting public approval. To properly manage the process, Intel recognized

the necessity of involving Public Affairs. The Public Affairs group reported to the local site

manager, who in turn reported to Construction and Factory Management in what became known

as the Technology and Manufacturing Group (TMG). Public Affairs continued to be affiliated

with TMG for much of the next 40 years, because the company's most visible action in the

community was a factory. This practical dominance of TMG extends across a number of

functions directly involved in the activities associated with CSR. TMG owns environmental

health and safety (EHS) and Material Purchasing and Logistics. This dominance stems from the

critical role TMG plays in the daily operation of Intel and the centrality of Manufacturing to the

company's business model.

Public Affairs was responsible for good community relationships and in building a

factory, a number of very visible factors come under public scrutiny. Firstly, the landscape

visibly changes as the new factory arises of green field sites. As the site changes, the area needs

to be serviced by infrastructure ranging from utilities to roads, all of which impact the local

community. With respect to the local community, Intel generally gained legitimacy and support

from the local community based on an expectation of job creation. All three of these factors,

visible change in the landscape, infrastructure requirements, and employment, involve working

with the community, understanding their perceptions and desires, and working together to solve

problems. In that generally jobs in the community are seen as desirable, the community is

willing to work with Intel to remove roadblocks. Intel's Public Affairs group generally

controlled these functions as well as provided specific technical help where needed. Legal,

Human Resources, and knowledgeable engineers also played important roles. Human Resource Management naturally became a significant player because of their expertise in staffing the new operation as well as carrying out the traditional HR Management roles in the new factory. At the local level, HR Management usually supervised Public Affairs.

Intel tends to attract a young workforce, which means families needing related services such as day care and schooling. Thus, early on, managing Public Affairs and HR meant understanding the local education system from pre-kindergarten to college to improve the quality of community life for existing workers and to create a pipeline for qualified future hires. From the beginning, education emerged as a shared concern with the community for mutually beneficial reasons.

Hiring a large, educated, but essentially blue-collar workforce inevitably brought the attention of unions. Intel viewed the insertion of a third party between the company and its workers was unhelpful to the efficient and nimble running of the company. Further, they believed that treating workers well obviated the need for a union. Intel characterizes its attitude as not anti-union but pro good people management. The legwork of such a philosophy fell to the combination of HR, Public Affairs, and HR's legal team, which at Intel is separate from the rest of Legal.

At the top of the corporation, informal management committees were created so that Public Affairs, Legal, HR, Finance, etc. could stay linked on the status of "public and government affairs." Over the years, the informal and formal nature of the committees ebbed and flowed in a practical way. Public Affairs remained managed out of the ubiquitous TMG, thought they always had a loose connection to Legal and Government Affaires. Government Affairs reported into Legal when it did not report into the Chief Operating Officer.

EHS as the Template for Embedding CSR

Environment, Health, and Safety reflect the traditional, though minimalist, issues associated with CSR. One of EHS's primary concerns is compliance with regulatory requirements addressing environmental degradation and workplace safety. If regulatory requirements are not met, operations can be suspended, having significant economic implications. For EHS, the traditional pattern of TMG ownership and resolution arises from manufacturing related needs. The awareness and procedures associated with the issue(s) spread by osmosis into other units. For example, as TMG raises awareness and shares experiences as to how EHS issue are being addressed, other units take notice and begin implementing similar procedures. This dissemination pathway continues to reflect how CSR process and procedures became embedded throughout the organization.

Factories have always had a Health and Safety function, because they contain hazardous substances and dangerous situations where training and technical knowledge is needed to mitigate the attendant risk. Because of extensive regulatory requirements, a large portion of the work is compliance. However, Intel has traditionally taken a more proactive position. For example, the company's programs have focused on formulating and implementing preventative actions as opposed to only undertaking the necessary regulatory response. Similarly, proactive safety initiatives such as benchmarking industrial leaders (e.g., DuPont) have been undertaken to create a safe work environment instead of only focusing on reducing accidents.

Safety has always been considered an important workplace agent item. It originated within, and during the building of, factories. From the beginning, Intel saw safety as the key priority during construction. It is not unusual to have a safety stand-down at a building site if there is the suspicion that high safety standards are being compromised. A company is serious

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about safety when management is willing to put the project timeline at risk rather than compromise safety standards.[20] No group has been as successful as the safety group in bringing about changes in attitudes and actions, and many functions at Intel attempting to "influence the culture" look to this model. Another example of the osmosis from factory to office is the role Safety played in the corporate level partnering with Security in implementing programs for protecting Intel's property and people around the world.

Historically, environmental concerns relate directly to operational processes. As the cost and concern for water and energy usage increased, so did the incentives for conservation. As society began to focus on environmental issues, these coincided with opportunities to reduce cost by reducing, reusing, and recycling. Recycling and recovery of waste had always been a high priority for Intel because of the high value of much of its waste. Gold, for instance, was an original wiring component.

