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Delivering inclusive transformation

CSR, MIDDLE MANAGERS AND CONTRADICTORY DEMANDS

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PART 1: IDENTIFYING THE SOURCES OF TENSION IN ORDER TO ANTICIPATE THEM BETTER.

For several years now, Corporate Social Responsibility (CSR) has secured a prominent place in companies' strategic projects. More than a mere statement of intent, the task is now to embed these sustainability imperatives into long-term ambitions. Yet it must be acknowledged that these new requirements struggle to translate concretely into **business models**. How can this difficulty be explained? A lack of will or conviction on the part of decision-makers is often singled out. On that assumption, it would be enough to *"raise awareness"* to move from intention to action. However, several recent studies and a great deal of field experience point to a more complex problem: **the contradictory demands** raised by CSR projects reinforce the difficulty of committing to collective action.

Any change gives rise to inevitable competing pressures. CSR, for its part, represents a particularly complex new reality, since it requires reconciling three requirements that are often in opposition: the economy, the environment and society. In many cases, it can seem difficult to meet the expectations attached to one of these pillars without **compromising those of the others**. The development of sustainable products illustrates these lines of tension well. The additional costs generated by recycled materials or low-impact processes can translate into reduced margins in the short term, or even create price premiums that limit accessibility. These dilemmas are nevertheless only apparent, and are not insurmountable. The success of CSR projects rests largely on the ability to find the right balances — in other words, on **the art of compromise**.

1/ Why is it essential to focus on middle management?

The dissonances induced by these double binds weigh on middle managers: *"finding sustainable solutions without increasing costs, sacrificing time while maintaining productivity, delivering on senior management's ambitions while taking account of the reality on the ground, thinking long term while focusing on annual performance…"*.

This feeling of being *"caught between a rock and a hard place"* can generate anxiety and **a sense of powerlessness**. Yet "middle managers" play a central role in CSR transformations: they have to take ownership of these initiatives, give them meaning, roll them out and — still too rarely — define them.

A manager caught *in a vice* will crystallise resistance, and their scepticism may create disengagement or even blockages within their team.

These observations raise several crucial questions: where do the contradictions associated with CSR transformations come from? How can the company mitigate their impact on middle managers? And how can managers be helped to integrate these tensions better on a day-to-day basis?

Before identifying levers for action in the second part of this *position paper*, we propose a framework for spotting the paradoxical injunctions associated with CSR transformations[1].

2/ Identifying CSR-related contradictions: beyond the obvious

The first and most obvious step is to identify the fundamental contradictions between economic, environmental and social objectives. This first level of reading nevertheless remains insufficient to capture the diversity of priorities to be reconciled in the short and medium term. To develop a **more finely grained understanding**, these tensions need to be explored through three further dimensions: diverging interests across hierarchical levels and business functions, conflicts of temporality, and the priorities and methods used to deliver the targeted changes.

Diverging interests across hierarchical levels and business functions: the eternal global versus local dilemma

CSR-related tensions often originate in diverging interests between the different levels of the organisation. This recurring phenomenon is particularly apparent in how priorities are perceived by decision-makers and by operational teams, two sets of stakeholders that are not **subject to the same constraints**. Take the case of a retail company rolling out a food waste reduction policy. This commendable initiative can create friction if sufficient time and resources are not granted to operational teams to manage donations to local charities. If the question of resources is not addressed upstream, the initiative will be experienced as an additional burden by store managers, with the risk of feeding a sense of disconnection between management and employees.

Another common example illustrates the issue: a response deemed appropriate at company level may appear **inappropriate from the point of view of a department or a team**. The use of recycled materials often generates this type of friction. For example, in a construction company wishing to use recycled concrete, some technical teams may raise concerns about performance gaps compared with conventional concrete, while logistics teams will worry about potential delays linked to impacts on supply chains.

Finally, perceptions of sustainability issues vary profoundly from one individual to another. According to a recent study, **59% of employees describe themselves as CSR promoters or advocates**[2]**, while 31% say they are indifferent**. These figures reveal an inescapable reality: some employees actively want to contribute to environmental initiatives within their company, while others consider that this is not their role.

The difficulty of factoring the long term into decisions

The second source of tension concerns conflicts of temporality. CSR policies often generate **immediate costs, whereas their benefits generally materialise over the long term**. This asymmetry calls for delicate but not insurmountable trade-offs. A striking example is that of La Banque Postale[3], which announced its complete withdrawal from fossil fuel financing by 2030.

