

Reflections on the International Symposium 'Is Corporate Citizenship Making a Difference?' Ghana, 20-22 November 2006

Ralph Hamann

This note provides some personal reflections on the symposium 'Is Corporate Citizenship Making a Difference?' that took place at the Ghana Institute of Management and Public Administration, Accra, 20-22 November 2006. It is not a comprehensive summary, but rather seeks to highlight some of the key issues and inspirations that I was privileged to share with symposium participants.

The question is important!

The symposium was characterised by the wonderful mix of participants: we were about 40 in number, from 16 countries and four continents (thank you, Claudio Boechat, for representing South America!). One of the things that drew us together was the fact that we all felt that the symposium question was an important one.

If we define corporate citizenship broadly as proactive and strategic efforts by corporate decision-makers to support sustainable development, then the question of whether these efforts are making a difference strikes at the heart of broader debates surrounding globalisation and our quest for a sustainable future.

To 'make a difference', any effort and its impact needs to be commensurate to the scale of the challenge that is to be addressed. It requires that we consider any corporate citizenship effort within the broader context of the global economy in which corporations play an integral and fundamental role, and which relates in complex ways to poverty, disease, human rights abuses, climate change, pollution, and many of the other problems we are facing.

Discussions at the symposium further underscored the significant scale of these challenges. As noted by Julia Sagebien in one of the tea breaks, the question is whether corporate citizenship will be able to help us deal with our 'prisoner's dilemma': as individuals, companies, or nations, our immediate incentives motivate us to act selfishly, yet our future will only be sustainable if we are able to make decisions and agree on joint action in a collective manner. It was hence very encouraging to discuss many good papers on collective business action and multi-stakeholder partnerships at the symposium.

The question is also important because the discourse of corporate citizenship involves a significant opportunity cost. As critics have pointed out – at the symposium these included Peter Utting, Peter Sinkamba, and Wilson Akpan, for instance – corporate citizenship efforts by business and others, including government and multilateral organisations, may preclude other ways of addressing negative impacts of economic activity. Hence if corporate citizenship does not have the promised impact, this increases the stakes for increased effort by its protagonists, as well as a renewed consideration of alternative responses.

These various discussions surrounding the symposium question confirmed for me the following three measures that are relevant: To make a difference, corporate citizenship efforts need to a) live up to the promises made by their corporate protagonists; b) contribute to a net positive impact associated with corporate activity, at various scales

of analysis; and c) stand up to scrutiny against universally accepted benchmarks and frameworks for sustainable development, as encapsulated in international agreements, such as Agenda 21 or the Kyoto protocol.

Understanding the question's challenge

One of my overarching conclusions from the symposium is that we are still a long way off from providing a clear and defensible answer to the symposium question. Some of the symposium papers tended to be optimistic in their assessment of corporate citizenship (e.g. the paper on Newmont's activities in Ghana by David Cox and colleagues), while others were more cautious or critical (e.g. Ricarda McFalls' paper, which applied the measure of immanent critique – point 'a' above – to good effect).

Despite these different perspectives, I was impressed by the symposium's atmosphere of open, frank, and friendly discussion. Indeed, one of the many refreshing characteristics of symposium participants was the willingness to consider corporate citizenship from a variety of perspectives, recognising that there are always 'two sides to the story' or more!

By virtue of these discussions, the following factors appeared as overarching reasons for why it is still so difficult for us to suggest an answer to the symposium question:

- *Complexity*: Many of the factors that are contributing to the increasing prominence of the corporate citizenship discourse – including the global movement of goods, services, finance, information, and people – are also contributing to an increasing complexity that makes it difficult to assess cause and effect relationships or lines of responsibility. Klaus Leisinger referred to this increased complexity when he touched on the human rights dilemmas faced by many companies: how far does a company's sphere of influence extend and when is it complicit in human rights abuses by a host government, for instance?
- *Scale of analysis*: Few would disagree that a clinic constructed by a mining company in a remote African village will have positive impacts. But this becomes more difficult if the clinic is considered in conjunction with the impacts arising from large-scale open-pit mining, such as water pollution, or even broader, unintended consequences such as continued human rights abuses by militia supported by illicit bribes or formal royalties. The scale of analysis thus becomes crucial and it is often difficult to know where to 'draw the line'.

This issue is also pertinent because, as Klaus Leisinger argued, there are broadly speaking two kinds of companies: those that take corporate citizenship seriously and those that don't. My sense is that too often we focus on the 'poster boys', also in line with the management schools' emphasis on best practice case studies. This limited scale of analysis provides a partial picture of whether corporate citizenship is making a difference, and it may even let the laggards 'off the hook' by giving the impression that business in general is living up to its promise of fair globalisation.

