

CHAPTER FIVE

CORPORATE PERSONALITY

5.1 INTRODUCTION

A century ago, Machen (1911:363) expressed the view that the doctrine of corporate personality is a natural, though figurative expression of actual facts and that the conception itself is a natural one. We do not need to be instructed to regard a corporation as an entity and to regard that entity as a person: our minds are constituted in such a way that we cannot help taking that view. Arie de Geus (*in* Fekete, 2000) points out that all companies exhibit the behaviour and certain characteristics of living entities. All companies learn. All have an identity, whether explicitly or not, that determines their coherence. A company therefore has a personality at its core which is clothed by the idea of corporate culture. Flott (1998:59) explains that when the term *Corporate Culture* is defined as the totality of socially transmitted behaviour patterns, arts, beliefs, institutions and all the other products of a company's work and thought, then another way of looking at corporate culture is to think of it as *Corporate Personality*. McNamara (2000) supports this notion by asserting that organisational culture is the *personality* of the organisation and that members of an organisation soon come to sense the particular culture of an organisation. Van den Steen (2010:642) found that organisations have an innate tendency to develop homogeneity, in the sense of shared beliefs (and shared values), through two mechanisms. On the one hand, people prefer to work with others who have similar beliefs, as such others will make the right decisions. This leads to screening. On the other hand, people of the same organisation share experiences, which also lead to shared beliefs.

Corporate Personality (CP) can therefore be defined as: *the total collective qualities and traits, as of character or behaviour that is peculiar to a specific organisation, and refers especially to those distinguishing characteristics that make it socially appealing* (Flott, 1998:59). The Decision Technology Group in association with the University of Warwick, UK, have been applying psychological research to the investigation of whether companies, like people, have personalities; finding that **they do** and that the two main components are *honesty* and *creativity*. They also indicate that corporate personality predicts some

important financial indicators, including profitability, growth and share performance (Decision Technology Group, 2005). In much the same ways as with individuals, companies therefore, seem to have a **natural tendency** to consistently act in certain characteristic ways that make them unique or easily distinguishable from other companies.

Consistent with the third objective as indicated in Chapter One of this research, the general aim of this chapter is to clarify the idea of *Corporate Personality*. This is achieved by firstly presenting a background to the notions surrounding *Organisational Culture* and *Corporate Personhood*, after which attention will be drawn to the different potential CSR-personalities that companies may portray towards the rest of society. In doing so, this chapter seeks to provide a better understanding of the important role of a good corporate value system in shaping an organisation's CSR performance. Lastly, the focus will fall on identifying and describing the components that are vital for achieving the 'ideal corporate personality', namely *Corporate Citizenship*.

5.2 ORGANISATIONAL CULTURE (OC)

5.2.1 Conceptual Overview of OC

According to Schein (1996), *culture* is a set of basic unspoken assumptions about how the world is and ought to be that a group of people share and that determines their perceptions, thoughts, feelings, and, to some degree, their overt behaviour. In terms of the culture within an organisation, MacIntosh and Doherty (2007) refer to it as the values, beliefs and basic assumptions that describe the essence of an organisation and that guide employee behaviour. Tatum (2011) thus infers that *Corporate Culture* is a term used to describe the collective beliefs, value systems, and processes that provide a company with its own unique flavour and attitude. Businesses of all sizes possess some type of corporate culture, because every company has a set of values and goals that help to define what the business is all about. Bellot (2011:31) indicates that the most recent research on organisational culture either cites Schein's (1987) definition or uses a derivation of his work. This definition is the following:

Organisational Culture (OC) is the pattern of basic assumptions which a given group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration, which have worked well enough to be considered valid, and therefore to be taught to new members as the correct way to perceive, think and feel in relation to those problems ...it is the assumptions which lie behind values and which determine the behaviour patterns and the visible artefacts such as architecture, office layout, dress codes, and so on (Schein, 1987:383).

Other definitions of the concept *OC* are the following:

- Tharp (2009:2) understands an organisation's culture as the shared patterns of perception, representation, and response surrounding its internal and external operations.
- Van den Steen (2010:638) defines a firm's culture to be that course of action on which most employees agree as the best course of action (at the point in time when they have to choose an action).
- Jaskyte (2010:425) believes organisational culture is a set of shared values that help organisational members understand organisational functioning and thus guide their thinking and behaviour.
- McIntosh (2007) identifies corporate culture as an organisation's unique body of knowledge that is nurtured over a long period of time resulting in commonly held assumptions, values, norms, paradigms and world views. These shape the behaviour and thinking of the people within the organisation and thus form the organisation's core identity, characterising the organisation's way of doing business with qualities distinct from others.

Organisational Culture is in fact a hidden mechanism of coordination, directing each individual towards the common goal. The goal and the ways of achieving the goal cannot be changed without understanding key attractors and drivers in the culture (Mowat, 2002:6). Related to this is the idea of *organisational identity*, which is described (Alvesson & Empson, 2008:1) as the form by which organisational members define themselves as a social group in relation to their external environment, and how they understand themselves

to be different from their competitors. It is assumed that an organisation's members shape and are shaped by this organisational identity. As a result, CSR, branding and corporate culture have recently become entwined as a way of increasing the identification of employees with a company's values, mission and practices (McIntosh, 2007). When studying corporate culture in the sense of shared beliefs and values, it is important to distinguish two dimensions. The first dimension is the **strength** of the culture, that is, the degree to which these beliefs and values are shared. There is also second dimension which often seems to have the larger impact on firm performance: the **content** of the culture, that is, *what* these people believe and value (Van den Steen, 2010:638). This supports the argument that the ultimate or best type of CSR culture or 'CSR Personality' (see 5.4), would have to be **strong (or high scoring)** in terms of its CSR performance, but also have a **diverse and balanced** CSR activity range.

5.2.2 Dynamics of OC

Culture manifests itself at **three levels** (Schein, 1996): the level of *deep tacit assumptions* that are the essence of the culture; the level of *espoused values* that often reflect what a group wishes ideally to be and the way it wants to present itself publicly; and the *day-to-day behaviour* that represents a complex compromise among the espoused values, the deeper assumptions, and the immediate requirements of the situation. When placing this within the CSR context of this current study, one might argue that the first two levels of culture manifestations refer to **CSR-Policy**, while the third level refers to **CSR-Practice**. This is significant finding for this research, because it strongly implies that 'CSR Culture (or *Personality*)' is a **measurable construct** which can be identified through the assessment of a company's CSR policy indicators as well as its CSR activities.

Schein (1991) indicates that organisational culture starts with the founders of the firm and filters down throughout the hierarchy, and organisational leaders will likely continue to try to shape culture so that it is consistent with the organisation's goals. In congruence with this belief, Aiman-Smith (2004) also found that culture starts with leadership, is reinforced with the accumulated learning of the organisational members, and is a powerful (albeit often implicit) set of forces that determine human behaviour. However, by definition, organisational culture is a shared understanding and acceptance among staff members, of

what is valued and expected in an organisation; thus, it may be directed, but it is not ultimately of fully determined from above (MacIntosh & Doherty, 2005). This is another important finding for this study, because it gives recognition to the fact that the opinions of employees on **all levels of employment** would need to be measured in order to truly gauge a company's CSR Personality.

Wheeler *et al.* (2003) distinguish between **three levels (or types) of corporate culture** with respect to organisational attitudes to stakeholders and the creation of value:

- **Level 1: is a compliance culture**, where the organisational unit is not especially engaged with its stakeholders but where basic societal norms are respected and thus the organisation seeks to *avoid the unacceptable destruction of value* (either: economic, social or ecological);
- **Level 2: is a relationship management culture**, where the organisation recognises the instrumental value of good relations with immediate stakeholders, e.g. customers, workers, communities and business partners, and seeks to provide what value is appropriate in each case, within the limits of what is possible and usually after the demands of investors are satisfied; this might also be describes as a *value-neutral* or trade-off perspective, typically associated with *effective corporate philanthropy* and stakeholder communications; and,
- **Level 3: is a sustainable organisation culture**, where the organisation recognises the interdependencies and synergies between the firm, its stakeholders, and society, and seeks to *maximise the creation of value* simultaneously in economic, social and ecological terms.

These levels can each be associated with certain viewpoints on CSR: from the highly normative 'everything should be legislated' (Level 1), to the more instrumental and voluntarily-driven 'business case' (Level 2). The difference between the levels, however, is the depth of understanding of the nature of value for the firm and its stakeholders. It is believed that economic, social and ecological sustainability resides in Level 3, which would make it the most '**in sync with CSR**' Organisational Culture type (Wheeler *et al.*, 2003).

Neither individual personality nor organisational personality can be understood without the ability to take **three different perspectives**: (1) an *individual perspective* based on psychology; (2) a *systemic perspective* based on anthropology, sociology, political science and systems theory; (3) an *interactive process perspective* based on social psychology, sociology and other theories of dynamic processes. Individual perspectives are needed to understand the idiosyncrasies of the component parts of any system; systemic perspectives are needed to define what 'personality' means at a systemic level and how culture forms and evolves; and interactive perspectives are needed to understand the dynamic interactions that occur between different components and levels of any system (Schein, 2006:287). This means that in order to effectively determine/evaluate a company's *CSR Personality*, it is important to also assess the opinions of **various other stakeholders** (and not just the employees) of the company who are in frequent interaction with and systemically related to the company.

5.2.3 Importance of Organisational Culture

Khan (2005) asserts that being aware of an organisation's culture (or personality) at all levels (or from all perspectives) are important because the culture/personality **defines appropriate and inappropriate behaviour**. Some cultures are more socially oriented, while others are task-oriented, 'business only' environments. An organisation's culture also determines the way in which employees are rewarded. The accessibility of management and the ways in which decisions are made are reflections of an organisation's culture as well. McNamara (2000) further believes the concept of corporate culture is particularly important when attempting to manage organisation-wide change. Organisational change efforts that fail are often the result of a lack of understanding about the strong role of culture in organisations. This is one of the reasons why many strategic planners now place as much emphasis on identifying strategic values as they do mission and vision (McNamara, 2000). The causes of many profitability and responsiveness issues in corporations are not found in the structure, in the leadership, or in the employees. The problems are found in the cultures and sub-cultures of the organisation (Mowat, 2002:6).

Research affirms a strong link between organisational culture and organisational performance (financial and otherwise). The reason is obvious: bureaucratic control can

only buy employees bodies but not their hearts. A strong OC, however, can be a **primary generator of motivation** and real commitment. In a strong and cohesive culture, the organisations core values are both intensely held and widely shared. This high intensity of common beliefs makes it relatively easier to draw consensus among employees, to build a focus on important goals and objectives, to reduce potential conflicts, to cultivate a learning environment, and to lower staff turnover (Mobley *et al.*, 2005:12). Although OC can be ambiguous, it is **unique** to each institution and **malleable**. OC is also socially constructed, arising from group interactions (Bellot, 2011:31). This would mean that despite the uniqueness of companies' CSR Personalities, they are changeable. A company will therefore be able to improve and **develop its CSR Personality** once it has identified the specific (CSR) areas that need to be changed or improved.

The extent to which members perceive and accept the values and assumptions of the organisation determines the strength of organisational culture in guiding and coordinating member behaviour. Thus, the notion of a shared (i.e., strong) culture is thought to be ideal for the organisation, if the values and beliefs are in line with organisational goals. In contrast, the notion of a fragmented (i.e., weak) culture, where there is ambiguity and a lack of cultural consensus, is thought to be detrimental to the organisation because the organisation-wide mechanism for guiding member behaviour is not available, and uncertainty about expectations for behaviour is increased (MacIntosh & Doherty, 2007). Organisational culture is theorised (Yilmaz & Ergun, 2008) to be the prime factor:

- shaping organisational procedures
- unifying organisational capabilities into a cohesive whole
- providing solutions to the problems faced by the organisation
- hindering or facilitating the organisation's achievement of its goals

Fekete (2000) believes that many experts have over the years successfully proven that personality is fundamental to a company's success - albeit in a roundabout way. A plethora of buzzwords have been used including *character*, *core ideals* or *ideology*, and *culture*. It all starts with personality, and flows like this:

- *Personality* is who we are. It's a collection of innate qualities, traits and preferences. The word *character* also relates to personality.
- *Core ideals*, or *core ideology*, are what we stand for. It's a company's vision that is consistent with its personality.
- *Culture* is a company's shared values and behaviour, borne from personality.

In the end: we need to **know who we are** before we can figure out what we stand for, where we are going, and how we're going to get there (Fekete, 2000). The evaluation of a company's personality should then be seen as the first step in defining its development path towards the ultimate CSR achievement, namely *Corporate Citizenship*.

But before this improvement path towards Corporate Citizenship can be sufficiently explored and understood, it is essential to first develop a better understanding of the issue of *Corporate Personhood*.

5.3 CORPORATE PERSONHOOD

The primary concept to become familiar with when starting up a business is the idea that the business has a **legal personality** in its own right, particularly when it assumes the form of a Close Corporation (CC), or a Limited Liability Company (LLC). In other words, an entrepreneur would initially have to decide whether to trade in his or her personal capacity, or as a legally incorporated entity (Anon, 2008c). The difference between these two regimes is essentially that of **limited liability** – which means that corporations or companies are vested with a distinct legal personality by law, and as such, the debts of the incorporated entity are distinct from the personal assets of the entrepreneur (Anon, 2008c). The law therefore treats a corporation as a legal 'person' that has standing to sue and be sued, distinct from its stockholders. The legal independence of a corporation prevents shareholders from being personally liable for corporate debts. It also allows stockholders to sue the corporation through a derivative suit and makes ownership in the company (shares) easily transferable. The legal 'person' status of corporations, gives the business perpetual

life; deaths of officials or stockholders do not alter the corporation's structure (Cornell University Law School, 2008).

Corporate legal personality arose from the activities of organisations such as religious orders and local authorities which were granted rights by the government to hold property and sue and be sued in their own right and not to have to rely on the rights of the members behind the organisation. Over time the concept began to be applied to commercial ventures with a public interest element such as rail building ventures and colonial trading businesses (University of London External Programme, 2008). According to Meyers (2000), in the USA all natural persons (actual human beings) are recognised as having inalienable rights. These rights are recognised, among other places, in the Bill of Rights and the 14th Amendment. **Corporate Personhood** is the idea (legal fiction, currently with force of law) that corporations have inalienable rights (sometimes called constitutional rights) just like real, natural, human persons (Meyers, 2000).

