

Corporate Social Responsibility
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Lecture – 43
What is Corporate Citizenship?

Welcome back to the MOOC course on corporate social responsibility. My name is Aradhna Malik and I am helping you with this course, and we finished the module on corporate governance I deliberately did not spend any time on corporate governance in India, I wanted you to find out for yourselves how corporate governance is happening in India maybe I shared those notes with you at a later time, but then. So, you know I will just give you the notes, I would not explain these things to you because I have already done that in so many different ways. So, that is your homework you read through the notes if you have any trouble understanding them, please get back to me on the forum and I will respond ok.

Now this module is about sustainability and you know corporate social responsibility and sustainability, we have discussed a little bit about sustainability earlier when we were talking about the you know the socially social responsibility, our responsibility to the environment. So, but before we really go get into sustainability, what we really need to talk about is corporate citizenship. When we talk about corporate social responsibility what really connects csr to sustainability is the idea of corporate citizenship, and I told you earlier that we would be covering this in details. So, I have a few lectures on this for you in this module this is week 7.

So, let us see what we have here for you. Csr and sustainability that is the name of the module and corporate citizenship is the name of the lecture ok.

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What is citizenship? (Matten & Crane, 2005)

- Belongingness
- Affiliation
- Rights
- Responsibilities

■ "legal entities with rights & duties, in effect, 'citizens' of states within which they operate"
(Marsden, 2000, in Matten & Crane, 2005)

What is corporate citizen, what is citizenship before we go into corporate citizenship let us talk about what citizenship is. Citizenship refers to belongingness it refers to affiliation, it refers to your rights and along with all of this comes a package of responsibilities, I belong I am an Indian I am part of this organization I am an Etienne; I am Etienne I am teaching here. So, I have all these rights and you know I belong I have a sense of identity because of this very nice place that I am a part of; however, that also brings a set of responsibilities. So, citizenship is you know your the presence or affiliation to a larger community and everything that comes along with that larger community.

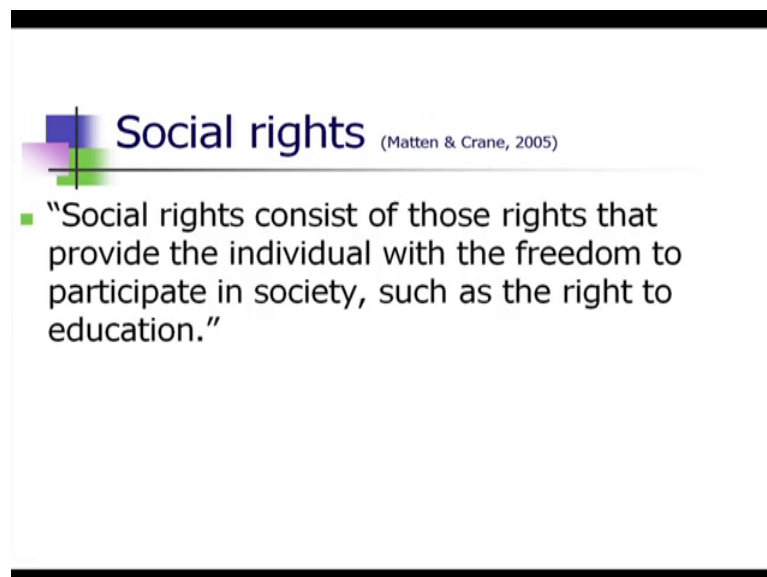
Now a formal understanding of citizenship comes from this statement by Marsden in cited in matten and cranes paper published in 2005 and this statement is legal you know corporate citizen or citizenship refers to legal entities with rights and duties in effect, citizens of states within which they operate. So, we function in a particular environment, we function in a particular in a setting, we our identity is a function of the setting we belong to the setting we function in, and this is a you know when we talk about citizenship, citizenship is a legal entity with rights and duties you belong to a place you function within that place, but there are and you have certain rights by virtue of being connected to that place. In addition to that we also have some duties some responsibilities something that we need to do in order to maintain this relationship keep it going on. So, that is what citizenship is all about.

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Now on a very broad level rights of citizens can be classified into 3 different categories; social rights, civil rights and political rights let us see what these are.

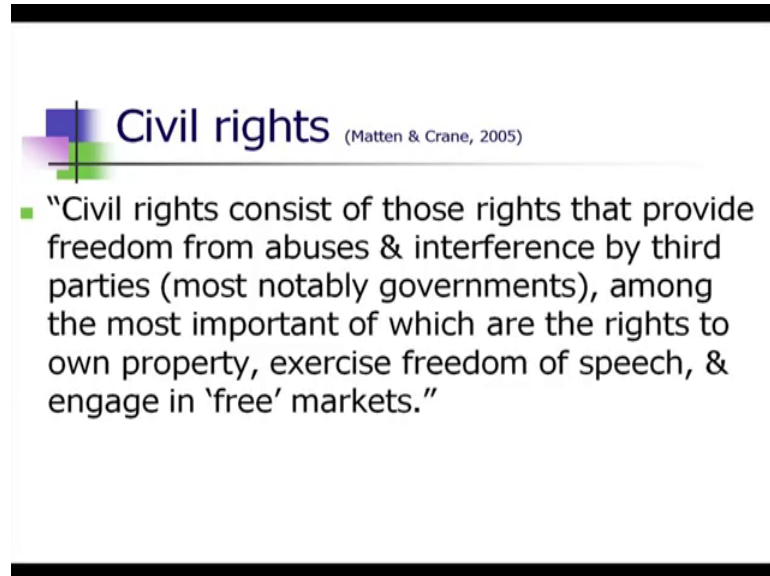
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Social rights consist of those rights that provide the individual with the freedom to participate in society, such as the right to education, the right to good health. So, all of these are social rights. So, rights to practice your own religion, these are social rights. So, you know the rights that provide the individual with the freedom to participate in society,

