

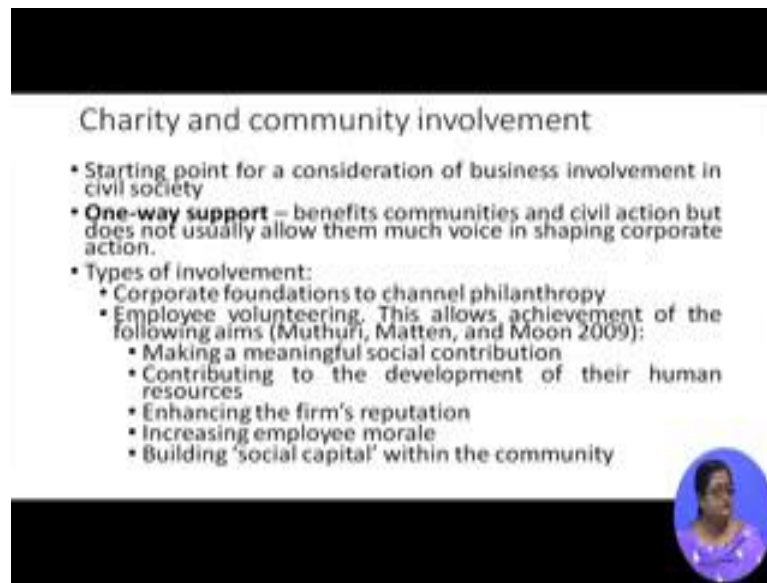
Business Ethics
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Lecture – 46
Corporate citizenship and civil society

As discussed in the last module in the context of globalization, we were discussing about the roles, the CSOs are playing with respect to the problems that they have tried to focus on the interest of the either the local groups or they are taking a interest, which are like sort of like concern, new concern which is transcending in national boundaries or they are focusing on issues where, maybe there is no laws still present and that is why the, how the organizations are functioning is becoming a problem and may be they are more trying to raise this issues and work towards things. So, that ultimately what gets formed is a regulation to, ultimately which gets formed is a regulation to take care of these issues and guide the future steps of the organization.

So, we can see like there is a changing role of CSO business organization interrelationship and the role in which the business organization sees itself in its relation with the CSO, may be from that of a charity giving through partnership, through a regulatory role and that is how we are talking of CSOs and corporate citizenship roles. So, in the limited version, in the limited views of the corporate citizenship role, so it may be like we are focusing in to the like charitable relationships, but through where the charity is taken as a community, working for the community. Through the extended role when you are talking of collaborating and working towards the of social problems or the issues at hand to the formation of regulations where, it may act as CSOs may act as bodies which sets standards for how the organizations are going to work or not, beyond the government regulations are there or these are extra codes of conducts required for a business to function efficiently.

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Charity and community involvement

- Starting point for a consideration of business involvement in civil society
- **One-way support** – benefits communities and civil action but does not usually allow them much voice in shaping corporate action.
- Types of involvement:
 - Corporate foundations to channel philanthropy
 - Employee volunteering. This allows achievement of the following aims (Muthuri, Matten, and Moon 2009):
 - Making a meaningful social contribution
 - Contributing to the development of their human resources
 - Enhancing the firm's reputation
 - Increasing employee morale
 - Building 'social capital' within the community

So, that we will look under the heading of corporate citizenship and the civil society, so when you can understand like we can, we can understand like involvement in charitable actions is rather, it is a philanthropic activity which is intended to benefit the community groups and the others civil actors. So, this activity is where and this is may be one of the first step towards the association of the business organization with the civil society. So corporations have been getting involved in to the philanthropic activity with local communities, charities and various other aspects of the civil society.

So, and may be they have set up a part of the organizations, may be grow it is a provision which is like taking care of these philanthropic activities and charitable giving to the civil society organizations. And many of the organizations focus on these charitable giving as a part of their corporate citizenship program. So, and in any organizations have made immense contribution also, so through this program. And it is the types of involvement could be this is a one ways type of support where, the communities it benefits communities and civil action, but it does not allow the community to or the civil society organizations to meet their voice prominent in a shaping, what the corporate action will be.