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1 *This framework is inspired by the model developed by Hahn, Pinkse, Preuss and Figge (2015), "Tensions in Corporate Sustainability: Towards an Integrative Framework", Journal of Business Ethics*
2 *Cegos international barometer 202- , Corporate Social Responsibility: where do organisations stand? Mobilising, involving and training people to act further*
3 La Banque Postale news release

While this decision means giving up a lucrative activity in the short term, it also constitutes a powerful lever of differentiation over the long term.

Moreover, factoring in the long term represents a real challenge in organisations where performance management systems are primarily calibrated on short cycles. As one manager interviewed on the subject put it: *"Why invest in a project with an impact over five years if my objectives are tied to annual cycles? It would be like planting a tree whose fruit I will never see."*

These dilemmas show how important it is to move beyond a logic of **personal dedication**. It is essential to work on the coherence of management systems with respect to sustainability objectives. As long as managers' objectives remain tied to short-term financial performance, *"sustainable"* choices will be perceived as risky, or even penalising. On this point, commendable efforts have been observed: one study shows that 57% have integrated non-financial criteria into executive remuneration policies[4]. The challenge for the years ahead will be to combine quantitative and qualitative indicators in order to align executives' interests, but also to cascade them to the rest of the management line.

The nature of the changes and the method used to roll them out

The third source of contradiction stems from the changes to be implemented. When it comes to CSR, the solutions to be adopted are rarely obvious or fully satisfactory. Moreover, their relevance remains difficult to demonstrate, given that **societal impacts are multiple and hard to anticipate**. Take the example of a company that decides to invest in photovoltaic canopies at one of its industrial sites. On paper, the initiative looks exemplary: it reduces the carbon footprint and sends a positive signal to stakeholders. However, it may give rise to demands perceived as competing from the point of view of the managers responsible for its rollout. On the finance side, it runs up against budget constraints. For logistics, it means deprioritising certain works. In terms of communication, it calls for caution, since the actual impacts depend heavily on local climate variations. In this configuration, every actor must be able to voice the constraints perceived within their own scope. Alignment within project committees is essential to move beyond apparent tensions.

The second paradox concerns the method used to roll out changes. Faced with resistance to change, should employees be **encouraged** to adopt new behaviours, or rather **compelled** to do so? This debate resurfaces constantly when CSR departments seek to develop eco-friendly practices, such as business travel rules, recycling policies, or the sending and storage of emails. While restrictions guarantee a faster reduction in emissions, they nevertheless risk antagonising certain actors. This question of acceptability is vital: the adoption of change will be helped by work on conviction around the meaning of the direction that has been set.

4 *IFA, ORSE, PwC France and Maghreb barometer, 1st edition – March 2022*

PART 2: HOW CAN THE MANAGEMENT LINE BE HELPED TO DEAL WITH THESE ANTAGONISMS?

Having explored the sources of paradoxical tension in the implementation of CSR, this second part focuses on recommendations. As in any complex transition, there are no “miracle” recipes, but rather a set of levers for action to be combined.

The company can act on two fronts: at collective level, by limiting dissonances and mitigating their effects on managers; at individual level, by helping middle managers cope with the pressures they encounter day to day.

1/ Acting on the system to limit contradictions or mitigate their effects

From the outset, drawing on middle managers to factor in local constraints

“Middle managers” are in direct contact with operational realities. Their detailed knowledge of the ground is valuable for **anticipating teams’ constraints and expectations**. Of course, mobilising the entire management line at every stage of a project would be neither realistic nor efficient. The challenge is to select a representative sample of managers in order to involve them at key moments in the project.

Project managers have several options for selecting representatives. This may involve setting up an *ad hoc* team reflecting the diversity of business functions, drawing on talent pools, or simply organising one-off collective events (seminars, workshops, etc.). The same applies to how they are involved, which can occur at different phases of the project: during the diagnosis, through interviews; during design, via working groups on the design and testing of solutions;

and before rollout, through work on identifying the resources and conditions for success. **The time invested** in consulting managers must be weighed against the *"return on their engagement"*. Managers involved from the earliest phases of a project will indeed be more inclined to support the initiatives.