For Intel, environmental responsibility is a natural development coming out of its operational pressures and organizational values. Technology and Manufacturing led in these efforts because of its size and its role within the company. Wafer Fabrications Plants (FABs) use many chemicals, substantial amounts of materials, and large quantities of water. The technical knowledge concerning environmental sustainability was created within the TMG function where it still resides. Opportunity arises out of a pressing need. TMG takes responsibility and responds in a proactive and innovative manner. The initiative moves by osmosis into other sectors of the organization. Next, we consider the organizational structures that have resulted in the current authority and responsibility relationships.

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[20] During the building of the Fab in Ireland, Intel is credited with changing the entire attitude toward safety in the construction industry of Ireland.

CSR Organization Structure

The Board of Directors and the CEO are responsible for corporate responsibility. The board serves the interest of the stockholders and gains information from the audit committee and the corporate governance and nominating committee. The audit committee has a direct link to the Ethics and Compliance and Oversight committee (ECO), which is a Board level committee. The Corporate Responsibility Management Review Committee (CRM) reports directly to the CEO. The ECO and CRM reflect Intel's typical response to the maelstrom forces. The members of the two committees include representatives from operational management, legal, human resources (HR), Corporate finance, Audit, Ethics and Compliance, Environmental Health and Safety, Information Technology, Security, Corporate Purchasing, and Corporate Responsibility. The interdisciplinary committee make-up provides cross-functional forums whereby functional objectives influence, and are influenced by, the enterprise level challenge. The power and relationships are fluid and change both with the challenges facing the business and with the issues and the players participating in the forum.

The fluidity stems from a combination of formal roles in the company and the passion and personality of the person holding the job. For example, for a number of years a driving force on business ethics and compliance was the Purchasing function. The purchasing function bought almost everything used inside the company and had a front row seat to potential conflicts of interest and actual theft. Purchasing took the lead in training, rules and monitoring to prevent fraud and to create an ethical environment, because they were there and had a passionate leader in Roger Whittier, the worldwide director of purchasing.

Also, Audit has always played a central role in part because that is its function in a well run company. In addition, this group was led by a passionate and energetic manager, Janice

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Wilkins, who used the independence and reporting responsibilities of the position to exert pressure for a more formal approach to the management of Ethics and Compliance in the company. Alternatively, while no one leader emerged at the enterprise level, Environmental, Health, and Safety has always been a leading influence in the operating units. In a more recent development, the risk exposure evidenced by the terrorist attacks of 9 September 2001 and the frequency of hacking has recently elevated Information Technology to a position of prominence throughout the company.

External events, in this case through legislation, directly influence organizational structures and attitudes with respect to CSR. We discuss two examples, both closely related to significant corporate malfeasance. As a reaction to the savings and load crisis, in early 1990s the Federal Sentencing Guidelines recommended that major corporations have a senior level committee to review compliance performance. Although Intel's reaction was that this was a bureaucratic imposition, they complied. The creation of the Compliance Oversight Committee, consisting of mainly director level involvement with a smattering of vice president level participation, tightened up some of the linkages between functions responsible for managing compliance. Finance, Legal, HR, Government Relations at the corporate level and EHS and Public Affairs at the TMG level started to meet more often and more formally. Legal and Audit started to emerge as the leader (*primus inter pares*) of this group for the very practical reason that they had access to the Board, a linkage that followed a recommendation in the Federal Sentencing Guidelines.

Subsequent the corporate debacles at the turn of the millennium, the Sarbanes Oxley Act of 2002, which was followed up by a revision of the Federal Sentencing Guideline in 2004, introduced the concept of creating an ethical environment into the compliance mix and

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strengthened the practical need for the Ethics and Compliance Oversight Committee (ECOC). Over the next few years, the ECOC reviewed its role, tightened its processes, and gradually enriched its composition by including more senior players. The reporting relationship of Legal and Audit to the Board strengthened their leadership of the committee. However, the committee remained a working group of equals.

As an extra-legal/regulatory response to the post Enron, WorldCom, etc., world, Intel launched a program to reinforce the commitment to its corporate values. A program called Business Practice Excellence (BPX) was created in 2002, initially reporting to the Chief Operating Officer. Through a major training program, it sought to remind the entire Intel community of the company's values. In parallel, the BPX group benchmarked the activities of other companies who had "ethics functions" in search of best practices and good ideas. BPX sought to create a corporate culture based on these values rather than being driven by any specific compliance activity or objective. The formulation and development of BPX, provides another example of an evolutionary drift from an attitude or focus on compliance (implementing processes that allow for identifying problems and taking action to correct them) to a focus on prevention (implementing processes that create a context where problems are less likely to arise).

Organizationally, BPX was passed to internal audit after its initial creation. The logic for this move was twofold. Firstly, the Audit function reported to the audit committee of the Board, which facilitated independence. Secondly, the audit function already owned a big piece of integrity compliance. The Federal Sentencing Guideline update of 2004 added justification to this move as it, for the first time, defined what ethics and compliance should look like in a

company.[21] Not unrelatedly, Intel published its initial Global Citizen Report covering 2001 activities in 2002.