So, it the corporate defines it is actions and finds out like may be the charitable organizations make some donations to local causes and activities and that gets included under its charitable activities. So, these are corporate foundations to channel

philanthropy. The employees could be volunteering also. So, it helps the employees in gaining a meaningful, making a meaningful contribution social contribution. Then it helps them in developing their human resources like when these contributions are aim towards skill development and then it may so happen, it leads to the increasing of the employee morale and it enhances the firm's reputation and this is a building up the social capital of the firm within the by communities starting to communicate with the society at large. So, it builds up the social capital of the organization.

By starting this communication with the society at large, but we have to understand like this is one way support from the organization to the civil society which, may be helps in also reputation building of the organization and that is why we can tell this is guided by the self interest of the organization and focuses towards the limited view of corporate citizenship. Because it is the firm who selects the suitable recipients of the funding, not so much based on may be the actual need of the community that they want to address to, but in many cases due to the brand value of the organization that they have chosen to give their funding to which adds to their own reputation and. So, which really sometimes raises questions about the business value of the community involvement and the whether it is to add to their more to their own self interest or it is truly because of the concern for the organization, that concern that the organization has towards the society and the problems of the society that they are giving these donations for.

So, we can talk of this as a, having a limited view in terms of corporate citizenship because it is not so much having the broader, it is not taking up broader role in community involvement to satisfy may be some of their broader roles of and responsibilities, but it is restricted to its own view of enlightened self like image in terms of reputation building.

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Business-CSO collaboration

- Closer and more interactive relations between civil society and corporations
- Sometimes called **social partnerships**
- Limitations of business-CSO collaboration
 - Difficulties *managing relations* between such culturally diverse organisations
 - Difficulties *ensuring consistency and commitment*
 - Partnership appear to mask *continuing hostility and/or power imbalances* between the 'partners'
 - **The question of power imbalance**
 - **The distribution of the benefits** of partnerships
- CSO independence

So, next what we will see is, the next level where we see like that the last it is a one way communication where the business is communicating in terms of charity given with the organization; civil society organization, but they do not have any role in or decision making in what the organization is to do, in what the firm is to do and how? Then it is not a partnership or collaboration. But when you are talking of more interactive partnership between the relations between civil society organizations and corporations, we are focusing towards business CSO collaboration or also sometimes called social partnership.

So, social partnership, so this is where, like the both the civil society and the firm comes together to address some of the issues or local problems which the firm may feel like it is single handedly it is not able to may be address and that is why this they enter into a partnership with the civil society organizations to do, it is part of its responsibility to do it is part of responsibility to the society because as expectations from the society as an important stakeholder is that the firm takes care of the social issues also either in terms of protecting the rights or providing less harm to the human or the non human entities.

So, the drivers for the businesses engagement with the CSOs are like it is the of course, the consumers' expectations, then NGO credibility with the public at large, then need for an external like challenge, then there is a cross fertilization of thinking like how the business is thinking about the problem and may be how the society is actually thinking

about the problem, greater efficiency in resource allocation because the CSOs are expert in dealing with these type of issues and resource allocation.

So, though it is again desired to hate of negative publicity confrontation with the public and protect the image and desire to engage with the stakeholders. So, and also on the benefit of the partnership from the NGOS perspective or the CSOs perspective could be like it is growing interest in markets. So, because they understand like governments it is not possible for them to give the solution to the social problems. So, if a partnership is entered with the corporates may be some solutions will come up to handle the social issues in a better way and there is a need for more resources.

So, then the credibility of the business with the government because government will also understand yes, the business is taking care of some and trying to solve certain issues which may be the government was not able to do it because NGOs and CSOs are mostly informal organizations formed and credibility of the business to the government is much more when the CSOs themselves.

So, and cross fertilization of course, of thinking because CSOs may be thinking in one way, but the business that give a more structured way of thinking with alternatives. So, it can provide a professional angle of doing things and it is their access to supply chain and of course, the greater leverage that they will get by entering into the partnership with a particular corporates. So, and both the sides these could be the leverages for the partnership to join to social partnership, to try to address certain issues of importance for the society at large.