5.3.1 The History of Corporate Personhood

Nader and Mayer (1988) point out that the idea that the Constitution should apply to corporations as it applies to humans had its origins in 1886 when the USA Supreme Court said it did "not wish to hear argument" on whether corporations were "persons" protected by the 14th Amendment, a civil rights amendment designed to safeguard newly emancipated blacks from unfair government treatment. **It simply decreed that corporations were persons.** Until 1886 corporations were not considered persons. It was clear what they were: artificial creations of their owners and the state legislatures. They were regulated and taxed. They could sue and be sued. They were subject to all of the laws of the land as well as any restrictions placed in their charters. But from 1819 until 1886 the wealthiest business people sought to use the Federal government, particularly the courts, to get their corporations out from under the control of the states and their citizens (Meyers, 2000).

In 1868 the 14th Amendment to the United States Constitution had become law. Section 1 of that Amendment states:

All persons born or naturalised in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.

Beginning in the 1870's corporate lawyers began asserting that corporations were persons with many of the rights of natural persons. It should be understood that the term "artificial person" was already in long use, with no mistake that corporations were claiming to have the rights of natural persons. There was a national campaign to get the legal establishment to accept that corporations were persons. This cumulated in the Santa Clara decision of 1886, which has been used as the precedent for all rulings about corporate personhood since then (Meyers, 2000). During the Supreme Court case of *Santa Clara County v. Southern Pacific Railroad Company of 1886*, at the lower court levels the question of whether corporations were persons had been argued and these arguments were submitted in writing to the Court. However, before oral argument took place, Chief Justice Waite announced: *"The court does not wish to hear argument on the question whether the provision in the Fourteenth Amendment to the Constitution, which forbids a State to deny to any person within its jurisdiction the equal protection of the laws, applies to these corporations. We are all of the opinion that it does."*

5.3.2 Consequences of Corporate Personhood

The immediate effect of the Santa Clara decision was the protection of corporations from some (but not all) state regulation; state regulations could be tested in federal courts to see if they violated the corporations' constitutional rights (Meyers, 2000). Another consequence is that corporate 'persons' have been given many **superhuman qualities**. They have *infinite life spans, reside simultaneously in many nations, create their own parents*, and cut off parts of themselves to *form new entities*. They cannot go to jail for committing a crime and do not need fresh air to breathe, clean water to drink, or safe food to eat. These and other extraordinary qualities - combined with constitutional protections intended for natural persons – have enabled large transnational businesses to acquire enormous wealth and political power that is used by a few to rule over many (Lane, 2004). Therefore, besides

perpetual life, corporations enjoy limited liability for industrial accidents such as nuclear power disasters, and the use of voluntary bankruptcy and other disappearing acts to dodge financial obligations while remaining in business. The legal system is thus creating unaccountable Frankensteins that have human powers but are nonetheless constitutionally shielded from much actual and potential law enforcement as well as from accountability to real persons such as workers, consumers and taxpayers. Equality of constitutional right plus an inequality of legislated and de-facto powers leads inevitably to the **supremacy of artificial life over real persons** (Nader & Mayer, 1988).

Lasn and Liacas (2000) also believe that because of their vast financial resources, corporations are now much more powerful than natural persons. They can defend and exploit their rights and freedoms more vigorously than any individual. In real terms, the corporation is actually **freer than any private citizen**. Bakan (2004) thus contends that the modern business corporation is created by law to function like a **psychopathic personality**. Bakan (2004) traces the corporation's rise to dominance since its origins in the sixteenth century and makes the following claims:

- Corporations are required by law to elevate their own interests above those of others, making them prone to prey upon and exploit others without regard for legal rules or moral limits.
- Corporate social responsibility, though sometimes yielding positive results, most often serves to mask the corporation's true character, not to change it.
- The corporation's unbridled self-interest victimises individuals, the environment, and even shareholders, and can cause corporations to self-destruct, as recent Wall Street scandals reveal.
- Despite its flawed character, governments have freed the corporation from legal constraints through deregulation, and granted it ever greater power over society through privatisation.

Dr. Robert D. Hare (*in* Bakan, 2004) Psychology Professor and FBI's Top Consulting Psychologist on Psychopaths, makes a **comparison between the modern corporation and the characteristics of a psychopath**:

We can go through the characteristics that define this particular disorder one by one and see how they might apply to corporations:

For example the first one would be...**superficial relations**. The psychopath's relations with others are superficial, surface, very, very little depth, mostly style over substance. And the idea is to impress other individuals to somehow put them in a position where you can manipulate them and so forth. And a corporation I would imagine would be not unlike that in many respects. They would have public relations firms. They would be spending half their time and a lot of their budget in trying to present a particular image to other people. And this image is a very superficial; you never really get to know the real corporation. You're going to see what they want you to see. A psychopath is also a **grandiose individual**, has a very powerful sense of self, and believes that he or she is the centre of the universe, better and smarter than everybody else. Corporations I suppose almost by their very nature would have to adopt this particular attitude. If they took the stance that they were in fact inferior to every other company they'd probably not going to get very far. So I imagine that they would spend an awful lot of time explaining to others and to themselves that we're number one, we're the best...

...The psychopath is also very **manipulative**. Tends to manipulate, con and deceive other people, to try and mould them into something that they can use. Remember the psychopath is really a predator and as a predator you're trying to groom and put your prey in the right position for where you can make some use of them, of this particular object is the way they would see them. Would a corporation be the same? To a very large extent I would imagine so because what you're trying to do is manipulate everything including public opinion, for one thing. And imagine in a sales meeting where you're trying to get everybody pumped up, you've got to have to, you know rah, rah. You've got to manipulate and get them into a position where they actually believe in something that they may not have believed in before.

...Psychopaths also tend to **engage in behaviour that is anti-social**, or at least asocial from a very early age, and this continues on throughout most of the lifespan. And by this I mean their behaviour is not necessarily criminal in the strict sense of the term. But in fact it's harmful to other people, other individuals. It may not take into account the fact that your behaviour is going to have negative consequences for somebody else. Corporations could

be much the same. And this ties in with irresponsibility to a certain extent. What they're doing with respect to the general public and to other companies would clearly be looked at, viewed as, or construed as asocial, or anti-social. We just don't really care.

From the background and descriptions provided above, it is clear that there are many people who are strongly opposed to the idea of corporate personhood. When looking at the history of how corporate personhood came to be, and seeing how dominant certain multinational corporations are today in terms of shaping the world's economic and even political history, it appears as if these critics do have a valid argument. However, in the same way as it cannot be said of all people, it is also a fact that **not all corporations behave like 'psychopaths'**. There are many corporations in society that have embraced the idea of corporate citizenship by becoming true members of their communities; displaying many good qualities of social accountability and responsibility. If it was not for these types of organisations, then the world as we know it would not have existed. Things could have definitely been a lot worse, have it not been for certain moral owners, managers and employees who helped to incorporate true CSR values into their businesses' production, management or marketing systems – and thereby making the world a better place.

As already mentioned above (see 5.2.3), it is possible for companies to change their personalities towards the ideal responsibility type. This can be achieved if they increase/improve their social and ecological responsibilities while holding onto the necessary level of economic performance/responsibility. Such a company will not do business at the expense of the well-being of humans and nature and will establish its mission and business strategies on truly ethical values. **Table 4** provides examples (Ketola, 2005) of the 'ideally responsible' actions of a company.

Table 4

Examples of ideally responsible corporate actions following the principles of virtue ethics

VIRTUES / IDEAL ACTIONS	Economic responsibilities	Social responsibilities	Ecological responsibilities
Just:	The company divides its profits between all stakeholders, humans and nature, in proportion to their contributions.	The company treats all human stakeholders all over the world according to the same fair play rules.	The company treats nature and its creatures all over the world according to the same fair play rules as the humans.
Generous:	The company supports disadvantaged and crisis-stricken humans and other creatures proportionally at least to the same extent as the private citizens.	The company helps its internal and external stakeholders to achieve a healthy, safe and happy life, and promotes the local culture.	The company gives in its all operations priority to biodiversity, and invests much time, money and expertise to promote it.
Kind:	The company helps its employees, partners, customers and local communities to keep their economy in order.	The atmosphere in the company is open, friendly and happy. The company treats its employees, partners, customers and local communities like friends, looking after their wellbeing.	The company treats nature and its creatures like friends, looking after their wellbeing both locally and globally.
Moderate:	The company sees to that the highest salary with its increments is not more than five times as high as the lowest.	The company finds human wellbeing more important than operational efficiency, and adapts working hours and paces accordingly.	The company finds the wellbeing of nature more important than operational efficiency, and takes this into account in all its operations.
Loyal:	The company holds on to its employees, partners and locality for better and for worse.	The company defends its internal and external stakeholders against the abuse and exploitation of others.	The company defends nature and its creatures locally and globally against the abuse and exploitation of others.
Flexible:	The company gives a stakeholder, who has run into financial difficulties, more time to meet its obligations, and helps it to conquer its troubles.	The company takes account of the individual circumstances of its every employee, customer, partner and neighbour in its operations.	The company takes account of the individual circumstances of nature and its creatures in its operations.
Reliable:	The company fulfils its contracts and holds onto its promises.	All the stakeholders can trust the company to act in their best interests under any circumstances.	Nature and its creatures can trust the company to act in their best interests under any circumstances.

Source: Ketola (2005)

Within this context, the following section will focus on exploring the meaning of the important concept *Corporate Citizenship* – which is viewed by this research as the ‘ideal personality’ of an organisation.

5.4 CORPORATE CITIZENSHIP (CC) – THE IDEAL CSR PERSONALITY

5.4.1 Conceptual Overview of CC

According to McIntosh *et al.* (as cited in Schmid *et al.*, 2009:18), **Corporate Citizenship (CC)** involves corporations becoming more informed and enlightened members of society and understanding that they are both public and private entities. They are created by society and derive their legitimacy from the societies in which they operate. They need to be able to articulate their role, scope, and purpose as well as understand their full social and environmental impacts and responsibilities. For Glavas and Piderit (2009:54) CC means caring for the well-being of others and the environment resulting in the creation of value for business. It is manifested in the strategies and operating practices that a company develops in its relationships with and impacts on the well-being of all of its key stakeholders and the natural environment. Romme and Barret (2010:94) indicate that CC implies an expectation for legitimising business’s role in society, participation in the wider global and social world, and more accountability to the polity. As such, the notion of *citizenship* is no longer limited to state membership or national territory.

McIntosh (2007) expands the above definitions, by describing CC as an extension of the relationship between business and society that includes an understanding of the social, environmental and political responsibilities of business. The notion of corporate citizenship sees the company as having **rights, duties and responsibilities** in society *in the same way* that citizens also have rights, duties and responsibilities. In doing so, corporate citizenship conceptualises a company as a **member of society** which - like a normal citizen - is involved and participates in the governance of society in various shapes and forms (McIntosh, 2007). In light of this, corporate citizenship can be viewed as the business strategy that **shapes the values** underpinning a company’s mission and the **choices made** each day by its executives, managers and employees as they engage with society (Rochlin

& Googins, 2005).

The idea of corporate citizenship is important in the realm of corporate personality, because as the above-mentioned definitions imply, the citizenship of a company means that: a) *it **accepts*** its membership-role within society as being a responsible person amongst many other persons; and b) *it **is accepted*** by the rest of society as being one of its valued members.

5.4.2 Link between CC and CSR

To become a true (and accepted) member of society, humans and organisations alike, would have to display certain personality characteristics and behaviour that are seen as valid contributions to the whole. Therefore, for a company to be accepted as a “real” person in society, it would have to assume those sociable type characteristics that humans (or natural persons) normally demonstrate to one another. This would include accepting and ‘living’ by certain values or principles that natural persons would normally live by; such as the **Golden Rule** (or **‘ethic of reciprocity’**) - a fundamental moral value which “...refers to the balance in an interactive system such that each party has both rights and duties, and ...whereby one's rights are the other's obligation” (Bornstein, 2002), or more simply stated: “do not onto others that which you would not want them do unto you.” This idea can and should also be stated in the positive sense: “do onto others as you would want them do unto you.” When corporations fulfil this basic human principle, they will truly be regarded as being part of society and receive the label of *Corporate Citizenship*.

However, in practice the term CC is often (incorrectly) used as a synonym for CSR. It has also been equated with terms such as *business ethics*, *corporate governance* or *corporate philanthropy*. From the literature it is clear that the concept CC does not have the same meaning for everybody. Matten *et al.* (in Garriga & Melé, 2004) have distinguished **three views of corporate citizenship**:

- In the **limited view**, corporate citizenship is used in a sense quite close to corporate philanthropy, social investment or certain responsibilities assumed towards the local community.

- The **equivalent to CSR view** is quite common. Carroll (1999) believes that CC seems a new conceptualisation of the role of business in society and depending on which way it is defined, this notion largely overlaps with other theories on the responsibility of business in society.
- Finally, in the **extended view of corporate citizenship**, corporations enter the arena of citizenship at the point of government failure in the protection of citizenship. This view arises from the fact that some corporations have gradually come to replace the most powerful institution in the traditional concept of citizenship, namely government.

In spite of some noteworthy differences in CC theories, most authors generally converge on certain points, such as a strong sense of business responsibility towards the local community, partnerships, which are the specific ways of formalising the willingness to improve the local community, and for consideration for the environment (Garriga & Melé, 2004). According to McIntosh (2007), CC means that those who run global corporations are considerate of various stakeholder groups' expectations and sensible enough to not only act in the interests of the company, but also the communities in which the company operates and the environment on which it relies for resources. It is a central principle of corporate citizenship that companies are aware of their externalities by striving to **internalise** and take responsibility for them.

In other words CC is a **holistic understanding** of the corporation's impacts and **awareness** that it has a responsibility to a wide range of stakeholder concerns. In this regard it is sometimes synonymous with CSR while at other times it may even be more far-reaching. This is because corporate citizenship requires a company to understand its political situation, including the responsible use of power and influence. Corporate citizenship can, therefore, be seen as a **systemic approach to CSR** which requires a wide understanding of the political place of the company in national and international communities as well as the economic, social and environmental impact and performance of the company as a whole. CC can thus be described as an aspirational metaphor for business to be part of developing a better world (McIntosh, 2007). Simply put, CC refers to a **sustained intention** or **tendency** of companies to practise CSR.

