



All stakeholders are created equal

The politics of corporations: Corporate Social Responsibility, corporate communities, and the future of corporate strategy

EASY-ECO Budapest Conference 2009

16-18 October 2009

Central European University,
Nádor utca 9., Budapest, 1051

Stakeholders Perspectives in Evaluating Sustainable Development

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Definition What does CSR mean?

ISO 26 000 definition

„Responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development, including health and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organization and practised in its relationships.”

Argument What is it really?

CSR is

More form: process whereby stakeholder expectations are integrated throughout the organization and practised in its relationships rather than direct and cause oriented impact to contribute to sustainable development.

Less content: incorporating certain socially good principles, such as social inclusion, protection of the environment, fight against AIDS, hunger or social inequality, into business operations it is a new form of organizing stakeholders around a common goal of value production.

Why is it important what can leaders do?

Paradigm change

In management philosophy as well as business strategy: CSR is an attempt to bridge the gap between 21st century post-industrialist late-modernity and the birth of modernity in the 17th century.

Strategically minded leaders of good companies will try to make sense of the society that their corporations are part of and will develop corporate strategies that assist companies take advantage of the crisis hit climate of today's social and business environment.

Why is it important what is the world around us like?

Social background

- wall between the realm of the public and the private have ceased to exist
- public has been invaded by individual and corporate identities based on a certain set of values;
- identities require other actors of the social fabric to respect their identities
- strategies are needed for interacting with them without disrespecting their values
- global consumers share global symbols represented by global icons, including global brands & corporations.

Why is it important what is the role of modern corporations?

Corporate background

- corporations are not transmission belts but important players in the web of interactions
- value is defined in more complex ways and by the stakeholders of the very social fabric they are part of
- they need to manage complex relationships to aspire for the respect of its identity and thus to accept their value proposition by all stakeholder groups.

Why is it important who are stakeholders?

Stakeholder background

- Companies can use their vast technological, innovative, and marketing capabilities to tackle problems that governments and NGOs are struggling for decades.
- Social actors with strong, value based identities are individual or organizational stakeholders that interact with corporations on a multitude of channels.
- They do not accept any more that they are living in two worlds: one that is 21st century late modern at home and in other areas of the ex-private; and ride a time machine back into the 17th century when in areas of the ex-public dominated by corporations that employ, contract, and communicate with them.

Why is it important what is the 21st century world like?

- *Liberal democracy.*
 - checks and balances guarantee
 - universal suffrage and decisions are made by all adult members of the community.
 - constitutional guarantee
 - rights and freedoms are mitigated by bureaucratic processes
- *Pluralistic value system.*
 - no one, universally accepted set of values that is legitimized from outside the community and is enforced by powers of authority controlled by a limited number of members.
 - mutually exclusive values may coexist
 - moral decisions are based on agreements by actors engaged in an equal and domination free rational discourse
 - moral decisions are context dependent and pragmatic in their nature
- *Interactive media culture.*
 - media is not a „one to many” type of communication -- web 2.0 facilitating communication, sharing information, collaboration, co-creation, and interoperability.
 - new forms of information exchanges allowing players involved in such exchanges to more freely choose their preferred source, channels, and depth of trust.

Why is it important what are modern corporations like?

- Corporations as last resorts of enlightened absolutism
 - Political decisions are made by a selected few,
 - no universal suffrage
 - no checks and balances
 - value based rights and freedoms are not mitigated by democratic and bureaucratic processes
 - no pluralistic value system: centrally determined values proposed by one stakeholder group, shareholders, and accepted by another, management, dominate stakeholder relations.
 - values are enforced by powers of authority controlled by a limited number of members
 - moral decisions are context independent and serve one purpose the wellbeing of the aristocracy of corporate absolutism: the management.
 - no interactive media: messaging is based on „one-to-many“ channels, the flow of information is tightly controlled and centralized, web is used as a platform not as a concept.

Why is it important all stakeholders are created equal?

- Stakeholders:
 - live in 21st century late modernity/ liberal democracy outside the realm of corporate life whereas they live in 17th century enlightened absolutism in several of their stakeholder relations.
 - As employees they are subjects of an enlightened absolutist monarch, the CEO, with his/her aristocracy and nobility surrounding him/her.
 - the aristocracy is living in a dual world: they are bearers of power in the corporate world while outlaws in their private, family lives. Their children don't talk to them and despise them for being ruthless capitalists ruining the earth and the lives of unborn future generations.
 - Stakeholders have values, interests, and emotions; they are ready to enter into the political community of the corporation if their identity is not requested to be dissolved.
 - All stakeholders are created equal.
 - They should be treated as such in their stakeholder roles and identities: they should be able to express themselves freely, their stakeholder dignity is to be defended.
 - Their stakeholder rights and freedoms as well as their means of exercising these rights and freedoms need to be upheld.

Why is it important what should corporations be like?

- New corporations:
 - Corporate communities vs. royal houses.
 - Borders are not where the walls of the royal castle ends
 - beyond the moat of corporate headquarters there is not a world of power and hopeless subjects to be dominated by the share rule of the marketing sword and sales gun.
 - System of checks and balances should be enacted to govern corporate communities.
 - corporate communities are not owned by shareholders only but need to be politically managed by leaders.
 - Corporate governance needs to apply forms of collaborative governance: more open forms of decision making that involve as many stakeholders as possible need to be developed.

Why is it important what can stakeholders become?

- New stakeholders:
 - Stakeholders in exchange need to exercise their share of responsibility.
 - new social contract needs to be developed, both in general as a modus vivendi, and, through stakeholder dialogue and engagement, within every corporate community individually.
 - Organizational and individual stakeholders need to accept that corporations seek a licence to operate to achieve sustainable financial success. However, these stakeholders, when voting with their checkbooks must realize that shared values come at a price.
 - Responsibility is also shared – local produce may be more expensive than that freighted through air from afar; the use of natural ingredients & bio production may result in healthier but more expensive products; better, safer and more versatile work conditions will reduce the financial bottom line that needs to be balanced with a different pricing strategy .
 - Stakeholders as consumers need to realize that their identity is also one. Being part of the corporate community in many identity roles and stakeholder relations they should still stick to their values unflinchingly.

Why is it important what can leaders do?

- *Stakeholder sovereignty.*
 - stakeholders need to be actively involved in issuing this „licence to operate”. Corporate communities, cultural entities rooted in a network of relationships, are based on a set of shared values. These values are arrived at, negotiated, and enforced through communal rites, use of symbols, and other communicative practices. The constitutionalization of the corporate community is the first such act of outlining the set of values that define and differentiate one corporate community from another.
- *Collaborative governance.*
 - Stakeholders need adequate representation in the executive of the corporation that will manage the community, they need to retain institutions that issue and re-issue the licence to operate, and need to control the independent judiciary to negotiate and renegotiate the subset of values that enable the community to operate as well as enforce the temporary and ever changing set of values that the community accepts at any given moment.
- *Stakeholder involvement and engagement.*
 - All forms and structures need to involve deliberative practices of engagement that enable stakeholders to participate on both individual and communal level in the decision making processes that formulate strategy, politics, and policy of the corporate community. Stakeholder voices need to be heard and stakeholders need to be able to participate in a coercion free discourse to arrive at free and informed decisions about the politics and policies of the corporate community, their membership in it.



Thank you for your attention.

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