



THE CENTER
FOR CORPORATE
CITIZENSHIP
AT BOSTON COLLEGE

Ten Half-Truths of Integrating Corporate Citizenship

Every day, more companies come to value the opportunities that corporate citizenship presents – both to business and society. Becoming a leading citizen requires companies to institutionalize and integrate corporate citizenship into company strategy, operations and policies, in all areas and at all levels.

In our direct research with leading companies, The Center for Corporate Citizenship at Boston College has analyzed the tactics that conventional wisdom suggests are essential to integrating corporate citizenship, from making the business case to producing a social report. This list describes ten of those tactics but also reveals the half-truths behind them: Yes, these tactics can spark momentum. But, the same tactics can also act as traps or hinder progress.

The bottom line? Consider each tactic within the broader corporate strategy and business environment to drive corporate citizenship forward. Each tactic is a means to an end rather than an end in itself, and several tactics should be pursued simultaneously to maximize their potential benefits.

Note: Research from the project “The Executive Forum on Corporate Citizenship” is the data source for this publication. The project has studied nine companies over a two-year period to understand how they are working to integrate and institutionalize corporate citizenship in their organizations. A full report on the findings of this project will be released in early 2005.

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Ten Half-Truths of Integrating Corporate Citizenship

YES ...	HALF-TRUTHS	BUT ...
Connects corporate citizenship to the business agenda and opens the door to more strategic discussions	1 Make the business case	Can be overstated, underwhelming, and mask the real value of corporate citizenship as a core organizational element; can inhibit strategic thinking
Ties the company to the legitimacy of third-party objectives; provides a structure for measurement	2 Adopt an external code or standard	Can lead to volumes of data to fulfill “box-checking” compliance; may not translate into company-specific vision and actions that advance and deepen corporate citizenship
Provides a powerful motivator; leverages a well-established business concept	3 Make risk mitigation a primary driver	Can put company in reactive mode; corporate citizenship can lose its orientation toward opportunity
Ensures priority status and is essential to securing resources	4 Get buy-in from the top	Waiting for executive endorsement can delay progress and inhibit activities where approval is unnecessary; support at the top does not ensure support throughout the organization
Assigns an owner to foster alignment between corporate citizenship and company strategy	5 Designate an owner of corporate citizenship	Can result in the perception of corporate citizenship as a unilateral responsibility and peripheral to the core business
Drives accountability and puts company on the public record; focuses internal attention on corporate citizenship	6 Produce a social report	Can be a time-consuming bureaucratic exercise that distracts from progress; can become a substitute for actual corporate citizenship activity
Creates a forum to share issues and knowledge across the company; produces new ideas, synergy, and alignment	7 Convene a cross-functional committee	Can be seen as a meeting-for-meeting’s-sake; can create competition between staff and line
Broadens buy-in and ensures corporate citizenship links with business strategy	8 Engage the line organization	Can result in fragmented, inconsistent activity and commitment in the absence of an integrating mechanism
Increases comfort level and reduces resistance; provides a “tried-and-true” approach; can jump-start corporate citizenship	9 Build on existing policies and systems	Can dampen innovation and energy over time
Builds deeper connections to stakeholders, leverages outside perspectives, and can build exciting programs	10 Form cross-sectoral partnerships	Can diffuse the corporate citizenship agenda; doesn’t replace internal commitment to stakeholder engagement

Ten Half-Truths of Integrating Corporate Citizenship

1

Make the business case

Skeptics and believers alike often think that executive endorsement of corporate citizenship relies on a business case that demonstrates bottom-line financial results. However, practitioners frequently over-value what the business case can deliver, relying on it as the ultimate tool for convincing nonbelievers.

Yes, the business case ...

- ✓ Connects corporate citizenship to your company's business agenda
- ✓ Builds confidence that corporate citizenship will help – not hinder – business success
- ✓ Articulates the “why” and “what” of corporate citizenship for your company

But, the business case can ...

- ✗ Ignore nonfinancial ways of articulating value
- ✗ Create internal resistance from those who prefer to emphasize the company's core values
- ✗ Overpromise and underdeliver with thin financial data
- ✗ Position corporate citizenship as a support function, not a core operating value
- ✗ Exploit a canned pitch that is not relevant to your company

The bottom line

A financial justification does not capture the full value of corporate citizenship and does not always generate action. The business case is more about laying the initial groundwork. Use financial data to open the door for a conversation around the value and strategy of corporate citizenship at your company.

2

Adopt an external code or standard

With urging from external advocates, many companies voluntarily adopt an external code or standard that covers elements of “triple bottom line” (economic, environmental, and social) performance and processes. Many of these standards require measuring performance and publicly disclosing results.

Yes, adopting a code or standard ...

- ✓ Publicly links company to performance expectations
- ✓ Provides specific objectives and targets backed by measures
- ✓ Helps to allocate internal resources (budget and staff) to manage elements of the code or standard
- ✓ Connects core operating functions to societal stakeholders beyond governments and grantees
- ✓ Provides early warning system for revealing problems current systems are not designed to catch
- ✓ Increases issues management capabilities
- ✓ Responds to stakeholders through third-party

But adopting a code or standard can ...