Derived from the above-mentioned description, this research would conclude that *Corporate Citizenship* is the type of personality an organisation can adopt which will make it become the most affiliated and equal with other natural persons (or *human* citizens) in society. This research therefore brings a new view to the concept *corporate citizenship* by defining it as the **‘ideal corporate personality.’** In this regard, CSR can be seen as the realisation/actualisation of CC. In short: **CSR equals CC in practise.**

Subsequently, the following section will analyse the *Corporate Citizenship* concept in more detail in order to arrive at a clear understanding (or profile description) of this ultimate personality type.

5.4.3 Key Characteristics of CC

The *Boston College Center for Corporate Citizenship* (Rochlin & Googins, 2005), identifies **four core principles** that define the essence of corporate citizenship:

- **Minimise harm:** which means putting in effort to minimise the negative consequences of business activities and decisions on stakeholders, including employees, customers, communities, ecosystems, shareholders, and suppliers. Examples are: operating ethically, supporting efforts to stop corruption, championing human rights, preventing environmental harm, enforcing good conduct from suppliers, treating employees responsibly, ensuring the safety of employees, ensuring that marketing statements are accurate, and delivering safe, high-quality products.
- **Maximise benefit:** which refers to contributing to societal and economic well-being by investing resources in activities that benefit shareholders as well as broader stakeholders. Examples are: participating voluntarily to help solve social problems (such as education, health, youth development, economic development for low-income communities, and workforce development), ensuring stable employment, paying fair wages, and producing a product with social value.
- **Be accountable and responsive to key stakeholders:** meaning relationships of trust that involve becoming more transparent and open about the progress and setbacks businesses experience in an effort to operate ethically. Primary examples of this

principle are: to create mechanisms for including the voice of stakeholders in governance, produce social reports assured by third parties, operate according to a code of conduct, and listen to and communicate with stakeholders.

- **Support strong financial results:** The responsibility of a company to return a profit to shareholders must always be considered as part of its obligation to society. Ultimately, what distinguishes a company's practice of corporate citizenship is expressed by the way in which it delivers its core values. The competitive companies of the future will find how to fundamentally align their own core values with the values that society expects them to hold.

Grayson and Hodges (2004:14) present some **key characteristics** of a company or organisation taking the corporate social opportunity by embracing Corporate Citizenship (CC):

- The organisation aligns and articulates explicitly its purpose, vision and values consistent with responsible business practice. It is believed that a sense of shared ownership and commitment will be easier when purpose, vision and values are co-created by people throughout the organisation, rather than being imposed from the top leadership.
- The leadership and senior management team fully believes in and lives those values and purpose – and demonstrably so.
- Purpose, vision and values are intensely and continuously communicated throughout the organisation and beyond.
- Purpose, vision and values are constantly reinforced through culture, processes and rewards. This includes their incorporation into:
 - Recruitment and induction
 - Management and staff training
 - Performance objectives

- Appraisal, reward and recognition structures
 - Promotion considerations
 - Procurement criteria and processes
 - Due diligence procedures for assessing business partners
- In addition, there are effective mechanisms for whistle-blowing on any ‘values gaps’ – that is, gaps between values espoused and values lived.
 - There are effective tools and processes for scoping and then prioritising risks and opportunities associated with corporate social responsibility and a framework for deciding how to reach decisions and to check for consistency with corporate values.
 - There are decision-making processes at the top of the organisation (in the board, board sub-committee and so on) for oversight and effective decision-making throughout the organisation and there is a means of capturing and codifying knowledge to ensure continuous improvement.
 - There are effective stakeholder engagement processes to seek proactively any corporate social opportunities and to build trust, openness and empathy, which encourage such opportunities to emerge.
 - There is an ethical code governing relations with stakeholder partners to determine the fair share of risks and rewards (e.g. in relation to intellectual property rights) in exploiting corporate social opportunities and opportunities for entrepreneurialism and creativity – a set of opportunities that is widened by the spirit of openness and by the culture of enlightened curiosity.
 - There is appropriate measurement and reporting of the company’s performance as well as processes for rectifying gaps and learning from the emergence of gaps.

Glavas and Piderit (2009:56) maintain that in companies that are good corporate citizens, employees can live out their value for caring for others as corporate citizens allow employees to care for the well-being of each other, people in their communities and the

planet as a whole. Employees can move beyond being a profit-making machine to actually acting as their true selves while also making a profit.

5.4.4 CC in an African Context

Logsdon and Wood (2002) differentiate between **two views of business citizenship**:

- A business firm acting as a citizen, in the **minimalist view**, would claim those rights essential to the pursuit of self-interest and would fulfil only those obligations mandated by the convenience of having a collective entity to guarantee those rights. If and only if the owner(s) or shareholders perceive it to be in their self-interest, they may direct the organisation to act in voluntary citizen-like ways such as contributing to charity or participating in a community event. The language of citizenship might be used, but the motivation is not to provide a collective good, but only a private good. In this perspective, the organisation itself cannot ‘be’ a citizen, analogous to individual persons.
- The **communitarian view** of citizenship does not see the business organisation as a fictional ‘nexus of contracts’, but as a functioning entity, distinguishable from the individuals who own and work for it, that is expected to act in the community's interest as a duty of membership. In this view, businesses have both rights and duties because of their important roles in society. In many ways this view is compatible with early definitions of CSR - businesses should be responsible for how the harms and benefits of their actions are allocated, regardless of intentionality and cost to the firm. More importantly, the communitarian view is consistent with the concept CC when focussing essentially on the concerns and welfare of specific communities. When community problems are solved, businesses benefit too. The communitarian perspective is not limited to small geographical units. It can refer to the national scope as well.

According to Muckin (2009:23), companies do not function in a vacuum, because all businesses operating in a given community will have expectations on them – from the community, its clients, its vendors and its employees. True corporate citizenship is therefore not based on the minimalist political tradition but in the communitarian view (*which is, of course, also the view of this study*). If a firm is merely seen as a legal fiction for the

fulfilment of individual self-interests, then corporate participation in community affairs is likely to be seen as a false and untrustworthy act. But when a firm is viewed as a **distinct member of a community**, its contributions to collective well-being are likely to be encouraged and welcomed (Logsdon & Wood, 2002). Linking on to this is the 'African view of personhood' (and therefore also of citizenship and corporate citizenship). The African view of personhood denies that a person can be described solely in terms of the physical and psychological properties. It is with reference to the community that a person is defined. The importance of the community in self-definition is summed up by Mbiti: "*I am because we are, and since we are, therefore I am.*" It is this rootedness of the self-in-community that gives rise to sayings such as *umuntu ngumuntu ngabantu* (Nguni)/*Motho ke motho ka batho babang* (Sotho), which roughly translate to: "*It is through others that one attains selfhood.*" The Venda saying, *Muthu u bebelwa munwe* (a person is born for the other), also captures the interdependence between self and community (Nussbaum, 2003).

Strongly related to this concept, is the idea of **Ubuntu** - an Nguni word from South Africa, which refers to our interconnectedness, our common humanity and the responsibility to each other that flows from our deeply felt connection. The word also has roots and similar meanings in other African countries, e.g. Zambia (where it refers to 'being human'), Botswana, Burundi, Malawi, Rwanda, Tanzania, Uganda and Zimbabwe; which truly make it an African concept. *Ubuntu* is the consciousness of our natural desire to affirm our fellow human beings and to work and act towards each other with the communal good in the forefront of our minds. *Ubuntu*, as applied to business and CSR, would ultimately be about sharing wealth and making (at the very least) basic services, such as food, housing and access to health and education accessible and visible to all members of our global family (Nussbaum, 2003). This implies that it should be very easy and natural to apply and incorporate the CC concept within an African context by all companies operating on the African continent.

Against the afore-mentioned background, it is clear that companies can demonstrate a wide range of behaviour that may either be accepted or rejected by the rest of society. This behaviour seems to emanate from corporate personalities that range from the very worst, namely "corporate psychopaths" to the very best, namely "corporate citizens". Accordingly,

the succeeding section of this chapter is focused on giving a description of different CSR personalities that may be demonstrated by corporations.

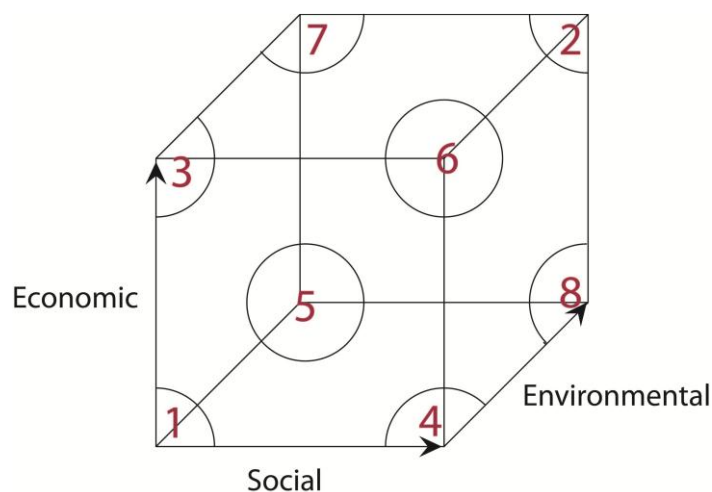
5.5 DIFFERENT CSR PERSONALITIES

One of the main focuses of the research as a whole and specifically this chapter has been to demonstrate that different companies can have different personalities. Companies will therefore demonstrate the characteristics and behaviour that are deemed as priority in terms of their core values and objectives (or personalities). These corporate responsibility ‘**emphases**’ of different companies can be analysed with the assistance of the hypothetical corporate responsibility model of Ketola (2005:111), which is illustrated in **Figure 6**.

It is important to note here that the model is mainly based on the dimensions of Sustainable Development (SD) and therefore (only) takes account of all the combinations of corporate *economic, social and ecological/environmental* dimensions.

Figure 6

Corporate responsibility emphases:



Source: Ketola (2005)

According to this model (Ketola, 2005:111) an individual **responsibility profile** can be drawn for each company as follows:

1. **Suicidal:** minimum economic responsibility = social responsibility = ecological responsibility
2. **Ideal:** maximum economic responsibility = social responsibility = ecological responsibility
3. **Plutocentric:** economic responsibility > social responsibility = ecological responsibility
4. **Anthropocentric:** social responsibility > economic responsibility = ecological responsibility
5. **Biocentric:** ecological responsibility > economic responsibility = social responsibility
6. **Patriarchal:** economic responsibility = social responsibility > ecological responsibility
7. **Technocentric:** economic responsibility = ecological responsibility > social responsibility
8. **Matriarchal:** social responsibility = ecological responsibility > economic responsibility.

(1) **A suicidal company** - minimizes its economic, social and ecological responsibilities. The lifespan of such an organisation is very short because it does not satisfy the needs of any of its interest groups. During its short life the company may cause a great deal of damage to its shareholders, financiers, customers, suppliers, employees, neighbours – and even nature, if it has, for example, dumped waste in an irresponsible way.

(2) **An ideal company** - is the direct opposite of the suicidal company. An ideal company maximizes its economic, social and ecological responsibilities. There are not many companies like this. However, some companies genuinely aim to become ideally responsible. The pioneers of sustainable development have come close to the idea.

(3) **Plutocentric companies** - prioritise economic responsibilities over social and ecological responsibilities. Nearly all present-day companies display this characteristic. These are the ethics of the market economy, which are difficult for a single company to avoid without special efforts.

(4) **An anthropocentric company** - gives social responsibilities a preference over others. Charitable organisations follow this principle. They are financed by individual and organisational donors. Anthropocentrism is a part of the business idea of charities but it may sometimes be forgotten in their workplace human relations even when the objects of charity are treated well. However, anthropocentric companies can also be ordinary business companies aiming at profits.

(5) **A biocentric company** - emphasises ecological responsibility over economic or social responsibility. Environmental organisations focus solely on ecological responsibilities. They rely on volunteers to do most of the work and expect other organisations and individuals to give funds to cover the costs of operations. In addition to ideological activities, environmental issues offer great business opportunities.

(6) **A patriarchal company** - is a traditional form of business: during the first decades of industrialisation in the western world companies often took both economic and social responsibilities in their local communities. Many companies have become internationalised and

in many developing countries' citizens still do not have any social services provided by the state. Most multinational first world companies accept some social responsibilities in the third world countries where they operate. Hence a company may be plutocentric in developed countries and patriarchal in developing countries.

(7) **Technocentric companies** - take their economic and ecological responsibilities very seriously but do not accept more social responsibilities than the law requires. Economy and environmental technology are 'hard', task-oriented areas, which coincide with the behaviour expected of a traditional man. Social issues are 'soft' and human-oriented, and traditional men do not feel comfortable with them. When creating and adapting technology a traditional man gets as a by-product some social contacts, which focus on tasks, not on people. By integrating economic and environmental technological responsibilities a manager or an entrepreneur can feel that he is making money and doing good at the same time in a masculine way.

(8) **A matriarchal company** – finds social and ecological responsibilities more important than economic responsibilities. A matriarchal company is a rare phenomenon because our contemporary market economy based society expects companies to yield profits in order to survive. Some non-governmental organisations and communes strive for matriarchal objectives initially, but usually economic issues gradually take priority. Biocentric, anthropocentric and matriarchal companies can survive only if some of their external interest groups, such as citizens or governments, bear their economic responsibilities.

