Corporate Citizenship: Australian Corporate Attitudes Towards Stakeholder Engagement

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This paper presents a thematic analysis of attitudes towards corporate citizenship of six Australian corporations. Corporations commonly engage stakeholders philanthropically through activities including sponsorship, donations and corporate volunteering. While often effective in the short term and in a public relations sphere, these activities alone often do not allow corporations to act as embedded citizens within the community and engage stakeholders in the deeper and long term sense that may be required. Stakeholder engagement is a common framework for corporations to assess their acts of citizenship within a community. It is apparent that the Australian corporate community is passing through a developmental and maturation phase that may allow corporate citizenship to be addressed as a mainstream issue. However until business and community can come together with common language and understanding of stakeholder engagement the issue of corporate citizenship may remain stagnant. This paper explores the attitudes of Australian corporations in light of the literature surrounding corporate citizenship and the current community and business tension within the discourse of corporate social responsibility.

Holistic corporate citizens are more complex than a single entity, interacting with other parts of a community and a global system larger than its self (Wilber, 1996), interconnecting corporate and community activities, be they ecological, economic or social. Stakeholder theory (Donaldson & Preston, 1995; Freeman, 1984) reinforces this interdependence of business and community, where variables cannot be removed from business or community contexts without being misrepresented, highlighting the importance of the relationship between the variables and the phenomena (corporate citizenship) being explored. This research explores corporate Australia’s attitudes towards corporate citizenship and the influences contributing to their ability to display citizenship through stakeholder engagement with the community.

Methodology

This qualitative exploratory study investigated corporate attitudes of citizenship through naturalistic enquiry (Morse & Field, 1995) to provide a deeper understanding of the corporate citizenship phenomena. Identification of common interdependencies experienced by corporate citizens assisted in the establishment of corporate citizenship practices (Waddock, 2001). Embedded within business practice, these principles are important as they often go unnoticed, being inherent to the way things are done, creating a business culture of corporate citizenship. Naturalistic research embraces subjectivity in the quest for knowledge, believing that the knower and the known are interdependent (DePoy & Gitlin, 1998). Interpretation of corporate citizenship within context is achieved through the research laboratory (Morse & Field, 1995) of the corporate world.
Participants were sought who could provide contextually rich stories, enabling an understanding of how holistic corporate citizenship fits within a community.

According to Kuhn (1996), science does not move in an orderly progression, it evolved from ruptures, false starts and imaginative constraints. Understanding corporate engagement with community, an integral component of corporate citizenship, requires a combined view of scientific and subjective phenomenon (Wilber, 1995), including:

1. The western scientific paradigm to understand what can be observed and recorded as data, whether it be individual phenomena or collective (Capra, 1983), and
2. Subjective phenomena that cannot be empirically observed, including abstract concepts such as moral or ethical beliefs, religious systems and culture.

Data Collection
The qualitative in-depth study focused on a small purposefully selected sample to enable cases that display the phenomena of corporate citizenship to be highlighted (Patton, 1990). The purposive sample came from the Australian Corporate Citizenship Alliance (ACCA) (Inc) (Perth Chapter). ACCA is a not-for-profit company registered with ASIC representing the interests of those organisations and individuals promoting the role of corporate citizenship. Purposive sampling enabled corporations illustrative of these features and processes to be selected (Silverman, 2000), providing a rich picture of engagement. The validity, meaning and insights generated from this qualitative enquiry have more to do with the information richness of the cases selected and analysis of the information than the sample size (Patton, 1990). Six face-to-face semi-structured interviews with individual employees were conducted at the workplace of each corporate participant.

Inclusion criteria for the interviewees was:

1. Employment within an incorporated body.
2. Holding a managerial position allowing access to decision-making within the sphere of corporate citizenship (e.g. general manager community relations, general manager corporate affairs, director community development).
3. Membership either individually or by corporation of the Australian Corporate Citizenship Alliance (ACCA) (Perth Chapter). The vision of ACCA is to create a future where Australian corporations genuinely integrate ethical, environmental, social, and financial practices into their daily operations. ACCA is a pro business networking organisation, differing from similar organisations in its focus on facilitating change within Australian corporations to achieve a sustainable future through a move from traditional business to corporate citizenship-inspired practices (Australian Corporate Citizenship Alliance, 2003).

Data Analysis
Citizenship and engagement by corporations was explored through thematic development (Swanson & Niehoff, 2001) of common ideas expressed by the corporations. Analysis of interviews established themes and created understanding of the characteristics of citizenship pursued, sought or required by corporate participants. The themes identified were explored in context of the literature dealing with corporate citizenship and stakeholder engagement.