- ✗ Become reactive and create a “box-checking” compliance exercise at expense of focused strategy
- ✗ Cause companies to measure areas that are not germane to the business or its impact on society and divert already scarce resources
- ✗ Be a resource-intensive effort that obscures the need to ask the bigger questions
- ✗ Focus on data at the expense of real intelligence
- ✗ Lose internal coherence of the greater corporate citizenship work by focusing on external criteria

The bottom line

Adopting a standard is not a substitute for the company's vision of citizenship. It should reflect an established strategy and support performance goals.

3

Make risk mitigation a primary driver

Many managers see corporate citizenship as a way to avoid or minimize risk. Managing stakeholder expectations helps companies protect their license to operate. Indeed, risk mitigation can provide a powerful argument to convince skeptics that corporate citizenship can diminish the potential costs incurred from environmental and social risk factors.

Yes, making risk mitigation a primary driver ...

- ✓ Is a powerful motivator and a well-established business concept
- ✓ Captures top-level attention
- ✓ On paper, aligns corporate citizenship with strategic business concerns

But making risk mitigation a primary driver can ...

- ✗ Put the company's corporate citizenship agenda into a reactive mode
- ✗ Lose the upside of corporate citizenship or the potential for opportunity
- ✗ Cause a loss of motivation when the threat of crisis subsides
- ✗ Invite backlash from NGOs and stakeholder groups if efforts are seen as a public-relations initiative intended to mask risks
- ✗ Face limits, as risk managers are often not chiefly concerned with social and environmental factors

The bottom line

Risk management is a potential driver, but it should not be the only motivation behind a company's corporate citizenship efforts. Because not everyone in the company will agree that social and environmental factors pose significant risks, heightening awareness can be a more appropriate strategy.

4

Get buy-in from the top

Widely regarded as a natural first step for a groundbreaking initiative like corporate citizenship, garnering C-level endorsement is often seen as essential to paving the way toward company-wide acceptance.

Yes, getting buy-in from the top ...

- ✓ Secures resources and permission
- ✓ Keeps corporate citizenship a priority in the face of competing demands
- ✓ Moves corporate citizenship forward into company consciousness
- ✓ Expedites decision-making

But getting buy-in from the top can ...

- ✗ Impede buy-in and activity at mid and lower levels where much initial movement happens
- ✗ Create a "waiting game" which paralyzes action or justifies inaction among those who can really advance corporate citizenship
- ✗ Overlook those who know the business best
- ✗ Create the impression that those responsible for corporate citizenship sit exclusively at the top

The bottom line

Drive the process from all levels. Find allies in all areas of your company to support change from the middle. While you might need executive permission or "benign neglect" to move forward in some areas, most executives look to their staffs to identify and advance new ideas. Our experience with companies shows that effective work can happen before active C-level support is secured and that it does not necessarily pave the way to organization-wide buy-in.

5

Designate an owner of corporate citizenship

With its diffuse set of responsibilities, corporate citizenship is often the domain of everyone and no one at the same time. Internal advocates of corporate citizenship often possess a strong inclination to secure resources for a dedicated position and owner who typically resides within the corporate structure. While this makes sense in many companies, not all corporate cultures support this type of centralized approach.

Yes, designating an owner...

- ✓ Provides focused energy to push for greater alignment, integration, and a long-term vision
- ✓ Endows someone with a bird's-eye view of corporate citizenship events in the company
- ✓ Grants someone the authority to raise the right questions in order to identify corporate citizenship gaps that fall outside of traditional staff or line responsibilities
- ✓ Dedicates a budget to corporate citizenship
- ✓ Facilitates connections with the external corporate citizenship community

But designating an owner can ...

- ✗ Cause corporate citizenship to be seen as a corporate headquarters function
- ✗ Inhibit a sense of responsibility felt throughout the company
- ✗ Create a gatekeeper who “blocks” innovation or creates a bottleneck

The bottom line

The corporate citizenship expert should ask the right questions, not provide all the answers. This role is meant to generate attention to and action around corporate citizenship at all levels and across all operations.

6

Produce a social report

Social reports can help focus attention on “triple bottom line” performance. An expectation among advocates is that these reports serve as powerful change drivers by fostering accountability through disclosure.

Yes, producing a social report ...

- ✓ Puts your company “on the record” for its corporate citizenship performance
- ✓ Drives measurement and accountability
- ✓ Encourages cross-functional interaction in gathering and compiling information
- ✓ Mobilizes attention by engaging employees in the process of developing the report
- ✓ Communicates to employees, shareholders, customers, NGOs, and other stakeholders
- ✓ Tells your story
- ✓ Tracks progress over time
- ✓ Garner recognition for citizenship efforts
- ✓ Identifies performance gaps through measurement and cross-functional interaction

But producing a social report can ...

