Corporate Social Responsibility
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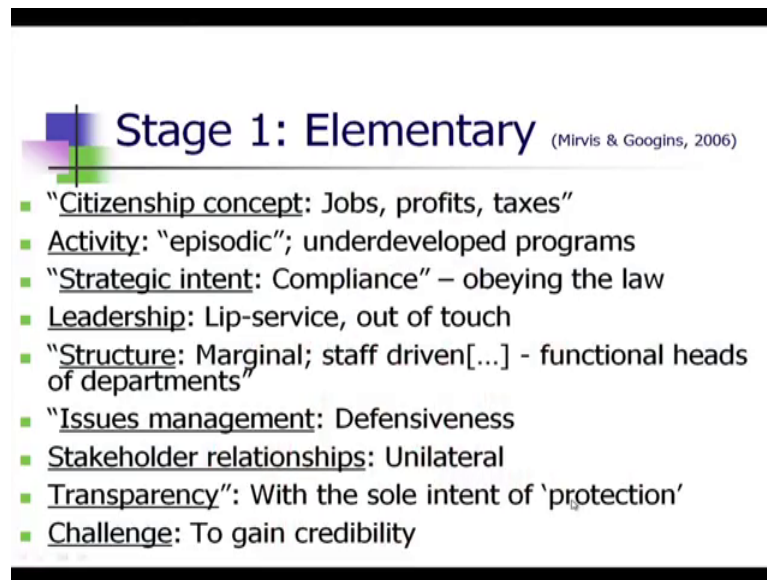**Lecture - 44**
Stages of Corporate Citizenship

Welcome back to the MOOC course on Corporate Social Responsibility. My name is Aradhna Malik and I am helping you with this course and in this lecture we are you know in the previous lecture we had started the discussion on corporate citizenship. Now this is a module on corporate social responsibility and sustainability.

So, we are going to bring everything together, we going to bring corporate citizenship, corporate governance, corporate social responsibility together and tie them in with corporate sustainability which is the tangible output that we are going to be talking about. So, you know that is one of the ways in which we demonstrate as an organization our commitment to the natural environment around us. And we are going to talk more about corporate sustainability and it is not only environmental sustainability its sustainability resting on the three pillars so, but we will talk about that in a little while.

So, in this particular lecture we are going to wind up the discussion on corporate citizenship and see how that ties in with corporate social responsibility. So, let us see what we have for you here. Now before I begin I have you know I am I would like to tell you that I mistakenly pronounced and recorded the name of the author incorrectly, since we cannot go back and change that I will you know tell you that I made that mistake earlier the name of the author who gave us the dimensions of corporate citizenship is Mirvis with an I and Mirvis and Googins and I mistakenly spelled and pronounced the name as marvis and that was my mistake. So, I am sorry about that, but I have corrected that in the following slides.

So, the correct name of the author is Mirvis, Mirvis and Googins and these two authors gave us developmental framework of citizenship and that is where this material has been drawn from and I will give you complete reference.

So, let us see what we have for you here they say that corporate citizenship develops in a number of stages now the first stage is the elementary stage. The first stage is the stage where the citizenship concept is just developing it only deals with jobs profits and taxes. The activity is episodic now, I have added one more to what they have you know they have given us a list of 7 dimensions and they have described the stages in terms of dimensions. I have taken the liberty of adding activity and challenge to those dimensions, so that you know the differences in this stages become even you know they are I am since we cannot present the whole document in this presentation I can share with you what they have written under these headings.

So, they have not labeled it as activity that is something that I have interpreted out of what I read in their paper. So, they say that the concept of citizenship relates to jobs and profits and taxes and so you are just a part of an organization because you are working there you get your salary from the profits and you pay taxes on it. The activities episodic underdeveloped programs, so in terms of corporate in terms of their citizenship behavior their activities constitute of you know occasional contributions to the society and the programs that they have in this direction are underdeveloped they are not very thought through and they just happen as and when they are needed the strategic intent the strategic intent here is compliance which is obeying the law following the law. So, if the law says that you have to do something when they do something.

The leadership is lip service the leaders are usually out of touch the leaders usually do not know what is going on in terms of corporate citizenship behavior they are not involved, it is just you know they are they are more like signing authorities somebody you know we will bring to them a plan of action for ACSR activities and they will say as long as it is doing something for the community I sign it, it is a sign.