Ethics
Study protocol was approved by the Curtin University of Technology Human Research Ethics Committee (Ref No. 2001/42) to complete the thesis in part for a Master of International Studies, School of Management, Curtin University of Technology, titled *Engagement of stakeholders to display corporate citizenship: A conceptual framework and current corporate practice*. 
Limitations
While current attitudes of leading corporations are identified, the sample size of six corporations limits wider generalisation of the results. The combined themes are representative only of participating corporations, with any further extrapolation of results only based on perceptions of the interviewees and other outside organisations that did not participate. However this is important to consider, as perceptions often play a powerful role in attitudes towards citizenship and while not necessarily based in reality (or seen in corporate activity), perceptions can be a powerful tool in changing attitudes in the social and cultural domain.

The cultural and business context deems this analysis unrepresentative of the wider corporate sector with the sample consisting of one municipal body and five publicly listed corporations. The municipal body is one of the largest in Western Australia by residents, business population, and income generation. The corporate entities are all listed within the Australian Stock Exchange Standard and Poor’s 100 Index, representing the mining sector, retail sector, banking sector, primary production and service industries. With the concept of citizenship being embedded so heavily in an industry context there may be some difficulty in both the generalisation of information into smaller organisations, or those with diverse characteristics such as little consumer contact, or diversity of business interests. However the strength here may be to identify commonality in citizenship issues that cross these boundaries of culture, helping to shape business understanding outside the geographical boundary of citizenship.

Data collection through individual participants was limited to single in depth semi structured interviews, limiting the perception of corporate participants to one member of the organisation. The ACCA mission is to create and support a vibrant network of individuals and organisations committed to the promotion of ethical, sustainable and responsible corporate practices (Australian Corporate Citizenship Alliance, 2003). With this in mind larger cross sectional sample sizes in a single organisation would give a more holistic picture of that single corporation’s attitude towards citizenship.

Further research would be beneficial to determine if the information provided by corporate representatives is consistent with corporate activity identified by other staff within the organisation and if auditable evidence supports this activity. This would enhance the validity and reliability of a comparison of corporate activity against a conceptual framework of corporate citizenship. This grounding would also enable applicable research to determine stakeholder perception of the same corporate activity, with the matching triangulation of these data sets giving valuable insight into whether the perceptions of corporate Australia are matched by their stakeholder’s perceptions.

Thematic Analysis
It appears not enough to simply engage community stakeholders, as quality relates to the ability of engagement to be meaningful for both corporation and stakeholder. Various qualities of engagement existed across engagements constituting citizenship were:

1. Passive – stakeholders were informed via the media and published external reports and have limited access to policy and product documents.
2. Listening – formal meetings allow stakeholders to be heard. Questionnaires, interviews and other arm’s length methodologies were used, as well as complaints processes.
3. Two way process – focus group discussions are used to provide feedback to stakeholders and the stakeholders assist in the establishment of performance measures and reporting structures.
4. Proactive – a stakeholder council is established and stakeholders are represented and identified within the management structure of the organisation (Gao & Zhang, 2001).
Characteristics of engagement change over time, often becoming emotively based rather than directed by policy and procedure. This is both a vulnerability and underlying strength of corporate citizenship. Establishing deep rapport demonstrates commitment and long-term vested interest in each other, with outcomes reflecting corporations who are embedded within the communities of which they are citizens. However this depth of engagement may also potentially create difficulty in business direction through taking on characteristics or issues of community based organisations. It is this ongoing balance within the stakeholder relationship that will contribute to an understanding of corporate citizenship.

Results

A spectrum of acts appears to constitute corporate citizenship, created around the depth of community engagement displayed in each activity. Aspects of this spectrum are grouped and discussed in the themes of discretionary activities, legal obligations, corporate social responsibility, strategic corporate citizenship and holistic corporate citizenship. Progression through this spectrum reflects deeper engagement and an embedded approach where activities become part and parcel of corporate activity. Under each theme the discussion of attitudes towards corporate citizenship is explored in context of current literature and the expressed ideas of participants (in italics).

Discretionary Activities

Philanthropy

Contributions made outside core business values need to be seen as valuable by the community. Rather than discuss these as part of business operations, several interviewees commented contributions were an increasing expectation of stakeholders, seen as ...what we give when it doesn't even have a connection to our business. Philanthropy is a tool that may improve profit, increase customer loyalty and enhance employee morale (Buchholtz, Amason, & Rutherford, 1999) with corporations viewing it as a strategic development of what was traditionally ‘charitable giving’ (Himmelstein, 1997; Wulfson, 2001). Philanthropy consists of cash contributions to stakeholders, and in a broader sense other corporate resources (human, technical, or financial) that have the potential to benefit and strengthen community far more than cash contributions (Johnston, 2000). However, while philanthropy brings corporations and community together it should be remembered that ‘philanthropy is commendable, but it must not cause the philanthropist to overlook the circumstances ...which make philanthropy necessary’ (Martin Luther King Jnr, original source unknown, cited in Wulfson, 2001).

