

Corporate Social Responsibility
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Lecture - 45
Why 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 the previous lecture we had talk we are talking about the different stages of corporate citizenship. Now in this lecture we are going to talk about why corporate citizenship is so important; we had just briefly talk about the factors that shape citizenship we would finish that discussion in this lecture.

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So, we talked about you know how the founding purpose and time I will spend five minute on this the measure I did not miss anything we are founding purpose and time and what time do you decide to incorporate the concept to citizenship in your organization and how does that result in positive business outcomes.

the external forces pushing you to become a corporate citizen you know why would you decide to become a corporate citizen is very very important and that in turn you know determines which stage of citizenship your I had of course, you start at the initial stage, but at time you just very quickly pushed into the integration stage because of the external

forces. So, what does the society demand from you as a corporate citizen then strategy and competition who are competitors, what are they doing, how are their efforts being, we would by the community what are they not doing, where do you fit in and how do you again an advantage or comparative advantage.

Then traditions and culture what is going to be expectable in the society is the society even going to accept what you give to them in you know by virtue of your being or designating yourself as a corporate citizen or do you need to very very settlely enter the community gain . The confidence gain credibility become a part of the community and then slowly start helping them from the inside and that will be determined by the culture by how comfortable or how threaten the community feels by the presence of your organization.

So, and the different traditions you know some communities are very very closed and they do not allow outsiders to enter you know into whatever they are doing. So, if the insider set up and organization because there are outside where a part of the organization these communities with not feel very comfortable letting the organization help them you know in waste of the government would have help them on the other hand there are some communities that are extremely open and. So, you know they were take whatever you know or they will welcome the idea of anybody helping them you know whether is the organization or whether is the government.

So, this is need help to stabilize themselves you just depends you know sometimes they could be social strives and. So, you know what the culture allows. So, we are talking about tradition and culture what does the culture culturally how tuned they are towards receiving towards perceiving and nongovernment organization has something has on organization has someone when we talk about citizen we are talking about a person. So, a nongovernment organization as a representative of the government helping them with things or with facilities that the government would have given then, so, school is setup or hospital is setup you know so, that kind of thing. So, you know any help of their receiving the responsibility is your know monitoring or helping them with their safety needs for example, or sending a people to clean the community for example, so, you know this is the government job, but then building roads etcetera.

So, all of these things are you know they the community may welcome and they may not welcome it them that will be determine by the traditions by the culture of that community then leadership matters how involved the leadership is you know with stage of involvement the leaders are at are do that just want to be rovers times to they just want to be signing authorities to just want to be authorization you know people who authorize is something. So, or do they really want to be involved do they want to be champion do they want to push for they refers to they really want take initiative and take things forward.

So, that was decide how the concept of citizenship is shaped in the community or or in that particular environment pull versus push I explained to on the previous class. So, you know pull is what the outside environment want you to do push is what you feel from the inside and what you want to do as a member of that community.

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Elements & issues in corporate citizenship (Altman, 1998)

- "Moral & ethical obligations of the firm
- Provision of economic benefits
- Integration, common goals between corporation & its communities
- Responsibility to stakeholders
- Inclusion of proactive action
- Partnership across sector lines
- Global interconnectedness
- Preservation/ protection of natural environment
- Active leadership"

Now elements and issues in corporate citizenship why do we engage on citizenship first is moral and ethical obligations of the firm the firm as certain moral obligations the firm as certain ethical obligations the firm feels responsible to the community then provision of economic benefits sometimes you know when the organizations help the community the government gives them certain benefits to do. So, integration common goals between the corporation and its communities we help the community because helping the community will also help us serve our goals.

So, responsibility to stake holders you feel responsibility to the community inclusion of proactive action we take action. So, that the community start seeing has you know they start believing in us partnership across sector lines global inter connectedness is in other issue you know we are connected its becoming more and more important to connect a cross a geographical boundaries preservation of protection natural environment and active leadership these are some of the issues in corporate citizenship.

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Now, strategic advantages of corporate citizenship this is from a paper by a Altman published in nineteen ninety eight and according to Altman some of the advantages of citizenship are that it enhances the long term sustainability of an investment and helps you manage change it helps build the brand because people start developing trust in the organization it helps develop human resources in the company and in the community.

So, the more engage to are with the community to more the community start trusting you the more integrated you become and you develop you know resources in the community to for the overall a elevation of the situation help create a growing economy and the stable society you giving back to the community coming community is coming back to you. So, you know you helping each other and you generating needs in the process and at in turns of your interest.

So, you know you create stable society in an through this integration you are not seen as a separate entity your seen as part of the social milieu that where you come from your

making profit from them, but you're also giving it back to them. So, overall these these society becomes more stable because you're pumping a lot of resource back into the community. So, it becomes a symbiotic relationship.

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Indicators of good corporate citizenship (Davenport, 2000)

- **Ethical business behavior:** The company is guided by rigorous ethical standards in all of its business dealings.
- **Stakeholder commitment:** The company is managed for the benefit of all stakeholders: community, consumers, employees, investors, & suppliers.
- **Environmental commitment:** The company moderates its overall environmental impact through programs such as recycling, waste & emission abatement, & impact assessment via environmental audits."

