Large corporate multinationals are a driving force behind corporate citizenship today around the globe. But their motivations for doing so and the influence of other actors vary significantly depending on the regional context.

The environment and concerns about global climate change now top the list of corporate citizenship issues in all nations. Countries share concern over a number of other issues such as product safety and working conditions, but the priority given to other issues varies depending on geography.

Corporate responsibility: becoming a corporate citizen

Global citizens, leading scholars, the media, policy makers, business leaders and working people around the world agree the age of corporate citizenship has arrived.

Whether the term in use is corporate citizenship, social responsibility, CSR, sustainability or some combination thereof, it is making its way forward on the agenda of most companies and countries.

Today, business around the world recognises obligations not only to stockholders, but also to multiple stakeholders, and sees that alongside its traditional role as a wealth creator, it also has social and environmental responsibilities.

Popular publications such as The Economist and The Wall Street Journal, which once scoffed at such notions, now feature stories, studies and even special issues on the many facets of citizenship. One sign of the growing interest in, and importance of, this movement has been the creation and expansion of education and research centres focused on corporate citizenship by its various names.

Based in universities, associations and free standing organisations, members of the Global Education Research Network (GERN) are from different parts of the globe. The GERN members have agreed that corporate citizenship is not only a trend in the industrialised US and Europe, but has a presence in almost every economy worldwide. The globalisation of commerce has spread the concept and the need for greater corporate citizenship to all corners of the planet. But it also has indigenous origins and specific manifestations in different countries and regions.

This article seeks to advance the discussion of corporate citizenship as both a global and a local phenomenon. Any examination of global corporate citizenship starts with the search for an accurate definition. On the one hand, there are a number of forces driving citizenship towards a common definition and practice platform. These include the growth of multinational corporations, the adoption of global codes of conduct and accountability, the global reach of media (especially the internet). On the other hand, the respective roles of business, government and civil organisations differ around the world and the history, culture and social norms that influence corporate activities remain local.

While stakeholders are increasingly becoming global (international NGOs, multinational bodies, etc.), the primary stakeholders of most companies – their employees, customers and communities – are closer to home. Because of the many variances in corporate citizenship from country to country, it’s hard to dispute a recent statement made by The Economist, that “a one size fits all approach to CSR may not work.”

What began with a stimulating conversation has led to an analysis of the differences and similarities in the field of corporate citizenship across nine nations. This report is a compilation of voices from around the globe in recognition of how local perspectives shape concepts of corporate citizenship and how it operates in practice.

Indeed, just as being a citizen has a different meaning from nation to nation, so does being a corporate citizen. GERN members hope this information serves as a valuable guide to the business strategist or corporate citizenship director with an interest in global markets and helps in navigating the landscape of diverse expectations around the globe.

Academics and students interested in the topic of globalisation and corporate citizenship will also find a good deal of new information and insight that can inform current and future work in this field.

The Global Education Research Network (GERN) is a network of eight institutions focused on responsible business working together to advance research and education that will build the capacity of businesses worldwide to maximise their benefit to society.

The current international corporate citizenship landscape demands global perspectives on the defining characteristics of corporate citizenship across regions.
and sectors. The Global Education Research Network connects academics and researchers who take specific interest in application of corporate citizenship principles and can offer perspectives from developing and developed economies on issues related to responsible business practice. Its goal is to deconstruct and unpack everyday questions on the role of business in society in a manner that can result in practical application.

Members of the network come from across the world. South Africa is represented by the Centre for Corporate Citizenship South Africa at Unisa.

Trends in corporate citizenship – global versus local forces

Corporate citizenship is both a global and local phenomenon. The perspectives of authors from the nine countries profiled and featured later in this series of articles, present key similarities and some important differences in the understanding of and approach to corporate citizenship around the world.

Here are some of the factors that help explain the global and local dimensions of corporate citizenship.

The concept and practice of corporate citizenship is influenced by nation’s history and the social contract that develops between private enterprise and the public. But while the social contract varies from nation to nation, a common thread appears with the spread of market capitalism, calls among the world’s populace for business to assume broader social and environmental responsibilities and widespread questioning of the role of business in society.

Corporate citizenship is in a state of transformation. Most countries are experiencing a shift from a traditional view of corporate citizenship as providing jobs, earning profits and paying taxes while “giving back” through philanthropy.