Sponsorship and Donations

Interviewees reflected on... the lack of definition within terminology of this area, with sponsorships and donations the most common strategy of community engagement identified. These activities were raised in the context of engagement linked to strategic advantages for the corporation in a financial sense rather than simply a flow back benefit for the community. These benefits are often identified through a healthier workforce and community, reflective of two-way stakeholder engagement, with benefits enjoyed by both corporation and community (Tam, 1998).

Employee Volunteer Programs

Participants identifying the rationale behind volunteer programs, with perceived financial benefits, including, creation of a stable workforce within your sphere of influence and that... we create jobs and provide additional benefits through this employment but don’t see ourselves as being a replacement for a government safety net. This highlights the strong delineation evident in a corporations’ view of what constitutes wider community social, health and environmental issues. In Australia twenty nine percent of people who became involved in volunteering in the last ten years knew someone involved through their workplace or commenced volunteering through a work related experience (Australian Bureau of Statistics, 2000). Through volunteering...
the corporate sector develops connection with the community, typically characterised by staff being given paid time to volunteer within institutions highlighted by their employer. Corporations however have expressed concern, feeling they were encouraged to engage with stakeholders due to the failure by governments globally to meet expectations of citizens within the nation state, particularly in the areas of health, welfare and education.

Legal Obligations

**Minimise Adverse Affects on the Community**

Corporations acknowledge their impact on the community outside the sphere of business activity, and that the resulting ethical dilemmas in attempting to prevent or minimise negative impacts are often driven by legislative requirements. Participants strove to *engage with the community in a manner that actually adds benefit as opposed to taking it away or impacting in a negative way*. Acknowledging negative implications is imperative as it shapes organisational culture through rights and responsibilities, reorganising them to reflect an integrated community. In engaging stakeholders, community diversity brings together a variety of opinions that balance rights and responsibilities. Stakeholder trust in corporate engagement creates expectation that moral limits will be respected, with stakeholders expecting corporations to promote welfare and at least do no harm without a corresponding benefit (Mitchell & Lovat, 1993). Communitarian thinking identifies corporations as members or ‘citizens’ of the community, irrespective of divergent interests, needs and values, as they also have shared goals and bonds (Etzioni, 1998). This reinforces the impetus to minimise harm, as harm reflects back into the corporation through employees, consumers and public perception of corporate citizenry.

**Information Dissemination to Stakeholders**

Annual reports are the most recognised form of information dissemination by corporations. However many commented on the *ad hoc approach to our reporting mechanisms*, indicating dissemination tended to be passive as *it hasn't been our tradition to tell people about what we are doing in the community* and that they *relied on the company annual report*. This approach has traditionally serviced the financial sector under guidance from the Australian Corporations Act (2001). The community section within annual reports is still primarily driven by societal and stakeholder expectation. Media sources of newspaper, television and radio were identified as dissemination tools, however concern was expressed with the media role being a factor discouraging engagement, the conclusion drawn that *media involvement in the stakeholder engagement process is negative*.

The growing commitment to social reporting by corporations is inclusive of the engagement process that displays citizenship (Glazebrook, 2001). Reporting remains relatively passive, with limited application in engaging stakeholders to feedback into corporate activity (Gao & Zhang, 2001). As a result social reporting by most companies is at times spasmodic and unstructured. There may be sections on community relations and charitable giving, but comprehensive data on social issues is still collected infrequently, unless the data formation contributes to the marketing function, public relations or core business operations (Elkington, 1999). As information relating to non-financial performance becomes structured, readily available and measurable, stakeholder groups may join forces in informed and educated dialogues about roles of corporate citizenship and how corporations could practice engagement (Davenport & Lewellyn, 2001). The Global Reporting Initiative (GRI) developed guidelines for reporting on economic, environmental, and social performance, a framework for comprehensive sustainability reporting. Specifically, GRI goals are to:

1. Elevate sustainability reporting practises to a level equivalent to financial reporting, and:
2. Design, disseminate, and promote standardised reporting practises, core measurements, and customised, sector-specific measurements (Global Reporting Initiative, 2001).
Engagement exists within any legally defined citizenry, bound by geography, industry, or the supporting political and social infrastructure. The inherent problem, or perhaps strength, within corporate citizenship is that legal definitions do not cross many of these boundaries (Post & Berman, 2001). This gives rise to a commonality of global citizenship approaches currently reflected in corporate philanthropy and volunteerism (Centre for Corporate Public Affairs, 2000; Post & Griffin, 1997), as movement globally into the sphere of legal obligation appears to be problematic.

**Corporate Social Responsibility**

**Practicing what we Preach**

Corporations understand the importance of community trust in their core activities, created by consistency with business values and activity (Birch, 2001). Participants described the need for a two way engagement process, enabling stakeholders to see whether we do what we say we are going to do. Corporations are becoming comfortable with public scrutiny, participants expressing that we should be judged by what our systems say about how the company operates and if we practice what we preach. Corporate ability to control this was seen as poor, the media being the cited reason for this scrutiny being abused.