However, there could be certain limitations of the business CSO collaboration because there could be differences. There could be differences in managing relations between such culturally diverse organizations and there could be difficulties in ensuring consistency of performance and commitment to the goals and it may so happen partnership may appear to mask the hostility and the power imbalances between the partners.

So, the question of power imbalance is that; it is in terms of like as if in terms of partnership we are trying to establish in the form a discourse ethics where dialogue starts between two partners where, both contribute towards benefit to both the parties and there they set up a common goal and find out the issues that needs to be resolved towards it,

but it may so happen like it may turn out like the business partners to be more powerful than the CSOs and due to the capital that they have in terms of the size that they have and power political and other influences, but also which is of equal importance that CSOs also need to recognize their power that they have in terms of specific knowledge, communication expertise and public credibility.

So, it may so happen large companies and small CSOs may work together and if they work together. So, it could in some cases it may happen like the CSOs are relatively influenced by the corporate interest and not by the actual beneficiaries interest to whom they are trying to address. If not the CSOs understand their accountability towards the beneficiaries and do not feel like they are succumbed under the power of the corporate and do not realize their own power of expertise or self feel like even if they are smaller in size or capital. They are at equal level based on their domain knowledge expertise and the connectivity that they have with the society and the beneficiary whose cause they are representing.

So, this is another problem could be regarding their distribution of the benefits or the partnership. So, this could be another ethical issue as it may so happen that the benefits gets distributed between the two parties in partnership and the actual beneficiaries like the both the CSO and the business organizations gain reputations, strength, more members may be a good social capital or good public image in case of business and like more donors in case of CSOs and their beneficiaries for whom they were working the actual benefits may not percolate down to then that much to the level that it is expected. So, that could be a problem ethical issue in the distribution of the benefits.

So, another issue in this partnership could be the CSO independence because generally when the CSO by the concept of it when it is getting formed it is of acting, is it is a body which is acting as a representative for the either for the human interest or the non human interest also which do not find a proper representation in the corporates like frame of mind because either they are not able to represent themselves properly or the corporates are not ready to hear to their difficulties or their, what they are expecting from the corporate. So, it is the role the definition of that role is that of adversarial, rather than that of collaborative that was the initial orientation of the, this civil society organization. To start to collaborate with the civil is from that role may be to the changing role of being

collaborative from adversarial nature of only looking into protest about a also acting towards may be changing its role shifting towards promoting the causes or helping them to, helping the firms to work for the interest of the society at large or for the non human entities at large.

So, the this collaborative role also, but what is more important in either of this adversarial or the collaborative role is a independence of the two bodies, but when we are talking of the collaborative partnership type of thing, it is somewhere lessens the power of the CSOs of its position, of moral independence to like talk of issues which may be and to which may be corporates are not addressing properly those issues CSOs may lose their power of moral independence to talk about these issues and goes a credible challenge to those issues.

So, when you are talking of CSO and CSO independence these becomes important. So, and it may be like you are losing with distinctive positions as the third independence sector who is trying to influence the organization to follow some ethically driven practices, policies formality ethical policies and ethically oriented practices to answer to the need of the society and to the non human entity also. So, it this interdependence, this collaboration may make the CSO lose its unique position outside the market sector. So, and if like this it may so happen like, if the CSO is collaborating with a business in one or type of activity, but the business is not able to meet the standards in other type of the problems which are really ethical the CSO may lose its like ability or to put a challenging stand even if they are not organizations or firms are not following the ethical practices.

So, and in many case may lead to, is it possible like we are collaborating on one issue, but we are protesting on a different issue? So, if these type of things are happening then it may lead to a type of schizophrenia like their frames with relations to some aspect, but pose with respect to certain aspects and may be being friends and pose at the same point of times will becomes a confused identity about the CSO and may question like whom the CSO is accountable to. So, that we have already discussed in the previous discussion is it to the beneficiaries, is it to the donors or is it to it is newly found corporate partner. So, whom is a CSO more accountable to becomes a question.