The organizational structure with respect to Corporate Social Responsibility was changed in 2006 reflecting a shift from operations, its place of original origin, to the Legal Department, located within the corporate headquarters group. At this time, Intel expanded the role of the legal group to encompass Legal and Corporate Affairs. Corporate Affairs includes Public Affairs, Government Affairs, Education, and Corporate Social Responsibility. The Director of Corporate Responsibility, (William Swope is VP and GM of the Corporate Social Responsibility Group), became the person responsible for issuing the CRR report. Being part of legal implies more of a regulative and compliance attitude than when the function was housed more closely to operations. The migration from operations to legal reflects the evolution of an enhanced awareness on the part of society with respect to CSR that calls for the public display of direct and indirect corporate social responsibility. The migration of CRR into Legal appears to have resulted in more extensive and structured disclosure of activities generally associated with corporate social responsibility, but, we would argue, less innovative and proactive. At least the CRR report seems to be a document designed to convey the image of a "rational economic man" who is on an expeditionary journey (Milne, et al, 200??OrgStudies) through unchartered terrain. Goals are set; benchmarks established; progress evaluated; and objectives attained.

Next, we consider the pubic face of Intel's CSR and its motivating elements and privileged dimensions that emerge from its public statements considered as reflective of programs and outputs within the context of the maelstrom.

THE PUBLIC FACE OF CSR

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[21] This is an example of how evolving public sensitivities and concerns become codified within the laws of a society.

We consider the public face of CSR presented by Intel in its 2008 Corporate

Responsibility Report[22] and its 2008 Annual Report.

2008 10-k

If its stock is traded on a public stock exchange in the USA, a corporation is required to

file an annual financial report (Form 10-k) with the Securities and Exchange Commission (SEC).

The corporation and its officers can be legally liable if they make false or misleading statements

in the filing. With respect to corporate responsibility leadership in the "letter from the CEO" that

introduces the Annual Reports, Paul Otellini, President and CEO states:

> We continue to focus on innovations in global health and safety, environmental,
> community, and education programs. Our strong emphasis on operational
> sustainability has yielded many benefits, including, for example, the reclamation
> of more than 3 billion gallons of wastewater in our facilities each year. (Intel,
> 2008 Annual Report and Form 10-k:3)

In its filing with SEC, the corporation is required report on its compliance with

environment, health and safety regulations. On pages 13 and 14 of the 10-k, Intel states it has set

performance targets, and monitors them, for key resources and emissions that include: product

design; chemical, energy, and water use; climate change; water recycling; and emissions.

Though the information provided contains few specifics, it generally highlights Intel's

commitment to reduce solid and chemical byproducts from the manufacturing process and the

environmental impact of its products. Of particular relevance is e-waste. Citing inconsistent

laws and regulations and nonexistence local collection options, the company is currently working

with its distributors to improve recycling. Intel is also investing in energy conservation projects

with respect to their operations as well as with their suppliers. The 10-k itself represents

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[22] The report is patterned after the GRI3, which follows the traditional conceptualizations associated with Triple
Bottom Line reporting. Triple bottom line is itself a contested issue, but one beyond the scope of the current
discussion. See, for example, Brown, et al (2005), Ehrenfeld (2008), Elkingson (1999), Gray (2002), Gray and
Milne (2002), Henrique and Richardson (2004).

regulations and the context reflects both the social and environmental responsibilities to business (workers) and external (community) as well as Intel's response. The inclusion of EHS compliance within the report reflects both the potential trade off between firm performance and adequately addressing EHS related issues, and the minimum societal expectations in these areas.

The discussion of Business Risk factors (Intel, 2008, 10-k:21) includes risks associated with climate change.[23] The primary concern is with potential cost increases associated with increased regulations, especially those resulting in higher energy costs as well as those requiring processing changes that substitute more environmentally benign materials for harmful ones. For example, concerns for the high level of water use in the production process has motivated short term and long term conservation projects. Also, certified "green" building projects are being actively pursued and renewable energy purchased through various programs.

The company's position with respect to sustainability is reflected in the following statement.

> We are committed to sustainability and take a leadership position in promoting voluntary environmental initiatives and working proactively with governments, environmental groups, and industry to promote global environmental sustainability. We believe that technology will be fundamental to finding solutions to the world's environmental challenges, and we are joining forces with industry, business, and governments to find and promote ways that technology can be used as a tool to combat climate change. (Intel, 2008 10-k:14)

Note the advocacy of "*voluntary* environmental initiatives" (emphasis added) and the abiding faith in technological solutions. These tenets of faith provide the prevailing fundamental strategy for respond to the maelstrom surrounding climate change.