Investment in stakeholder engagement is held in high regard by the public (Davenport & Lewellyn, 2001). Transparency enables stakeholders to view corporate commitment, often through the use of non-binding codes of conduct. SA8000 is one such code, developed by the US Council of Economic Priorities Accreditation Agency (CEPAA), based on the principles of eleven conventions of the International Labour Organization (ILO), the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child. SA8000 addresses eight workplace conditions: child labour, forced labour, health and safety, freedom of association and the right to collective bargaining, discrimination, disciplinary practices, working hours and compensation, and management systems, which stipulates necessary systems for ensuring ongoing conformance with the standard (Council of Economic Priorities Accreditation Agency, 2001). Monitoring brings the community inside the organisation, enabling the corporation to demonstrate they ‘practice what they preach’.

**Interconnectedness with the Community**

Corporations identified a role for the community in boardroom decisions, noting the changing business paradigm needs to reflect the principal of inclusive communities. One participant commented, there is a sea change going on and it is coming from all over society and in some instances is part of a wider osmosis that is very difficult to identify in singular components ...we need to listen to people. Reinforced by corporations having to take the lead in dealing with issues outside their core business through enlightened self interest and the requirement to establish and maintain a license to operate given by the community. There is a linkage to the community, even though difficult to identify, which has an inextricable link to the success of our business.

Extending stakeholders to the ecological environment creates a global context allowing citizens to become aware of local actions and global impacts, as organisations have rights and processes established by the diverse geographical factors of where they live. Citizenship rights and responsibilities are limited by viewing citizenship in a strictly geographical framework, as this allows corporations to change citizenship requirements and dominate how these are viewed dependent on their own ideals, potentially, albeit naively, abusing privileges for commercial gain. Corporations have untapped potential in aligned civic roles and responsibilities to the mission and values of their own structure (Post & Berman, 2001), with stakeholders living in this new reality of a globalised ‘new economy’, with technological transformation, demographic change and political transition evident in everyday life (Zadek,
Reorientation of government through transfer of public resources into the private sector has raised insecurity for many individual citizens, as power appears to shift to the corporate sector unchecked by the traditional balances that may have been perceived to be in place for national governments. Effective stakeholder management appears to be one method corporations can employ to allay the perceived fears of stakeholders. A widening gap between those instigating and benefiting from change and those who have no power in the process is evident through the lack of stakeholder engagement that appeared to exist in many partnership-based decisions. Corporations can go beyond legal obligations in acting responsibly, engaging in sensitive, thoughtful, and deliberate decision making processes when planning business within a community (Nolan and Nolan, 1995).

**Missing Skills in Employees**

Corporations see employees as the most influential stakeholder group, highlighted through an expressed need to *select our people differently, because it is a new skill set that we are asking them to bring into the organisation*. This will be critical because the personality that they bring in is *what they carry and how they represent us when we are in the field*. Reinforced by the comment that, *rising levels of education means that the value sets being bought into the organisation today are very different from those 30 years ago*. The word from the top is that we need to change and to ignore that sort of advice is ten years bad luck in anyone’s industry. In keeping with the systemic changes required, participants indicated that corporations realise they need to have a *review of skill centres to acknowledge the skill and expertise that needs to be bought to this process*. Proactive corporations have already moved towards the selection of employees and future leaders who possess ‘softer’ skills, with these leaders adopting an inclusive approach to stakeholder engagement as against a focus on organizational economic boundaries (Carrol, 2001). Zadek (2001) identifies employee knowledge as an integral component of successful engagement, with employees playing a unique role in engagement for the corporation with stakeholders.

**Role of Ethics in Stakeholder Engagement**

An interviewee stated *people tend to focus directly on the core business and what they need to do to be successful, they are often not skilled or in a position to see what the impacts of their actions might be...and socially this is even more difficult if the impacts are removed from the immediate business activity*. Corporations who are weak in the application of ethical frameworks that fall outside legal obligations placed on them often struggle with effective stakeholder engagement. The dilemma of ethical values in the global environment is not *whose* values and morality should be adopted but *what* values and morality can be best applied to a local context (Chatterjee, 1998). Ethical corporate behaviour then aligns with the previous theme of ‘missing employee skills’ and the need for employee development that enables organisations to reach higher levels of maturity by aligning employee, corporate and community ethical standards (Davenport & Lewellyn, 2001).

Stakeholder engagement requires radically new views of social equity, environmental justice and business ethics, (Elkington, 1999). Human interactions and emotional responses are basic aspects of human existence, with people necessarily interdependent and products of the relationships they are involved in. The need for ethical actions arises from these relationships, not from isolated individuals following moral rules (Birsch, 1999). This higher level of mature and deep engagement requires making employees comfortable at work because the workplace presents the same ideals they share, and the culture enables personal values to be upheld in the course of their employment. The Kantian view of corporate commitment to social responsibility would see business treating community not only as a means to an end, but reinforcement of the natural fit between corporate social responsibility and organisational stakeholders (Carroll, 1999). Kant argues that morality is grounded in reason, not tradition,
conscience, emotion and attitudes such as sympathy, with human beings seen as creatures with rational powers to resist desire (Beauchamp & Childress, 2001). Rational societies and individual obligations are in continual conflict, represented by the opportunity cost associated with financial pursuit, and the decisions which stakeholders other than the owners of a corporation appear to have little influence over (Bowie, 1997).

