Moving Corporate Citizenship into the Mainstream

Yuk-lan Wong and Robin Stanley Snell
Department of Management

摘要

本文旨在研究公司企業在 21 世紀所面臨的 "企業公民" 問題的挑戰。本文爲 "企業公民" 提供了清楚的界定，詳述了商界管理人員以及 "企業公民" 的倡導者對這一概念的不同看法。本文亦解釋了公司企業須要提倡 "企業公民" 的原因：這一概念不僅有利於增強全球化與經濟發展之間的關係、有助於解決社會和環境危機，還能幫助我們規範遊戲規則，把我們從不正當的競爭中解脫出來。我們陳述了 "企業公民" 怎樣成爲企業管理人員關心的問題，亦分析了公司企業越來越重視這一概念的原因。本文還對公司企業怎樣適應 "企業公民" 的發展，以及公司企業在這一方面所作的努力進行了研究，也闡述了其不令人滿意之處。最後，我們就 "企業公民" 的本質及其對公司企業的潛在意義作了討論並就如何成爲真正的 "企業公民" 提出了建議。

Among the many issues facing the corporate world in the 21st century, we see corporate citizenship and business ethics as top of the list in terms of urgency and scale of potential impact. Corporate citizenship represents the concept that companies have obligations to its broader society beyond their singular responsibility to maximize shareholder returns. This view challenges corporations to shoulder their responsibility for the betterment of society through ethically sound and sustainable economic, social, political, and ecological practices.

While the idea of corporate citizenship has a long history, the dominant view among business leaders and even some business students, may still be the one championed by Milton Friedman, that 'the business of business is business,' and that 'corporate social responsibility is a fundamentally irresponsible doctrine'. This view has resonated among business executives and economists alike, who remain convinced that the notions of corporate citizenship are remote from day-to-day business realities and constitute at best a distraction and at worst an intolerable burden that detracts from the real job of maximizing shareholder returns. It is unlikely that economic pragmatists could be swayed by research on the link between corporate citizenship performance and profitability, for such research remains inconclusive. So is it worth trying to persuade the business sector to embrace corporate citizenship? The answer, in our opinion, is a resounding yes.

One reason for this is that corporate influence on broader society, and indeed every aspect of our lives, has been amplified by globalization. Some corporate giants have sales volumes exceeding the annual GDP of some of the economies that they operate in.

A related reason is that relationships between business and broader society are becoming increasingly interdependent. The awesome technological innovations of the past century have given rise to hitherto unimaginable risks, such as the use of nuclear weaponry, and the prospect of bio-terrorism. The by-products of industrialization include proliferation of waste, depletion of energy and other natural resources, and disturbance to various ecological systems, manifest as global warming, soil erosion, and other horrors. The impact is not confined to physical risks. Social risks have also increased. The corporate world is harnessed to broader society as targets of terrorism, as we saw in 911, and there is a danger that they will sink together. People who are under pressure to go the extra mile at work lack sufficient time or energy to meet the social needs of their families. Burnt-out employees are vulnerable to social and psychological problems such as alcoholism, and violence, both at home and in the workplace. The narrowly defined business of business remains subject to relentless increases in competitive pressures, as trends towards globalization and deregulation continue. Whether in pursuit of competitive advantage, unbounded corporate ambition, or merely survival, workplaces around the globe are becoming colonies of the value-empire of aggression, exploitation, greed, and obsession with grabbing or holding onto a slice of an ever-shrinking supply of public goods. The Utopia envisaged by some economists has become a nightmare. Some big corporate players have come to regard this as a game that few can excel at by keeping to the rules, and some have chosen to cheat, as evident in the recent wave of international corporate misgovernance scandals and the resulting crisis of confidence. People no longer trust the corporations they work for, buy from, or invest in.

A third reason is that most of us face the choice of either participating in corporate life, or opting out of society altogether. Few people are in a position to live the good life on the land or the sea. Most can't afford to opt out, however angry or disillusioned they are with corporate games.