With the exception of the items mentioned above, the 10-k is predominately directed toward the interests of the shareholders/owners and other financial constituencies. The CSR

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[23] The SEC has recently mandating such a statement.

report is evolving as an additional publically available report addressing an expanded set of competing forces faced by the corporation. However, it is not in any way required and, thus, reflects no regulatory requirements, only some general societal norms that are increasingly expectations for corporations to publish such statements as well as the norms and values of the corporation, which would lead them to do so. We now turn to Intel's CSR report.

2008 CSR Report[24]

In its various manifestations, CSR has been part of Intel from its inception in 1968, with the first CRR[25] covering the company's activities from 1999-2001 and published in 2002. While the report has changed in heft (35 pages in 2002 to 107 pages in 2008) and format (self selected format in 2001 to GRI3 in 2008), the content, though significantly elaborated, continues to focus on conveying "who we are" and "what we are doing" in terms of CSR. For example, while goals were stated in the 2001 report, the 2008 CRR presents them more explicitly and provides relevant quantitative outcomes that are compared with prespecified goals or targets. The key areas of focus representing various dimensions of the maelstrom continue to include the environment, health and safety, education, and work place diversity.

Yet, as in earlier CRRs, there is no question as to the corporation's primary focus. President and CEO Paul Otelline states:

> Our commitment of corporate responsibility is unwavering, even during economic downturns. Taking a proactive, integrated approach to managing our impact on local communities and the environment not only benefits people and our planet, but is good for our business. Making corporate responsibility an integral part of Intel's strategy helps us mitigate risk, build strong relationships with our stakeholders, and expand our market opportunities. (Intel, 2008:3)

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[24] All page references in this section refer to the Intel's 2008 CRR report unless otherwise specified.
[25] Reflecting the rubric of the day, the first report was called the Corporate Citizenship Report.

Intel uses the Global Reporting Initiative (GRI3)[26] format as a guide as to the appropriate

content of the CRR, and the final section presents the GRI3 report format with references to the

pages in the CRR where the requisite information is presented. The GRI items are each rated

with respect to the extent addressed in the CRR. Three rating classifications are used: covered

in the report; partially covered in the report; and not covered in the report. Explanatory notes are

provided for over half of GRI reporting items. Seventy-seven percent of the items were

"covered", 18% of the items where "partially covered" and 5% of the items were not covered.

Eleven of the GRI3 items where not mentioned in the report[27] with no explanation as to why they

were omitted. Intel self declared an application level of "B" reflecting the extent to which the

CRR report conforms to the GRI3 guidelines.

The headings of Intel's CSR report generally conform to the wording in the GRI3

guidelines. The strategy and analysis are presented in the CEO's letter that opens the report.

Next, the report's scope and profile are described as well as the approach taken with respect to

report assurance. The first three major sections of the report can generally be described as

[26] The GRI format represents a relatively shallow though inclusive format that has gained wide recognition. However, unlike the 10-k and the related financial statements, no regulatory or profession body has jurisdiction; therefore, there is no standard setting body or any requirement that the results be subjected to independent, third party verification. However, to receive the highest (A) application level rating, the report must be verified via an independent assessment.

[27] EN13 Habitats protected or restored. EN14 Strategies, current actions, and future plans for managing impacts on biodiversity. EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. EN30 Total environmental protection expenditures and investments by type. EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation. HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. HR9 Total number of incidents of violations involving rights of indigenous people and actions taken. LA9 Health and safety topics covered in formal agreements with trade unions.Health and safety topics covered in formal agreements with trade unions. PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes. PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.

intending to tell the reader "who we are," and the next five sections as telling the reader "what we are doing" in regards to CSR. Each of these sections provides insights into one or more elements of the maelstrom.

The first major section is titled "Management Strategy and Analysis: A culture of responsibility" where the link between strategy and corporate responsibility is discussed. Sustainability trends are discussed in light of challenges and opportunities. Implicitly, the corporation accepts the right to use society's economic assets. In this section, Intel outlines it perceived responsibilities as follows:

> Our focus on corporate responsibility helps us mitigate risks, reduce costs, protect brand value, and identify market opportunities. By incorporating corporate responsibility into our strategy and objectives, we manage our business more effectively and understand our impact on the world more clearly. At Intel, we never view corporate responsibility as "finished"; we maintain a focus on continuous improvement. (:6)

Next, the CSR management structure is diagramed. A performance summary is presented followed by a summary of the corporate responsibility goals. The summaries cover the five key areas of concern with respect to their CSR activities: economic; environmental; workplace; community; and education. Here, Intel also lists selected awards and recognitions received in 2008. In this first section, Intel describes part of its corporate culture and values, highlighting its perceived connection between CSR and mitigating risk, reducing costs, protecting brand value, and identifying market opportunities.

The second major section is "Corporate Profile and Economic Impact: Ground breaking innovation." This section describes the company's business and the economic results attained over the past year. Topics covered include: products; customers; operation segments; research and development; global locations; manufacturing and assembly and test; 2008 performance indicators; and economic impact. Intel introduces this section as follows.

