Editorial

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Questions, credibility, and trust: corporate citizenship around the world

THE CONTINUING ONSLAUGHT OF corporate scandals and criticisms from many corners raises significant questions about the degree to which corporate citizenship—corporate responsibility—is actually being incorporated into companies' strategies and operating practices. Leading thinkers on the subject of corporate citizenship continue to conflate the concept with philanthropy or the explicitly 'social good' work of the corporation.

Fuelling the controversies about how 'real' corporate citizenship is in many companies, particularly large multinationals, the British Christian Aid organisation issued a report in late 2003 entitled *Behind the Mask: The Real Face of Corporate Social Responsibility*, in which it roundly criticised some of the leading corporate proponents of voluntary corporate 'social' responsibility. Such reports provide significant insight into the tensions that exist around the credibility of voluntary corporate actions to achieve greater degrees of pro-social behaviour. They also highlight the lack of public trust that these efforts go beyond public relations to represent good-faith initiatives driven deep into corporate strategies and practices. They are suggestive of the complexity and difficulties of managing large companies located in communities around the world, where direct oversight of operations is not feasible by top management, who may well be seriously committed to corporate responsibility for their enterprises.

The 'Turning Points' articles in this issue of *JCC* similarly point to the difficulty of globally achieving trustful relationships between companies and other stakeholders on the purely voluntary basis desired by corporate leaders. The difficulties arise in particular when companies attempt to use their societal activities to substitute for responsibility in their treatment of stakeholders. Harry Hummels, of

Nyenrode University (The Netherlands) and ING Bank, in his Turning Point 'A Collective Lack of Memory', highlights some of the definitional issues that still plague corporate citizenship—and create a sense of *déjà vu* for both managers and scholars who have seen waves of corporate 'social' responsibility being used as public relations gimmicks over the years. Real corporate citizenship, as Hummels points out, 'entails a responsibility for a corporation to actively manage its relations with its stakeholders and to take into account the impact of its actions on the stakeholders'. Juliet Roper, of Waikato Management School in New Zealand, provides insights into the emerging—but still nascent—corporate and public attitudes toward corporate citizenship in New Zealand, emphasising issues of sustainability as fundamental to achieving real change. Together, these opinion pieces provide insight into the ways in which questions of credibility and trust are at the core of real corporate citizenship.

The articles in this issue provide additional insights into the tensions created around the world by actual corporate practices at a time when, despite there being much rhetoric about corporate responsibility, many sceptics believe problems are rife, with daily scandals confirming these beliefs. Rachel McCormick and Dixon Thompson of the Faculty of Environmental Design at the University of Calgary pick up on the theme of the MAI, the multilateral agreement on investment, and suggest a reversal of priorities to accommodate the lack of trust and credibility of current efforts. They argue that corporations should gain rights only when they accept their responsibilities and prove that they are being fulfilled.

Continuing in this critical vein, Judith White of the University of Redlands takes a critical look at the role of multinational corporations in Burma and the ways in which human rights abuses have played out in that country in 'Globalisation, Divestment and Human Rights in Burma'. Based on her analysis, White argues that divestment is the only way in which companies can demonstrate corporate responsibility and ethical behaviours, because otherwise they are indirect participants in persistent human rights abuses.

The call for greater accountability for even indirect problems continues in John Zinkin's 'Maximising the "Licence to Operate": CSR from an Asian Perspective'. Zinkin (University of Nottingham Business School, Kuala Lumpur) proposes that the licence to operate covers five dimensions, including global responsibility, sustaining local core values, creating sustainable employment opportunities, handling externalities responsibly and implementing sustainable development, and suggests that some of BP's efforts in Asia may meet these conditions.

That voluntary or self-regulatory corporate citizenship by large companies is still a questionable activity comes through clearly in Thomas Hemphill's article, 'Monitoring Global Corporate Citizenship: Industry Self-regulation at a Crossroads'. Hemphill (The George Washington University) focuses on two particular initiatives, the Fair Labor Association (FLA) and the Equator Principles, as two examples of emerging voluntary initiatives aimed at generating greater overall accountability in a climate where trust is lacking.

In 'Accountability, Completeness, Credibility and the Audit Expectations Gap', Carol Adams (Deakin University) and Richard Evans (Director, ethics etc . . .) build the case for greater accountability in social reports, based on the lack of credibility of current reporting systems. They suggest that a major way to reduce what they term the 'expectations gap' is by involving stakeholders.

Finally, under book review editor Jerry Calton's guidance, Sanjay Sharma (Wilfred Laurier University) offers a critical review of Malcolm McIntosh *et al.*'s recent book *Living Corporate Citizenship: Strategic Routes to Socially Responsible Business*.

Collectively, these articles suggest the need for far greater scrutiny of corporate practices, significantly more transparency, and more accountability if companies are to maintain what Zinkin calls 'their

licence to operate'. Combined with other critical reports that are now being issued, these articles point to the need to create new understanding of just how companies are actually integrating their corporate citizenship into daily operating practices and driving that understanding deep into the enterprise in ways that go well beyond image and public relations.

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March 2004

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