

Corporate Social Responsibility and Corporate Citizenship

Nihal Gökçe^{1 +}

¹ Hitit University, Turkey

Abstract. Today's firms have started to employ policies that are in line with "corporate social responsibility" due to increasing monitoring and pressure from media and non-governmental organizations on profit-oriented firms and as a result of consumers' becoming more and more conscious. Accordingly, many corporations try to show in various ways that they attach great importance to corporate citizenship practices, which they claim to be a natural part of their business plans and founding philosophy. Such an approach is critically important in terms of their reputation in the eye of their stakeholders and in terms of maintaining that reputation. Therefore, in order for firms to gain more prestige it seems inevitable to turn to "social responsibility consciousness" and "ethical values". The rumours about malpractices of firms which fail to be ethical and to have social responsibility consciousness get around easily and this puts firms in a very difficult position. This study will, firstly, analyze the concepts of ethics, corporate social responsibility and corporate citizenship and the relationship among these concepts. Then, it will illustrate how these concepts have changed our understanding of today's business.

Keywords: Ethics, Social Responsibility, Corporate Citizenship.

1. Introduction

Ethics, in general terms, can be defined as a whole set of principles on what is right and what is wrong that affect the way individuals act and determine the choices they make (Tosun, 2007). This concept, which is to do with people's actions, questions what makes an action ethical and thus embodies concepts such as morality, responsibility, necessity and permission (Pieper, 1999: 16-17). Therefore, ethics is a system in accordance with the criteria of a certain theory or a course of action as well as a discipline dealing with moral duties and responsibilities (Shea, 1988: 17). The concept of social responsibility involves the relationships between the firms and the societies they operate in (Goolsby/Hunt, 1992:58). The era that we live in has changed the understanding of social responsibility not only in business but in the whole world. With the introduction of the concept came along an increased awareness of responsibility to support economic, cultural and social development for a sustainable world and individuals and governments now aim to improve the quality of life in the societies they live in. (KSS, 2009).

The concept has become high on the agenda in all the countries of the world and it has been attached such a great importance by organizations such as the United Nations, European Union, Organization for Economic Cooperation and Development and the World Bank that many foundations today evaluate a firm's performance in terms of social responsibility before they decide to invest in the firm. For example, magazines such as Fortune and The Financial Times consider firms' sensitivity to social responsibility one of the main criteria in their surveys about the most reputable firms. What we should understand of the social responsibility here is a firm's utilizing its sources for the benefit of the society (David vd., 1997:4).

Social responsibility practices include business practices and investments that would support social issues as well as an awareness of improving social welfare and protecting the environment. The society we talk of here consists of the employees of the firm, providers, distributors, non-profit organizations, public sector partners and also members of the society in general. Moreover, social responsibility practices are supposed to meet psychological and emotional needs as well as welfare, health and security needs (Kotler ve Lee, 2006:201)

Within this framework, we can summarize the main objectives of corporate social responsibility as follows (Bayraktaroğlu at all, 2009:7);

⁺ Corresponding author, Tel.: +903643116000; fax: +903643116037
E-mail: nihalgokce@gmail.com

- A firm's responsibility goes beyond providing products and service to make profits,
- Firms should contribute to the solution of social problems they have caused,
- Firms have responsibility not only for its shareholders but also for all other partners,
- Firms should not only focus on economic values but also consider humanistic values.

In consideration with corporate citizenship, firms, just like individuals in a society, are legal institutional entities that have rights and duties and that are regarded as "citizens" of the state they operate in (Marsden 2000:11). According to The World Economic Forum, corporate citizenship is a firm's style of managing its economic, social and environmental relationships with its partners such as shareholders, employees, clients, business partners, government bodies, non-governmental organizations and local communities (Gardberg ve Fombrun 2006:329).

Within this framework, the concepts of corporate citizenship and corporate social responsibility seem to be equated with one another; however, since the late 1990's the concept of corporate citizenship have been considered to be a new business philosophy, not consisting only of charity or voluntary social responsibility practices but embodying all the duties and business practices of a firm. One of the most significant reasons for this shift in our understanding of the concept is the strong multi-national firms' motivation to impose their policies on different societies in this era of globalization and information revolution and to receive governmental support in times of crisis (Mele 2009:69). The United Nations started the world's largest voluntary corporate citizenship initiative in 2000. This initiative, which is called The United Nations Global Compact, has more than 3000 member firms from more than 100 countries. The goal of The United Nations Global Compact is to bring together UN agencies, labor organizations, non-governmental organizations, governments and the business world and to put in effect the ten principles in the areas of human rights, labour, environment and anti-corruption (www.unglobalcompact.org). The ten principles of The UN Global Compact, which are derived from The Universal Declaration of Human Rights, The International Labour Organization's Declaration on Fundamental Principles and Rights at Work, The Rio Declaration on Environment and Development and The United Nations Convention Against Corruption, are as follows:

