

Good corporate citizenship

How a company conducts its business to have a positive impact on individuals and the society

Good corporate citizenship is about finding ways for society and business to work together. It is about an integration of ethical, economic, philanthropic, environmental and social values into the everyday running of a business in a seamless way. Corporate citizenship activities take place all over the world but the regions that are mostly focussed upon are Asia, Latin America and the Caribbean and sub-Saharan Africa.

Investopedia defines 'corporate citizenship' as "the extent to which businesses are socially responsible for meeting the legal, ethical and economic responsibilities placed on them by shareholders." Corporate citizenship requires that organisations exercise a basic responsibility towards individuals, the community and the environment by adhering to highly ethical standards, while devising or implementing any rightful business strategy. Though the concept of Corporate Citizenship is known by other names, such as 'corporate social responsibility', 'corporate responsibility' or 'corporate sustainability', they all mean the same and reflect on how a company conducts its business to have a positive impact on individuals and the society, at large.

Corporate citizenship programmes

Organisations go through different phases of corporate citizenship. The first phase, called Reactive Philanthropy, is when companies support a wide variety of charity programmes, solely based upon the recommendations of senior management. The next phase, Strategic Contributions, centralises the company's support to a limited number of causes relevant to the business and the goal here is to enhance the company's reputation. In the third phase known as Mainstream Involvement, companies strive to enhance their external reputation as well as gain the internal respect of customers and employees. The last phase is Organisational Accountability, wherein companies develop a long-term strategic commitment and evaluate results to check the efficacy of their corporate citizenship programs. Very few companies reach the Organisational Accountability phase of development.

Tata group: a great example of corporate citizenship

The Tatas are among the pioneers who first promoted corporate citizenship in India. About 30



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per cent of the profits after tax (PAT) of the Tata group have been invested in community development programmes across India. The group's corporate citizenship initiatives have touched the lives of millions across India and range from health and education to livelihoods, women and children welfare.

The Tatas have also created cities and towns around some of their industrial facilities such as those in Jamshedpur, Mithapur, Babrala and Mathigiri as a gesture of commitment towards their employees. Catering to over 600 villages and company towns in Orissa and Jharkhand, Tata Steel has created Town Services, Community Development & Social Welfare Department and an Energy & Environmental Cell. Innumerable initiatives and integrated programmes for the society have placed the Tata Group on the highest pedestal in the realm of good corporate citizenship.

State Bank of India

India's largest commercial bank and an institution with a 200-year-old history, SBI has not only led the banking sector for decades but also set an example in responsible corporate citizenship by undertaking various initiatives for the welfare of the society as a whole. Be it tree plantation or adoption of a girl child, engaging with various NGOs to facilitate education or providing medical and other services to the underprivileged or helping in any other social cause, the bank has been participating wholeheartedly in supporting these causes.

Back in 2007, SBI laid down its formal Green Banking Policy in an effort to reduce its carbon footprint. The steps taken include energy efficient lighting systems, installation of energy savers, water harvesting, efficient water and waste management systems, gradual migration to paperless banking, plantation of fruit bearing trees among many others. As part of its green banking initiative, SBI has installed 10 wind-mills with an aggregate capacity of 15 MW in Tamil Nadu, Maharashtra and Gujarat.

Mahindra group

Corporate Citizenship has always been an integral part of the Mahindra group's vision. In 2005, the group celebrated its 60th anniversary by renewing its commitment to society by pledging to dedicate 1 per cent of its profit (after tax),

on a continuous basis towards Corporate Citizenship. At the same time, a unique kind of ESOP – Employee Social Options – was launched to enable Mahindra employees to involve themselves in socially responsible activities of their choice.

On the educational front, in addition to giving impetus to the Nanhi Kali project for the girl child and the Mahindra All India Talent Scholarship for the economically disadvantaged, the Mahindra group is planning to set up two Mahindra Pride Schools that will provide new skills and capabilities to the weaker sections of society, particularly the scheduled castes and scheduled tribe youth.

General Electric (India)

GE has always been at the forefront of new trends in corporate citizenship and nurtures a strong commitment to lay the foundations of corporate citizenship in emerging markets. GE India's inspirational efforts showcase how responsible corporations give back to their communities, resulting in mutual growth for American and Indian partnerships. GE was recently honoured with Secretary of State's 2010 Award for Corporate Excellence (ACE), in appreciation for fostering local partnerships and volunteerism to support health, education, innovation and

disaster recovery projects across India.

GE Volunteers is a global community service organization of more than 52,500 employees and retirees in 143 chapters with a presence in 44 countries. GE India's Volunteers team has over 3,500 members and has grown to six chapters in New Delhi, Bangalore, Hyderabad, Chennai, Mumbai and Jaipur. Its activities include blood donation drives, education with mobile crèche projects, environment-related causes including tree planting projects, participation in AIDS-related causes, medicine collection drives, adoption of a school for the hearing impaired and computer literacy programmes.

Corporate citizenship programmes can provide sound business partnerships, positive community relations and increased ownership from employees. Nevertheless, understanding an organisation's capabilities is seen to be crucial as the first step towards effective corporate citizenship. Setting up expectations that cannot be met is not a useful way of embedding corporate citizenship into core business. Only by aligning organisational values with organisational capabilities can businesses practice good corporate citizenship. The practice of corporate citizenship must be prevalent in the company philosophies, mission statement and organisational values. ♦