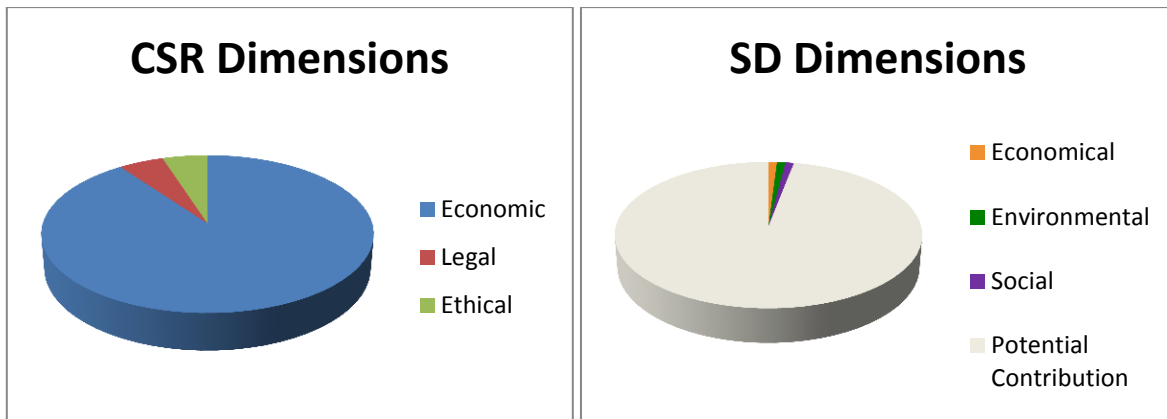
Subsequently, the above-mentioned model used by Ketola (2005), provides a range of (eight) distinct profiles that companies may display in terms of their responsibility-emphasis. However, because this model is **only based on the three dimensions of SD** (economic, environmental, and social), it represents only a limited perspective of a company's CSR personality. There is still a clear need for finer refinement by also incorporating the specific dimensions of CSR. In doing so, a more complete and detailed picture of a company's CSR-personality profile will emerge. This research, therefore, attempts to provide a clearer picture of the personality profiles of companies by **combining** the theoretical dimensions of CSR (Economic, Legal, Ethical, and Philanthropic) and SD (economic, environmental, and social) into one model.

As previously indicated in this chapter, Corporate Citizenship (*the 'ideal CSR personality'*) represents equal contributions to the three spheres of sustainable development (see 2.4), **as well as** a balance between the four dimensions of CSR (see 3.6.5 and 3.8.7). When company performance on these respective dimensions is out of balance or unequal, it will result in a range of combinations which can be viewed as different **'personality' profiles/descriptions**. Different combinations of the dimensions of CSR (excluding the *philanthropic dimension* - see 3.8) and sustainable development will effectively mean that

there are, hypothetically, **12 distinct ‘CSR Personalities’** that companies can display which will also be measurable by the instrument developed by this study (see *Chapter 5*).⁵ Consequently, these personalities will be named and described by way of stating the main CSR-characteristics (in terms of strengths and weaknesses) that companies assuming them, will portray:

⁵ It must be mentioned that there are, mathematically, more combinations of these dimensions than the ones (12 personalities) being illustrated by this study, but that the specific ones described here are considered to be the most prominent in terms of what companies will demonstrate in reality.

5.5.1 High (almost purely) Economic CSR - with Very Low SD



Name: *The Ignoramus*

Strengths:

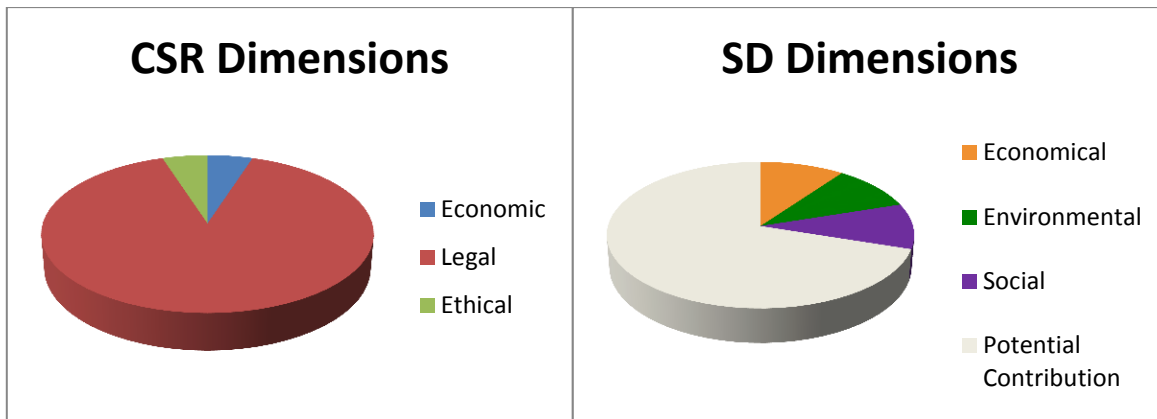
Such a company normally: produces goods and services that are wanted/needed by society and sells them at a profit; generates enough income to pay the bills; makes more than enough money to ensure that owners, shareholders and directors receive a very strong return on their investments; performs in a manner consistent with maximising earnings per share and is committed to being as profitable as possible; maintains a strong competitive position; and maintains a high level of operating efficiency; can be described as a financially successful firm.

Weaknesses:

However, this type of company usually acts out of self-interest in accomplishing the above. It is therefore not concerned with achieving its economic successes within legal or ethical frameworks of CSR. It may from time to time perform acts which could be considered as philanthropic or ethical, but in fact is only performing them with the sole intention of receiving money or some other form (e.g. reputation) of payback from the situation. This type of company also has no respect for conserving the environment (e.g. by preventing pollution or the waste of energy and other resources), or for the promotion of social justice and equality. Its activities are therefore usually in direct contrast with the principles of sustainable development. Its main goal is to perform well financially and it almost never demonstrates any other form of social responsibility. It has poor relationships with its stakeholders and is mostly focussed on making as much money as possible, without regard for the financial position of others. It will therefore also not contribute to the sustainable economic development of the rest of society. This type of company would serve as an example of capitalism in its worst form where the exploitation of workers and other stakeholders (such as suppliers, consumers, surrounding communities, etc.), as well as the environment seems to happen on a daily basis.

This type of company can easily be viewed as the corporate 'psychopath' who only acts in self-interest without conscience or empathy. Business is always business for these type firms and short term financial gratification is the main focus. It has a big predisposition towards greed, corruption, fraud, bribery and other illegal and immoral practices and has a negative long-term impact on society and itself.

5.5.2 High Legal CSR - with Low SD



Name: *The Slow Bureaucrat*

Strengths:

Such a company normally: fulfils its mission within the framework of legal requirements; obeys the law in the same manner as private individuals; integrates legal compliance into its corporate strategies and operational management; performs in a manner consistent with expectations of government and the law; complies with various federal, state and local and international regulations; is a law-biding corporation; can be defined as a firm that fulfils its legal obligations and provides goods and services that at least meet minimal legal requirements.

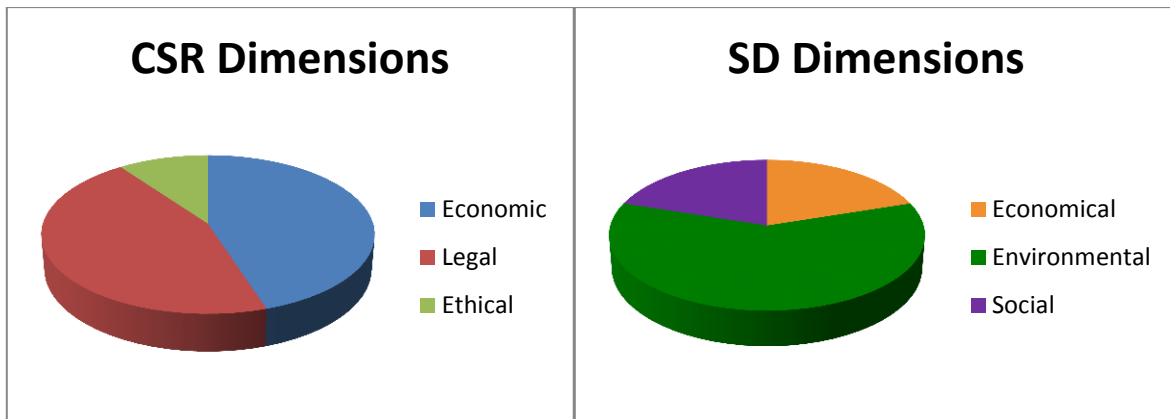
Weaknesses:

However such a company does not efficiently produce enough quality goods and services as needed by society in order to generate sufficient profits; the income generated is usually not enough to pay the bills as well as to reward its investors; it further cannot assure other stakeholders of the continuity of the business, the flow of products, services, jobs, and other benefits provided by the company; it fails to maintain a strong competitive position or high level of operating efficiency and cannot be described as a financially successful firm.

Furthermore, such a company usually does not behave by those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights; apart from legal compliance, it lacks the structures needed to provide clear lines of responsibility; it does not have a corporate ethics code or ethics training program as a means of transmitting values within the firm and maintaining a certain corporate culture; it demonstrates ethics, honesty and transparency only as far as laws prescribe and is not actively seeking to be recognised as a good corporate citizen.

Because this type of company only performs in a law abiding manner - without the necessary economic and ethical responsibilities - it will not achieve a real significant contribution to any of the dimensions of sustainable development.

5.5.3 High Economic and Legal CSR – with High Environment SD



Name: *The Green Technocrat*

Strengths:

Such a company normally: produces enough quality goods and services as needed by society and sells them at a profit; generates enough income to pay the bills; makes enough money to ensure that investors receive a strong return on their investments, and that other stakeholders are assured of the continuity of the business, the flow of products, services, jobs, and other benefits provided by the company; performs in a manner consistent with maximising earnings per share and is committed to being as profitable as possible; maintains a strong competitive position; and maintains a high level of operating efficiency; and can be described as a financially successful firm.

Such a company also typically: fulfils its mission within the framework of legal requirements; obeys the law in the same manner as private individuals; integrates legal compliance into its corporate strategies and operational management; performs in a manner consistent with expectations of government and the law; complies with various federal, state and local and international regulations; is a law-biding corporate citizen; can be defined as a successful firm that fulfils its legal obligations; and provides goods and services that at least meet minimal legal requirements.

Additionally, this type of company also usually: accepts and recognises the natural environment as the physical context within which we live and recognises the limits of this environment; places much effort in minimising its impact on global ecosystems and seeks to maintain the earth in a healthy state; uses (natural) resources in a way that will allow the earth to continue supporting an acceptable quality of life for all; protects the earth's life support systems (air, water, soil); does not use renewable resources faster than nature can replenish them, whilst also minimising the use of non-renewable resources through the three R's (Reducing, Reusing, and Recycling); respects the load capacity of ecosystems and minimises pollution and damage to the environment and health of all living creatures; instils environmental awareness in all sectors of society, including within the company across all levels of employment.

Aspects that can improve:

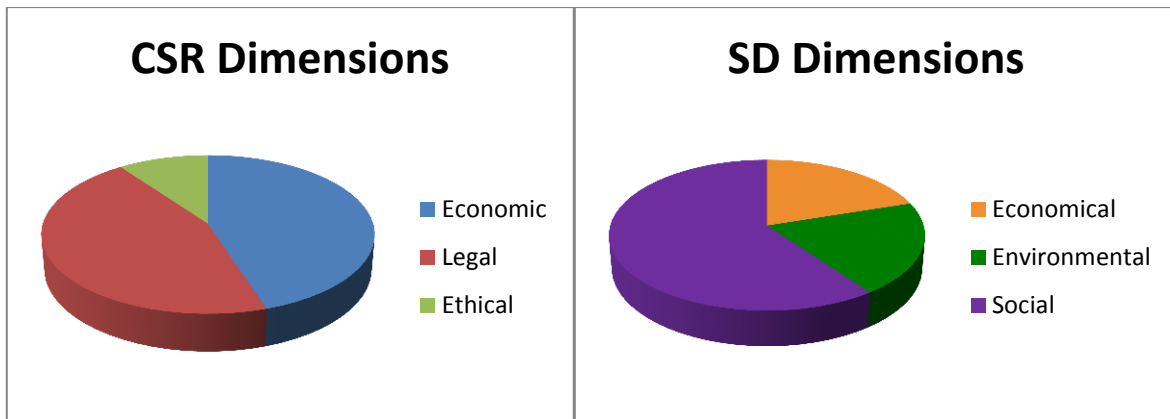
Although such a company abides by the law, its focus is primarily towards environmental legislation compliance. Subsequently, it does not fully behave by those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights. Apart from legal compliance, it needs more structures that can provide clear lines of responsibility; it does not have a sufficient corporate ethics code or ethics training programme; it does not efficiently transmit values within the firm or maintaining a certain corporate culture; it demonstrates ethics, honesty and

transparency only as far as laws prescribe and is not actively seeking to be recognised as a good corporate citizen.

This company further needs to develop better economic systems that: will facilitate equitable access to resources and opportunities; encourage the fair sharing of finite ecologically productive space; enable sustainable livelihoods; and establish viable businesses and industries based on sound ethical principles. At the moment, the company does not efficiently focus on creating prosperity for all, and only promotes profits for a few (such as owners/shareholders). It needs to do more to: promote economic equity; encourage ethical business practices such as fair trade; and promote an equitable distribution of true costs and benefits so that one group is not impoverished or otherwise harmed to enrich another. Additionally, it needs to provide more support for local economies and local job creation through practices such as local economic development and SMEs (small and medium enterprises) development.

In terms of social development, the company lacks emphasis on the need to deal with the issue of equity. It needs to improve on its development of fair and just societies that foster positive human development. More can also be done to develop opportunities for self-actualisation; promote social equality amongst people by discouraging all forms of discrimination (e.g. race, gender, religion, ability and economic status); as well as to uphold social and cultural integrity by encouraging and enabling cultural continuity within a global society. This company should strive more to: foster self-reliance and self-determination; encourage community participation, cooperation and ownership in decision-making, governance and development management; improve human health through food security; promote access to health services and the creation of healthy human settlements; and improve on its encouragement of individual responsibility for the communal good and communal responsibility for the individual good.

5.5.4 High Economic and Legal CSR – with High Social SD



Name: *The Social Technocrat*

Strengths:

Such a company normally: produces enough quality goods and services as needed by society and sells them at a profit; generates income sufficient to pay the bills and reward its investors; makes enough money to ensure that investors receive a strong return on their investments, and that other stakeholders are assured of the continuity of the business, the flow of products, services, jobs, and other benefits provided by the company; performs in a manner consistent with maximising earnings per share and is committed to being as profitable as possible; maintains a strong competitive position; and maintains a high level of operating efficiency; and can be described as a financially successful firm.