At Intel, we never stop looking for bold ideas – in technology, business, manufacturing, and corporate responsibility. We strive to ignite imaginations and enable positive change, making people's lives better and more interesting. As the world leader in silicone innovation, we created products and technologies that have become essential parts of businesses, schools, and homes everywhere. (:14)

The second section addresses Intel's fiscal responsibility and how their actions in this area relate to, and enhance, other constituency groups. The core commitment to innovation as a panacea in responding to the maelstrom forces is clearly articulated.

The third section is titled "Governance, Ethics, and Engagement: Transparency and accountability". The introductory statement reflects the tone of Intel's commitment to responsible and transparent management.

"Conduct business with uncompromising integrity and professionalism." This statement, part of the formal Intel Values, expresses our commitment to upholding the highest standards of corporate governance and business. In our day-to-day activities at Intel and in our engagement with external stakeholders, we continuously work to develop a strong culture of trust through open and direct communication, and are committed to accountability and transparency in our work on public policy issues. (:22)

From here, the report goes on to explain the corporate governance structure as well as the corporate code of conduct, which provides the guide for corporate behavior toward its constituencies. Each of the major stakeholder groups is listed. The tools and procedures used in engaging them are presented. The benefits and results of these efforts are provided. The section also describes Intel's policy and focus associated with the selected public policy issues and related advocacy activities. Following from earlier concern on the part of stakeholders, there is a greater focus on the corporation's political activity, mostly in connection with PAC contributions and collaborations through trade associations and coalition memberships.

The core values of transparency and accountability are set forth and how Intel discerns the expectations of its major stakeholder groups. The company's core value of

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conducting business with "uncompromising integrity and professionalism" is linked to their day to day interactions with their major constituencies.

The next five sections address specific areas related to CSR and what is referred to as environmental and social sustainability. Each of these sections explicitly addresses the conflicting and complimentary forces within the CSR maelstrom and describes how the corporation responds. These five areas, each of which represents an element of the maelstrom, include: environment; workplace; supply chain; community; and education. Each of these sections ends with a 2008 performance summary and a statement of future goals.

The environmental section is titled "Environment – a more sustainable future." The process and procedures used in managing environmental performance are diagrammed. Intel states its position on climate change as well as steps being taken to mitigate the corporation's environmental impact. Next, an explanation is given concerning the environmental sustainability efforts associated with the products produced as well as the operations undertaken in producing them. A schedule of inspections and compliance violations is also included.

Here, the competing forces surrounding economic growth and success come in conflict with the needs of the community and the ecosystem. Intel's response focuses on the economic benefits that it is, and potentially will, gain from acting responsibly. There are also indications of environmentally related conflicts associated with regulation. The need for regulation is proposed with respect to industry wide issues, without which "doing the right thing right" would bestow a competitive advantage on those not participating. Intel perceives that doing the right thing right means being environmentally responsible, but unless its competitors also incur the associated increased costs, it would not be economically feasible. Intel responds by working

through trade organizations and attempting to influence the regulatory process. More effective

and efficient use of resources is manifest as higher profits.

"Workplace: Rewarding careers" is the title of the next section. Here workforce data is

presented by region and by category. The benefits of working at Intel are described and include:

career growth and development; employee recognition programs; open and honest

communications; compensation and benefits; and health and safety. The section's title page

reflects the theme of the section.

> To attract and retain the talented workforce we need to maintain our leadership in
> innovation, we must continue to effectively empower, motivate, and reward our
> employees for their achievements. We encourage them to pursue challenges and
> take well-informed risks, and we provide resources to help them manage their
> lives – both on and off the job." (:49)

The company claims to provide resources for helping to manage the associated

employee issues. In addition, better employees, better working conditions, higher levels

of commitment and motivation enhance profitability. Workers/employees represent a

major business stakeholder group with obvious conflicting agenda. The conflicts are not

directly recognized as the rather idealize type of work environment is described where

employees are empowered, challenged and rewarded. The conflict between work and

leisure is implicitly recognized.

The next section is "Supply Chain: A more ethical and responsible supply chain."

Intel summarizes their position.

> Respect for people and the planet. This principle underlies all business practices
> at Intel, and we expect the companies we do business with to apply the same
> principle in all their actions. Because the most reliable, sustainable companies are
> those that honor their employees and care about the environment, Intel is working
> to continuously improve transparency and promote corporate responsibility
> throughout the global electronics supply chain. (:66)

The CRR report describes supply chain governance and management as well as the supplier tools and education provided by Intel. The overall results of the 2008 assessment and audit summary of suppliers specifying the risk levels associated with the supplier portfolio are provided. Supplier diversity is discussed as well as purchasing philosophies associated with the greening of the supply chain.

In this section, the potential conflicts with business stakeholders in the supply chain are integrated with CSR issues associated with "people and planet." The language in this section takes on a slightly more impositional air. Intel wants to motivate its supply chain partners to be better citizens. They justify this by claiming that reliable and sustainable partners make better business partners. Better business partners facilitate higher profits.

The penultimate section is "Community: Better places to live and work."