Strategic Corporate Citizenship

Active Engagement
Corporations expressed a desire to move towards active engagement where they seek out and initiate contact with stakeholders they deem important. The AA1000 framework developed by the Institute for Social and Ethical Accountability in the United Kingdom supports this movement. The roles of AA1000 are:

1. To measure and communicate the quality of stakeholder engagement, with the aim of improving engagement and increasing the associated benefits.
2. To integrate accountability processes with existing management systems.
3. To promote quality assurance and external verification, providing a basic equivalent for ‘generally accepted accounting principles’ for audit and verification purposes.

Through attention to governance and risk management that incorporates engagement, business can respond to the increasing demands by stakeholders to demonstrate management of social and environmental risks, by strategically managing stakeholder relationships (AccountAbility, 2001).

Problem Identification
Interviewees identified the individual nature of engagement in response to project priorities and problem identification. Problem identification tends to be reactive, based on external drivers influencing the corporation. Stakeholder management and engagement conducted on the basis of issues bought to the attention of the organisation by stakeholders, or identified through systemic breakdown was seen as vital to sustainable operations. Corporate citizenship requires responsible action, participating in global issues throughout multiple communities that cannot be addressed by singular stakeholders (Wood & Logsdon, 2001). With corporations moving away from the geographical mindset, crossing cultures emphasises the development of hyper norms encompassing multiple communities to anticipate global problems in an epistemological mindset. Corporations see the need for global perspectives, allowing engagement in the local area to become contextually rich and relevant. Moving beyond whether the industry itself is good or bad, if the technologies used and developed are world class and make production the cleanest and safest around then it is helpful for local communities to view this in the over all environmental standards that are addressed on a global basis, rather than just asking why it has to be ‘done in my backyard’. Hyper norms that transcend communities are consistent with a more predictable and stable business environment and the ability of business to adapt to changes in social economic, technological and economic conditions (Schwartz & Gibb, 1999). This facilitates a change from problem identification to proactive change management.

Two-way Engagement
Corporations identified that stakeholder feedback mechanisms require systematic processing along the stakeholder chain, enhancing engagement by providing evidence of action, reason for inaction, and opportunities for stakeholders to view how their contributions flow through the corporation. This demonstrates a level of trust and provides auditable evidence. When communication is one way, it smothers the most important factor of stakeholder engagement, equality of conversation. Two-way engagement allows inherent association of the stakeholder and organisation, fusing them together in deciding how organisations can operate in a manner best serving the
community. A company can feel good by giving money here and there but at then end of the day it is only meeting the expectations of a small number of specific interest stakeholders. The feedback they will eventually get is that they are, a short-term bad citizen because they are reactive in how they engage. In most instances corporation appear not to determine if it is a need, they just act in their own interests without engaging the community. This commentary demonstrates the potential negative impact of one-way engagement. Those corporations who felt their engagement was two way attempted to limit stakeholder numbers, however with ad hoc processes in place to complete the selection process. Organisations spoke of capturing the key stakeholders and their representatives as a means of using a trickle down effect to engage with the wider community. Corporations should not underestimate the importance of stakeholder feedback once the reporting process has begun, as this is only one step in the ongoing cycle of continuous improvement for the organisation (Wilber, 1995). Development of fluid boundaries is important, as over time, the contexts of business, politics or social priorities change along with the stakeholders influence in organisational process (Birch & Glazebrook, 2000). Stakeholders in the 'new economy' will continue to demand transparency and increased accountability from corporations (Waddock, 2001). Without attention to the subtle, non-observable aspects of corporate citizenship, (aspects that draw out the aesthetic qualities and emotional impacts) companies may be in serious trouble with stakeholders.

Long Term Engagement

Long-term community connection was identified as a prerequisite to establish corporate citizenship, with the terminology used by participants including sustainability and ongoing futuristic community development. Both have a long-term focus reflected further in the sub theme of ‘practicing what we preach’; demonstrating that policy and procedure should reflect what organisations claim is important to themselves and the community. Factors discouraging long-term engagement related to integration with other sectors in the community who influence business decisions. The most common example cited was governments in the short term (2-3 years) being influential in the role of organisations particularly by industry sector. Organisations identified long term engagement as a characteristic of engagement through the need to establish and maintain a license to operate, ensuring that engagement adds benefit rather than detracting or taking it away. Several organisations noted that even though long term engagement was important they either did not know how to build this into their planning process or thought it may be detrimental to business focus in the short term. This was supported by the identification of ‘depth’ of engagement being positively related to the number of years that stakeholders had been engaged and the commonality of shared experiences amongst stakeholders. It was perceived that depth contributes positively to business as reputation has been developed over a number of years. This corporate capacity and willingness to make short-term sacrifices for long-term benefits moves towards holistic corporate citizenship (Birch, 2001). Soundness of the relationship was seen as a key to the success of stakeholder engagement, requiring a maturity and complexity in maintaining stakeholder engagement across extensive periods of time. These relationships will be more responsive to changes in the external political and social environments and enable change of context under which the relationships were formulated.