with the freedom to mix with the society, with the freedom to be a part of the society, an active member of the society are called social rights.

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Civil rights (Matten & Crane, 2005)

- "Civil rights consist of those rights that provide freedom from abuses & interference by third parties (most notably governments), among the most important of which are the rights to own property, exercise freedom of speech, & engage in 'free' markets."

Now civil rights consists of those rights that provide freedom from abuses and interference by third parties, most notably governments now this is not my statement this is something that matten and crane have written the paper and I am just quoting from that, among the most important of which are the rights to own property, exercise freedom of speech and to engage in free markets. So, these rights refer to freedom from abuse freedom from discrimination. So, these rights consist of those rights that provide freedom from abuses.

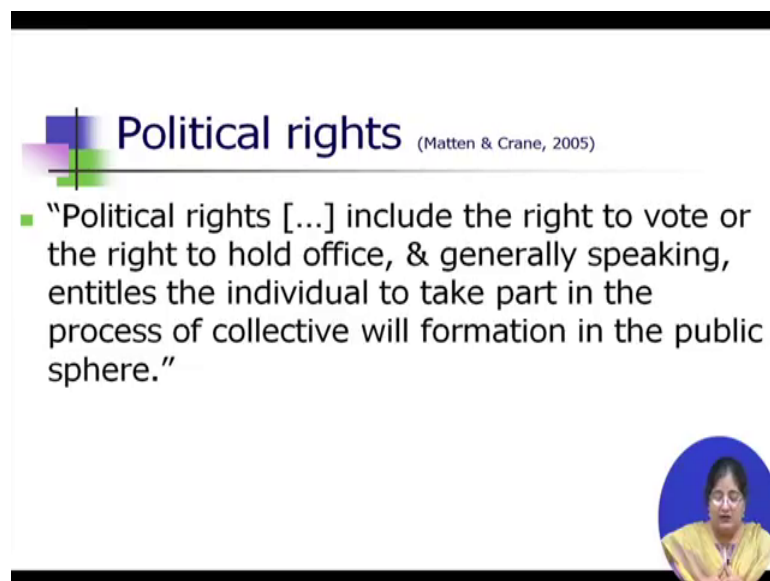
So, they entitle the citizens to not be abused, to not you know they entitle their work to not be interfered in by third parties, by people who are not directly affected by that work by their participation in something. So, these are civil rights they rights to own property. You can own a house again there are restrictions you know, we are talking about now I will get into a little bit of legal not jargon, but legal aspect of this for example, in India are the rights to own agricultural land in some states is restricted only to practicing farmers who are residents of that state.

Now even though you know we have a lot of control at the center, you know any Indian cannot any other citizen any non practicing farmer of is the is state cannot go and buy farming property agricultural property in some states. So, you know that is a law, but that

does not mean that you cannot and, but again you know some I mean residential properties routinely advertised for people from all over the country, is occasionally even fought for non resident Indians for foreigners too. So, you know. So, it just depends on where you are there are certain local laws and policies that govern this, but you do have a right to own property. As a citizen of India you have a right to own property within India, as a foreigner again be the laws of that country are put in action. So, they operate and they decide they determine what you can and cannot own and buy.


So, anyways. So, exercise to freedom you know exercise freedom of speech, again freedom of speech as long as it does not disturb others. So, you know and engage in free markets. So, these are civil rights again I am not a lawyer, but I am you know as a citizen of the country I can just tell you very briefly what these rights are, but so that you get an idea.

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Political rights (Matten & Crane, 2005)

- "Political rights [...] include the right to vote or the right to hold office, & generally speaking, entitles the individual to take part in the process of collective will formation in the public sphere."



Political rights; political rights include the right to vote, or the rights to hold office and generally speaking entitled the individual to take part in the process of collective, will formation in the public sphere. So, formation of unions, the rights to vote the rights to set up a political party, the rights to get together and do something collectively for the common good, and not generate a collective will now that is those are the political rights. So, these are the broad categories into which the rights of citizens are classified.

