

“CC Data Searching for Theory”

Beyond Good Company:

Next Generation Corporate Citizenship

(New York: Palgrave Macmillan, 2007)

By

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A Review by William C. Frederick, June 2009

The authors—a social policy expert, an organizational psychologist, and a political scientist, each one extensively involved in consultancies with corporations, governments, and NGOs—report on the research of the Center for Corporate Citizenship at Boston College. They have much to say that will be of great value and usefulness for corporate policy makers focused on transforming their companies to meet the massive threats and challenges of globalization. The phrase “beyond good company” in the book’s title emphasizes the authors’ belief that today’s business firms have a way to go before attaining the desired reorientation. So relevant is the book’s central message that I intend to urge a handful of my corporate executive friends to absorb its lessons for their own firms.

The Boston College Center for Corporate Citizenship is noted for its empirical, field-based research and direct interactions with business practitioners, through interviews with CEOs and other high-level officers—around 50 from some 25 of the world’s prominent corporations in a 2-year study—and multiyear forums that connect senior executives who share experiences of moving their companies along the scale of needed social actions. The cumulative result of these direct practitioner-to-practitioner and academic-to-practitioner exchanges yields data-based insights not readily found elsewhere—the actual nuts-and-bolts requirements, obstacles, risks, and opportunities encountered by firms striving simultaneously to maximize profits, minimize negative social impacts and, where possible, add something of value to community life.

The book is richly illustrated with role models or mini-cases of what the authors call “corporate citizenship” (a notion that receives further attention later in this review). These are companies well known both for admirable and less-than-admirable actions in behalf of social and community responsibility: Nike, Wal-Mart, General Electric, IBM, Nestle, Novo Nordisk, CEMEX, and many others of lesser fame. Accompanying these company profiles are rather extensive comments by top-level executives that reveal the personal attitudes, motives, and goals they strive for in pushing their firms to adopt new procedures and routines needed for continued profitable operations in rapidly evolving competitive environments and increasingly troubled social settings.

The book's three Parts, 12 chapters, and 8 Appendices chronicle a movement of corporate social consciousness from a mid-20th century paternalistic do-good philanthropic phase through a quickening need to meet stakeholders' social demands during the 1980s-90s and on toward the prospect of building a sense of societal purpose into the core of business operations in the early 21st century. The aspiration is to see the emergence of corporations willing and able to assume the mantle of "corporate citizenship" by melding the oft-opposed/contradictory requirements of profit making and social/community needs. Indeed, the very purpose of business is to be transformed—"repurposed", as they say—from its conventional focus on economic gain to "co-creating values for business and society." Numerous real-world examples are given of the "business case" for CSR, where firms make profits by serving social needs, plus several companies that have adopted "triple bottom line"—economic, social, environmental—goals and policies, along with a handful of out-front executives pushing to eliminate entirely the divide between business and society by making social need-satisfaction the central goal of business operations. The aspirational arc thus extends "beyond good company" to "next generation corporate citizenship."

It would not be my intention to detract from the book's rich storehouse of actual business actions taken to move the CSR/CC agenda forward if I were to register some concerns on the theoretical side which are of greater interest to academicians than to business practitioners.