The new view takes a more encompassing look at the impact of business on society. In turn, companies are taking steps to move citizenship from the margins to the mainstream of their business management. But the position on these spectrums varies from country to country as well as from company to company.

Large corporate multinationals are a driving force behind corporate citizenship today around the globe. But their motivations for doing so and the influence of other actors vary significantly depending on the regional context.

The environment and concerns about global climate change now top the list of corporate citizenship issues in all nations. Countries share concern over a number of other issues such as product safety and working conditions, but the priority given to other issues varies depending on geography.

The societal obligations of corporations have become a topic of increasing interest in recent years. The US has gone through waves of change in its social contract as business operated on a laissez-faire basis throughout the late 19th century until it was reigned in by trust busting, regulation and reform from 1900 to 1915. Then came the “Roaring” 20s of booming business and stock market speculation followed by the Great Depression which led to strong intervention by the federal government and establishment of social safety net that continued to expand through human resource management by business and the Great Society programmes of the 1960s and early 1970s.

Since the 1980s, business has grown and its shareholders prospered while the federal government has reeled in its regulatory role. In turn, social costs have spread through widespread corporate downsizing and off-shoring and a gap has grown between the heightened earning of a “fortunate fifth” of the work force and the stagnant wages of the rest of the nation.

As the report on corporate citizenship in the US states, change seems to be in the air in the early 21st century as most business leaders acknowledge the social contract is broken, and a conversation is beginning on how to fix it.

In Western Europe, where the state assumed primary responsibility for social welfare after World War II through the latter half of the 20th century, business was more or less expected to attend to job creation, worker safety and the quality of goods and services.

Then deregulation, privatisation and the shareholder rights movement swept into the UK and later the continent. This freed competitive energies, displaced workers and birthed something of an anti-corporate movement in its wake.

As the UK report explains, an interest in expanding the role of business in the social sphere today has led to the creation of ministry level support for corporate responsibility, a cottage industry of consultants and academics proffering advice and training, and significant corporate engagement in social issues and affairs, domestically and internationally. “The British brand of corporate responsibility is seen as the gold standard,” claims Julia Cleverdon, CEO of Business in the Community in the UK.

Similar movement in the state/business relationship is underway in Scandinavia, France and other parts of Southern Europe, but the pace seems slower in Germany. Germans primarily expect their companies to do the basics:

- pay taxes, comply with laws, provide jobs,
- but are now considering larger responsibilities such as environmental management and community engagement.

As the Centre for Corporate Citizenship Deutschland (CICCD) reports, “While the rights and responsibilities of government and civil society have constantly been negotiated and readjusted during the last 30
years, the public debate about the role of business in society has only just begun."

Companies based in developing countries or operating in emerging markets have to negotiate somewhat different challenges. In China, for instance, market-based capitalism is not fully developed. Business practices such as measurement and reporting of citizenship performance, stakeholder management and governance reform are still major challenges. As a company advances, more consideration is applied to philanthropy and obtaining a "license to operate" in the community.

In South Africa, the end of colonialism and apartheid sparked corporate involvement in societal reparation, aggressive legalization to shape the impact of business on society and a widening of the sphere of influence of business. Today a broader approach is being formalized in leading firms and nascent business NGO networks.

Pressure on corporations to "do more" is also growing in developing countries where the inability of the government to mitigate social concerns is weak. Reports from the United Arab Emirates, South Africa, Brazil and Chile all indicate corporations are expected to address social concerns when the government cannot.

There still are distinct origins and expressions of citizenship in each of these locales as their respective centres report. In the UAE, for example, companies are most concerned with economic efficiency, compliance and charity. There is neither a tradition nor advocacy for, stakeholder engagement and the state lacks institutional capacity to regulate and monitor enterprise in this sphere.

In South Africa, the end of colonialism and apartheid sparked corporate involvement in societal reparation, aggressive legalization to shape the impact of business on society and a widening of the sphere of influence of business. Today a broader approach is being formalized in leading firms and nascent business NGO networks.

The report on CSR in China reveals some corporate citizenship activity. In a recent study show some corporate citizenship activity. In a recent study, 20% of firms registered have reported on CSR in a recent study show some corporate citizenship activity. In a recent study, 20% of firms registered have reported on CSR. From its roots in company towns and employee centred practices to long-standing traditions of charitable giving and volunteerism, European version of corporate citizenship has emphasised the idea of building a good employer and neighbour. Today a range of developments - from financial scandals and human rights issues in global supply chains to the emergence of corporate social and environmental issues as strategic considerations - have helped generate new definitions and approaches to corporate citizenship.