Such a company also typically: fulfils its mission within the framework of legal requirements; obeys the law in the same manner as private individuals; integrates legal compliance into its corporate strategies and operational management; performs in a manner consistent with expectations of government and the law; complies with various federal, state and local and international regulations; is a law-biding corporate citizen; can be defined as a successful firm that fulfils its legal obligations; and provides goods and services that at least meet minimal legal requirements

In addition, this type of company generally: emphasises the need to deal with the issue of equity; enables the development of fair and just societies that foster positive human development; promotes the development of opportunities for self-actualisation; promotes social equality amongst people by discouraging all forms of discrimination (e.g. race, gender, religion, ability and economic status); upholds social and cultural integrity by encouraging and enabling cultural continuity within a global society; fosters self-reliance and self-determination; encourages community participation, cooperation and ownership in decision-making, governance and development management; improves human health through food security; promotes access to health services and the creation of healthy human settlements; encourages individual responsibility for the communal good and communal responsibility for the individual good.

Areas of potential development:

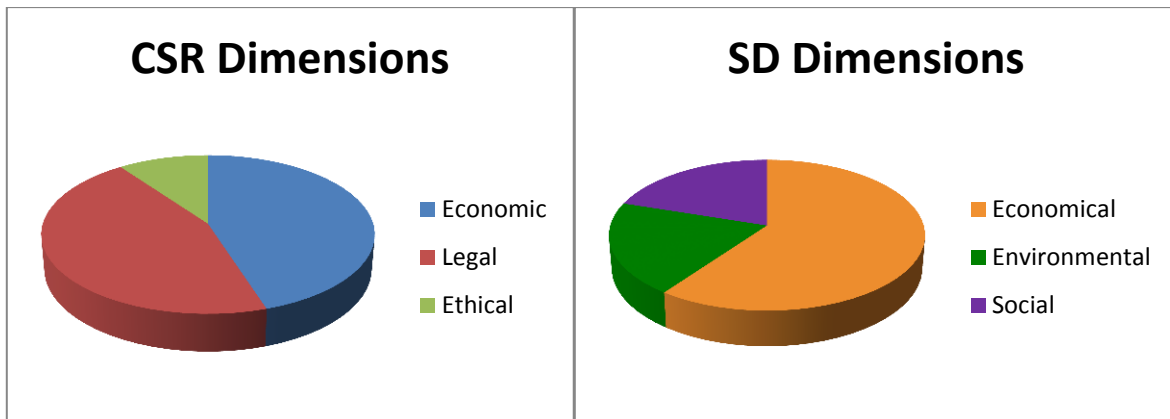
Although such a company abides by the law, it does not fully behave by those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights. Subsequently, apart from legal compliance, it needs more structures that can provide clear lines of responsibility; it does not have a sufficient corporate ethics code or ethics training programme; it does not efficiently transmit values within the firm or maintaining a certain corporate

culture; it demonstrates ethics, honesty and transparency only as far as laws prescribe and is not actively seeking to be recognised as a good corporate citizen.

This company needs to develop economic systems that: will facilitate equitable access to resources and opportunities; encourages the fair sharing of finite ecologically productive space; enables sustainable livelihoods; establishes viable businesses and industries based on sound ethical principles. At the moment, the company does not focus enough on creating prosperity for all, and only promotes profits for a few (such as owners/shareholders). It needs to do more to: promote economic equity; encourage ethical business practices such as fair trade; and to promote an equitable distribution of true costs and benefits so that one group is not impoverished or otherwise harmed to enrich another. Additionally, it needs to provide more support for local economies and local job creation through practices such as local economic development and SMEs (small and medium enterprises) development.

Furthermore, this type of company can do more to recognise the natural environment as the physical context within which we live and recognise the limits of this environment. It needs to place more effort in minimising its impact on global ecosystems in order to maintain the earth in a healthy state. It should learn to use (natural) resources in a way that will allow the earth to continue supporting an acceptable quality of life for all, by: protecting the earth's life support systems (air, water, soil); not using renewable resources faster than nature can replenish them, whilst also minimising the use of non-renewable resources through the three R's (Reducing, Reusing, and Recycling); respecting the load capacity of ecosystems; and minimising pollution and damage to the environment and health of all living creatures. This type of company should also endeavour to instil environmental awareness in all sectors of society, including within the company across all levels of employment.

5.5.5 High Economic and Legal CSR – with High Economic SD



Name: ***The Rigid Economist***

Strengths:

Such a company typically: produces enough quality goods and services as needed by society and sells them at a profit; generates income sufficient to pay the bills and reward its investors; makes enough money to ensure that investors receive a strong return on their investments, and that other stakeholders are assured of the continuity of the business, the flow of products, services, jobs, and other benefits provided by the company; performs in a manner consistent with maximising earnings per share and is committed to being as profitable as possible; maintains a strong competitive position; and maintains a high level of operating efficiency; and can be described as a financially successful firm.

Additionally, this type of company normally: fulfils its mission within the framework of legal requirements; obeys the law in the same manner as private individuals; integrates legal compliance into its corporate strategies and operational management; performs in a manner consistent with expectations of government and the law; complies with various federal, state and local and international regulations; is a law-biding corporate citizen; can be defined as a successful firm that fulfils its legal obligations; and provides goods and services that at least meet minimal legal requirements.

This type of company also usually: addresses issues and constraints on economic growth; develops and promotes correct procedures managing negative economic impacts on society as a whole; seeks to develop economic systems that will facilitate equitable access to resources and opportunities; encourages the fair sharing of finite ecologically productive space; enables sustainable livelihoods; establishes viable businesses and industries based on sound ethical principles; focuses on creating prosperity for all, and not just profits for a few; promote economic equity within countries and between nations; encourages ethical business practices such as fair trade; promoting an equitable distribution of true costs and benefits so that one group is not impoverished or otherwise harmed to enrich another; supports local economies and local job creation through practices such as local economic development and SMEs (small and medium enterprises) development; measures business (economic) success by the triple bottom line (TBL).

Areas for improvement:

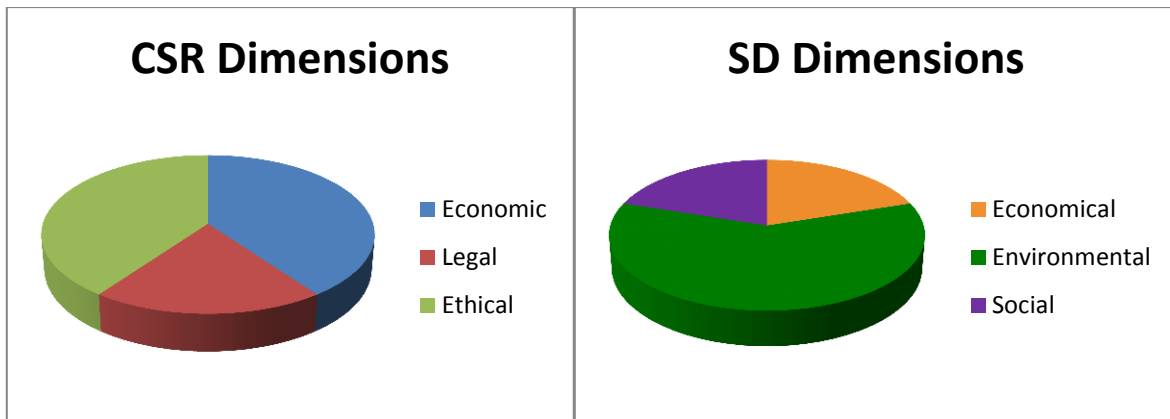
Although such a company abides by the law, it does not fully behave by those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights. Subsequently, apart from legal compliance, it needs more structures that can provide clear lines of responsibility; it does not have a sufficient corporate ethics code or ethics training

programme; it does not efficiently transmit values within the firm or maintaining a certain corporate culture; it demonstrates ethics, honesty and transparency only as far as laws prescribe and is not actively seeking to be recognised as a good corporate citizen.

Additionally, this type of company can do more to recognise the natural environment as the physical context within which we live and recognise the limits of this environment. It needs to place more effort in minimising its impact on global ecosystems in order to maintain the earth in a healthy state. It should learn to use (natural) resources in a way that will allow the earth to continue supporting an acceptable quality of life for all, by: protecting the earth's life support systems (air, water, soil); not using renewable resources faster than nature can replenish them, whilst also minimising the use of non-renewable resources through the three R's (Reducing, Reusing, and Recycling); respecting the load capacity of ecosystems and minimising pollution and damage to the environment and health of all living creatures. This type of company should also endeavour to instil environmental awareness in all sectors of society, including within the company across all levels of employment.

In terms of social development, the company lacks emphasises on the need to deal with the issue of equity. It needs to improve on its development of fair and just societies that foster positive human development. More can also be done to develop opportunities for self-actualisation; promote social equality amongst people by discouraging all forms of discrimination (e.g. race, gender, religion, ability and economic status); as well as to uphold social and cultural integrity by encouraging and enabling cultural continuity within a global society. This company should strive more to: foster self-reliance and self-determination; encourage community participation, cooperation and ownership in decision-making, governance and development management; improve human health through food security; promote access to health services and the creation of healthy human settlements; and improve on its encouragement of individual responsibility for the communal good and communal responsibility for the individual good.

5.5.6 High Economic and Ethical CSR – with High Environment SD



Name: *The Inspiring Conservationist*

Strengths:

Such a company normally: produces enough quality goods and services as needed by society and sells them at a profit; generates income sufficient to pay the bills and reward its investors; makes enough money to ensure that investors receive a strong return on their investments, and that other stakeholders are assured of the continuity of the business, the flow of products, services, jobs, and other benefits provided by the company; performs in a manner consistent with maximising earnings per share and is committed to being as profitable as possible; maintains a strong competitive position; and maintains a high level of operating efficiency; and can be described as a financially successful firm.

Furthermore, such a company usually: behaves by those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights; develops internal structures in the corporation that help it and its employees act ethically, as opposed to structures that provide incentives to act unethically; has structures that may include clear lines of responsibility, such as a corporate ethics code, an ethics training programme, a corporate ethics officer, a hot or help line; and a means of transmitting values within the firm and maintaining a certain corporate culture. Additionally, this company type: is assigned and committed to international treaties or other statements of principles, that contain ethical content on which corporations can base their CSR behaviour; demonstrates ethics, honesty and transparency in order insure shareholders and other stakeholders are fairly informed about all relevant operations of a company; seeks to be recognised as a good corporate citizen by functioning in society beyond mere compliance with the law; relies on sound ethics in cases where laws may not yet be in effect in order to state society's judgment on the issue; believes that within the business context, ethical behaviour is synonymous with moral behaviour and consequently employs moral managers; is more interested in what should be done than what is being done and refrains from falling into the trap of believing that because a bad practice is being done by many (bribes, kickbacks, pollution, or downsizing) that it is an acceptable practice; recognises and respects new or evolving ethical / moral norms adopted by society; performs ethical responsibilities because they are considered ethical (or based on moral principles) despite their lack of positive economic impact.

This type of company also typically: accepts and recognises the natural environment as the physical context within which we live and recognises the limits of this environment; places much effort in minimising its impact on global ecosystems and seeks to maintain the earth in a healthy state; uses (natural) resources in a way that will allow the earth to continue supporting an acceptable quality of life for all; protects the earth's life support systems (air, water, soil); does not use renewable

resources faster than nature can replenish them, whilst also minimising the use of non-renewable resources through the three R's (Reducing, Reusing, and Recycling); respects the load capacity of ecosystems and minimises pollution and damage to the environment and health of all living creatures; instils environmental awareness in all sectors of society, including within the company across all levels of employment.

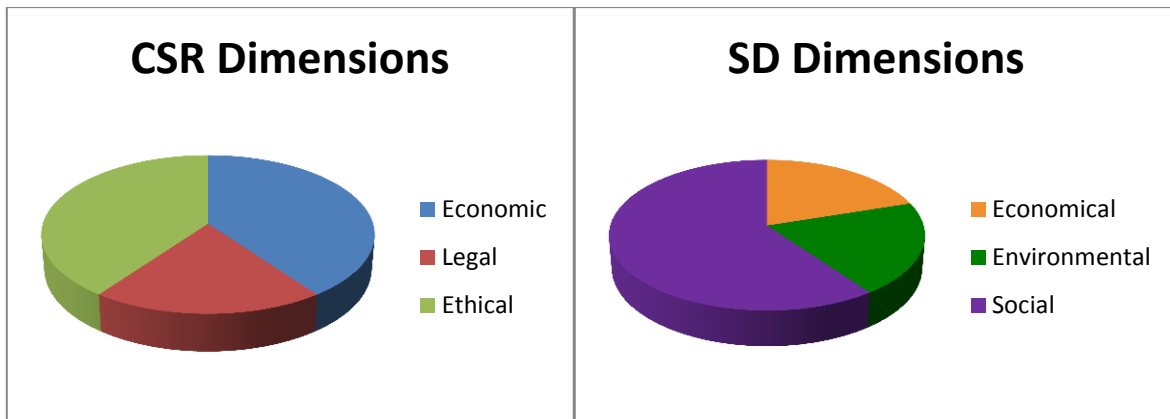
Areas for potential growth:

Although this type of company behaves by the ethical norms and expectations of society, it does so without fully complying with all legislation (national or international). This may either be the result of purposeful contravention of laws that have been recognised as being out-dated or discriminatory in terms of international human rights or environmental standards (e.g. apartheid laws, slavery laws, whale hunting laws, etc.); or as the result of unintentional or unknowing legal transgressions. This type of company will do well by familiarising itself more with applicable legislation.

In terms of sustainable social development, the company should place more emphases on the need to deal with issue of equity. It needs to improve on its development of fair and just societies that foster positive human development. More can also be done to develop opportunities for self-actualisation; promote social equality amongst people by discouraging all forms of discrimination (e.g. race, gender, religion, ability and economic status); as well as to uphold social and cultural integrity by encouraging and enabling cultural continuity within a global society. This company should strive more to: foster self-reliance and self-determination; encourage community participation, cooperation and ownership in decision-making, governance and development management; improve human health through food security; promote access to health services and the creation of healthy human settlements; and improve on its encouragement of individual responsibility for the communal good and communal responsibility for the individual good.

This company further needs to develop and support sustainable economic systems that: will facilitate equitable access to resources and opportunities; encourages the fair sharing of finite ecologically productive space; enables sustainable livelihoods; and establishes viable businesses and industries based on sound ethical principles. At the moment, the company does not effectively focus on creating prosperity for all, and only promotes profits for a few (such as owners/shareholders). It needs to do more to: promote economic equity; encourage ethical business practices such as fair trade; and to promote an equitable distribution of true costs and benefits so that one group is not impoverished or otherwise harmed to enrich another. Additionally, it needs to provide more support for local economies and local job creation through practices such as local economic development and SMEs (small and medium enterprises) development.