Four emotional competencies appeared relevant to corporations building and maintaining long term systemically oriented stakeholder relationships and were consistent with those in the literature:

1. Organising groups – formatting stakeholder representation
2. Negotiating – inviting partners together
3. Developing personal connections - networking
Community relations programs externalise the values of the corporation (Wheeler & Sillanpaa, 1997), and as core business function require a significant paradigm shift away from the rigours of financial reporting to integrate descriptive and community based goals (Capra, 1983; Dignam, 2000; Drucker, 1999). The development of a multidisciplinary management approach is important in the absence of external legal requirements (Burke & Logson, 1996), as under these conditions corporations can truly demonstrate their commitment to social standards as part of their core business values. Environmental scanning can be used to identify factors influencing corporate ability to adopt a community relations program (Schwartz, 1996).

**Reputation Management**
Organisations expressed the importance of displaying in the community the same values internally and externally that drive core activity. The role of the media in reputation management was of concern to organisations in aligning these internal and external values. *Whenever something goes wrong they (the media) are there but when ever something good happens this is just expectation so our image in the wider community for people who don’t deal with us on a daily basis tends to be very biased and unfairly so because the media is such a strong deliverer of social messages.* Corporations described the impact of this as broad reaching, impacting on the ability to attract customers and good employees...industries that don’t embrace these concepts will fall by the wayside, especially through poor reputation and no one will want to work for those guys because of the poor community and industry reputation that they have. If corporations fail to contribute positively to community life they risk both financial success and the license to operate given by stakeholders (Swanson & Niehoff, 2001). Corporations noted a decline in the number of negative impacts on organisations when the focus on the engagement was to build trust and a deeper level of relationship over time (Svendsen, 1998). Consequently seeking out and asking stakeholders what makes engagement effective is one of the most important, yet simple characteristics of a higher level corporate citizen.

Reputation management is vital in gauging ‘corporate citizenship’. Studies by McGuire, Fombrun and Shanley (Clark, 2000), using Fortune magazine’s Corporate Reputation Index, found a positive correlation between corporate social performance and financial performance. Social contracts become self-enforcing when the value of a corporations gain from maintaining its reputation is greater than the loss if the contract was reneged (Crowe, 2001; Spencer, Mills, Routy, & Werhane, 2000). This reputation is positively correlated to length of time, with depth and trust within a relationship only developing with the passing of time and the commonality or experiences within the relationship, reinforcing the theme of ‘two way engagement’. Reputation is stakeholder perception of a company over time, evaluated on direct and indirect experiences that enable stakeholders to compare and contrast activity with competitors. The importance given to reputation is evident in the number of corporations now engaging in formal reporting models that fall outside the traditional annual financial reporting cycle (Reputation Measurement, 2002).

**Holistic Corporate Citizenship**

**Accountability for Stakeholder Engagement**
From a governance perspective, corporations value the higher function of accountability. As no one person is generally accountable, the whole organisational system and individuals as collectives need to be accountable for corporate citizenship; otherwise the program is limited to the life or employment of a single employee. Stakeholder engagement programs require sustenance for the duration of the organisations life, as systemic change in the company should have the capacity to outlast individual employees. Accountability and the need to be
organisationally driven, however was identified by participants, stating that, a benevolent chief executive officer makes it more achievable and, we have the support of a chief executive officer who is devoted towards community support that is instilled in organisational culture. This top down and interestingly ‘individually based’ approach towards accountability and ownership of a program appears vital in validating engagement, and may represent a mentoring or leadership by example approach. Engagement disclosure is also essential to enhancing the accountability process (Davenport & Lewellyn, 2001). Application to the organisational setting is reinforced through the need to collect data internally that can be made available in real time for stakeholders. This gives access to information that makes decisions and agitations towards corporations more effective, increasing the public level of understanding and knowledge that ensures meaningful debate in the eyes of organisation and stakeholders.

**Role of the Media**

Corporations identify the media as a negative driver of engagement, with interviewees indicating that a key to successful engagement was the adoption of this (corporate citizenship) model amongst the other industries or groups that they were attempting to engage with. The perception expressed was that the media sector does not engage with this idea in mind, reflected in the statement...Performance measures are changing which requires companies to adopt this new framework (corporate citizenship). We used to be judged by the success of the hole in the ground, but now people want to know about the impact we have on the environment and the people who interact with us. This is a strong positive economic driver, however it can also discourage people because every now and then people like the media want to kick you in the teeth.