.o, they are not really involved it is more off of authorizing the ACSR activity that the managers have thought about. Then the structure here is marginal and staff driven and is delegated the responsibility of engaging with the community of helping the community is delegated to the functional heads of different departments who take it over from there. Then the issues management is defensiveness, so the way issues are managed is more on our defensive footing its more along the lines of we have to do this. So, we are doing it not because we want to do it the stakeholder relationships are unilateral. The relationship is one sided, so it is about we are giving and you have to receive you have to take whatever we are giving to you and you know there is no real interaction there.

The transparency is limited is organizations behavior is transparent and whatever they disclose is you know falls into the realm of transparency only with the sole intent of protection, protection of reputation, protection of resources preservation of resources to the extent possible. So, protection from the law, so just doing what is really required by the law and that is the extent to which organizations are transparent. And the challenge here at this stage of corporate citizenship is to gain credibility as a corporate citizen.

So, yes we are beginning to get involved we are entering the realm, but we are still not sure what we are doing, we are just going to try out a few things we will be you know we will just send out some signals into the environment we will do a few things then we will see how the environment reacts then will do something else and we will see how the environment reacts. So, we are not really fully involved. At the very basic level we are just doing what we are required to do by the law.

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The second stage here is the engaged stage as Mirvis and Googins you know proposed and they say that this in this stage the citizen the concept of citizenship is more along the lines of philanthropy and environmental protection. So, we have to go out and do something we have to go and help those in need, we have to go out and help those who need help. The activity here is or the kinds of work they do is more of a policy based approach to mitigate the likelihood of litigation and risks to reputation.

So, it is more of an approach to reduce the likelihood of any legal action and any risks to reputation. So, we do whatever it takes to maintain the current reputation we have in the community we do not want to be penalized by the law. So, it is more along the lines of that, but then the primary the understanding is the concept that we go by is philanthropy we have to do something, but we also want to protect ourselves from any legal action. So, will do we will be a little more involved, the strategic intent is the license to operate in the community as a corporate citizen. Leadership is more of a supporter the leaders are more in the loop leaders are more involved he does know what is going on, so they are copied on communication they are more they are more engaged with whatever is going on. So, they are just not stamping authorities, they are just not signing on things they are actually in the loop they are told about whatever is going on.

So, they are aware of the efforts the structure is functional units sorry, functional ownership by the different staff units. So, staff units take responsibility for you know

they own they take ownership for the success or failure of these programs and for the utility of the programs that they carry out in the community. So, they are trying to help you know the community with whatever the government is not able to give them, that is the sense of corporate citizenship, let us just go back and revisit because when I am talking about this we must remember the different stages of corporate citizenship.

So, I am going to take you back today to what we had discussed in the previous lecture.

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So, you know we had talked about you know three scenarios - one was where the government ceases to administer citizenship rights where government has not yet not as yet administered citizenship rights and where the administration of citizenship rights, may be beyond the reach of the nation state government. So, identifying where we are and what we need to do and just a second I think this is frozen one second yeah.

So, in that was what we are discussed and so we are we are talking about more like you know they are taking ownership they say this is what the government has either stopped doing or has not been able to do it or its outside the reach of the government and this is what we are going to do we are going to help the government as corporate citizens. So, which citizenship comes a lot of responsibility and we will talk a little bit more about that in a little while. So, it is you know it is more about the responsibility that organizations have towards the community that they operate in. So, they the structure is functional ownership the different units say we will own this project we will take

responsibility for the success or failure of this project and we will see how it operates in the environment.

The next issue here is issue whose management how do they manage issues its more reactive. So, initially it was defensive yes we do not want to get caught here it is more reactive we see something happening we want to go out and help. So, it is more along the lines of policies are made to react to the problems in the environment by being involved with the environment. Then the relationships that the organization has with this with this stakeholders are interactive they are not one sided, they are not unilateral, they are interactive you speak to the stakeholders find out what they need and then do you know prepare yourself and then go and give what they need to them.

Transparency is more towards public to words building public relations because it is not only to protect yourself the more open you are with your stakeholders the more your stakeholders know what you are doing the more they will start trusting you. The challenge is to build capacity, so in the previous stage the challenge was to gain credibility to become believable, but in this stage the challenge is to build capacity, the challenge is to empower the people who are in the environment to build capacity within the environment to help the to help do what the government is not doing. So, to give people the rights and responsibilities they are required they deserve as you know by virtue of their being citizens that is what we had talked about different spheres in which corporate citizenship operates.