- *Trade-offs between different impacts*: Further to the above point, the assessment of net impacts is confounded by trade-offs between different categories of impacts. For instance, how can the economic impacts associated with employment on the above mentioned mine be compared to the environmental costs of water pollution? Despite valiant efforts by ecological economists and others to find common units of analysis for such different categories, the existence of these difficult trade-offs cannot be wished away.

- *Diverse value systems*: This is further complicated by diverse value systems, and these are particularly disparate across cultures. In our quest to find common denominators, we will need to be careful not to unwittingly (or intentionally) impose a Western, corporate view of what is important in life. In his opening speech, Klaus Leisinger made frequent reference to the challenge posed by diverse value systems, suggesting that companies need to 'draw a line in the sand', state their values, and stick to them.
- *Unintended consequences*: Because of the complexity surrounding corporate citizenship efforts, noted above, there are bound to be consequences of corporate activity that are unforeseen and unintended. In one of the sessions on local level impacts, for instance, the discussion centred on how corporate citizenship efforts can unwittingly exacerbate social problems by increasing immigration into the area. As the analysis of corporate citizenship challenges becomes more sophisticated, however, these indirect and multi-level relationships are bound to become more explicit in the planning and appraisal of corporate activities.

Possible responses

Of special interest were the possible responses to the above challenges that were discussed at the symposium. It also struck me that these responses are relevant with regard to practice, involving corporate and other actors, as well as research, in terms of research themes and methodologies.

- 1) *The fairness principle*: A recurring query with regard to the symposium question was, Is corporate citizenship making a difference *to whom (or to what)*? Clearly much is to be gained by the protagonists of corporate citizenship and its analysts if some measure of focus to this question could be agreed upon. This would also help deal with some of the challenges related to complexity, trade-offs, and diverse value systems.

My view is that a basic application of the fairness principle would help. That is, corporate citizenship efforts need to ensure that those that are worst off will not be any worse off as a result of corporate activity. This simple test is not easily passed, especially in those industries that have significant potential for social and environmental damage, such as mining and large-scale infrastructure projects. In particular, poor people that are forced to resettle are still too often the losers in such instances.

The fairness principle also raises the stakes for companies operating in weak governance zones or conflict areas. If corporate activities contribute to conflict or government repression, the most vulnerable sectors of the population are generally the first to suffer.

To some extent, the fairness principle may be seen as implicit in the human rights discourse and even institutionalised in social impact assessment procedures. But the broader debate on corporate citizenship still seems quite detached from a focus on the most vulnerable.

- 2) *An emphasis on learning and critical thinking*. The widespread uncertainty as to how we can answer the symposium question with any degree of conviction suggests that all role-players ought to take a step back and agree on the need for more humility and introspection. Peter Utting and Ann Zammit refer to this as 'back to learning' and their symposium paper cogently calls for more space for critical thinking in this regard:

The purpose of critical thinking is not, of course, simply to criticize. Rather it facilitates a particular mode of analysis that reveals precisely the sorts of issues that are often ignored in best practice learning, such as the complexities of power relations and how these affect outcomes, and the ideologies, agendas, contradictions and trade-offs involved in partnerships [and corporate citizenship generally], as well as the importance of historical context and learning from past models of development (Mkandawire, forthcoming; Rein et al. 2005; Richter 2004a; Zammit 2003). Critical thinking is useful for identifying “blind spots” and biases in analysis and policy agendas (Ocampo 2006).

A more critical spirit would also allow a more holistic analysis of corporate activity, beyond the best practice case studies favoured by business associations, management schools, and even initiatives such as the UN Global Compact. As noted by Klaus Leisinger, we ought to also carefully consider ‘worst practices’ and assess what to do about them.

- 3) *A need for interdisciplinary research, including quantitative and qualitative methods.* The challenges related to complexity, trade-offs, and differing values mean that the impact of corporate activity cannot be assessed from within the confines of any on particular research discipline. Indeed one of the strengths of the symposium was that the participants came from diverse backgrounds, including management, sociology, political science, economics, and others.

It is also apparent that there is a special role for both quantitative and qualitative methods in this research agenda. Once the right indicators or measurement tools are identified, quantitative methods provide powerful means for the analysis of relationships or statistical overviews of how corporate citizenship efforts are faring. Scott Marshall and Darrell Brown, for instance, apply them effectively to understand what drives enhanced disclosure, whereas Ralf Barkemeyer provides a useful set of statistics on the UN Global Compact case stories.

The important role of qualitative methods was emphasised in a number of sessions, particularly where the complexity of the interrelationships between companies and their environment, broadly speaking, took centre stage. This complexity is furthermore coupled to the important role of values, as well as the significance of reputation and legitimacy, giving rise to a renewed understanding that perceptions matter. Qualitative methods are uniquely placed to analyse perceptions and complex relationships, and how these effect whether or not corporate citizenship efforts make a difference.