5.5.7 High Economic and Ethical CSR – with High Social SD



Name: *The Inspiring Humanist*

Strengths:

Such a company normally: produces enough quality goods and services as needed by society and sells them at a profit; generates income sufficient to pay the bills and reward its investors; makes enough money to ensure that investors receive a strong return on their investments, and that other stakeholders are assured of the continuity of the business, the flow of products, services, jobs, and other benefits provided by the company; performs in a manner consistent with maximising earnings per share and is committed to being as profitable as possible; maintains a strong competitive position; and maintains a high level of operating efficiency; and can be described as a financially successful firm.

Moreover, this type of company usually: behaves by those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights; develops internal structures in the corporation that help it and its employees act ethically, as opposed to structures that provide incentives to act unethically; has structures that may include clear lines of responsibility, such as a corporate ethics code, an ethics training programme, a corporate ethics officer, a hot or help line; and a means of transmitting values within the firm and maintaining a certain corporate culture. Additionally, this company type: is assigned and committed to international treaties or other statements of principles, that contain ethical content on which corporations can base their CSR behaviour; demonstrates ethics, honesty and transparency in order insure shareholders and other stakeholders are fairly informed about all relevant operations of a company; seeks to be recognised as a good corporate citizen by functioning in society beyond mere compliance with the law; relies on sound ethics in cases where laws may not yet be in effect in order to state society's judgment on the issue; believes that within the business context, ethical behaviour is synonymous with moral behaviour and consequently employs moral managers; is more interested in what should be done than what is being done and refrains from falling into the trap of believing that because a bad practice is being done by many (bribes, kickbacks, pollution, or downsizing) that it is an acceptable practice; recognises and respects new or evolving ethical / moral norms adopted by society; performs ethical responsibilities because they are considered ethical (or based on moral principles) despite their lack of positive economic impact.

This type of company also generally: emphasises the need to deal with the issue of equity; enables the development of fair and just societies that foster positive human development; promotes the development of opportunities for self-actualisation; promotes social equality amongst people by discouraging all forms of discrimination (e.g. race, gender, religion, ability and economic status); upholds social and cultural integrity by encouraging and enabling cultural continuity within a global

society; fosters self-reliance and self-determination; encourages community participation, cooperation and ownership in decision-making, governance and development management; improves human health through food security; promotes access to health services and the creation of healthy human settlements; encourages individual responsibility for the communal good and communal responsibility for the individual good.

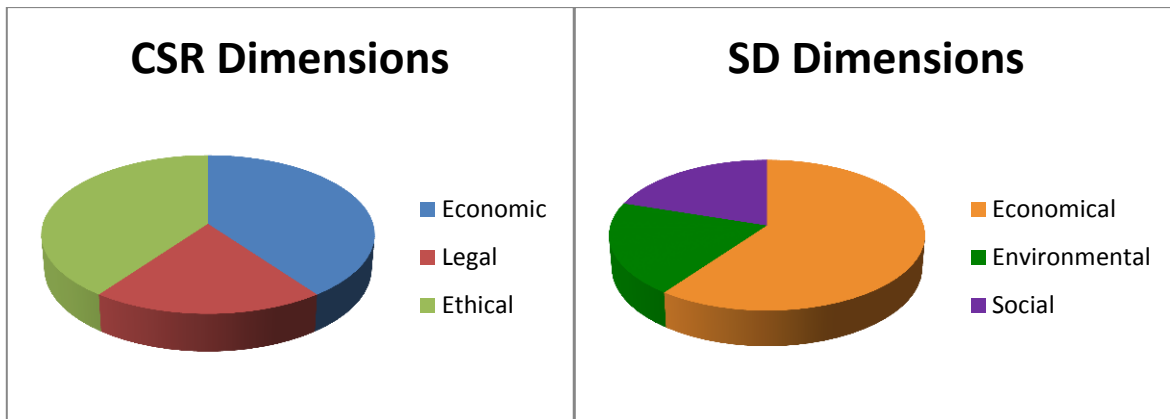
Areas that can further be developed:

Although this type of company behaves by the ethical norms and expectations of society, it does so without fully complying with all legislation (national or international). This may either be the result of purposeful contravention of laws that have been recognised as being out-dated or discriminatory in terms of international human rights or environmental standards (e.g. apartheid laws, slavery laws, whale hunting laws, etc.); or as the result of unintentional or unknowing legal transgressions. This type of company will do well by familiarising itself more with applicable legislation.

This company needs to develop and support sustainable economic systems that: will facilitate equitable access to resources and opportunities; encourages the fair sharing of finite ecologically productive space; enables sustainable livelihoods; and establishes viable businesses and industries based on sound ethical principles. At the moment, the company does not effectively focus on creating prosperity for all, and only promotes profits for a few (such as owners/shareholders). It needs to do more to: promote economic equity; encourage ethical business practices such as fair trade; and to promote an equitable distribution of true costs and benefits so that one group is not impoverished or otherwise harmed to enrich another. Additionally, it needs to provide more support for local economies and local job creation through practices such as local economic development and SMEs (small and medium enterprises) development.

Additionally, this type of company can do more to recognise the natural environment as the physical context within which we live and recognise the limits of this environment. It needs to place more effort in minimising its impact on global ecosystems in order to maintain the earth in a healthy state. It should learn to use (natural) resources in a way that will allow the earth to continue supporting an acceptable quality of life for all, by: protecting the earth's life support systems (air, water, soil); not using renewable resources faster than nature can replenish them, whilst also minimising the use of non-renewable resources through the three R's (Reducing, Reusing, and Recycling); respecting the load capacity of ecosystems and minimising pollution and damage to the environment and health of all living creatures. This type of company should also endeavour to instil environmental awareness in all sectors of society, including within the company across all levels of employment.

5.5.8 High Economic and Ethical CSR – with High Economic SD



Name: *The Inspiring Economist*

Strengths:

Such a company normally: produces enough quality goods and services as needed by society and sells them at a profit; generates income sufficient to pay the bills and reward its investors; makes enough money to ensure that investors receive a strong return on their investments, and that other stakeholders are assured of the continuity of the business, the flow of products, services, jobs, and other benefits provided by the company; performs in a manner consistent with maximising earnings per share and is committed to being as profitable as possible; maintains a strong competitive position; and maintains a high level of operating efficiency; and can be described as a financially successful firm.

In addition, such a company usually: behaves by those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights; develops internal structures in the corporation that help it and its employees act ethically, as opposed to structures that provide incentives to act unethically; has structures that may include clear lines of responsibility, such as a corporate ethics code, an ethics training programme, a corporate ethics officer, a hot or help line; and a means of transmitting values within the firm and maintaining a certain corporate culture. Additionally, this company type: is assigned and committed to international treaties or other statements of principles, that contain ethical content on which corporations can base their CSR behaviour; demonstrates ethics, honesty and transparency in order insure shareholders and other stakeholders are fairly informed about all relevant operations of a company; seeks to be recognised as a good corporate citizen by functioning in society beyond mere compliance with the law; relies on sound ethics in cases where laws may not yet be in effect in order to state society's judgment on the issue; believes that within the business context, ethical behaviour is synonymous with moral behaviour and consequently employs moral managers; is more interested in what should be done than what is being done and refrains from falling into the trap of believing that because a bad practice is being done by many (bribes, kickbacks, pollution, or downsizing) that it is an acceptable practice; recognises and respects new or evolving ethical / moral norms adopted by society; performs ethical responsibilities because they are considered ethical (or based on moral principles) despite their lack of positive economic impact.

This type of company also generally: addresses constraints on economic growth; develops and promotes economic systems that will facilitate equitable access to resources and opportunities; encourages the fair sharing of finite ecologically productive space; enables sustainable livelihoods; establishes viable businesses and industries based on sound ethical principles; focuses on creating prosperity for all, and not just profits for a few; and promotes economic equity within countries and

between nations. Such a company is also characterised by its: encouragement of ethical business practices such as fair trade; promotion of equitable distribution of true costs and benefits so that one group is not impoverished or otherwise harmed to enrich another; support for local economies and local job creation through practices such as local economic development and SMEs (small and medium enterprises) development; and its measurement of business (economic) success by the triple bottom line (TBL).

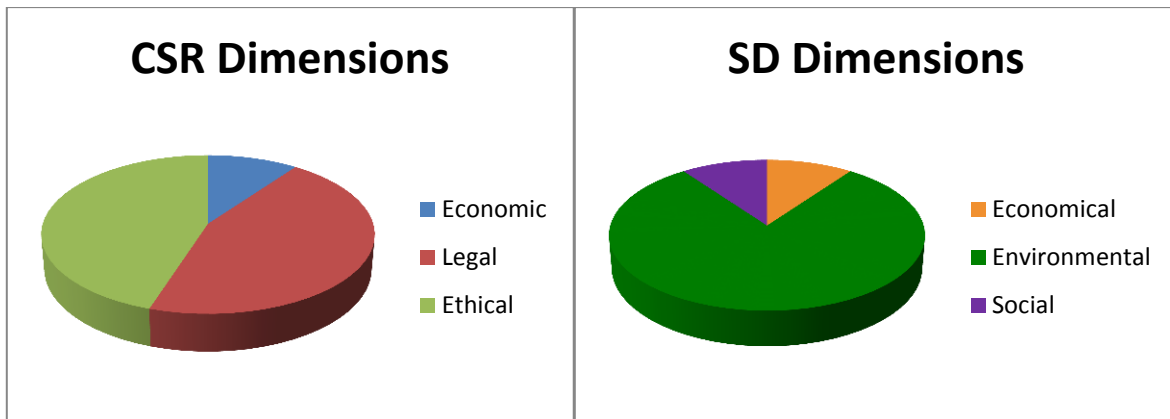
Aspects that need more attention:

Although this type of company behaves by the ethical norms and expectations of society, it does so without fully complying with all legislation (national or international). This may either be the result of purposeful contravention of laws that have been recognised as being out-dated or discriminatory in terms of international human rights or environmental standards (e.g. apartheid laws, slavery laws, whale hunting laws, etc.); or as the result of unintentional or unknowing legal transgressions. This type of company will do well by familiarising itself more with applicable legislation.

In terms of sustainable social development, the company should place more emphases on the need to deal with issue of equity. It needs to improve on its development of fair and just societies that foster positive human development. More can also be done to develop opportunities for self-actualisation; promote social equality amongst people by discouraging all forms of discrimination (e.g. race, gender, religion, ability and economic status); as well as to uphold social and cultural integrity by encouraging and enabling cultural continuity within a global society. This company should strive more to: foster self-reliance and self-determination; encourage community participation, cooperation and ownership in decision-making, governance and development management; improve human health through food security; promote access to health services and the creation of healthy human settlements; and improve on its encouragement of individual responsibility for the communal good and communal responsibility for the individual good.

Additionally, this type of company can do more to recognise the natural environment as the physical context within which we live and recognise the limits of this environment. It needs to place more effort in minimising its impact on global ecosystems in order to maintain the earth in a healthy state. It should learn to use (natural) resources in a way that will allow the earth to continue supporting an acceptable quality of life for all, by: protecting the earth's life support systems (air, water, soil); not using renewable resources faster than nature can replenish them, whilst also minimising the use of non-renewable resources through the three R's (Reducing, Reusing, and Recycling); respecting the load capacity of ecosystems and minimising pollution and damage to the environment and health of all living creatures. This type of company should also endeavour to instil environmental awareness in all sectors of society, including within the company across all levels of employment.

5.5.9 High Legal and Ethical CSR – with High Environment SD



Name: *The Prudent Conservationist*

Strengths:

Such a company typically: performs its mission within the framework of legal requirements; obeys the law in the same manner as private individuals; integrates legal compliance into its corporate strategies and operational management; performs in a manner consistent with expectations of government and the law; complies with various federal, state and local and international regulations; is a law-biding corporate citizen; can be defined as a successful firm that fulfils its legal obligations; and provides goods and services that at least meet minimal legal requirements.

In addition, such a company usually: behaves by those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights; develops internal structures in the corporation that help it and its employees act ethically, as opposed to structures that provide incentives to act unethically; has structures that may include clear lines of responsibility, such as a corporate ethics code, an ethics training programme, a corporate ethics officer, a hot or help line; and a means of transmitting values within the firm and maintaining a certain corporate culture. Additionally, this company type: is assigned and committed to international treaties or other statements of principles, that contain ethical content on which corporations can base their CSR behaviour; demonstrates ethics, honesty and transparency in order insure shareholders and other stakeholders are fairly informed about all relevant operations of a company; seeks to be recognised as a good corporate citizen by functioning in society beyond mere compliance with the law; relies on sound ethics in cases where laws may not yet be in effect in order to state society's judgment on the issue; believes that within the business context, ethical behaviour is synonymous with moral behaviour and consequently employs moral managers; is more interested in what should be done than what is being done and refrains from falling into the trap of believing that because a bad practice is being done by many (bribes, kickbacks, pollution, or downsizing) that it is an acceptable practice; recognises and respects new or evolving ethical / moral norms adopted by society; performs ethical responsibilities because they are considered ethical (or based on moral principles) despite their lack of positive economic impact.

This type of company also usually: accepts and recognises the natural environment as the physical context within which we live and recognises the limits of this environment; places much effort in minimising its impact on global ecosystems and seeks to maintain the earth in a healthy state; uses (natural) resources in a way that will allow the earth to continue supporting an acceptable quality of life for all; protects the earth's life support systems (air, water, soil); does not use renewable resources faster than nature can replenish them, whilst also minimising the use of non-renewable resources through the three R's (Reducing, Reusing, and Recycling); respects the load capacity of

ecosystems and minimises pollution and damage to the environment and health of all living creatures; instils environmental awareness in all sectors of society, including within the company across all levels of employment.