Through employee volunteerism, strategic giving, and our passion for applying technology to solve community problems, we strive to make the communities where Intel operates better places to live and work. The trust, credibility, and goodwill that we have built with communities through the years have helped create a positive business environment for Intel. In 2008, to celebrate Intel's 40th anniversary, our employees donated more than 1.3 million hours of service in over 40 countries around the world – our way of thanking our communities for their many years of support. (:74)

Intel's approach to assessing and managing community impact by evaluating needs and impacts is explained. Employee volunteer activities are discussed followed by examples of how Intel and its employees are collaborating to solve community challenges through the application of technology. In this section, Intel foundation's support of community programs is outlined.

The communities within which Intel operates are the external constituencies explicitly addressed. The motivation is to establish trust, credibility, and goodwill to create a positive business environment. The issues concern resources that are redeployed back into the community. Monetary resources, employee time, and the application of technology, with the

latter having the propensity to increase profitability through increased applications of Intel's products. Managing community stakeholders is necessary for a supportive business environment.

The last issue is "Education: The next generation of innovators." Intel's efforts are directed toward "enabling tomorrow's innovation" through education, especially science and math. Intel has initiated collaborative programs to improve teaching and learning with technology as well as those that inspire learning beyond the classroom. The company also supports advancing education and research through a program focused at higher education.

Education represents a subset of the communal context within which Intel operates. The stakeholders are the students as well as the community. Again, the concept of innovation plays a major role as does the application of (Intel) technology to facilitate "tomorrow's innovation. The link to the financial dimension is the hope that Intel will not only develop significant goodwill within the local as well as the global community but also be the beneficiary of these innovative endeavors.

Generally, Intel provides a reasonably clear explanation of its motives and intentions. Intel sees itself as a "What you see is what you get" kind of company that regards transparency as something to be sought after unless the information is proprietary. If Intel has a position on the issue, then its inclination is to state it. Clearly, the company chooses what to disseminate and what to withhold, but the CRR and the associated documentation give some credence to their tendency for providing information indicative of the maelstrom dimensions. For example, formal statements of the corporate values are provided in the online version of the report in the form of documents that explain the Intel's business credo: the Values Statements (appendix A),

the Code of Conduct[28] and the Corporate Principles for Responsible Business (appendix B) These statements constitute the formal specification of the corporate values, culture, and expectations and provide general guidelines in responding to the competing demands within the maelstrom.

Intel's values are strongly supported and reinforced by top management, specifying the parameters for action by all employees. The values provide the context for the company's dealings with its constituencies and the related conflicting demands imposed by their competing requirements. Since the values were written down in 1986, they were meant to articulate the values that guided the company as well as provide a statement that elaborated the "Intel culture." Generally, they have remained unchanged. During this time, COO, CEO, and finally Chairman of the Board,[29] Craig Barrett personally adjudicated any changes made in the statement of values. Every new employee undergoes training pertaining to Intel culture and values, and the Values are attached to each employee's ID badge.

A revised Code of Conduct was promulgated in 2007. The precursor, the Corporate Business Principles, was deemed not explicit or directive enough. The revision reflects a conscious effort to draft a simple, clear code of conduct that can practically link the value statement to day to day guidance. A principles based document provides simple guidelines that can be understood around the world and serves as the base document used by employees in their practical business decisions. Within the company, guidelines, training, and other learning aids supplement and interpret the code. Compliance, corporate culture, and fiscal responsibility are reoccurring themes throughout. It should also be noted that in this documents, the company

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[28] See Intel, 2007, http://download.intel.com/intel/finance/code-of-conduct.pdf. The Code of Conduce is a 23 page document.
[29] Barrett retired as Chairman of the Board in May 2009.

clearly states its commitment to stockholders by its unequivocal support for the principles of

market capitalism and the primacy of maximizing long term shareholder value.

Finally, the statement of Corporate Principles for a Responsible Business (CPRB)

represents a practical document designed to facilitate meaningful conversations with external

stakeholder interest groups without the company having to establish a formal relationship with

the particular interest group. This document augments the code of conduct and the values,

addressing issues not explicitly articulated in them. The CPRB intends to be a flexible, changing

document that reflects Intel's evolving position(s) on corporate responsibility issues. For

example since 2004, the CPRB revised its position on employees, shifting the focus to employee

treatment, safety, and competitive compensation as opposed to only a commitment to comply

with the local employment laws. The current CPRB adds:

> We are committed both to continuous improvement in our performance and to
> sharing the knowledge that we gain with our employees, customers, suppliers,
> shareholders, the communities in which we live and work, the scientific
> community, government, and industry."
> (http://www.intel.com/cn/intel/corpresponsibility/finance/docs/cbp_principlesforr
> esponsiblebusiness.pdf)

CONCLUDING COMMENTS

Intel is responding to the maelstrom of powerful forces calling for complimentary and

conflicting actions. These four interrelated forces are motivating and channeling corporate

actions and attitudes. Within this evolving context, the four dimensions of the maelstrom are

translated into modalities that facilitate their implementation. Fiscal viability dominates. Not

only the 10-k but also the CRR devote significant attention to strategies and actions related to

economic enterprise. More so than in earlier reports, the economic component of CSR is

emphasized in the 2008 CRR. For example, the number of direct and indirect jobs created and

the economic impact of Intel operations on local communities in terms of tax revenues, etc., are

presented. We do not present the four dimensions as unrelated or linear dimensions, and we make no claims as to directionality or causality.