- ✗ Be perceived as a substitute for corporate citizenship strategy and activity
- ✗ Inundate staff with work at expense of other activities if the proper resources are not in place
- ✗ Allow the rhetoric to become more important than the reality of performance
- ✗ Hinder goal-setting and performance improvement if the process of producing a report overpowers and the finished product sits on a shelf
- ✗ Harm stakeholder trust if tough questions are omitted and pressing issues glossed over

The bottom line

Producing a social report is not the same as being a good corporate citizen. Ensure that resources are dedicated to the report so as not to detract from other citizenship activities. Social reports are a management tool first, a vehicle to disclose material risks second, and a communications piece third.

7

Convene a cross-functional committee

There is no question that a successful citizenship effort involves representatives from across the company. Engaging these representatives in a meaningful, productive way is essential in order to capture the synergies that make the whole greater than the sum of its parts.

Yes, cross-functional committees ...

- ✓ Encourage broad-based support by engaging key internal leaders and peers in planning and decision-making
- ✓ Facilitate knowledge-sharing across the corporation
- ✓ Create multiple points of energy and influence
- ✓ Complete discrete company-wide projects around corporate citizenship, such as reports, surveys, and measurement programs
- ✓ Define clear ownership and goals around different aspects of citizenship
- ✓ Help garner buy-in across the company

But cross-functional committees can ...

- ✗ Become a forum for the staff functions and exclude the lines of business
- ✗ Slow progress and get bogged down by tight schedules and bureaucracy
- ✗ Create office politics by not establishing clear ownership
- ✗ Become another directionless ad hoc committee – a meeting for meeting's sake

The bottom line

Convening cross-functional committees is a common tactic for other business initiatives, but the breadth of corporate citizenship requires unique discipline around planning, goals, and ownership. Committees are a means to a greater end. For success, establish clear owners and commitment to bold goals and identify a senior champion.

8

Engage the line organization

While many corporate citizenship efforts grow out of existing staff or corporate functions, involvement with the lines of business is essential to creating a corporate citizenship initiative that is relevant and beneficial to the business. Unless everyone – from the leadership to the line – owns corporate citizenship, it cannot be considered a full-fledged company-wide initiative.

Yes, engaging the line organization ...

- ✓ Broadens buy-in and connects with the workforce
- ✓ Establishes credibility within the business
- ✓ Increases intelligence about ways to make corporate citizenship more relevant to your business
- ✓ Opens doors for new sources of innovation

But engaging the line organization can ...

- ✗ Disengage efforts from the company's overall business strategy
- ✗ Become a fragmented and inconsistent effort without unifying mechanisms
- ✗ Allow the initiative to become programmatic and fail to address the range of issues relevant to the entire company
- ✗ Limit scope of work or understanding of issues that go beyond company walls
- ✗ Lose priority status with executives if efforts seep into the company and lack visibility

The bottom line

Corporate citizenship staff must function as internal consultants, strategists, boundary-spanners, and innovators, but ultimately the line must own corporate citizenship.

9

Build on existing policies and systems

Instead of inventing new systems and structures, piggybacking on existing initiatives that have buy-in and credibility throughout the organization is an effective way to build momentum for corporate citizenship. Examples include internal audit reviews, human resource performance reviews, new business assessment and measurement tools (e.g., balanced scorecard), public relations and reputation-management teams, and existing employee and customer satisfaction surveys.

Yes, building on existing policies and systems ...

- ✓ Speeds up early progress and establishes quick wins
- ✓ Institutionalizes corporate citizenship by making use of already-accepted tools and programs
- ✓ Increases internal stakeholders' comfort level and reduces resistance by taking the tried-and-true approach

But building on existing policies and systems can ...

- ✗ Allow the status quo and a company's cultural inertia to dampen energy and innovation over time
- ✗ Permit isolated, tactical efforts to obscure the need for a more systematic change approach

The bottom line

First ensure that the policies are up-to-date and still relevant to your business. If they are, modify existing structures to deliver on corporate citizenship objectives, but don't force a fit.

10

Form cross-sectoral partnerships

Cross-sectoral partnerships among companies, governments, and NGOs are becoming more and more common. They leverage the geographic, cultural, and issue-oriented expertise of the partners to make corporate efforts more impactful. These partnerships can help the company develop fuller relationships with stakeholders and a deeper understanding of the context in which your business is operating.

Yes, forming partnerships ...

- ✓ Builds a connection with and accountability to stakeholders
- ✓ Opens doors for new sources of innovation
- ✓ Engages parties familiar with external audiences and issues
- ✓ Expands the scope of traditional philanthropy work

But forming partnerships can ...

- ✗ Diffuse the corporate citizenship agenda by focusing on programs, not strategy
- ✗ Sacrifice an internal sense of responsibility
- ✗ Allow the company's interests to dominate
- ✗ Orient corporate citizenship around corporate giving only

The bottom line

Partnerships are a means of delivering corporate citizenship strategy around specific objectives. Treat the partnership as a business relationship, not as a philanthropic venture, in order to achieve focused results.



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The Center for Corporate Citizenship at Boston College, a membership-based research organization, is committed to helping business leverage its social, economic and human assets to ensure both its success and a more just and sustainable world. As a leading resource on corporate citizenship, The Center works with global corporations to help them define, plan and operationalize their corporate citizenship. Through the power of research, executive education and the insights of its 350 corporate members, The Center creates knowledge, value and demand for corporate citizenship.

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