So, in these because by entering into the partnership with the corporate they start functioning as a one of the units of the corporate who is looking into a particular problem. So, this being framed and forward the single point of time with respect to two three different issues at the corporate may be dealing with and then and then like problem of whom I am accountable to, may be major challenges.

Next, we will discuss the role of corporate in terms of and the relationship of the corporate and the civil society in terms of civil regulation. So, actually we have seen like how some regulations of the business could be achieved by the government by formulation of certain may be laws in those cases where, laws are not present may be in terms of where global laws are not there the expectation from the government to the corporate is that of self regulation. So, by business corporates in terms of like policing on their suppliers and even competing, competitors regulating each other through their main industry partnership and their programs. So, this will here we are trying to see into focus into the role of CSOs as a regulatory body and we can see like because CSOs are acting as a pressure group, representative group. So, they can of course, try to like regulate what they have role in regulating what the business is doing and how.

So, whether to protest, boycotts or like various forms of collaboration this seem like the corporate is increasingly having the power to shape influence or curve business practices. So, this have been referred to as a civil and regulations. So, these civil regulations go beyond then just entering into a relationship that this CSOs have with the business. So, these are focusing on not only just the relationship, but what are the outcome of these relationships. Does it lead to any positive outcome? Does it lead to any formulations or policies and practices that the businesses are expected to follow in the process of doing their business or not.

So, it is evident that many of these conflicts and collaborations have lead to the formations like norm creations and which have been norm creations and regarding what are the policies? And what should be the practices? And this have to be like have got like its plays in terms of institutionalization. So, and this is what is what have started governing corporate actions.

So, what we can see is like the collaboration of the business houses with the civil society organization may help in building the social and political structures that and regulations

that may help to change like understand the change and like bringing the changes to other, for other business factors also by, like going through this processes of regulations formation. So, this like practices may lead to the development of a, yes; it is, it takes time limit it has a time to develop to, it is lot of like conflict, may be debate, protest or collaboration, boycotts, different techniques which gives rise to these policies and practices it takes time to develop, but if formed and if the organizations are following it then it definitely has a long term value addition in terms of contributing positively to the society and to the community and to the other related entities, but it is to be very important to understand that like these codes and regulations are like, it is not set of mandatory things to be followed like the government regulations which are there, but this is more or less they are informal in nature.

So, what happens is the criticism for these type of course, is that because it is not the like as mandatory. So, it depends may be on the means of the organization also to follow these regulations or not. So, the implementation of these regulations may become a problem, if this the business firms themselves are not voluntarily taking a membership and then successful membership of that body requires like you follow these codes of conduct. So, even though the regulations get defined formulated and if the practice are stated what are the necessary practices? Questions may come regarding the implementation part and the coverage for this implementation because it depends again on the willingness of the organizations the firms, to voluntarily opt for the certain implementations and certifications because like government regulations these are not mandatory in nature. This is desirable, but we cannot tell like these are mandatory, but yes if it we can tell it on a positive like if these things are done by the organization; of course, it helps in brand building of the organization.

So, that it adds to their reputation positive publicity like yes; we are taking care of these factors and we are like trying to connect with the society through taking care of these activities in our business processes itself and that how it creates the social capital and brand building and creates positive reputation of the organization which is helpful for their self interest or which is helpful for their definitely both ways, for the self interest for the organization and also for the society at large and this regulatory role that the CSOs may be having has helped in increasing formulation of these types of codes of ethics and formal elements of rule setting. And then this has also helped immensely in

may be global situations where they have been absence may be their absence of rules and regulations. So, this guidelines regarding, what is expected from the society and how one is going to perform if to in order so that they are acting to in the way it is expected for them by the society at large to take care of the environment, to take care of the needs of the people and the rights of the people.

Then of course, it serves as a guideline to act in a global environment where may be no rules are existing, no guidelines are existing of how to behave in a globalized situations. So, that comes to their help and these will lead to the next part of the discussion where, we are talking of the role of the civil society and business together and how both of them together will function towards the sustainability and current taking care of the triple bottom line. That will be the next discussion in the next module.

Thank you.