Most of the activity described above associated with CSR arose from a business need[30] seen primarily in terms of Intel's own self interest and a respect for people, community, and the environment. In parallel to this, the Corporate Social Responsibility lobby outside of Intel had been watching corporate business and its behavior. The watchers ranged from single topic lobby groups to broader "best of" measures conducted by the business magazines.[31] Institutional investors also started to play a watching and a measuring role. Their motivation was driven in part by on what investors were asking for and in part from their own shock in the post Enron world at the paucity of corporate governance. The concatenation of these drives becomes a factor for Intel, and it became Corporate Responsibility's role to understand this new phenomenon and to respond to it.

In typical Intel fashion, a responsive approach soon became a proactive approach. The Social Responsibility function within Public Affairs sought out the institutional investors and the lobby groups and learned what they cared about and how their measurements worked. Back inside, these findings were used to evaluate Intel's actions, reach or refine position statements, and to adjust wordings and actions where appropriate. By 2007, this role had become so significant that its connection to Legal was strengthened.

As noted above, the general concept of corporate responsibility has been part of Intel since its inception. However, its conceptualization and operationalization seems to evolve over time as a result of both external pressures and internal awareness. Organizationally, the

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[30] Regulatory requirements can be viewed as business needs in that failure to comply would impair the ability to operate.
[31] See Hawkins (2007) for a discussion of these organizations.

responsibility for CSR issues originated within operational functions arising both from legal and regulatory pressures (e.g., production control, working conditions) and from economic realities associated with reducing costs (e.g., efficient and safe production processes, reduced turnover). Generally, the initial focus was on compliance with EHS requirements. In addressing the regulatory issues, a more proactive attitude emerged, consistent with Intel's attitude toward technical issues. Those operationally responsible developed programs and processes. Their perspective was to anticipate and prevent problems instead of only monitoring outcomes and taking remedial actions as necessary. Of late, as various stakeholder groups and the society become more aware of corporation's social and environmental issues, not only have compliance requirements expanded beyond EHS (e.g., revised federal sentencing guidelines, Sarbanes-Oxley Act), but the call for a higher degree of transparency has intensified following on the highly visible corporate scandals, global climate change, and several major economic crises. As a result, the epicenter for CSR has shifted to groups focusing on more regulatory and legal compliance than those generally having the operationally oriented attitude emphasizing and facilitating prevention. As organizational responsibility moves out of operations toward legal and compliance, CSR becomes more actively defined in terms of laws and regulation than in terms of environmental and social sustainability, within not only operations but also the communities and society.

In analyzing the historical evolution of corporate responsibility within Intel, we find that "sustainability" (social and environmental) originated in manufacturing, emerging from a response to environmental, health, and safety issues associated with the construction of manufacturing facilities and their ongoing operations. By 2008, sustainability has been subsumed under the rubric of corporate responsibility. The public

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face of CSR is the responsibility of public affairs, located within the Legal and Corporate

Affairs[32] and is part of shareholder relations having acquired a definite external,

"message" orientated focus. The proactive efforts of manufacturing have morphed into

compliance as corporate responsibility comes to be more of a public concern.

Most of the corporate responsibility initiatives can be directly or indirectly related to

activities associated with a business purpose but in the CRR they are described within the

context of the people, community, and the environment. Intel's corporate responsibility strategy

is firmly grounded in maximizing shareholder value and is implemented by operationalizing the

following questions, in this order:

1. What is the most economically advantageous alternative?

2. How might this alternative be achieved in the most sustainable, least unsustainable, way?

While preferable to a minimalist or legalistic position, it privileges economic gains over

sustainability. Also it is noteworthy that, more so than previous ones, the 2008 Corporate

Responsibility Report highlights the economic dimension of corporate social responsibility.

Thus, while stakeholders are receiving more attention and their voices given more credence, the

CSR maelstrom continues to privilege the economic voice of the stockholder/owners.

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[32] Corporate Affairs includes Public Affairs, Governmental Affairs, Education, and Corporate Responsibility.

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Appendix A Intel's Values

At Intel, we believe in doing a great job for our customers, employees and stockholders by being the preeminent building-block supplier to the worldwide Internet economy. Our values are put into practice each day by our employees, and govern how we deal with our communities and each of our customers. Our values are at the heart of everything we do.

Risk Taking — We strive to:
• Foster innovation and creative thinking.
• Embrace change and challenge the status quo.
• Listen to all ideas and viewpoints.
• Learn from our successes and mistakes.
• Encourage and reward informed risk taking.