- 4) *An emphasis on participatory appraisal and power relationships.* In many of the sessions an underlying theme was that if we want to assess whether corporate citizenship is making a difference, we ought to involve those that are most affected by corporate activity in this assessment. In line with my point on the fairness principle, these ought to include the poor and vulnerable. Wilson Akpan applied this approach explicitly in his paper in terms of what he calls a beneficiary impact analysis, with sobering conclusions.

Participatory appraisal means that both the indicators of corporate impact and their measurement are defined and implemented with the participation of affected stakeholders. There is a rich tradition of such approaches in the field of social impact assessment, and there is much we can learn from this tradition also for the purpose of academic research. In other words, participatory appraisal is not just relevant for practitioners, but also for academic researchers. Contrary to concerns that this kind of work is ‘not academic’, there are important epistemological bases

for such approaches, such as Juergen Habermas' concept of communicative rationality.

As Rani Parker pointed out, however, there are diverse approaches to participatory appraisal, ranging from legitimating a 'done deal' to true participatory democracy. Notions such as prior informed consent emphasise the need for more legitimate participation, but this holds significant challenge for most companies, which are not used to giving up power. The role of power relationships thus becomes crucial in any assessment of whether corporate citizenship is really enhancing the potential for citizens to exert influence over their future.

- 5) *Critical collaboration and new forms of collective learning and decision-making.* Many symposium sessions emphasised that no single role-player can make significant headway in terms of sustainable development working independently from others. A number of papers analysed why effective collaboration is necessary and how it can be implemented, at a variety of scales. For instance, Oonagh Fitzgerald described collective efforts among Malawian businesses to counter corruption, and Peter McAllister discussed practical aspects of managing the International Cocoa Initiative. Other examples were considered by Ian Hamilton, Lars Hassel, Richard Blume, Bo Enquist, and Samuel Sebathu.

One of the underlying issues in these debates was that of effective negotiation between competing interests and value systems. Scott Marshall argued that negotiation is often more effective in achieving greater corporate disclosure than an adversarial approach. In a similar vein, Klaus Leisinger complained that some NGOs lose their right to be taken seriously if they do not act with integrity in their engagement with companies. But in the hurly-burly world of political bargaining it is not always easy to judge integrity in an objective manner. There is still much scope for all role-players in this field to learn and apply basic rules of interest-based negotiation and critical collaboration – that is, the capacity to be critical of each other but still collaborate on issues of common interest.

There are still too many totem poles¹ in the field of corporate citizenship and preachers preach to the converted much of the time. This also applies to the academic community, which is why the point about interdisciplinary research is so important. It also relates to the relationship between academia and the business community. Many business practitioners seem sceptical of the value that academics can bring to this debate and there are relatively few platforms for interaction, though they are emerging. (The lack of formal inputs from the symposium into the subsequent UN Global Compact Learning Forum Meeting may be seen as yet another missed opportunity in this regard.)

- 6) *A need for new metrics, such as institutional thickening.* Especially when considering the symposium question at the scale of multi-stakeholder initiatives, it is apparent that it is very difficult to assess causal relationships for the purpose of impact evaluations. This was well illustrated in the presentations by Thorsten Goebel and Melanie Zimmer, for instance.

For a start, the explicit objectives of such multi-stakeholder initiatives are often very vague and general. In the case of the UN Global Compact, for instance, its explicit objective is to 'promote responsible corporate citizenship so that business can be

¹ We used this analogy in an article published in the *Journal of Corporate Citizenship* to describe what we saw at the World Summit on Sustainable Development in Johannesburg, 2002.

part of the solution to the challenges of globalisation'. It becomes difficult to convert this into measurable indicators for evaluation. Considering the relatively abstract level of operation of initiatives such as the UN Global Compact, it is also very difficult to disentangle its effects from those of other initiatives or trends.

For these reasons, it may be helpful to identify new metrics to measure such initiatives' effectiveness (without necessarily negating the continued need to assess 'on the ground' impacts). For instance, Peter Utting suggested the concept of institutional thickening, which might denote the extent to which particular norms, values, and objectives are shared and implemented across diverse organisations, and the degree of interactions between them.²

- 7) *The need for empirical evaluations and research partnerships.* Sophisticated evaluation frameworks, including some innovative new metrics called for in my point above, were suggested in the presentations by Thorsten Goebel and Melanie Zimmer, for instance. What is still outstanding, however, is the systematic implementation of these frameworks in empirical studies. It seems that such empirical studies are still constrained by, among other things, their methodological complexity and daunting scale.

Melanie Zimmer, for instance, wants to implement their framework in an evaluation of the UN Global Compact in southern Africa, but generating the necessary data in this particular region seems especially challenging. This example illustrates the need for more research partnerships and capacity building in developing countries, in particular. Hopefully this symposium may have contributed a little to the establishment of such partnerships!

² For the original discussion of this concept, see Amin and Thrift 2004.