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

2. Corporate Social Responsibility and Corporate Citizenship Practices in the World

In New York meetings of The World Economic Forum, the CEO's from 40 companies, such as ABB, Coca Cola, Deutsche Bank, Mc Donald's, Merck, Renault, Siemens and UBS, just to name a few, signed a declaration on "Corporate Citizenship". More and more companies from all around the world are now adopting corporate citizenship policies and participating in the Global Compact.

One of the many companies that have adopted this approach is Samsung, which aims to contribute as a good citizen to protect and improve the environment. Samsung's corporate citizenship practices comprise a wide range of activities from social assistance, voluntary services, cultural and art activities to academic activities, education and environmental protection activities. (<http://www.samsung.com/tr/aboutsamsung/citizenship/index.html>:01.09.2012). Another company is Xerox, which has managed to reduce its greenhouse gas emissions by 18% by designing "non-waste" products in "non-waste" facilities since 2002. (<http://www.xerox.com/about-xerox/citizenship/trtr.html>). Still another company is AstraZeneca; the company has been conducting corporate responsibility projects in order for patients from all around the world to get access to health care service. For example, as part of its patient assistance programme, the company donated breast cancer medicines to support the cancer patients in Ethiopia. (<http://www.astrazeneca.com/Home>). Adecco, which is a Human Resources Solutions company, lends a helping hand to youth in Latin America, Europe and Asia through its global initiative project Win4Youth 2011. As part of the project, the employees in Adecco will cycle 12 times around the world and raise 1 dollar fund per 5 kilometers for various charity organizations. (<http://www.adecco.com/en-us/Pages/default.aspx>).

3. The Gains From a Sense of Corporate Social Responsibility

Research has revealed that the enterprises that a sense of corporate social responsibility attracts a much more qualified labor force. The reason for this is explained as follows: The companies that have a sense of corporate social responsibility give the candidates who apply for their vacant positions the message that the enterprises that are socially responsible have ethical values, and they also feel responsible towards their employees (Turban and Cable, 2003:733). Accordingly, as motivation and organizational loyalty increase in companies that can attract a qualified labor force, productivity increases, too. Besides, socially responsible companies are appreciated and respected more by their employees, as well as stakeholders. Thus, corporate prestige is shaped around the concept of social responsibility. In today's world, the companies that want to protect and improve their prestige carry out social responsibility campaigns in order to prove that they meet not only the economic but also the social needs of the society. They publicly share such campaigns and take their stakeholders' expectations into consideration. The companies that take action according to the principles of transparency and accountability are being followed both for the progress they make and the negative situations they encounter. That is why they are now compelled to act more carefully as the members of society are becoming more and more aware about this issue.

Another benefit of corporate social responsibility projects from the perspective of companies is that the investments in this field help enterprises grow their capacity and improve their competencies. This is of course reflected on the structure, culture and technology of enterprises (Russo and Fouts, 1997:534). As a result, such corporates can more easily adapt to the changing environment and gain a competitive advantage.

Briefly, corporate social responsibility, which has become an important issue in recent years, will help enterprises find themselves a place in the global market where competition is on the rise. In companies that adopt a sense of corporate social responsibility, a qualified labor force will be employed, the organizational loyalty of employers will increase, and there will be fewer layoffs. Such enterprises will also adjust and develop their culture according to the changing conditions. Consequently, they will not only gain prestige but also cut their costs.

4. Conclusion

In today's world, firms which take the concept of corporate citizenship seriously benefit greatly from doing so. Research has shown that when the firms adopt this approach, their brand value increases, they attract more qualified employees, it becomes easier for the firm to access new markets and to ensure customer loyalty, their risk management becomes more efficient and they are taken more seriously by policy

makers. (<http://arge.com/Yayinlarimiz/Makaleler/IsDunyasi/KurumsalVatandaslik.aspx>). The consequences of a business understanding that focus only on making more profit without any concern about the future would be ominous. It is a fact of our day that global problems affect us all and therefore, one of the duties of businesses should be to adopt and to put in effect an understanding of corporate citizenship to ensure the same consciousness all around the world.

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