Quality — We strive to:
• Achieve the highest standards of excellence.
• Do the right things right.
• Continuously learn, develop and improve.
• Take pride in our work.

Great Place To Work — We strive to:
• Be open and direct.
• Promote a challenging work environment that develops our diverse workforce.
• Work as a team with respect and trust for each other.
• Win and have fun.
• Recognize and reward accomplishments.
• Manage performance fairly and firmly.
• Be an asset to our communities worldwide.

Discipline — We strive to:
• Conduct business with uncompromising integrity and professionalism.
• Ensure a safe, clean and injury-free workplace.
• Make and meet commitments.
• Properly plan, fund and staff projects.
• Pay attention to detail.

Results Orientation — We strive to:
• Set challenging and competitive goals.
• Focus on output.
• Assume responsibility.
• Constructively confront and solve problems.
• Execute flawlessly.

Customer Orientation — We strive to:
• Listen and respond to our customers, suppliers and stakeholders.
• Clearly communicate mutual intentions and expectations.
• Deliver innovative and competitive products and services.
• Make it easy to work with us.
• Excel at customer satisfaction.

Appendix B Intel Corporate Principles for Responsible Business

- Intel respects, values and welcomes diversity in its workforce, its customers, its suppliers and the global marketplace. Intel will comply with applicable laws and provide equal employment opportunity for all applicants and employees without regard to race, color, religion, sex, national origin, ancestry, age, disability, veteran status, marital status, sexual orientation or gender identity. This applies to all areas of employment. Intel also provides reasonable accommodation to disabled applicants and employees to enable them to apply for and to perform the essential functions of their jobs.
- Intel will provide a workplace free of sexual harassment as well as harassment based on race, color, religion, sex, national origin, ancestry, age, disability, veteran status, marital status, sexual orientation or gender identity. We will not tolerate such harassment of employees by managers, co-workers or non-employees in the workplace.
- Intel is committed to achieving high standards of environmental quality and product safety, and to providing a safe and healthful workplace for our employees, contractors, and communities. We strive to comply with all applicable regulatory requirements as a minimum and implement programs and processes to achieve greater protection, where appropriate. We seek a healthful and safe workplace, free of occupational injury and illness. We strive to conserve natural resources and reduce the environmental burden of waste generation and emissions to the air, water, and land.
- Intel expects its suppliers to comply with applicable laws concerning occupational health, safety and environmental protection, to strive for a workplace free of occupational injuries and illnesses, and to engage in manufacturing that minimizes impact to the environment and the community. We expect suppliers to maintain progressive employment practices that meet or exceed all applicable laws. These include nondiscrimination in employment practices, prohibiting the use of child or forced labor, providing minimum wages, employees' benefits and work hours. In the event local standards do not exist, suppliers shall nonetheless establish progressive employment practices and shall apply U.S. standards where appropriate.
- Intel will not employ anyone under the age of 16 in any position. Intel expects its suppliers to comply with this expectation in placing contingent workers on Intel assignment. • Intel honors the personal privacy of consumers, customers and employees. Intel is committed to user privacy in our products and services. We support consumer choice and informed consent.
- Intel will provide a secure business environment for the protection of our employees, product, materials, equipment, systems and information.
- Intel prohibits bribes and kickbacks. Intel employees may not offer or accept a bribe or a kickback. Bribes and kickbacks are prohibited either directly or through a third party.
- Intel encourages competition, which benefits consumers by prohibiting unreasonable restraints on trade. Intel competes vigorously while at the same time adhering to both the letter and spirit of antitrust laws.

Intel is committed to complying with all applicable laws regarding employees in each of the countries in which we operate. This includes laws regarding: minimum ages for employment; minimum wages and overtime compensation; benefits; discrimination and affirmative action; employees' right to raise issues and work collectively for their mutual benefit; and health and safety.

Table 1. An Ethic of Accountability

	RIGHTS	RESPONSIBILITIES
SOCIETY	- Assign control of society's economic assets	- Provide necessary social, political, and material infrastructure to facilitate a just society
	- Hold corporate management accountable for their use of society's economic assets	- Provide reporting and performance evaluation criteria
CORPORATE MANAGEMENT	Use of society's economic assets (financial, technical, human, natural)	Fiduciary relationship with respect to entrusted assets that include rendering actions transparent and understandable by providing relevant, timely, and accurate information

Figure 1. Corporate Social Responsibility

MOTIVATING FORCES

CORPORATE CULTURE
(values)
(code of conduct)

COMPLIANCE
(laws, regulations)

FISCAL
VIABILITY
(financial results)

EXPECTATIONS (constituency
demands, requests, agreements)

OPERATIONAL MODALITIES

PROGRAMS
GOALS
RESOURCE ALLOCATIONS

OUTCOMES

COMMUNITY INVOLVEMENT

EDUCATION
SUPPORT

ENVIRONMENTAL
IMPROVEMENTS

ECONOMIC BENEFITS