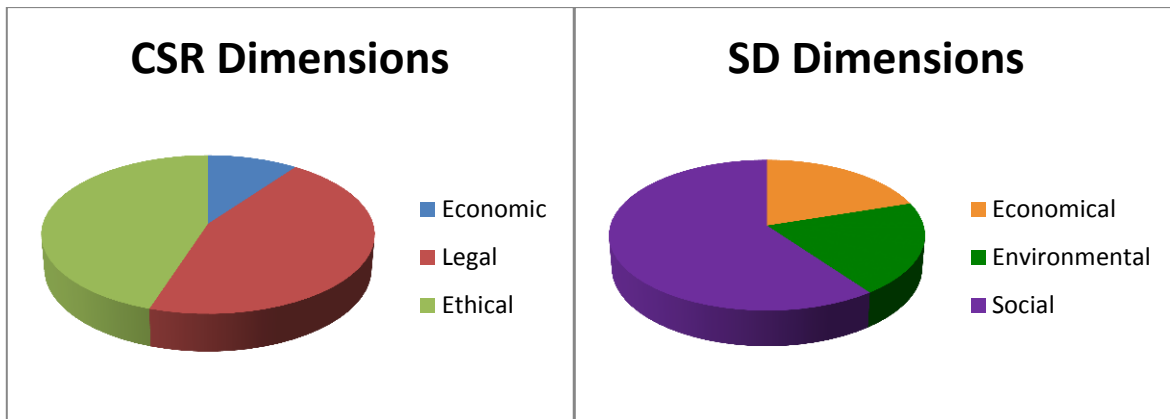
Challenges:

The first challenge for such a company is to produce more quality goods and services as needed by society in order to generate better profits. The income generated is usually not enough to pay the bills as well as to fully reward its investors. This type of company also finds it difficult to assure other stakeholders of the continuity of the business, the flow of products, services, jobs, and other benefits provided by the company. It subsequently fails to maintain a strong competitive position or high level of operating efficiency and cannot be described as a financially successful firm. More focus should be given to improve on its overall financial responsibility performance.

In terms of sustainable social development, the company should place more emphases on the need to deal with issues of equity. It needs to improve on its development of fair and just societies that foster positive human development. More can also be done to develop opportunities for self-actualisation; promote social equality amongst people by discouraging all forms of discrimination (e.g. race, gender, religion, ability and economic status); as well as to uphold social and cultural integrity by encouraging and enabling cultural continuity within a global society. This company should strive more to: foster self-reliance and self-determination; encourage community participation, cooperation and ownership in decision-making, governance and development management; improve human health through food security; promote access to health services and the creation of healthy human settlements; and improve on its encouragement of individual responsibility for the communal good and communal responsibility for the individual good.

This company further needs to develop and support sustainable economic systems that: will facilitate equitable access to resources and opportunities; encourage the fair sharing of finite ecologically productive space; enable sustainable livelihoods; and establish viable businesses and industries based on sound ethical principles. At the moment, the company does not effectively focus on creating prosperity for all, and only promotes profits for a few (such as owners/shareholders). It needs to do more to: promote economic equity within countries and between nations; encourage ethical business practices such as fair trade; and to promote an equitable distribution of true costs and benefits so that one group is not impoverished or otherwise harmed to enrich another. Additionally, it needs to provide more support for local economies and local job creation through practices such as local economic development and SMEs (small and medium enterprises) development.

5.5.10 High Legal and Ethical CSR – with High Social SD



Name: *The Prudent Humanist*

Strengths:

Such a company typically: fulfils its mission within the framework of legal requirements; obeys the law in the same manner as private individuals; integrates legal compliance into its corporate strategies and operational management; performs in a manner consistent with expectations of government and the law; complies with various federal, state and local and international regulations; is a law-biding corporate citizen; can be defined as a successful firm that fulfils its legal obligations; and provides goods and services that at least meet minimal legal requirements

Additionally, this type of company generally: behaves by those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights; develops internal structures in the corporation that help it and its employees act ethically, as opposed to structures that provide incentives to act unethically; has structures that may include clear lines of responsibility, such as a corporate ethics code, an ethics training programme, a corporate ethics officer, a hot or help line; and a means of transmitting values within the firm and maintaining a certain corporate culture. Moreover, this company type: is assigned and committed to international treaties or other statements of principles, that contain ethical content on which corporations can base their CSR behaviour; demonstrates ethics, honesty and transparency in order insure shareholders and other stakeholders are fairly informed about all relevant operations of a company; seeks to be recognised as a good corporate citizen by functioning in society beyond mere compliance with the law; relies on sound ethics in cases where laws may not yet be in effect in order to state society's judgment on the issue; believes that within the business context, ethical behaviour is synonymous with moral behaviour and consequently employs moral managers; is more interested in what should be done than what is being done and refrains from falling into the trap of believing that because a bad practice is being done by many (bribes, kickbacks, pollution, or downsizing) that it is an acceptable practice; recognises and respects new or evolving ethical / moral norms adopted by society; performs ethical responsibilities because they are considered ethical (or based on moral principles) despite their lack of positive economic impact.

This type of company also usually: emphasises the need to deal with the issue of equity; enables the development of fair and just societies that foster positive human development; promotes the development of opportunities for self-actualisation; promotes social equality amongst people by discouraging all forms of discrimination (e.g. race, gender, religion, ability and economic status); upholds social and cultural integrity by encouraging and enabling cultural continuity within a global society; fosters self-reliance and self-determination; encourages community participation, cooperation and ownership in decision-making, governance and development management;

improves human health through food security; promotes access to health services and the creation of healthy human settlements; encourages individual responsibility for the communal good and communal responsibility for the individual good.

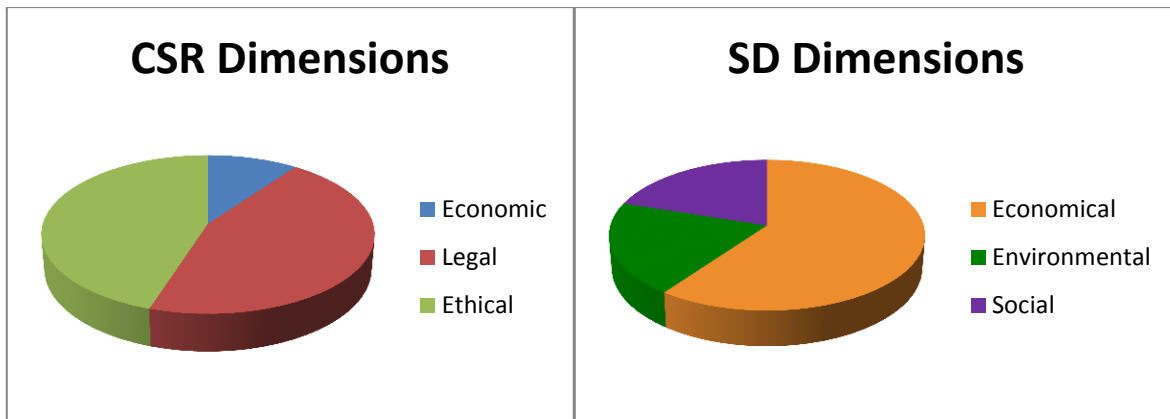
Areas that need more work:

The type of company should endeavour to produce more quality goods and services as needed by society in order to generate better profits. The income generated is usually not enough to pay the bills as well as to fully reward its investors. This type of company also finds it difficult to assure other stakeholders of the continuity of the business, the flow of products, services, jobs, and other benefits provided by the company. It subsequently fails to maintain a strong competitive position or high level of operating efficiency and cannot be described as a financially successful firm. More focus should be given to improve on its overall financial responsibility performance.

This company further needs to develop and support sustainable economic systems that: will facilitate equitable access to resources and opportunities; encourages the fair sharing of finite ecologically productive space; enables sustainable livelihoods; and establishes viable businesses and industries based on sound ethical principles. At the moment, the company does not effectively focus on creating prosperity for all, and only promotes profits for a few (such as owners/shareholders). It needs to do more to: promote economic equity; encourage ethical business practices such as fair trade; and to promote an equitable distribution of true costs and benefits so that one group is not impoverished or otherwise harmed to enrich another. Additionally, it needs to provide more support for local economies and local job creation through practices such as local economic development and SMEs (small and medium enterprises) development.

Additionally, this type of company can do more to recognise the natural environment as the physical context within which we live and recognise the limits of this environment. It needs to place more effort in minimising its impact on global ecosystems in order to maintain the earth in a healthy state. It should learn to use (natural) resources in a way that will allow the earth to continue supporting an acceptable quality of life for all, by: protecting the earth's life support systems (air, water, soil); not using renewable resources faster than nature can replenish them, whilst also minimising the use of non-renewable resources through the three R's (Reducing, Reusing, and Recycling); respecting the load capacity of ecosystems and minimising pollution and damage to the environment and health of all living creatures. This type of company should also endeavour to instil environmental awareness in all sectors of society, including within the company across all levels of employment.

5.5.11 High Legal and Ethical CSR – with High Economic SD



Name: *The Prudent Economist*

Strengths:

Such a company typically: fulfils its mission within the framework of legal requirements; obeys the law in the same manner as private individuals; integrates legal compliance into its corporate strategies and operational management; performs in a manner consistent with expectations of government and the law; complies with various federal, state and local and international regulations; is a law-biding corporate citizen; can be defined as a successful firm that fulfils its legal obligations; and provides goods and services that at least meet minimal legal requirements

In addition, such a company usually: behaves by those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights; develops internal structures in the corporation that help it and its employees act ethically, as opposed to structures that provide incentives to act unethically; has structures that may include clear lines of responsibility, such as a corporate ethics code, an ethics training programme, a corporate ethics officer, a hot or help line; and a means of transmitting values within the firm and maintaining a certain corporate culture. Additionally, this company type: is assigned and committed to international treaties or other statements of principles, that contain ethical content on which corporations can base their CSR behaviour; demonstrates ethics, honesty and transparency in order insure shareholders and other stakeholders are fairly informed about all relevant operations of a company; seeks to be recognised as a good corporate citizen by functioning in society beyond mere compliance with the law; relies on sound ethics in cases where laws may not yet be in effect in order to state society's judgment on the issue; believes that within the business context, ethical behaviour is synonymous with moral behaviour and consequently employs moral managers; is more interested in what should be done than what is being done and refrains from falling into the trap of believing that because a bad practice is being done by many (bribes, kickbacks, pollution, or downsizing) that it is an acceptable practice; recognises and respects new or evolving ethical / moral norms adopted by society; performs ethical responsibilities because they are considered ethical (or based on moral principles) despite their lack of positive economic impact.

This type of company also generally: addresses issues of the depletion of non-renewable resources and global constraints on economic growth; develops and promotes correct procedures for assigning costs to environmental pollution and other negative impacts on society as a whole; seek to develop economic systems that will facilitate equitable access to resources and opportunities; encourages the fair sharing of finite ecologically productive space; enables sustainable livelihoods; establishes viable businesses and industries based on sound ethical principles; focuses on creating prosperity for all, and not just profits for a few; promote economic equity within countries and between nations;

encourages ethical business practices such as fair trade; promoting an equitable distribution of true costs and benefits so that one group is not impoverished or otherwise harmed to enrich another; supports local economies and local job creation through practices such as local economic development and SMEs (small and medium enterprises) development; measures business (economic) success by the triple bottom line (TBL).

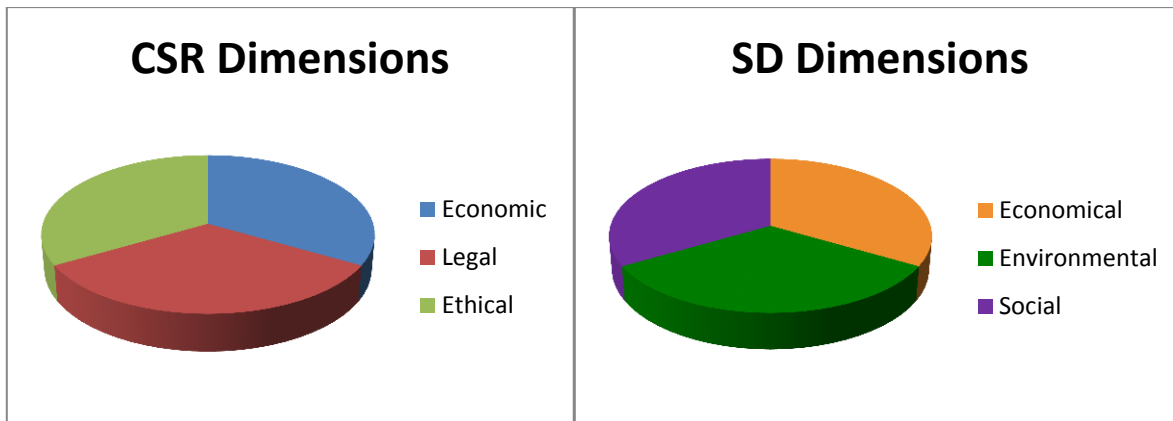
Improvement areas:

The type of company should endeavour to produce more quality goods and services as needed by society in order to generate better profits. The income generated is usually not enough to pay the bills as well as to fully reward its investors. This type of company also finds it difficult to assure other stakeholders of the continuity of the business, the flow of products, services, jobs, and other benefits provided by the company. It subsequently fails to maintain a strong competitive position or high level of operating efficiency and cannot be described as a financially successful firm. More focus should be given to improve on its overall financial responsibility performance.

In terms of sustainable social development, the company should place more emphasises on the need to deal with issue of equity. It needs to improve on its development of fair and just societies that foster positive human development. More can also be done to develop opportunities for self-actualisation; promote social equality amongst people by discouraging all forms of discrimination (e.g. race, gender, religion, ability and economic status); as well as to uphold social and cultural integrity by encouraging and enabling cultural continuity within a global society. This company should strive more to: foster self-reliance and self-determination; encourage community participation, cooperation and ownership in decision-making, governance and development management; improve human health through food security; promote access to health services and the creation of healthy human settlements; and improve on its encouragement of individual responsibility for the communal good and communal responsibility for the individual good.

Additionally, this type of company can do more to recognise the natural environment as the physical context within which we live and recognise the limits of this environment. It needs to place more effort in minimising its impact on global ecosystems in order to maintain the earth in a healthy state. It should learn to uses (natural) resources in a way that will allow the earth to continue supporting an acceptable quality of life for all, by: protecting the earth's life support systems (air, water, soil); not using renewable resources faster than nature can replenish them, whilst also minimising the use of non-renewable resources through the three R's (Reducing, Reusing, and Recycling); respecting the load capacity of ecosystems and minimising pollution and damage to the environment and health of all living creatures. This type of company should also endeavour to instil environmental awareness in all sectors of society, including within the company across all levels of employment.