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The third stage is after you have achieved this then you go to the innovative stage. Now in the innovative stage this Mirvis and Googins suggests that the citizenship concept evolves to that that of stakeholder management. So, in the previous stage it was philanthropy and environmental protection now it is stakeholder management, it is management of stakeholders finding out who the different stakeholders are giving them what they need you know dealing with conflicts of interest between different stakeholders etcetera. The activity or what organizations do in this stage is planning, funding, launching of myriad corporate citizenship related programs. So, they actually go in and they plan and they start giving implementing those programs.

Monitoring social and environmental performance and publishing results in and publishing results in public reports. The strategic intent is to build a business case. So, and the leadership here is stewardship it is not only involved it is not only involvement, it is not only support it is actually stewardship. So, you are on top of it you are in the know you are helping you are part of the team that is doing this.

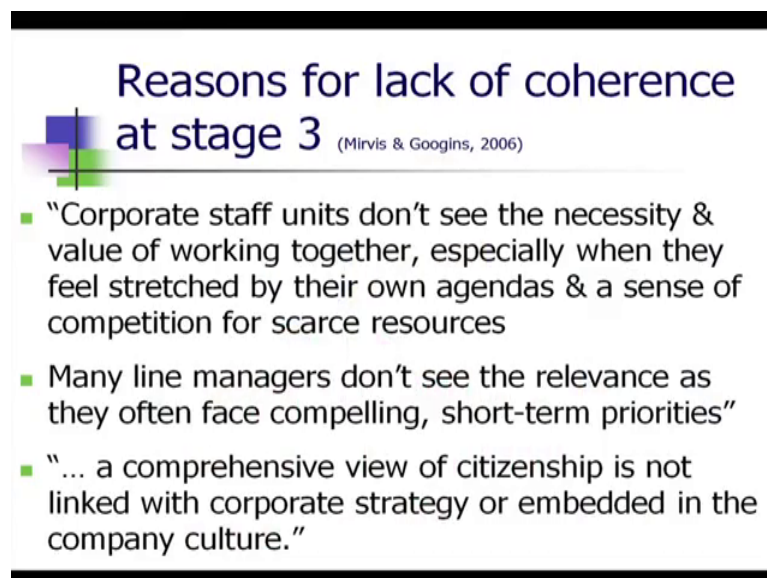The structure is cross functional coordination different functional departments work with each other to give something comprehensive to the community, to help the organization with its efforts in corporate in helping the government you know in giving what the government could have or should have given, but was unable to for various reasons. Then issues management how our issue is managed instead of being reactive you start

responding you are actually more involved you get more innovative it is not only a reaction to the situation it is a response to help the situation or to help alleviate the situation.

So, that the problems do not crop up again and you actually institute programs to make sure that things do not happen or excuse me the problems do not crop up again. The stakeholder relationships are mutually influence, so in the previous stage the relationship was more interactive leaders trying to find out what you are doing here it is mutual influence. You talk to us you convince us about what you need we talk to you we tell you what we can give you and we sort of we all work together and we are talk; we are influencing each other's way of thinking and decisions and we are then you know building something new together the transparency you know is aspect is covered the primary goal of transparency is public reporting. So, it is not only public relations now it is out there telling the public what you are doing and disclosure and reporting.

So, you just report you know whatever activities have been carried out the challenge here is to create coherence between programs between different types of programs I am sorry about the double programs word, anyway that will be removed when the slide is put up for you. So, to create coherence between programs run by the organization, all right.

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Reasons for lack of coherence at stage 3 (Mirvis & Googins, 2006)