Interviewees saw the media as a gatekeeper of information for stakeholders, reinforcing the importance of the method they used for ‘information dissemination’. One corporation commented, we don’t make a big noise about what we do; we don’t overtly seek attention, as we are ultimately punished or praised for the actions of our business units. The public comes across this information primarily through the role that the media plays. This acknowledges the importance of the media role and highlights the negative perception of their impact on organisational ability to display corporate citizenship.

Media roles can be categorised into incentives, accolades, imperatives and opportunities (Glazebrook, 2001). The corporate sector has historically gained media attention (accolades) through philanthropic activity and sponsorships. However, in some circumstances the media can be counterproductive when higher level and more interpretive engagements open to political and social interpretation are addressed. Imperatives are issues companies must be prepared to deal with as they arise, putting in place mechanisms to deal with them as they appear. Corporations acknowledge the importance of imperatives, with consumer cost...increasingly recognised as not reflective of the total cost borne by the individual, but the community society and global stakeholders. On a spectrum they often give these anomalies superficial attention by giving something back through sponsorship and philanthropy. At the other end they may carry out targeted active long-term engagements by ‘doing it along the way’ (Glazebrook, 2002). The media, therefore, hold a unique position, being a stakeholder group in its own right and having an impact on the source of information available to other stakeholders. Corporations best able to deal with negative externalities and develop new positive or restorative externalities could effectively partner with media and government in addressing social and environment issues within their core business operations (Glazebrook, 2002). This is reflective of a new synergy, making these issues common in acts of higher level citizenry.

**Business Environment**

Not surprisingly the competitive environment is identified as a barrier to successful stakeholder engagement. (The) main barrier is the competitive nature of
the business environment itself. Participants commented on the inability of internal structures within their organisations to look beyond models of financial cost reduction and cost per unit production, with these traditional measures often stifling a move towards social stakeholder measures of success. The theme of ‘new skill sets being sought in employees’, previously discussed may enable them to take a trans-disciplinary and future based approach to decision-making and systemic approaches. This requires corporations to seek employees with leadership rather than managerial skills and those more capable of integrating multiple business functions rather than working in restrictive ontological frameworks.

**Fear of the Unknown**

Corporations expressed fear of the unknown as a barrier to stakeholder engagement, raised by one interviewee as the need for a maturing process for both individuals and the organisation, because it is inherently a good thing, but our people don’t know how to go about doing it. Corporations appear to be aware of this need, however unsure of how to engage with the stakeholders required to achieve change. One interviewee recommended ... second NGO’s into management teams for 12 months, or government officials and academics because over this period of time it is impossible to keep things hidden or to try and pretend that you actually do something different to what you say you are presenting. Opening the audit process presents corporations to groups representing community and stakeholders. The requirement for scrutiny was reinforced with only one of the six participant corporations having external auditor involvement within the stakeholder environment and social reporting function. Of subsequent interest was that the audit process was defined by the organisation, not the auditor, reducing transparency of the process. The value of educational institutions was highlighted, through allowing external bodies in to complete working projects, assist with external auditing or to act as a representative of wider stakeholder groups to bring validity to many internal processes that are not identified in the public domain. One participant identified the need to engage with educational institutions and bodies to offer an understanding of what we do and how we do it.

Corporations can learn operational, management, marketing and retention techniques from community stakeholder organisations, giving staff access to skill sets outside their normal experiences (Meyer, 1999). Knowledge gained within the social sciences and humanities may be beneficial in facilitating the maturing process of a corporation within a business framework, recognising that the management discipline derives from sociology, anthropology and psychology, bringing an emotive side to business, counteracting the harder sciences of physics, mathematics and pure economics (Drucker, 1999; McMichael, 2000; Nozick, 1996).

**Impact on Health**

Participants identified the economies of scale of their operations, as having a broad reach into the community, however did not generally view health in a broader community sphere over and above the health of individuals. One participant identified a key indicator as communities living alongside our operations should demonstrate as good a health levels as any other sector within the state. Rather than defining health as the absence of disease or illness on an individual basis, the World Health Organisation now includes prerequisites such as access to employment, suitable housing, social infrastructure and social justice amongst characteristics of a healthy community. Interactions between environments and people in the course of everyday life create a pattern of health in the individual, the family, the community, the nation and the globe (Kickbush, 1997). Vision of a healthy society extends to healthy schools, a healthy workplace and healthy relationships amongst the stakeholders of the community, where the direct impact corporate sector activity is felt.
Conclusions

Given the diversity of sectors represented and roles played by corporations within this study it is interesting to note the commonality of drivers towards citizenship and barriers that appear to be identifiable. While industry sectors have specific cultures, public perceptions and varying attitudes of employees and stakeholders they have (within the framework of corporate citizenship) raised common concerns in how to embed business practices holistically into the communities in which they operate and with the stakeholders they identify.