The general public is becoming increasingly aware of these emerging crises, and of the inter-dependence of business, society and the physical environment, and in increasing numbers are supporting movements that call for corporate citizenship. For some consumers, these issues have become every bit as important as traditional concerns such as quality, reliability and price. Some politicians have urged the corporate world to re-examine business fundamentals, and to respect the rights of all their stakeholders and not just their shareholders by focusing on building a better society. Increasingly rigorous examination by international NGOs of labour conditions and sustainability practices has raised the bar for corporations who wish to maintain their social license to operate. Societies' expectations of the corporate world have correspondingly increased. Companies that fail to clear the bar face the prospect of boycotts, sabotage, lawsuits and even prohibition.

The example of Coca-Cola in India is instructive of how corporate giants may be shooting each other in the foot. Coca-Cola has faced strong protests from local communities around its bottling operations, who claim that these plants are 'sucking' in water, causing shortages among the general public, and are polluting what little water remains. Worse still, there were allegations that company had carelessly poisoned its customers, by distributing bottled coke that contains dangerously high concentrations of agricultural chemicals. Where did those toxins come from? Fingers have pointed at Dow Chemicals for aggressively marketing a pesticide in India that was banned in the West. Some commentators called on the Indian government to outlaw 'Toxic Cola', and the company faces an uphill public relations restoration battle. Corporate citizenship is not just a matter of companies needing to clean up their act in the developing countries, where for all too long they have exploited lax safety regulations and bribed local bureaucrats to give them priority over the needs of local communities. Companies in the advanced economies also need to reframe their entire business model, and for some of them it may already be too late. For example, McDonald's can no longer bank on super-sizing its profits in tandem with the super-sizing of its customers. We see the company now facing a major crisis. Its efforts to engage in corporate social responsibility, however well meant, involve little more than writing random cheques. Corporate citizenship in our view would entail root and branch transformation. Therein lies the crisis, for McDonald's identity is built around Fries and Big Macs.

The compelling case for corporate citizenship is the increasing public perception that corporations have led us to the brink, and that it is their moral responsibility to work together with the rest of society to turn around the disastrous report card on social, ecological and geo-political issues. The essence of corporate citizenship is accepting this moral responsibility, committing to making positive contributions to the development of broader society and the preservation of the ecological environment.

There are signs that corporate citizenship is becoming a mainstream issue for business leaders and executives. For example, in Hong Kong on November 23rd, 2004, the SCMP published a pull-out feature on corporate social responsibility. However, what corporate citizenship entails in terms of actual policies and practices will, we think, be the subject of an ongoing debate that has barely begun.

We have come across corporate executives who are beginning to care, to some limited extent, about stakeholder concerns, by engaging in philanthropy. Our impression, however, is that the Friedmanite business model is still paramount in their minds, and that they regard such extra curricular activity from an instrumental point of view as a long term investment that will pay back returns in terms of goodwill and improved corporate image. The altruistic business executive, who commits, out of heartfelt duty and principle, to caring for the needs of the various stakeholders, however powerless they are, appears to be a rarity. Yet we think that without this mentality, corporate citizenship will be little more than lip-service.

All too often, companies that are self-styled seekers of improvements in the triple bottom line of economic, social and environmental responsibility keep their eyes narrowly focused on the economic hurdle, and fall short of expectations on the other two. Few have integrated and embedded corporate citizenship into their business models. Some environmental advocacy groups have complained about the practice of greenwashing, where companies allegedly buy environmental credibility through some high-profile public relations activities such as planting trees, while continuing with everyday operations that involve environmentally unsustainable practices.

In our opinion, the business model of true corporate citizens would be permeated with concern for social development and environmental sustainability. 'Balancing' the triple bottom line would entail treating these imperatives as co-equals with economic goals, rather than as optional add-ons.

It is understandable that corporations would lack know-how in these areas. Therefore they would need to form partnerships with the non-profit sector, where necessary expertise is more likely to reside. A transformation of mindsets from confrontation to collaboration, towards the strategic frontier of shared goals, would make this possible.

We expect corporations to honor their obligations in a spirit of honesty and fairness. It would be to everyone's benefit for them to do so.