Now we come to responsibilities and I will not give you the detail here, I will give you the detail of our responsibilities when we talk about when we connect corporate citizenship to csr to corporate social responsibility. In the mean time when you watch this please start thinking about the responsibilities you have as citizens of the country to your country. We have a lot of you know we enjoy a lot of rights, a lot of freedom, a lot of privilege as citizens of a an amazing country like India, we also have certain responsibilities and that is what this course is all about. We are enjoying these rights we need to give back to the society that has given us so much. So, I want you to start thinking about it if you have not done so already ok.

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Opportunities for corporations to step in as citizens (Matten & Crane, 2005)

- "Where government ceases to administer citizenship rights
- Where government has not as yet administered citizenship rights,
- Where the administration of citizenship rights may be beyond the reach of the nation-state government." (primarily social rights)

Now the opportunities for corporations to step in as citizens arise in three different scenarios. One where government ceases to administer citizenship rights. So, in a place where the government is no longer administering, citizenship rights society is written by social strife where there is fighting etcetera. Where government has not yet administered citizenship rights these are the developing countries, these are the countries where the government or countries that have just been liberated you know. So, or countries that have just been formed, where the government is just trying to get a hold of its you know or get its bearings trying to get set up, where it has still not administered citizenship ship rights; and the third situation this third scenario is where the administration of citizenship rights may be beyond the reach of nation state government these are primarily social rights.

Now, this is where a country like India comes into the picture. You know everything else is in place our government is ready to administer the rights, they are trying to, but a country as complex as India, a country as diverse as India faces a major major problem in terms of you know reach physical reach and social reach. We still have areas where it is very difficult to physically reach you know you have to go either on foot or on horseback, I mean there are still no roads in some parts of the country though those such places have reduced a number, but still or you know you can only reach by boat and so it is very difficult to physically reach people, and give them say you know build schools there. I recently read that Kerala now boasts of being able to give electricity to every home.

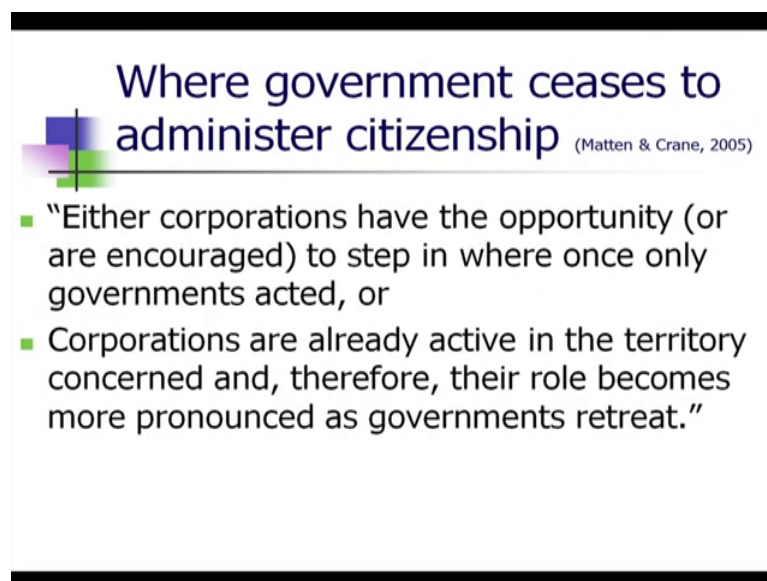
So, every home in Kerala has been has received electricity Kerala is probably the first state to have done that and that is amazing, because the you know we have started that and there was a time when I was growing up there were places that were still not there that still did not have electricity you know. So, even in my home state we still we still have some very few villages, but we still have some areas where there is no electricity, but I mean this is a start. So, you know this is this is a beginning. So, 70 years after independence, we can say that at least one state has been able to give electricity to all its homes. So, that is really nice.

So, that is what I am talking about the a country as physically diverse there are places where you cannot reach, we have everything we have the Himalayas, we have the oceans, we have you know we have we have deserts, we have every physical topography that one can think of. And we have all of it in one tiny country I mean as compared to some other countries India is not very huge in size population wise yes and the population then brings in another another complexity, we are so diverse culturally, I had read somewhere that every 200 kilometers, the culture of the people changes, the language they speak changes, the kind of food they eat changes, the kinds of clothes, the wear a tie their saris, the color of houses changes I mean everything changes. So, every two hundred kilometers you can see a stark difference in culture and that is really that really poses a lot of problems. So, getting to the people and giving and convincing them that they must send their children to school. You know and I mean that is and setting up schools in far flung places where maybe the population density is very very low for example, the northeastern states, I have had a chance to I have visited Nagaland and I

have seen you know you will find a few a hamlet here and a hamlet , and you know it is like it is very difficult to get to those places.

Now, will you set up a school in a place that has maybe only 2 to 300 people maybe will you set up a school in a place that has only 10 homes, a tiny tiny hamlet maybe not you know children could be an in different age groups. So, how do the children go or you set up a school where everybody is expected to travel say you know walk on foot, maybe 5 or 6 kilometers how will those children get to the school things like that. So, and many of you listening to these lectures could be living in such areas, could have gone through these situations. So, that is what I am saying you know the third point really applies to India. So, the third point really applies to India where the administration of citizenship rights may be beyond the reach of reach of the nation state government ok.

