IS CORPORATE CITIZENSHIP SPREADING AND SHRINKING?

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"It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity…. It was the spring of hope."

—Charles Dickens, A Tale of Two Cities

The business headlines said: "GM in Bankruptcy." At almost exactly the same time the leadership at Toyota announced: "we are not sitting still with the hybrid; we are designing a car that purifies the air we breathe."

Like the tale of two cities, today's headlines signal significant opposable realities of our age.

Another recent news release announced the abrupt bankruptcy of Redlands Ltd—a Canadian mining business "deceitful about its plans" and "leaving a mess at taxpayers' expense"—all related to lethal acid mine drainage. At almost exactly the same time, Fairmount Minerals was awarded recognition as the number-one corporate citizen by the U.S. Chamber of Commerce, has been growing at an earnings rate of over 40% a year, and has created a turned-on, inspired workplace by periodically bringing groups of 300 to 400 internal and external stakeholders together in multi-stakeholder collaborative configurations to apply state-of-the-art business innovation methods at its unique kind of sustainability summit. After one of its collaborative innovation events at its Wisconsin facility, a newspaper wrote a telling story and called it "The Tale of Two Sand Companies."

Yes, we find ourselves in between things. It is the eve of a new era. What's most intriguing about the Toyota story in contrast to that of GM, and about the award-winning Fairmount Minerals in contrast to Redlands Ltd, is that the two companies that made the least investment in CSR and sustainability during this economic recession are bankrupt. The two comparison companies did just the opposite: they amplified their CSR and sustainability commitments, and they did so during this, the most alarming recession since the Great Depression.

What if the lens of sustainability turned out to be the biggest business opportunity of the 21st century—but very few business leaders could see it or make it a preeminent part of corporate strategy? What if the moral sense of responsibility, and the apparent sheer ethical weight of it all, turned out to be the easiest natural trigger for inspiring innovation and growth, for creating admiring customers and proud communities? What if Gareth Hardin's seemingly inevitable "tragedy of the commons" was largely a myth? How would it feel to be part of a corporation—especially during this time of economic hardship—that asked entirely new questions powered by the sense that the eradication of extreme poverty or the design of a smart planet is already possible, not in a hundred years, but today—literally within the grasp of our generation?

In the lead article in this fascinating issue of The Journal of Corporate Citizenship, Chris Laszlo and Jean-Francois Laugel take this paradoxical recessionary logic to the hilt. They go right to the heart of the matter in the most anguished industry of all—the banking industry—and they offer a clear prescription few would dare to apply to an economically stressed population of institutions. What's the prescription? In a word, leadership—its leadership in the citizenship and sustainability domain, exactly the kind of leadership being played out by industry-leading stars such as Toyota and Fairmount Minerals.

To understand this prescription one needs to understand Lazslo's concept of "sustainable value." As the authors propose, creating sustainable value is a way for companies to advance their business priorities, drive innovation, and achieve cooperative advantage. All of this, of course, requires a major mind shift, and an expanded definition of value that includes value for shareholders and value for stakeholders—an increasingly broad array of stakeholders who contribute to a company's wealth-creating capabilities. Interestingly the authors make note that in the financial industry there is not one single bold pioneering leader in stakeholder engagement and sustainable innovation—such as a Unilever, for example, or a GE with its eco-imagination. But all this may change, predict the authors, especially in times of economic crises. Why? Because sustainability is synonymous with an expansive stakeholder view of the firm where stakeholders have moved from first having illegitimate claims of business value, then to having a limited voice primarily focused on ensuring compliance, and now to servings as value-creating partners. Capturing sustainable value, assert the authors, is not at all automatic and requires specific financial, strategic, and measurement competencies to integrate stakeholder impacts into the value-delivery capability of a company.

In an uncanny way almost every other article in this volume builds on this theme: that corporate citizenship will become more important, not less, during this time of economic upheaval. But there is one essential caveat. It all depends upon or is conditioned by the corporation's ability to expand not only its definition of stakeholders (NGOs; communities; regulators; the earth itself) but its ability to turn these key stakeholder relationships into sources of imagination, innovation, and inspiration.

Jim Post and Kristian Darrigan's research on the growing CSR movement in China affirms this point (even as the recession takes hold) where they conclude: "the confluence of political changes, business pressure, and natural disasters created a new watershed of dialogue, ideas, and progressive thinking about corporate social responsibility in China." The article "Life Cycle Engineering, Department of Engineering and Technology Management" hones in on the South African automotive industry. In this piece, Anderson Kehbila, Jurgen Ertel, and Alan Colin Brent explore how different variables affect implementation of voluntary environmental management initiatives, and find that holistic approaches have been most cost-effective. In a similar vein, Lawrence Lad and Craig Caldwell in "Collaborative Standards, Voluntary Codes, and Industry Self-Regulation: The Role of Third Party Organizations" pick up the point that stakeholder relationships will be the defining feature of the newer mixed modes of regulatory processes, especially where there are predictable market failures requiring larger systemic collaboration. Geoff Walters expands on this theme—that is, the power of collaboration—by documenting the rise in CSR effectiveness when companies partner with community trust organizations. Drawing on several cases of business and community partnerships in the English football industry, the author shows precisely how mutual benefit happens, both for the company as well as the community, through the power of sport as a mass media distributor that advances sustainability awareness and positive human health practices. But are partnerships easy? Not so quick, says Martina Battisti in her article "Below the Surface: The Challenges of Cross-Sector Partnerships." Using a psychodynamic approach, Battisti lifts up what often remains unspoken: fear of loosing control in partnerships, insecurity, and external partners who carry negative images of business into the relationship.

And finally, "Corporate Social Responsibility and Garrett Hardin's 'Tragedy of the Commons' as myth and reality" takes a fascinating look at the question of our world's commons. While this article sounds a new note of hope, tracing the ways in which Garrett Hardin's powerful rhetoric actually exaggerated the idea of self-serving human nature—a myth of huge proportions, it also raises new challenges for the domain of corporate citizenship. It is not human nature that is the problem, argues author Wade Rowland, but it is the design of our institutions. Indeed Rowland reminds us that we rarely step back and look comprehensively at the concept of the corporation itself. Like the important "Corporate 2020" project, the author leaves us with important questions for future editions of JCC: What is the purpose of the firm? What kinds of structures and systems give life to that purpose? How might corporations be designed so as to blend social, environmental, governance and financial mission at their very core?