- "Corporate staff units don't see the necessity & value of working together, especially when they feel stretched by their own agendas & a sense of competition for scarce resources
- Many line managers don't see the relevance as they often face compelling, short-term priorities"
- "... a comprehensive view of citizenship is not linked with corporate strategy or embedded in the company culture."
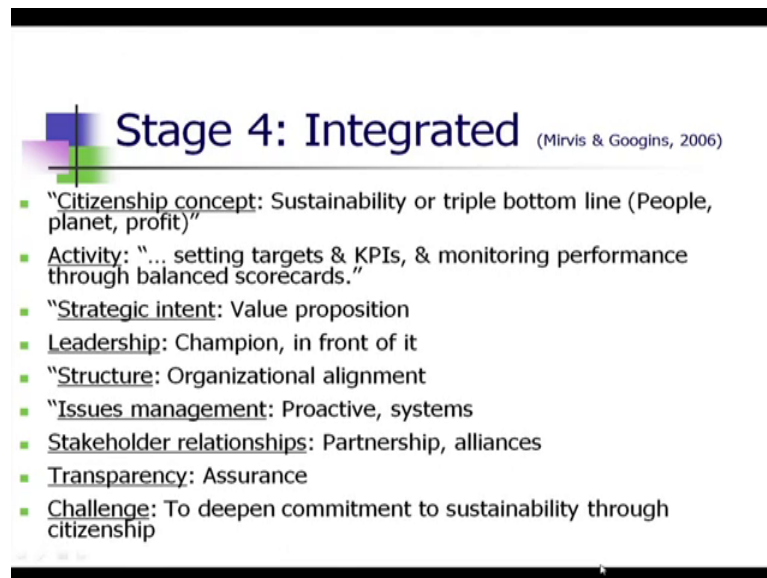
But it now let us talk little bit about why there could be a lack of coherence between programs at stage three. The corporate staff units do not see the necessity and value of

working together especially when they feel stretched by their own agendas and a sense of competition for scarce resources.

So, different staff units may you know there could be a clash some between what they think they should be doing and what they are asked to do or between the capacities and what the organization wants different staff units to do. So, the organization wants them to work together, but they want to work independently and their own agendas are so much and then they say in addition to this we have to also give back to the community, so they feel stretched they feel overburdened. And many line managers do not see the relevance as they often face compelling short term priorities because the effects of corporate citizenship are long term you know you do not see very much in the short term, but over a period of time one begins to see how corporate citizenship helps the organization. And the third reason is a comprehensive view of citizenship is not linked with corporate strategy or embedded in the company culture in most cases. So, that is one big reason you know these are some of the reasons for lack of coherence at stage three that have been proposed by Mirvis and Googins.

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And the next stage is the integrated stage. So, from innovation we go to integration we do something new now we go to integration and this is the fourth state suggested by Mirvis and Googins and they say that the citizenship concept at this stage is sustainability or triple bottom line, we will talk more about sustainability in the

following lectures the people you know triple bottom line includes people plant and profit. So, you know equal attention to all three in order to fall a former solid foundation.

So, the concept of citizenship is to contribute to sustainability and this is this part is what links this discussion to the whole idea of sustainability and eventually corporate social responsibility. Who are we being responsible to, what are we doing in our efforts to become responsible who is looking at this, who is monitoring this, who is telling us where the direction we need to take etcetera. So, you know it is this stage that we are aiming for when we are talking about sustainability we are talking about responsibility then the activity here is or the kinds of things that organizations do at this stage are setting targets and key performance indicators KPI stands for key performance indicator.

So, you set targets and key performance indicators and monitoring performance through balanced scorecards we had a brief overview of balanced scorecards I wish I could give you all the details, but you can find a lot more detail about KPIs and balanced scorecards excuse me in the course on human resource management you know it is called principles of human resource management and that is another course that was offered through the NPTEL forum some time back. So, I believe the material is all out there. So, you can go through that anyway.

Strategic intent is value proposition, so at this stage we have moved from you know compliance or obeying the law to license to operate to developing a business case to proposing value for the community. The structure is organizational alignment it is not only different departments working together it is the entire organization getting together and saying yes this has to be a part of the way we as an organization do things. The leadership is you know the leader becomes a champion the leader is in front of it the leader gives direction and says this is the direction we need to take this is where we need to go with it not only you know being in the loop and being a stamping authority, not only being involved or supporting the group, not only overseeing the entire operations, but actually taking initiative and saying this is where we are going and pushing the case forward despite all kinds of hurdles coming your way.

Then the way issues are managed is proactive you put systems in place to make sure problems do not arise to make sure the community is benefitted to make sure you become a part of the community and community actually looks up to you to do

something for them. Then transparency is primarily to for assurance of the people around you know in the community. So, it is more about assuring people in the community to that the organization is really doing something for them. The challenge here is to deepen commitment to sustainability through citizenship among the employees among the stakeholders. So, that is the challenge that the organization is dealing with.