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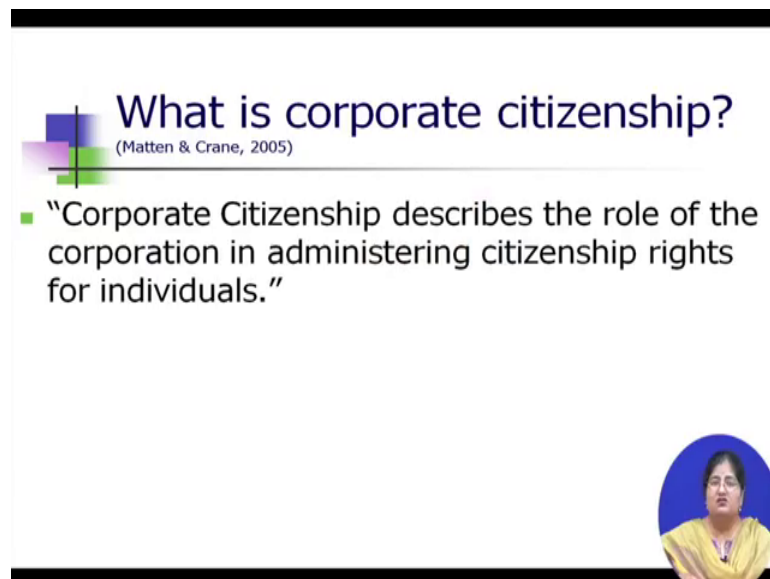
Where government ceases to administer citizenship (Matten & Crane, 2005)

- "Either corporations have the opportunity (or are encouraged) to step in where once only governments acted, or
- Corporations are already active in the territory concerned and, therefore, their role becomes more pronounced as governments retreat."

Now in areas where the government ceases to administer citizenship, either corporations have the opportunity or are encouraged to step in where once only governments acted or corporations are already active in the territory concerned and therefore, their role becomes more pronounced as governments retreat, governments are in the social strife where they have given up you know the countries fighting, the government is still unstable they have stopped administering right. So, what do the corporations do? They have the opportunity to step in where only once where once only governments acted.

So, they say you know the government banks on people who have the resources to step in and help out. The other is corporations are already active in the territory concerned and therefore, their role becomes more pronounced, they have already been helping governments and their role becomes more pronounced, they are banked on to deliver more than they were delivering earlier. So, they are already involved with the community and they are asked to participate even more. What is corporate citizenship? Now we were talking about why corporate citizenship.

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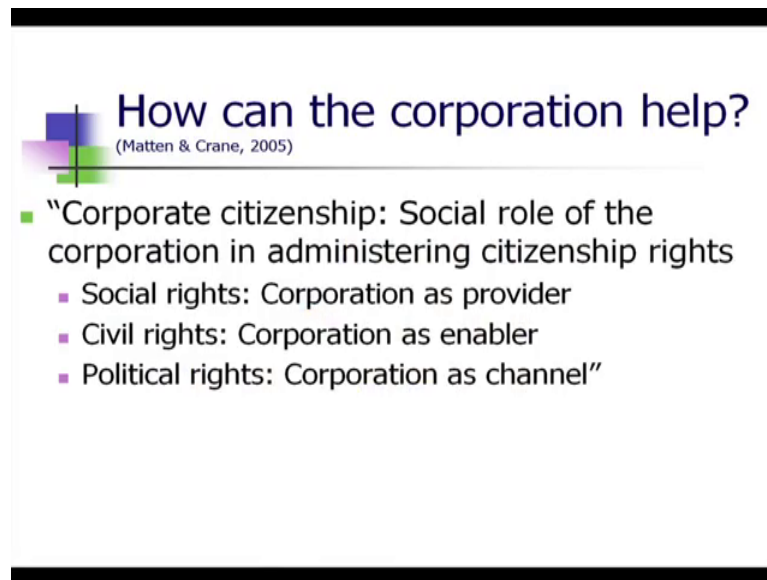
What is corporate citizenship?
(Matten & Crane, 2005)

- "Corporate Citizenship describes the role of the corporation in administering citizenship rights for individuals."

Now, we are going to move into really what is corporate citizenship; corporate citizenship describes the role of the corporation in administering citizenship rights for individuals.

So, you know it is the corporations the profit making organizations taking their resources and helping governments to administer citizenship rights to their citizens.

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How can the corporation help?
(Matten & Crane, 2005)

- "Corporate citizenship: Social role of the corporation in administering citizenship rights
 - Social rights: Corporation as provider
 - Civil rights: Corporation as enabler
 - Political rights: Corporation as channel"

How can the corporation help? Corporate citizenship deals with the social role of the corporation in administering citizenship rights. So, they can help administer social rights by treating the corporation you know the corporation can be a provider of social rights they can facilitate social rights, they can enable the civil rights, they can they can help with the civil rights and what are the civil rights, let us just go and revisit this. So, they give social rights they set up schools, they do you know they base set up hospitals, they give social rights.

