Aspirations for Advancing Corporate Citizenship in the Next Millennium
by
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As we approach the new millennium, there has been a greater acknowledgment of the role of business institutions in promoting economic development and growth in society. The place of the modern corporation as an integral part of society, the diversification of its roles, the spread of corporations into a variety of economic activities, and the expansion in their legitimacy are only going to increase in the next millennium. It is in this context that we need to explore the meaning of corporate citizenship.

Historically, numerous businesses and corporate leaders have supported societal causes over the last 100 years through charitable contributions and direct involvement. In India, for example, notable support came during the freedom struggle under the leadership of Mahatma Gandhi. After Independence, Indian private corporate enterprise remained a second fiddle to the public sector at least in policy pronouncements and with respect to legitimacy in public eyes.

In today’s context, we acknowledge and accept that modern business institutions must be efficient and profitable. We see them as engines of economic development and generators of wealth for the society. In light of the expansion in their roles and legitimacy in global society, businesses need to pay attention to the concept of corporate citizenship. The whole notion of citizenship implies that they are accorded certain rights and are at the same time responsible for meeting certain obligations to the society at large.

Business needs “a license to operate” and they need public acceptance. To secure and maintain these they must abide by laws and regulations governing their operations, and they must conduct their work in a manner that fosters public trust. When this public trust is violated, whether deliberately through negligence or unintentionally, companies often lose their capacity to thrive or even survive.

Five broad themes appear to be relevant to our aspirations for corporate citizenship in the new millennium. These themes relate to the variety of stakeholders that modern corporations interact with in the course of conducting their normal daily business.

The Business Enterprise as an Institution of Society

First, corporate citizenship implies the development of business enterprises as modern institutions of society. In this institutional context, they must demonstrate societally relevant values in labour relations and human resource development. They must have a high standard of workplace safety and health. They must practice and promote transparent, accountable governance mechanisms in their own decision making and they must be law abiding citizens within the single or many countries in which they do business. With democratic governance on the rise throughout the world, we would expect corporations increasingly to evolve norms and practices, cultures and systems that reflect and express democratic values in model corporate institutions.

How Business Relates to Customers

A second aspect of corporate citizenship is the relationship with consumers serving customers demands attention to an ever-improving quality, pricing and delivery of products and services. Customers also expect businesses to use innovative technology in their production of goods. Because society is also a consumer of corporate products and services, standards of excellence in quality, competitive
pricing, and appropriate, new applications of relevant technology have to be established as guidelines and benchmarks for assessing corporate citizenship. Increasingly, consumers and demanding that the production processes companies adopt meet high quality standards, or minimise adverse effects, with respect to their impact on workers, communities, and the natural environment.

**Business as a Member of the Community**

A third and increasingly important area of consideration in corporate citizenship relates to the communities—the physical locations—where the economic activities are undertaken. This aspect of corporate citizenship is often the most contentious, providing a setting for conflict and difference of opinion on issues of ownership, rights, responsibilities, and decision making authority. When and where factories are constructed, mines opened, and hotels built, there are always issues of acquiring land and other resources (water, forests and minerals, for example) on which some communities and families depend for their subsistence and survival.

To use again the example of India a large, thickly populated country, creating space for and directing resources to a business necessarily means taking them away from or substantially reducing their use by some community groups or others. In such circumstances, many social activists and non-governmental voluntary organisations have come forward to help articulate the demands and concerns of displaced communities. Corporate responses in recent years, as seen from incidents in southern Orissa and western and western Maharashtra, have shown a high-handedness and blind pursuit of narrow economic interest, without any consideration for the impact on or survival of those who have been displaced.

There is a need to address these issues with a larger national and global perspective, keeping the cost and benefit of development over displacement of people in a proper balance and in full view. Assuring a sustainable livelihood and a life of dignity for those who are displaced from resources hitherto accessible to them has to be integral to enlightened corporate citizenship today and in the future.