Each of the countries reports indicates a common phenomenon, a transformation from corporate citizenship as philanthropy to a broader role of social engagement. As the role of business in society broadens, corporate citizenship is taken more seriously as an integral part of basic business operations and strategy. Some countries are further ahead on this road than others, but the finding that corporate citizenship is no longer characterised by firms length philanthropy indicates a worldwide shift.

The Boston College Centre for Corporate Social Responsibility (BCCSR) is located in Chestnut Hill, MA. The BCCSR is home to the Boston College Corporate Social Responsibility (CSR) program, which offers a range of academic and professional services to businesses, non-profits, and government organizations.

The CCCD reports that "German companies are still looking for the "business case" while at the same time they hardly measure and evaluate their corporate citizenship practices."

On the social front, most nations report a long tradition of community giving which preceded the modern view of corporate citizenship. This tradition has redefined business ethics so that infused with a social and environmental agenda. Yet the CCCD reports that "German companies are still looking for the "business case" while at the same time they hardly measure and evaluate their corporate citizenship practices."

The report from the Centre for Responsible Business in Dubai claims that in the UAE, the concept of corporate social responsibility is "still in its infancy," focused on legal compliance and charity. By contrast, European companies have shown to be the most advanced in terms of reporting. A recent analysis conducted by the Ethical Investment Research Service (EIRIS) found that European companies have "well developed responsible business practices across a broad range of issues due to a sophisticated responsible investment market, NGO pressure and a strong regulatory environment."

Among the countries profiled, Germany is the only one with a weak tradition of community engagement. This is largely the result of a welfare state that limited the need for direct investment in communities from the private sector. However, Germans have cultivated a strong respect for the idea of corporate citizenship, which preceded the modern view of corporate citizenship.

"The role of business in society is not a phenomenon experienced only in developed countries. The US and Europe are also facing local and global challenges that have become too burdensome for the state to address," Klaus Schwab, President of the World Economic Forum, notes in his report Global Corporate Citizenship. As the sphere of influence of business has widened everywhere, so have expectations that business behave responsibly.

From its roots in company towns and employee centred practices to long-standing traditions of charitable giving and volunteerism, US version of corporate citizenship has emphasised the idea of building a good employer and neighbour. Today a range of developments - from financial scandals and human rights issues in global supply chains to the emergence of corporate social and environmental issues as strategic considerations - have helped generate new definitions and approaches to corporate citizenship.
sity of Valparaiso, Chile, also reports that
more than 50 Chilean companies are re-
porting under the GRI and many are ac-
tively involved in the ISO 26000 process.
The country reports in this series pro-
vide a detailed picture of the unique stage of development each country is experienc-
ing today. As all move towards a wider view of the responsibilities of the private sector to society, the degree to which citi-
zenship is being integrated into core poli-
cies, practices and business functions is increasing.

No country has a defining tradition where business incorporates citizenship con-
siderations into products and services, market entry and growth strategies, and organizational management and controls. On these counts, the role of multinational is moving citizenship forward globally.

While the political system, national culture and state of economic develop-
ment clearly play a role in how corporate citizenship is viewed around the world, there is no discounting the role that multi-
national companies play in shaping public opinion and business practices.

Of course, it can be argued that big corpor-
ations have been a primary cause of some of the world’s most pressing envi-
ronmental and social ills. One poll finds that less than half of the world’s populace in a 20 country sample trusts global com-
panies.

Another poll shows that only one in five people in 25 countries sampled agree that “most companies are socially responsible.” This may account for why large numbers of business leaders worldwide are placing a new emphasis on responsi-
ble business conduct.

Each of the country reports indicates that multinational companies are a driv-
ing force behind the advancement of cor-
porate citizenship. In Germany, for exam-
ple, multinational companies are respon-
sible for broadening the definitions of how businesses can and should contribute to so-
ciety.

In South Africa, the authors describe how the mining sector has led the way in incorporating community involvement and human rights into the agenda of the private sector more broadly.

Examining why companies are moti-
vated to engage with stakeholders and communities on social issues reveals some
nuances in regional corporate citizenship. Companies in the Philippines, for exam-
ple, are primarily motivated by their own employees and secondarily by government regulations and pressure from NGOs.