Then they enable civil rights, civil rights consists of those rights that provide freedom from abuses and interference by third parties among which the most important of which are rights to own property exercise freedom of speech and engage in free markets. So, they help with the administration of civil rights, they facilitate they set up situations where citizens have access to civil rights. So, they can exercise their civil rights; and the third is the political rights where the corporation acts as a channel. So, they allow the formation of unions in there within the their boundaries and they allow these unions to get together, and they become a channel for people to get together. So, this is how the corporation can help ok.

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Global corporate citizenship

(Hemphill, 2004)

- Different organizations from the same industry from different parts of the world coming together to help with social rights of people connected to that industry.
 - e.g. Fair Labor Association: <http://www.fairlabor.org/>
 - Equator Principles: <http://www.equator-principles.com/>
 - Goodweave (Erstwhile Rugmark): <https://goodweave.org/>
 - Rugmark India: <http://www.rugmarkindia.org/rugmark/index.htm>

Now when we go to global corporate citizenship, we are talking about different organizations from the same industry from different parts of the world coming together to help with social rights of people connected to that. Industry we have talked about one of these organizations in the past I will show you a couple more. The first one here is the fair labor association then we just show this to you ok.

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The screenshot shows the homepage of the Fair Labor Association website. The browser address bar displays 'www.fairlabor.org'. The website features a navigation menu with links for 'HOME', 'OUR WORK', 'IMPACT', 'AFFILIATES', 'TRANSPARENCY', and 'GLOBAL ISSUES'. A search bar is located in the top right corner. The main content area has a header that reads 'IMPROVING WORKERS' LIVES WORLDWIDE' above a photograph of a person in a green shirt working in a field of tall grass.

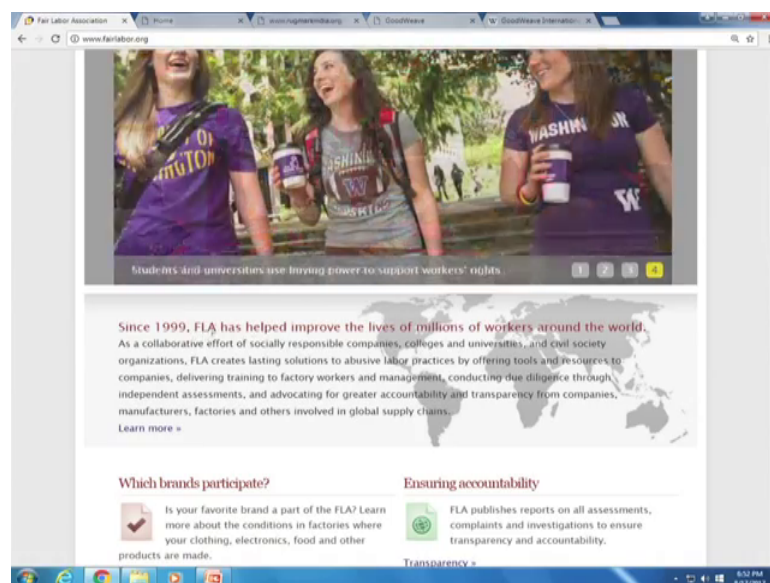
So, here is the fair labor association, improving the lives, improving workers lives worldwide let me just increase this size. So, you can read a little bit the website addresses fa ir la bu r dot org. So, you can see this yourself.

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So, some organizations different organizations from different parts of the world gets together, and work exclusively on improving the lives of their workers worldwide home here.

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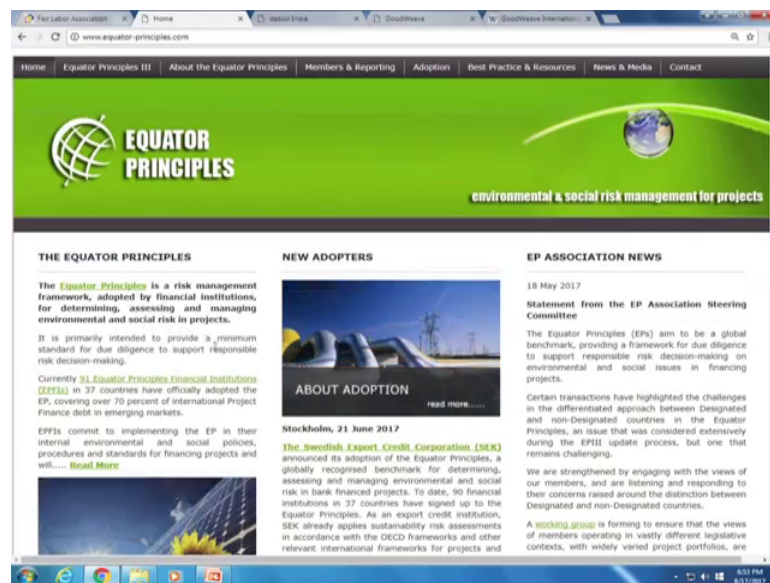


Since 999 FLA has helped improve the lives of millions of workers around the world.