Recently, an international scientific and technical institution used this type of approach to reconcile two apparently *"incompatible"* objectives: reducing the carbon footprint associated with international travel while pursuing its internationalisation ambitions. Consulting research directors made it possible to identify several **compromises**. One of the key decisions was to prioritise travel for early-career researchers, on the grounds that such mobility plays a crucial role in developing their careers.

Aligning on a medium-term CSR strategy

In recent years, undeniable progress has been made in governance: in 2015, only 15% of SBF 120 boards had a CSR committee, **compared with 86% in 2024**[5]. This shift reflects growing awareness of the importance of sustainability issues. However, this structuring does not yet guarantee systematic integration into strategic decisions. According to a recent study, in 64% of boards, climate issues are only occasionally — or never — considered as a decision-making factor[6].

Extensive field experience shows that this strategic alignment is far from a given. A recurring difficulty lies in the absence of forward-looking scenarios. Too often, strategic objectives are set on the basis of assumptions drawn from the current situation, ignoring margins of uncertainty. According to the same study, **only 44% of board members report attending presentations of foresight exercises**[7]. To challenge initial assumptions, the involvement of external experts in governance bodies becomes crucial (researchers, economists, think tank representatives, etc.). These assumptions will subsequently make it possible to give meaning to CSR policy for stakeholders, and in particular for "middle managers".

Encouraging cross-functional working in the operational translation of CSR priorities

Setting ambitious five-year CSR objectives is an unavoidable step, but translating them operationally into the priorities of the various business functions is even more critical. In complex organisations, breaking down "silos", like aligning CSR and business priorities, often sounds like pious hope. Yet concrete examples show that with appropriate governance, this alignment can become a reality.

This cross-functional working requires learning counter-intuitive collective ways of operating, **new patterns that inevitably disturb the established order**. Recently, an energy group undertook a bold transformation aimed at aligning its financial and non-financial priorities. The first step was to place the CSR Department under the Finance Department, with the ambition of transposing financial planning methods to CSR objectives. A three-year Medium-Term Plan for CO_2 reduction objectives was built on the basis of the group's financial assumptions. Each business unit was assigned a CO_2 emissions reduction trajectory consistent with EBITDA targets. As a result, renewable energy projects **preserve operating profitability** while contributing to decarbonisation objectives. These non-financial indicators were then integrated into business reviews, investor presentations and executives' annual and long-term variable remuneration. As with financial processes, businesses that fall behind on their non-financial objectives must now present action plans to the board. As the CSR director puts it, this increased visibility has made it possible to shift the company's culture: *"CSR is no longer a*

5 *IFA-Ethics & Boards barometer of responsible governance 2024*
6 *IFA, ORSE, PwC France and Maghreb barometer, 1st edition – March 2022*
7 *IFA, ORSE, PwC France and Maghreb barometer, 1st edition – March 2022*

corporate topic to be handled alongside the business; for executives it has become inseparable from their activity."

Defining arbitration methods specific to CSR

In a matrix environment, differences over budgets and resource allocation are inevitable. Several concrete measures can be adopted to overcome this challenge.

First, the right levels of decision-making and escalation need to be defined in order to resolve differences between departments, business functions and regions (executive committee, business-line executive committee, etc.). An effective alignment process must involve different levels: for example, an initial discussion within the teams concerned, if necessary mediation by a cross-functional committee, and finally arbitration by a strategic decision-maker. **Project review committees** play a central role in this kind of arrangement, by coordinating project sponsors, business unit leaders and those responsible for CSR.

Another key lever is to train teams in building **business cases** that incorporate societal impacts. These analyses must combine qualitative approaches (such as impacts on stakeholders) and quantitative ones (such as costs or economic forecasts). Likewise, it is useful not to overlook putting a figure on the costs of inaction (reputational risk, disengagement, loss of market share, etc.).

Finally, **mapping the contribution of projects** to the achievement of CSR strategy objectives is a powerful tool for helping decision-makers prioritise or deprioritise their investments, in line with the CSR ambition that has been set. In companies where initiatives are proliferating, it is often difficult to gain an overall view and to grasp the interdependencies. Analysing impacts across the various scopes can guide trade-offs, by prioritising efforts on the actions with the greatest potential.