The term "corporate citizenship" (CC) itself is problematic. [See a special issue of *Business Ethics Quarterly*, 18:1, January 2008 for some pros and cons.] Its root concepts, according to the authors, are ethics, legal compliance, philanthropy, stakeholder engagement, social accountability, transparency of operations, and sustainability (economic, social, environmental). Certainly, a case might be made for its rhetorical usefulness in delineating current practices from those earlier phases labeled "corporate social responsibility" (CSR), thus reinforcing the idea that a new, more comprehensive corporate approach to social problems is discernible. CC advocates are inclined to believe that the older style CSR involved little more than an active program of corporate philanthropy, whose generosity thereby identified a "good company". Only those companies that take on a larger share of social problem solving and integrate social issues into strategy and policy—e.g., environmental cleanup and protection, stakeholder dialogue and cooperation, alleviating community poverty, promoting workplace human rights, etc.—are said to be worthy of the corporate citizenship label. This is a distinction without a significant difference, as any business executive who lived through the socially and politically turbulent 1960s and 1970s could testify. Nestle, AT&T, Kodak, General Motors, Hooker Chemical, Johns Manville, A. H. Robins, Firestone, Dow Chemical, Ford Motor, Gulf Oil, Dow Corning, and others were expected and forced by social demands to go far beyond philanthropic handouts if they were to meet with societal and governmental approval. At the same time, General Electric pioneered early efforts to integrate social factors into corporate strategy and was subsequently joined by others, Johnson & Johnson perhaps the best exemplar. Early CSR was an anticipatory form of present-day CC.

This is more than mere academic quibble. The meaning—the basic function—of corporate social engagement is at stake. Truth to tell, neither CSR nor CC captures the core essence of what is involved in business-and-society relationships. The argument for both CSR and CC is far more powerful than the supporters of either one, or both combined, presently convey. So, allow me a few more lines to make the point.

In *Values, Nature, and Culture in the American Corporation*, published in 1995, I identified “economizing”—productive, marketable output—as the core *raison d’être* of business operations, and “ecologizing”—the collective economizing activities of all organisms that live in ecosystems—as the natural environmental setting in which business activity goes forward. *Neither process is eliminable; each is essential to the other.* Business draws its very life-essence—energy, workforce, technology, resources—from the surrounding ecosystem. The ecosystem itself—made up largely of other living units—survives only if each of those organic and cultural entities is able to economize successfully. As we now know, ecosystem damage can be fatal to all denizens who draw life from it. From this it follows that reconciling these two natural forces—economizing and ecologizing—is the central challenge facing business and society in a globalizing world. Planetary life itself, at least in the forms we know and prefer, is at stake.

In view of the immensity of this global crisis, one wonders if it is reducible to the terms of CSR and CC, as if the answers are to be found within the minds and actions of corporate executives. The problem is *systemic*, rooted deeply within a nexus of evolved and evolving natural forces. It is not a matter of “courageous leadership” or of behavioral, motivational, philosophical attitudes of corporate executives who are devoted, and rightly so, to their firms’ economizing goals. Call it what you will—CSR or CC—neither embraces the totality of forces at work creating the need for a reconciliation of economizing and ecologizing. Not good will, not the cleverest of strategies, not social entrepreneurship, not the “business case” for CSR/CC, not “repurposing” business, not even the cherished (and improbable) goal of “sustainability”—none of these can simply reformulate or eradicate the natural formulas laid down eons ago in the form of economizing and ecologizing processes. They must be worked *with*, not against, because their “purposes” (I prefer “functions”) are hard-wired features of organic life.

The hope, and a slender one at that, is to recognize that CSR is part-and-parcel of a business firm’s economizing efforts, and has been since its inception in the early 1950s. That means business is functionally and operationally programmed to reach outside itself, even as its economizing role is uppermost in the minds of its managers and directors. There need be no implacable opposition of economizing and ecologizing within the confines of a single business firm. And perhaps that is what the authors of *Beyond Good Company* are trying to say, even while mislabeling their message as “corporate citizenship”. They, and their corporate clients, need to step outside the *cultural* confines of corporate policy and strategy to acknowledge the presence of *systemic, natural processes* in which all business firms are embedded and from which there is no escape. Nor would anyone want to be free of these two life-giving, life-extending, life-flourishing, interlocked natural forces. The basic lesson, it seems to me, is simple enough to state: *systemic problems require systemic solutions*. Getting there, of course, is another matter. Business

acting alone, or even in concert with stakeholders, governments, and NGOs is not the answer, however admirable may be the views and actions of a handful of visionary corporate executives. More than “corporate citizenship” is called for.

Well, don't look at me. I don't have the answer either. But stay tuned ☺.