While a commitment towards corporate citizenship appears alive and well amongst Australian corporations, there is perhaps a stagnation of activity represented throughout the philanthropic theme. Corporations are extensively active in this area, through financial contributions to community programs, increasing interest in corporate volunteering and the prevalence of social reporting that seems to deal extensively with activities of corporate trust funds and sponsorship programs. Again while the value of this work should not be undermined, it may prevent a shift in mindset towards understanding the characteristics of a society that gives rise to the initial problems communities face and attempt to deal with in a philanthropic manner. Movement towards interdisciplinary management bringing diverse skills together is one way of moving forward, enabling a cultural shift to occur within organisations that allows citizenship to become embedded within everyday processes rather than being seen as adjunct to them.

The need for new employee skills, while identified as an individually theme, is prevalent throughout the study and underpins movement towards holistic corporate citizenship. Organisations wishing to pursue this require closer matches between individual and organisational ethics in response to and prediction of future community needs. This may be achieved perhaps by challenging the traditional models of recruitment and training, allowing for more personality and character based assessment rather than the prescriptive method of qualification and education only. A cultural shift such as this takes time (through education and new employee retention), and the need for long-term engagement reflects this, as the study appears to show that most success is achieved when the relationship has a length of time invested. The difficulty with this change management process is that the context constantly changes; however commitment from a Chief Executive Officer showing leadership towards all staff and commitment that transfers to stakeholders appears to be an excellent starting point.

The single largest barrier of engagement expressed by participants was the role played by the media. The power in controlling, creating and changing perception within the stakeholder environment is becoming exponentially larger as community groups look towards media organisations (remembering they are large corporations in their own right) as the providers of information. Corporations, as individuals do, recognise that acts of citizenry are easier when there is reciprocity, with this issue of mutuality important as citizens recognise that ‘the whole is greater than the sum of the parts’ in the role that they play in society. Given that these perceptions are often largely created and driven by the media, the potential for this sector to drive or squash the corporate citizenship agenda is significant. The interdisciplinary nature of corporate citizenship requires corporations to work with the media, understanding each other’s place in the corporate and community sector to work towards common agendas. Corporations embedding media representatives within their organisations appear best placed to understanding the alternative perspectives in this complex scenario or media corporate engagement. By taking a proactive approach to transparency and allowing the media to work within them the power each exerts might be more effectively combined.

Not surprisingly the organisations moving closer towards holistic corporate citizenship are those who embrace change rather than fear it. With fear of the
unknown expressed as a barrier within this study, this appears to be a stumbling block for most corporations moving towards holistic corporate citizenship. Corporations must remember that this same fear exists within the community, and that they cannot remove themselves from this community, as it is the same community that they rely on for their very survival. Overcoming these fears of change together is as much a developmental phase as a need for maturation within any industry. As with any point of change it is the leaders and those prepared to take the risks that stand to gain the most. In the area of stakeholder engagement those who are most successful have been characterised by their transparency, in opening up there business operations to the stakeholder groups they identify, and allowing both their achievements and failures to be seen. This ability to learn from mistakes has given several industries a more ‘humane’ image amongst stakeholders, bringing the notion closer to home of a corporation being a ‘citizen’ with some of these characteristics being similar to those of individual citizens. In many senses this exposure also opens new avenues for problem solving with professional and organised stakeholder groups able to bring in the skill sets or fresh perspectives that an organisation may be looking for.

So it appears that citizenship and engagement are broader than legal concepts; they are political and social commentaries that assist in defining rights and responsibilities of community members. At any point in time the concept of ‘citizenship’ changes due to the multiple dimensions that define it. Citizenship means making a difference in one’s community, one’s society and one’s country (Drucker, 1993), and at its core, corporate citizenship addresses the concerns of the public regarding business and societal relationships. The dynamic nature of these relationships ensures that definitions will always require academic, scholarly and community contributions to define the current context of the relationship (Carroll, 1999). Good corporate citizenship understands and manages corporate influence and interpretation over wider society for the benefit of the company and society as whole, not distinctive components. Stakeholder engagement is an imperative component of enacting good corporate citizenship, with further understanding required of how this process is put in place and what organisations and stakeholders expect to gain from this synthesis. Corporations appear to be at the beginning of a maturity phase allowing them to view the extent of their operations within a wider community, the task is to now engage with those stakeholders, ensuring that there is both a business and social case for their activities.

This ‘new economy’ requires the integration of internal and external business and community drivers, creating structures that move smoothly across corporate and community boundaries until the boundaries appear so permeable as to produce a new synthesis. This may eventually see the demise of traditional business cycles, requiring new skill sets amongst employees. Society as a driver of change will continue to influence companies, reinventing businesses that create identifiable opportunities for community-based partnerships. After all ‘a business that makes nothing but money is a poor kind of business’ (Henry Ford cited in Wulfson, 2001).

References
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