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Stage 5: Transforming (Mirvis & Googins, 2006)

- "Citizenship concept: Change the game"
- Activity: "… partnering extensively with other businesses, community groups, & NGOs to address problems, reach new markets, & develop local economies [...] – cross-industry and multisector cooperation in addressing societal ills."
- "Strategic intent: Mainstream, business driven
- Leadership: Visionary, ahead of the pack
- Structure: Mainstream, business driven
- Issues management: Defining
- Stakeholder relationships: Multi-organizational
- Transparency: Full disclosure"
- Challenge: "Development of inter-organizational alliances, innovation in different socio-economic spheres, & differentiation"

The next and the final stage is transforming, now these are the same stages that happen you know this is similar to any you know to any change program because after all incorporating a sense of citizenship and understanding that the organizations that have so many resources, so many minds, so much with them can actually help the government achieve whatever it is out to achieve or whatever it should be doing for its citizens is very very important. So, this is a realization the organization becomes a responsible citizen and transform the transforms from the inside out.

The citizenship concept is to change the game we are citizens because we want to change the way things are done in the community, we want to change the way the community responds to certain things, we want to change the way they you know the rights or we want to change the way their rights are assigned or allocated or they have access to their rights and we want to change the way they view their responsibilities, I want to change the way we as citizens view our responsibilities and we want to change the way the society deals with the problems that come up.

The activity here or the way organizations behave at this stages they partner extensively with other businesses, community groups and NGOs to address problems reach new markets and develop local economies. There is cross industry and multi sector cooperation in addressing. Societal ills again one of my favorite examples is that of rug mark I showed it to you yesterday, great initiative now it is become good weave. So, you know people said we will not tolerate this we are not going to tolerate this kind of behavior. So, you know we will not allow child labor, we will not make it part of the way we do things. So, let us all get together and we join an initiative and we or removal of child labor or working together for you know for prevention of cruelty to animals you say you do not use any products that require cruelty to animals of course, the non vegetarian food industry is out of this loop take and never join this group, but anyway that was on a lighter note.

So, you know or we will not sell fur, fur is very comfortable or you know, but still we will not sell fur or we will not operate in leather goods I have you know I have know some people who are you know in their efforts to prevent cruelty to animals they have stopped as a group as a community they just stopped using leather goods. So, you know, all of these things are you know that that happens when you are in the transformation stage now these are individuals, but organizations could do it we are a green campus for example, we will not allow the use of polythene bags.

So, you know that that is something that you do as a community or you know. So, these are the steps that people take as organizations as associations of organization then say you know anybody who wants to be perceived as a good socially responsible organization will not do this so anyway. So, that is what this is all about. So, the strategic intended this stage is mainstream business driven you know. So, it is all integrated leadership is visionary you are ahead of the pack you are doing things that people have still not thought about earlier. The structure is again you know it is the you know it is the integrated into the structure I think I made a mistake here, but I will correct it the issues management is more defining, you know you define the issues and then you deal with them the stakeholder relationships are multi organizational transparency is done with the intent of full disclosure for the stakeholders. The challenge here is to develop inter organizational alliances innovation in different socio economic spheres and differentiation.

So, you know how do you bring things together this is a well known fact that as something develops, on the one hand its different aspects or something evolves the different aspects of what is evolving come out. So, differentiation is at its peak at the same time integration of these differentiated parts into one comprehensive whole is also emerging as to how these things are unique, but still connected through a common fabric and that is what happens. So, that is the real challenge as to how you know diversify and still appear as one unit.

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Factors that shape citizenship
(Mirvis & Googins, 2006)
- Founding purpose & time
- External forces
- Strategy & competition
- Traditions & culture
- Leadership matters
- Pull vs. push:
  - Pull: Legislation, external demand for transparency & responsible behavior
  - Push: Self-monitoring, realization from the inside, bottom-up responsible behavior

Factors that say shape citizenship are the founding purpose and time, how do you define citizenship, external forces, you have strategy and competition, traditions and culture, you have leadership matters, you have pull versus push. So, pulling means you know how leadership views citizenship how traditions and culture influence citizenship, then how the you know pulling refers to the external demand for transparency and responsible behavior. So, legislation things that force you to do certain things pushing a comes from inside. So, there is self monitoring behaviour there is realization from the inside and there is bottom up responsible behavior. I think that is all we have time for in this lecture we will continue this discussion and wrap up the discussion on corporate citizenship in the next class.

Thank you very much for listening.