Drawing on a network of CSR officers responsible for coordinating initiatives locally

Rolling out CSR initiatives locally often brings to light requirements that are difficult to anticipate from head office. Whether operational constraints, diverging priorities or a lack of appropriate resources, these tensions hold back the implementation of global commitments. To meet this challenge, a growing number of companies identify and train **CSR ambassadors**, attached to regional scopes or to specific business functions. These ambassadors can help head office actors anticipate the double binds experienced by local managers (provision of resources, other local priorities, etc.). Conversely, these relays can offer advice, and even shape the local translation of CSR projects, notably by coordinating the construction of local action plans.

By way of illustration, a university recently launched an innovative programme to **professionalise the CSR correspondents** based across its various campuses. These ambassadors, trained in the management of sustainability issues, now have a say in local trade-offs relating to CSR projects. They ensure that decisions are consistent with the institution's global commitments, while taking account of the specific features of each site.

Bringing the management system into line with sustainability objectives

Undeniable improvements have been observed in the integration of non-financial criteria into remuneration policies, particularly regarding CO_2 emissions, diversity, and health and safety. However, there is still ground to cover on integrating these criteria into the performance objectives of "middle managers" and employees. To limit competing pressures, it can be wise to draw on managers to identify **non-financial objectives** suited to the realities of the different business functions. In the years ahead, it will be essential to embed these sustainability issues across all HR policies, such as talent identification, succession plans and career paths.

2/ Acting at individual level: helping middle managers play an integrating role

Developing the "soft skills" essential to making change stick

While managers generally have the technical skills needed to analyse and understand the antagonisms inherent in CSR issues, they are often less well prepared on the behavioural side. Strengthening **the acquisition of the soft skills** below will make it easier to exercise a new managerial role driven by the search for the right compromise between short- and medium-term priorities, the integration of constraints and the cross-functional contribution of stakeholders:

- **Critical thinking / discernment**: forming critical judgements and stepping back to consider what is harmful and what is beneficial for society and for the company
- **Emotional intelligence**: sensing different sensitivities and showing empathy in order to reassure stakeholders (beyond purely "rational" arguments)
- **Interpersonal intelligence**: identifying the interests at play, finding allies and aligning actors around shared solutions
- **Negotiation and a sense of compromise:** identifying solutions that reconcile contradictory demands and convincing others of their value
- **Resilience:** maintaining engagement and constructive relationships despite disagreement, dissatisfaction and opposition
- **Managing conflict and controversy:** accepting divergent views and creating quality dialogue around solutions
- **Stress management:** mastering one's emotional state and anxiety in the face of numerous dilemmas and grey areas
- **Influence and persuasion:** using one's influence to advance the general interest and rally people around objectives that go beyond local interests (business, individual, etc.)
- **Creativity:** finding innovative solutions to contradictions and imagining alternatives that go beyond the usual compromises

Creating spaces for dialogue around contradictions and disagreements

Paradoxical injunctions, combined with a heavy workload, can weigh heavily on middle managers' morale. This insecurity is not without consequence: it can hold back initiatives and, above all, create blockages.

To address this issue of psychological safety, managers need dedicated moments in which they can freely express the dissonances they perceive and receive support from their peers. This can take the form of a discussion group, a co-development workshop, a simple one-to-one conversation, or a dedicated slot within existing rituals or meetings. The essential point is to allow managers **to express the contradictions they perceive** and to obtain advice from their peers on how to manage them. Another aspect not to be overlooked relates to corporate culture: how much room should be given to debating the direction that has been set? It is not a matter of reaching consensus on every decision, but it is important to recognise that when it comes to CSR, certainties about what constitutes the "right" action are rare. Allowing dissenting voices to be heard helps defuse internal resistance and find responses better suited to operational realities.

Consulting the management line on the resources required and the return on investment

The lack of resources dedicated to CSR initiatives — whether **budget, time or human resources** — is one of the main sources of contradiction in organisations[8]. The challenge is twofold for CSR departments: sizing needs precisely and convincing decision-makers to invest additional resources. Yet middle managers have a realistic view of what is genuinely needed to implement CSR initiatives (time, budget, skills, etc.). Their knowledge can also be drawn on to

8 *Vendredi - CSR Barometer 2024 – The corporate wake-up call in the service of the transition?*

detail the *“return on investment”* of these initiatives, which often remains difficult to model. This realistic view can help CSR officers reprioritise initiatives or, conversely, convince decision-makers to take the plunge.