5.5.12 High Economic, Legal and Ethical (with Philanthropy) CSR and Strong SD



Name: *The Ultimate Corporate Citizen*

Strengths:

Such a company normally: produces goods and services that are wanted/needed by society and sells them at a profit; generates enough income to pay the bills; makes more than enough money to ensure that owners, shareholders and directors receive a very strong return on their investments; performs in a manner consistent with maximising earnings per share and is committed to being as profitable as possible; maintains a strong competitive position; and maintains a high level of operating efficiency; can be described as a financially successful firm.

Such a company normally: fulfils its economic mission within the framework of legal requirements; obeys the law in the same manner as private individuals; integrates legal compliance into its corporate strategies and operational management; performs in a manner consistent with expectations of government and the law; complies with various federal, state and local and international regulations; is a law-biding corporate citizen; can be defined as a firm that fulfils its legal obligations and provides goods and services that at least meet minimal legal requirements.

Furthermore, such a company usually: behaves by those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights; develops internal structures in the corporation that help it and its employees act ethically, as opposed to structures that provide incentives to act unethically; has structures that may include clear lines of responsibility, a corporate ethics code, an ethics training programme, a corporate ethics officer, a hot or help line, a means of transmitting values within the firm and maintaining a certain corporate culture; is assigned and committed to international treaties or other statements of principles, that contain ethical content on which corporations can base their CSR behaviour; demonstrates ethics, honesty and transparency in order insure shareholders and other stakeholders are fairly informed about all relevant operations of a company; seeks to be recognised as a good corporate citizen by functioning in society beyond mere compliance with the law; relies on sound ethics in cases (such as controversial issues, like cloning) where laws may not yet be in effect in order to state society's judgment on the issue; believes that within the business context, ethical behaviour is synonymous with moral behaviour and consequently employs moral managers; is more interested in what should be done than what is being done and refrains from falling into the trap of believing that because a bad practice is being done by many (bribes, kickbacks, pollution, or downsizing) that it is an acceptable practice; recognises and respects new or evolving ethical / moral norms adopted by society; performs ethical responsibilities because they are considered ethical (or based on moral principles) despite their lack of positive economic impact.

This type of company usually: accepts and recognises the natural environment as the physical context within which we live and recognises the limits of this environment; places much effort in minimising its impact on global ecosystems and seeks to maintain the earth in a healthy state; uses (natural) resources in a way that will allow the earth to continue supporting an acceptable quality of life for all; protects the earth's life support systems (air, water, soil); does not use renewable resources faster than nature can replenish them, whilst also minimising the use of non-renewable resources through the three R's (Reducing, Reusing, and Recycling); respects the load capacity of ecosystems and minimises pollution and damage to the environment and health of all living creatures; instils environmental awareness in all sectors of society, including within the company across all levels of employment.

This type of company also generally: emphasises the need to deal with the issue of equity; enables the development of fair and just societies that foster positive human development; promotes the development of opportunities for self-actualisation; promotes social equality amongst people by discouraging all forms of discrimination (e.g. race, gender, religion, ability and economic status); upholds social and cultural integrity by encouraging and enabling cultural continuity within a global society; fosters self-reliance and self-determination; encourages community participation, cooperation and ownership in decision-making, governance and development management; improves human health through food security; promotes access to health services and the creation of healthy human settlements; encourages individual responsibility for the communal good and communal responsibility for the individual good.

This company also typically: addresses issues of the depletion of non-renewable resources and global constraints on economic growth; develops and promotes correct procedures for assigning costs to environmental pollution and other negative impacts on society as a whole; seek to develop economic systems that will facilitate equitable access to resources and opportunities; encourages the fair sharing of finite ecologically productive space; enables sustainable livelihoods; establishes viable businesses and industries based on sound ethical principles; focuses on creating prosperity for all, and not just profits for a few; promote economic equity within countries and between nations; encourages ethical business practices such as fair trade; promoting an equitable distribution of true costs and benefits so that one group is not impoverished or otherwise harmed to enrich another; supports local economies and local job creation through practices such as local economic development and SMEs (small and medium enterprises) development; measures business (economic) success by the triple bottom line (TBL). Respect, caring, loyal, honest, integrity, commitment, pride, resilience, just, approachable, empathy – are the types of words associated with this company's personality.

This organisation typically aligns and articulates explicitly its purpose, vision and values consistent with responsible business practice. As such, this type of company represents a **valued member of society** as it always aim to maximise its economic, social and ecological responsibilities. It can further be viewed as an enlightened member of society as it understands it is both a public and private entity. It derives its legitimacy from the societies in which it operates. In general, this type of company cares for the well-being of others and the environment resulting in the creation of value for business.

Such a company can, therefore, fully be described as a **“True Corporate Citizen”** as it achieved those types of characteristics which all companies should strive for.

5.5.13 Summary of Corporate Personality Profiles

All the above-mentioned Corporate Personality descriptions can be briefly summarised as follows:

- **The Ignoramus (High Economic CSR - with Very Low SD):** The type of company delivers products and services that are wanted or needed by society and can be described as a financially successful firm. However, this type of company usually acts out of self-interest and is not concerned with achieving its economic successes within legal or ethical frameworks of CSR. It represents capitalism in its worst form where the exploitation of workers and other stakeholders, as well as the environment are regular occurrences. It can easily be viewed as the corporate ‘psychopath’.
- **The Slow Bureaucrat (High Legal CSR - with Low SD):** Such a company fulfils its mission within the framework of legal requirements and is a law-biding corporation. However, it does not efficiently produce enough quality goods and services as needed by society in order to generate sufficient profits. The income generated is usually not enough to pay the bills as well as to reward its investors. Furthermore, it does not fully behave by those ethical standards, norms, or expectations that reflect a concern for all stakeholders. Because this type of company only performs in a law abiding manner - without the necessary economic and ethical responsibilities - it will not achieve a real significant contribution to any of the dimensions of sustainable development.
- **The Green Technocrat (High Economic and Legal CSR – with high Environment SD):** This company type delivers products and services that are wanted or needed by society and can be described as a financially successful firm. This is also generally a law-biding corporation. It further respects the natural environment and recognises the limits of this environment. Although such a company abides by the law, it does not fully behave by those ethical standards, norms, or expectations that reflect a concern for all stakeholders. It needs to develop better economic systems that will: facilitate equitable access to resources and opportunities; and help creating prosperity for all. It also needs to improve on its focus and development of fair and just societies that foster positive human development.

- **The Social Technocrat (High Economic and Legal CSR – with high Social SD):** Such a company delivers products and services that are wanted or needed by society and can be described as a financially successful firm. The company fulfils its mission within the framework of legal requirements and performs in a manner consistent with expectations of government and the law. It deals efficiently with the issues of equity and enables the development of fair and just societies that foster positive human development. Despite being a law abiding corporation, it does not fully behave by those ethical standards, norms, or expectations that reflect a concern for all stakeholders. It needs to develop better economic systems that will help create prosperity for all, and not only promote profits for a few (such as owners/shareholders). It can further do more to respect the natural environment by minimising its impact on ecosystems in order to maintain the earth in a healthy state.

- **The Rigid Economist (High Economic and Legal CSR – with high Economic SD):** This company type delivers products and services that are wanted or needed by society and can be described as a financially successful firm. It also fulfils its mission within the framework of legal requirements. It further addresses issues and constraints on economic growth and facilitates equitable access to resources and opportunities. It does, however, not fully behave by the ethical standards, norms, or expectations that reflect a concern for all stakeholders. It can also do more to recognise the natural environment as the physical context within which we live and recognise the limits of this environment. It also needs to improve on its focus and development of fair and just societies that foster positive human development.

- **The Inspiring Conservationist (High Economic and Ethical CSR – with high Environment SD):** Such a company normally delivers products and services that are wanted or needed by society and can be described as a financially successful firm. It also behaves by those ethical standards, norms, or expectations that reflect a concern for all stakeholders. It respects the natural environment as the physical context within which we live and recognises the limits of this environment. However, it does not fully comply with all relevant legislation and is not always a law-abiding corporation. It needs to improve on its focus and development of fair and just societies that foster positive human development. It further needs to develop better economic systems that

will: facilitate equitable access to resources and opportunities; and help creating prosperity for all, and not only promote profits for a few (such as owners/shareholders).

- **The Inspiring Humanist (High Economic and Ethical CSR – with high Social SD):** This type company delivers products and services that are wanted or needed by society and can be described as a financially successful firm. It also behaves by those ethical standards, norms, or expectations that reflect a concern for all stakeholders. It deals efficiently with the issues of equity and enables the development of fair and just societies that foster positive human development. Although this type of company behaves by the ethical norms and expectations, it does so without fully complying with all legislation (national or international). It also needs to develop better economic systems that will: facilitate equitable access to resources and opportunities; and help creating prosperity for all, and not only promote profits for a few (such as owners/shareholders). Additionally, this type of company can do more to respect the natural environment as the physical context within which we live and recognise the limits of this environment.
- **The Inspiring Economist (High Economic and Ethical CSR – with high Economic SD):** Such a company typically delivers products and services that are wanted or needed by society; generates enough income to pay the bills; and can be described as a financially successful firm. It also behaves by those ethical standards, norms, or expectations that reflect a concern for all stakeholders and their rights. It also addresses issues and constraints on economic growth and develops economic systems that will facilitate equitable access to resources and opportunities. However, it does not fully comply with all relevant legislation and is not always a law-abiding corporation. It also needs to improve on its focus and development of fair and just societies that foster positive human development. Additionally, this type of company can do more to respect the natural environment. It needs to place more effort in minimising its impact ecosystems in order to maintain the earth in a healthy state.
- **The Prudent Conservationist (High Legal and Ethical CSR – with high Environment SD):** This type company fulfils its mission within the framework of legal requirements and is a law-biding corporation. It also behaves by those ethical standards, norms, or expectations that reflect a concern for all stakeholders. It also

respects the natural environment as the physical context within which we live and recognises the limits of this environment. However, it needs to produce more quality goods and services as needed by society in order to generate better profits. More focus should be given to improve on its overall financial stability and performance. It also needs to improve on its focus and social development in terms of fair and just societies that foster positive human development. Opportunities for self-actualisation, social equality need to be emphasised more. It further needs to focus on economic development that will help creating prosperity for all, and not only promote profits for a few (such as owners/shareholders).

- **The Prudent Humanist (High Legal and Ethical CSR – with high Social SD):** This CP type fulfils its mission within the framework of legal requirements and is a law-biding corporation. It also behaves by those ethical standards, norms, or expectations that reflect a concern for all stakeholders. It deals efficiently with the issues of equity and enables the development of fair and just societies that foster positive human development. The type of company should endeavour to produce more quality goods and services as needed by society in order to generate better profits. The income generated is usually not enough to pay the bills as well as to fully reward its investors. It further needs to develop better economic systems that will: facilitate equitable access to resources and opportunities; and help creating prosperity for all. Additionally, this type of company can do more to respect the natural environment and recognise its limits.
- **The Prudent Economist (High Legal and Ethical CSR – with high Economic SD):** This company type fulfils its mission within the framework of legal requirements and performs in a manner consistent with expectations of government and the law. It also behaves by those ethical standards, norms, or expectations that reflect a concern for all stakeholders. Additionally, it addresses issues and constraints on economic growth, develops economic systems that will facilitate equitable access to resources and opportunities. The first challenge for such a company is to produce more quality goods and services as needed by society in order to generate better profits. More focus should be given to improve on its overall financial stability. It also needs to improve on its focus and development of fair and just societies that foster positive human development. Additionally, this type of company can do more to respect the natural

environment and recognise its limits. It needs to place more effort in minimising its impact on global ecosystems in order to maintain the earth in a healthy state.

- **The Ultimate Corporate Citizen (High Economic, Legal and Ethical *including Philanthropy* CSR and Strong SD):** Such a company normally: produces goods and services that are wanted/needed by society and sells them at a profit; generates enough income to pay the bills; makes more than enough money to ensure that owners, shareholders and directors receive a very strong return on their investments; and can be described as a financially successful firm. The company fulfils its mission within the framework of legal requirements and is a law-biding corporation. It also behaves by those ethical standards, norms, or expectations that reflect a concern for all stakeholders. It respects the natural environment as the physical context within which we live and recognises the limits of this environment; places much effort in minimising its impact on global ecosystems and seeks to maintain the earth in a healthy state. It deals efficiently with the issues of equity and enables the development of fair and just societies that foster positive human development; promotes the development of opportunities for self-actualisation; fosters self-reliance and self-determination. It also addresses issues and constraints on economic growth; seeks to develop economic systems that will facilitate equitable access to resources and opportunities; and focuses on creating prosperity for all, and not just profits for a few. This type of company represents a **valued member of society** as it always aim to maximise its economic, social and ecological responsibilities. In general, this type of company cares for the well-being of others and the environment resulting in the creation of value for business. Such a company can, therefore, fully be described as a '**True Corporate Citizen**' as it achieved those types of characteristics which all companies should strive for.

5.6 CONCLUSION

The idea of corporate personality necessitates different interpretations which in some respects make it a very contentious issue. There are those who believe that it is plain logic to view organisations as having human type personalities and then there are those who believe that it is inaccurate and fundamentally wrong to equate 'life-less artificial structures'

with natural persons. There are also certain critics who feel that organisations do have a degree of human type personalities but that they should not be allowed to have the same amount of rights as normal persons in society. Whatever the real case may be, companies are currently seen as real individual entities in terms of society's legal enforcements. Companies are legally allowed to act as persons in much the same way as other societal members can. There are also other validations for the existence of corporate personality. Just as humans, not all companies behave the same and even companies that are identical in type and size, demonstrate different behaviours toward the rest of society. In much the same way as humans rely on values and belief systems to guide their behaviour, companies also have their own unique internal ('personal') qualities that motivate and stimulate their activities. As such, this chapter presented descriptions for some of the most prominent CSR personalities that companies may exhibit. These personalities all represent their own distinctive combinations of the dimensions of CSR and SD. Companies that can demonstrate a perfect balance between these dimensions will be regarded by the rest of society as true corporate citizens.

The following chapter will focus on presenting an overview of the empirical part of the research. In particular, the chapter highlights the processes that were followed during the development of the *Corporate Citizenship Measuring Instrument*.