In Chile, a “demanding society” is driv-
ing companies as well as an increasingly clear business case for achieving a com-
petitive advantage through corporate citi-
zenship. In China, there is little pressure from local NGOs, but growing pressure from foreign investors and international NGOs to adopt more responsible practices.

By comparison, Western countries are more motivated by the market and con-
sumers than those in developing markets. The 2007 Trust Barometer of the Edelman global public relations firm revealed that actions taken towards distrusted compa-
"ines are greatest in North America and the 
European Union and somewhat lower in Latin America and Asia, explaining the differences in market pressure.

Additionally, when the Economist In-
telligence Unit polled companies on the
issues that would have the greatest im-
 pact on their sustainability strategy over the next five years, the global aggregate gave a tie to consumers and government policy makers.

However, North American companies listed competitors in first place and gov-
ernment third. European firms voted over-
whelmingly for customers and Asian com-
panies listed the government as the most influen-
tial driver of citizenship.

While companies themselves seem to be at the forefront of innovation around corporate citizenship, in many countries the civil society sector and the government have significant roles. The public sector appears to have an important role in Asian and Western European nations.

European countries tend to have more regulations in place around corporate citi-
zenship issues. This is true in Germany where companies face more regulations on environmental issues in particular and the state plays an important role as a legisla-
tor and enabler networking agent influenc-
ing corporations to adopt corporate citi-
zenship.

Other nations such as South Africa have reported a “flurry of new legislation” around corporate citizenship, particularly on issues related to the Black Economic Empowerment initiatives. In contrast, the government plays a far lesser role in the US where companies favour a voluntary approach.

The civil society sector has grown in size and influence worldwide. The Johns Hopkins Comparative Non-profit Sector Project finds that a “global association revolution” appears to be under way char-
acterised by a massive upsurge of organ-
isised private, voluntary activity worldwide.

Its influence on the development of cor-
porate citizenship is also visible every-
where, although perhaps the most so in Latin America. We report here that in Chile, civil society exercises growing scru-
tiny over companies and is able to exert its demands towards the US to implement corporate citizenship policies and regulate and control the private sector.

Social campaigners have also left a mark on industry in the UK. By contrast, civil society groups are less involved in corporate citizenship in Germany, China, the UAE and South Africa.

Finally, other groups have been re-
ported as having a strong influence on compa-
"ines and on the field as a whole. Investors, particularly socially responsi-
ble investment (SRI) firms, are becoming a greater driver in South Africa as well as in Europe and the US.

Global standards and frameworks such as the GRI, Global Compact and ISO for-
mulations have had a decided impact on corporate practice in Europe, a moderate impact on South African and South Ameri-
can businesses and the least impact in the US.

In all countries, the environment and cli-
mat e change has moved to the top of the list of corporate citizenship issues. A McKinsey Quarterly survey discovered that 53% of European executives, 45% of Chinese executives, 41% of North Ameri-
can executives and 34% of Indian execu-
tives selected the natural environment as the top issue likely to have the most im-
 pact on shareholder value over the next five years. Each nation reporting here also indicates that environment is a significant part of the corporate citizenship agenda.

Environmental preservation and cli-
mat e change can be considered issues of global concern, as are some unique challenges that are shared by everyone on this planet while also affecting individu-
als in their local environments. In an era of quickly progressing globalisation, many previously local issues are also becoming global concerns.

This is reflected here in that the coun-
tries profiled share common issues of concern such as human rights, health and labour practices. Countries place these issues in different orders of priority, de-
pending on their needs, local conditions and recent events. For example, corporate governance is a priority issue today in Germany after a wave of corporate scan-
dals.

Other researchers have found that many corporate citizenship policies are based on localised issues and cultural tra-
tition at a country level. One study found that Asian companies were very likely to have policies for labour conditions and supply chains while North American and Australian companies were most likely to have policies addressing indigenous populations, a unique consideration in those countries. There are also differences in definitions of what defines a good corporate citizen around the world.

Klaus Schwab, President of the World Economic Forum, recently made this state-
ment: “The sum of acts of local citizen-
ship does not make a globally involved citizen. Global issues must be addressed on a global scale.”

This series of articles shows that select corporate citizenship issues are beginning to converge on the corporate and global calculu s.