By the same token, we must acknowledge and encourage companies that pursue promising practices in their community efforts: those whose actions contribute substantially to improving the health and well-being of community residents. Companies that participate with public sector and community actors to provide clean water, health care services, high quality education, housing, safe employment, and transitional support when they shift operations out of communities are contributing to economic development and community infrastructure that residents need.

**Sustaining the Environment**

A fourth theme is that enlightened corporate citizenship would require paying attention to the life sustaining, regenerative capacity of our ecology. We as citizens and companies as corporate citizens must make use of forest, land, mineral, and water resources in ways that ensure they are regenerated, revitalised, and available for successive future generations. That is the meaning of sustainability. A fundamental concern for environmental sustainability must enter into long-term, strategic corporate planning and it must also be tangible in short-term operations, business decisions, and accounting.

This is not merely a question of meeting the minimum requirements of laws. It is essentially a question of perspective and commitment to future generations.
manner in which effluents are left in the environment and the manner in which natural resources are exploited in extreme ways for short term gain leave much to be desired. Enlightened corporate citizenship would expect high standards of ecological sensitivity and deliberate inclusion in all forms of corporate decision-making, for example, in sourcing raw materials; in selecting technologies in production, and in choosing methods of storing, transporting, and marketing products and services.

Excluded Populations

Finally, our global society and many individual countries today face the serious problem of the societal exclusion of large portions of the population. These people are outside the framework of the global economy. They lack basic education and the skill needed to participate effectively as producers or citizens in the economy and society and they lack purchasing power and economic capacity to be consumers. This large-scale exclusion of large numbers of citizens from the modern economy, which in some countries applies to more than half the population, is not sustainable in the long run. If large segments of the population remain excluded, the mainstream itself will become marginalised or redundant.

This prospect demands that corporate citizenship take on the most critical challenges in development. It calls for a contribution from corporate citizens to insert themselves in the processes and institutions trying to address the profound problems of poverty, hunger, illiteracy and ill health, all of which are evident in society today. It is not merely companies financial or monetary contributions that can bring about desired positive change; modern corporate institutions have enormous intellectual, human, and creative capacities. Their managerial talent and professional expertise is so vast that its application and dedication to the processes and institutions addressing the most pressing problems of our society would make a dramatic and significant contribution in their solutions in the future.

A Mandate for Engagement

Our aspirations for the corporate citizenship described above cannot be delivered by corporations alone. These achievements require the direct involvement of citizens, civil society, and government. For companies to advance their labour relations and work place practices, they need dedicated employees and outside scrutiny to accompany and complement managerial talent in highlighting areas for improvement. Effective customer service requires that we listen to customers and potential customers about their needs and aspirations, and that we learn their concerns and misgivings. Being a good corporate citizen in the communities where a business operates means establishing relationships with the full range of people and institutions affected by business operations. Positive relations within communities yield the license to operate that is essential for business success.

Preserving our natural environment and the diverse ecosystems on the planet requires a commitment to sustainable practices. This applies to companies, to all other institutions, and to private citizens. Finally, addressing those who are excluded from the development process and any corresponding benefits requires that we move outside our normal, comfortable networks, and that we dare to take risks.

All of these advancements in corporate citizenship require the involvement of all three sectors, sometimes working jointly and sometimes separately, sometimes through cooperation and other times through opposition. Likewise, all of these advancements and aspirations depend on the people involved and on their ability
and commitment as they pursue their roles as citizens, workers, parents, and members of the general public. Corporate citizenship has been and always will be a function of the people involved who are making and implementing decisions. The same is true of the citizenship of all of our other public and private institutions.

As one who has been active with voluntary development organisations for twenty years, whose own professional background in engineering and management was applied to address the problems of the local communities. I have found this a worthwhile and challenging career. I am confident that many corporate leaders and managers understand the problems facing our society today and are committed to contribute their part in achieving positive change for our children. We want effectively performing and enlightened corporate citizens, institutions that while making profit and generating wealth are also aspiring to contribute substantially to improving the quality of life for one and all and preserving the health and vitality of our natural environment.