So, you know they have they have FLA creates lasting solutions to abusive labor practices by offering tools and resources to companies delivering training to factory workers and management, conducting due diligence through independent assessments and advocating for greater accountability and transparency from companies, manufacturers factories and others involved in global supply chains. So, you can go through this website they very nice just see what they are doing, they deal with you know several issues fair compensation fire safety etcetera.

So, you know they are getting together and they are dealing with issues, they invite organizations to be a part of the association and then together they are building a network of professionals of organizations that are helping improve the lives of workers, all over the world irrespective of the government regulations irrespective of the culture, within I am not saying irrespective I am sorry it is you know within the confines and boundaries of the local laws and in consonance with the local culture, they are helping improve the lives of workers all over the world.

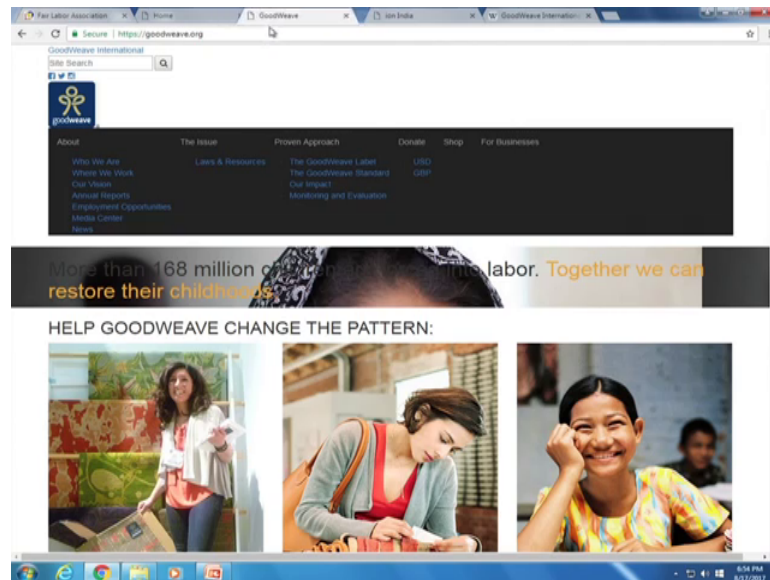
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The next website or the next organization that I want to tell you about is the equator principles. Equator principles is a risk management framework adopted by financial institutions primarily banks, for determining assessing and managing environmental and social risk in projects.

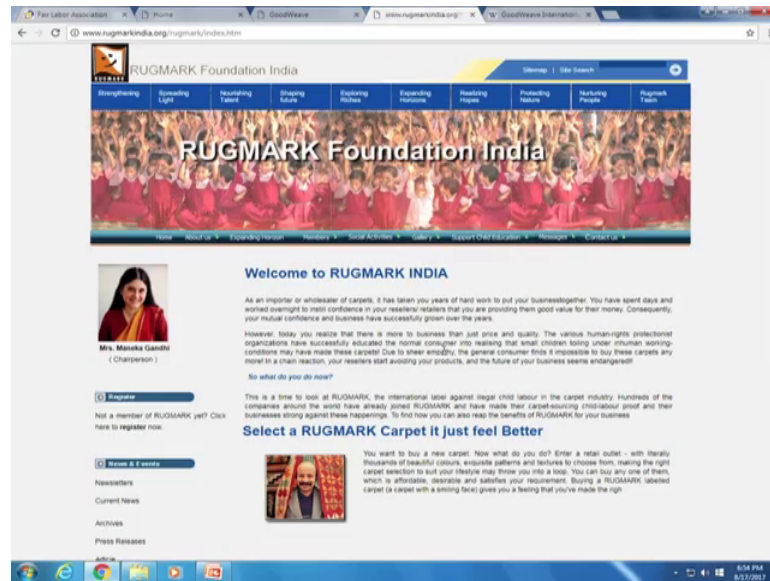
So, banks have got together and they get together and they try and follow these principles, equator principles were launched in 2003, you can read the details here this is the website address is [www dot equator hyphen principles dot com](http://www.equator-principles.com).

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So, you can go through it and see what they are doing. Another organization that we have talked about in the past is good weave, you know which was initially set up as rug mark to ensure or they a stamp of rug mark or now good weave tells the buyers that no child labor has been used to produce these carpets. So, and an offshoot of the old rug mark is rug mark India.

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So, if you are interested you can also go through this website and Mrs. Manika Gandhi is the chairperson of this foundation and she is helping with this initiative, and its primarily to prevent child labor especially in the weaving industry.

So, if you buy a carpet that has the rug mark stamp on it, it means that no child labor has been used in the production of this carpet it was the work was done by adults and children were not used for this. So, you know these are great initiatives these are initiatives where organizations have come together to improve what to give something back to the society.