Some indicators of good corporate citizenship are ethical business behavior the company is guided by rigorous ethical standards in all of its business dealings the second one is stakeholder commitment. So, you are you know you are you're on top of ethics you're on top of you know you know exactly where you know what is right what is wrong and you are you are following very rigorous ethical standards in all of your dealings then you're committed to the stakeholders the company is managed for the benefit of all stakeholders community consumers employees investors and suppliers.

So, you keep stakeholder interest at the forefront whenever you make any decisions you keep the interest of the stakeholder right in front of you and you make decisions keeping in mind the conflicting interest of the stakeholders and you try and make sure those interests are taken care of in spite of the challenges that you face.

The third indicator of good corporate citizenship is environmental commitment to the environment the company moderates its overall environmental impact through programs such as recycling waste and emission abatement and impact assessment via environmental audits you take care of what you are pumping back into the environment

and you take care of the environmental round you and you know you recycle your waste products and you know. So, you look after the environment.

Now, I can share an example of a well known sugar manufacture I cannot take their name here on the spot, but I happen to see the workings of the sugar factory many many years ago and I have heard about how they have recycle their waste product. So, you know they I do not know how many of you know how sugar is maid you know you need sugar cane and sugar cane is grown in then stick into a factory then the juice is extracted and there is pulp that is left over and. So, what this factory did verse and the; I am sure others also doing with this I have first and knowledge of this.

So, they would refine of course, the sugar the sugar cane juice was taken out and separated from the pulp and the pulp is washed and made into cardboard boxes and. So, the waste product you know the large volumes of the sugar cane minus the sugar cane juice were not just through on they were not just burnt they were pressed and they were treated and they were made into cardboard boxes and these boxes were then used to transport the same sugar that the company made the factory made to different parts of the country.

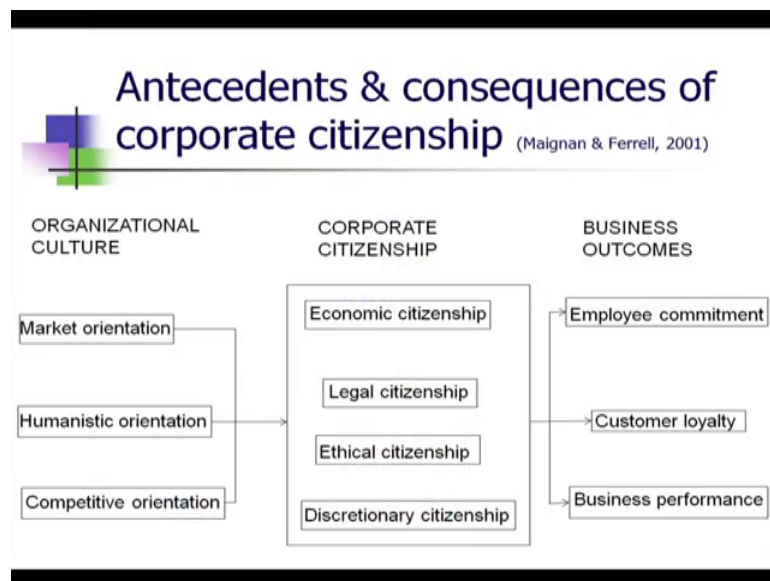
So, they used their own product for this plus up course you know there was they were other waste product and they were also utilized for other the byproduct were utilized for other consumable items and whatever was left over because it was biodegradable waste it was converted into many more.

So, you know it was it is an amazing method of recycling and. So, you know you and when you when you show people what you doing then people become they start believing that you are really looking after the environment. So, it is not about dumping your waste invent corner it is not about throwing your affluence do into what challenge your affluence do into you know people drinking water or into the soil, but it is actually minimizing the waste to the extent possible and what I am talking about I saw possibly about you know probably the 25-30 years goes on I am sure you known their methods have improved quiet bit.

So, that is how you give back to the community that is how you integrate with the community now this is the environmental commitment that time the rules and laws were not. So, strict and still this company whose doing its one can only imagine how good

than us, we have this point, but I cannot take their name for a ways reason here on the spotle. So, I have that is another homework for you please go and find out which companies are really looking after their environments without this; this you know the pressure of following the law how many of them have been doing attend for how long and you be surprised to see that that you know you be surprise to see how many people are actually committed to taking care of their environments.

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Some antecedents and consequences of good corporate citizenship the a few things that contribute corporate citizenship or organizational culture has; we talked about early year. So, within this you have market orientation you have humanistic orientation and you have competitive orientation and this is again this is from paper via Maignan and Ferrell published in 2001 and they been talking they published lot of material lot of papers on corporate citizenship and how it shapes up now.

So, these 3, so, market orientation have you view the market have you view your role in the market then humanistic orientation how you know how you treat people how you view your role in treating people then become competitive orientation you know how you view your competitive an how you think it you can deal with them that in terms feeds into corporate citizenship you know in different the different accepts of corporate citizenship economic citizenship legal citizenship do you follow the law or not are you proactive you make profits ethical citizenship and discretionary citizenship then you that

interns feeds into a business outcomes. So, the more integrated and organization is with the community the more the committed the employees will be the more loyal your customers are going to be and your overall business performances going to increase.

So, that is all we have time for in this lecture now this was again you know I will try to finish pack everything into the previous lecture, but I then thought I would break it up and share this with you. So, these are the reasons why we need to be good corporate citizens and really integrate with the community and have the government give back or take care of the community that we Residen. The next, in the next class we will talk about corporate citizenship and corporate social responsibility.

Thank you very much for listening.