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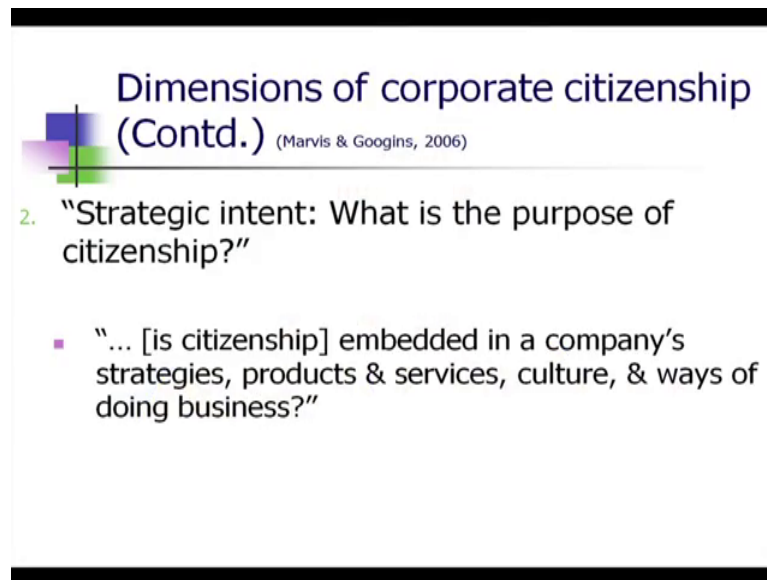
Dimensions of corporate citizenship (Marvis & Googins, 2006)

1. "Citizenship concept: How is citizenship defined? How comprehensive is it?"
 - "... how comprehensive & inclusive a company regards its role in society?"
 - "... [how well] the total actions of a company [...] minimize harm, maximize benefit, are accountable & responsible to stakeholders, & support financial results."

Now, some dimensions of corporate citizenship, now citizenship or no concept how is citizenship defined. The first dimension is citizenship concept, how citizenship defined how comprehensive is it. Now this is from a paper or from a report by marvis and googins that was published in 2006, and this is a working paper and you know they are they are getting together and they are trying to list how corporate citizenship should happen.

So, the first dimension here is citizenship concept, what is citizenship, how do we define it, how comprehensive is it, how inclusive a company regards its role in society do they feel connected, do they feel responsible, do they want today, do they feel it is their job to give back to society or not. And how well the total actions of a company minimize harm maximize benefit are accountable and responsible to stakeholders and support financial results and you know so the profit making aspect is an important part of csr ok and of corporate citizenship also all right.

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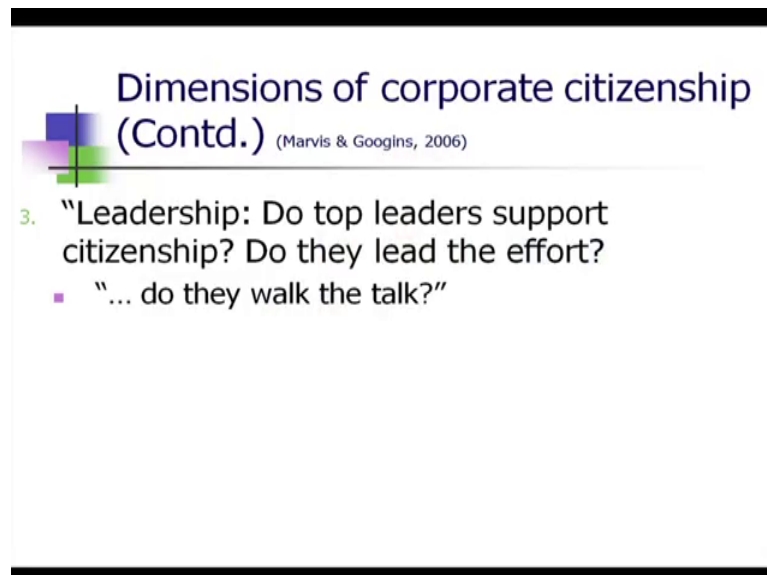


Dimensions of corporate citizenship
(Contd.) (Marvis & Googins, 2006)

2. "Strategic intent: What is the purpose of citizenship?"
 - "... [is citizenship] embedded in a company's strategies, products & services, culture, & ways of doing business?"

The second dimension that they talk about is strategic intent, what is the purpose of this citizenship that organizations engage in. Is citizenship embedded in a company's strategies products and services culture and ways of doing business, or is it a is still being imposed on them are they still toying with the idea has it been integrated.

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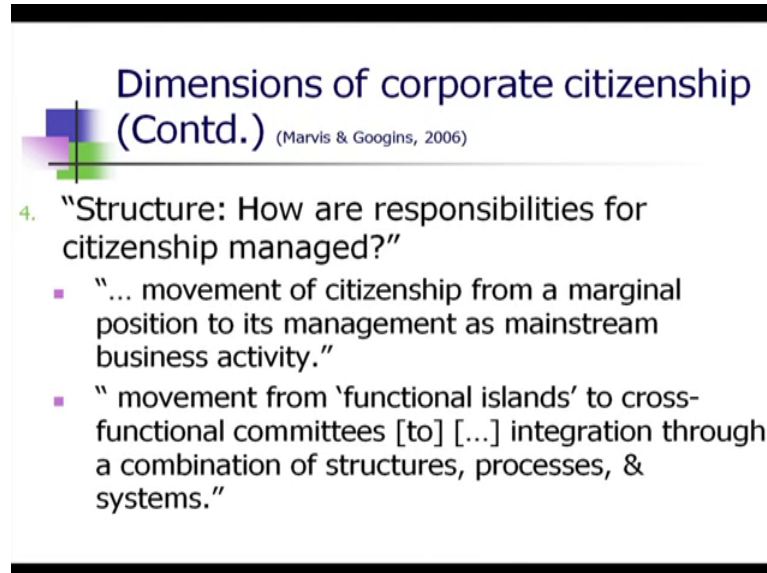
Dimensions of corporate citizenship
(Contd.) (Marvis & Googins, 2006)

3. "Leadership: Do top leaders support citizenship? Do they lead the effort?"
 - "... do they walk the talk?"

The third dimension that they talk about is leadership, do top leaders support citizenship, do they really need the effort, do they walk the talk to our do the do they really do what

they are expecting their staff to do. Then the fourth dimension is structure how our responsibilities for citizenship managed.

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**Dimensions of corporate citizenship
(Contd.)** (Marvis & Googins, 2006)

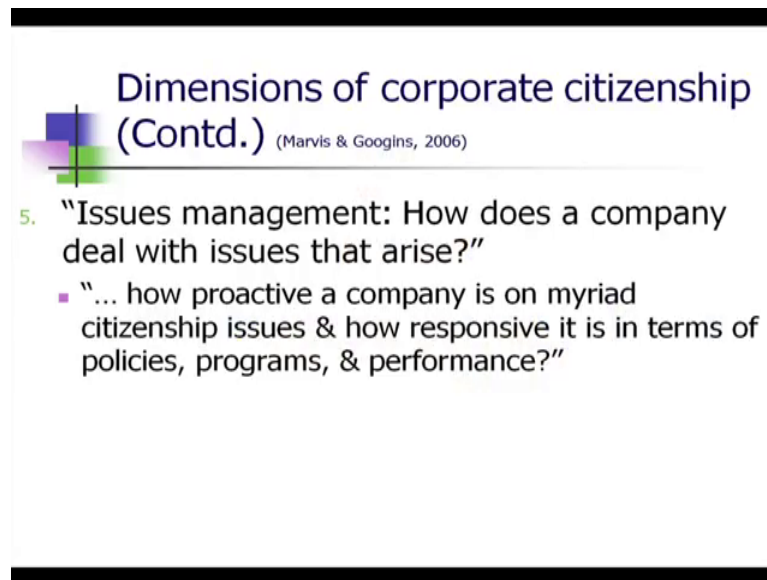
4. "Structure: How are responsibilities for citizenship managed?"

- "... movement of citizenship from a marginal position to its management as mainstream business activity."
- " movement from 'functional islands' to cross-functional committees [to] [...] integration through a combination of structures, processes, & systems."

So, the movement of citizenship from a marginal position to its management as a mainstream business activity, what are they doing how are they implementing corporate citizenship. Movement from functional islands to cross functional teams to integration through a combination of structures processes and systems.

So, where I mean which stage are they in, we will talk about the stages of corporate citizenship in the next class, but these are the parameters on which they are really trying to see where organizations stand.

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Dimensions of corporate citizenship
(Contd.) (Marvis & Googins, 2006)

5. "Issues management: How does a company deal with issues that arise?"

- "... how proactive a company is on myriad citizenship issues & how responsive it is in terms of policies, programs, & performance?"

Then issues management; how does a company deal with issues that arise, how proactive is a company on myriad citizenship issues and how responsive it is in terms of policies programs and performance, how does an organization respond to the organization to the issues that come up from the environment from the society that it is in.

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Dimensions of corporate citizenship
(Contd.) (Marvis & Googins, 2006)

6. "Stakeholder relationships: How does a company engage its stakeholders?"

- "... increasing openness & depth of such relationships"
- "... [could range from] increased social activism by shareholders to [...] increase in non governmental organizations"

Then the 6th dimension that they talk about is stakeholder relationships; how does a company engage its stakeholders. So, increasing openness and depth of such relationships you know how does it connect with the stakeholders?

It could range from increased social activism by shareholders, to an increase in non government organizations worldwide. So, you know I mean where are they in terms of engaging with the stakeholders, how connected are they with the stakeholders.

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Dimensions of corporate citizenship
(Contd.) (Marvis & Googins, 2006)

7. "Transparency: How open is a corporation about its financial, social, & environmental performance?"

- "... when and how companies adopt transparent practices & how much they disclose"

Then the last dimension that marvis and googins talk about is transparency, how open is a corporation about its financial social and environmental performance, where are they disclosing this information, how much are they disclosing, where are they adopting transparent practices you know how much do they want people to know about you know how much are we putting in black and white about the kind of work they do.

So, all of this is really being I mean that these are some of the dimensions on which corporate citizenship can be evaluated in organizations, now in the next class we will talk about the stages of corporate citizenship, how do they go from one points to another and what are the different stages in this whole connection of the organization with the society that it is a or with the social milieu that it functions in.

So, thank you very much for listening to this class look forward to talking more about this in the next lecture.

Thank you.