

CORPORATE SOCIAL RESPONSIBILITY

by Giuseppe Robiati

In 1995 the Universal House of Justice, the international governing body of the Baha'is of the world, published a document entitled "the Prosperity of Humankind", which gave an interesting indication to the world on the direction pursued by corporations:

The most important role that economic efforts must play in development lies, therefore, in equipping people and institutions with the means through which they can achieve the real purpose of development: that is, laying foundations for a new social order that can cultivate the limitless potentialities latent in human consciousness. (1)

Just over the past 10 years, the business world has attempted to change its economic activities in efforts to answer a question the most conscientious businessmen often ask themselves: "what is the role and the influence of corporations in the social field? Can corporations help social development in their context?"

Reflecting upon the meaning of the above quotation, we can see how, in the world, cross-disciplinary consultations are happening among economists, philosophers and social commentators who attempt to give an answer about the possible contribution of businesses to development.

Therefore, a new movement of thought was born and has brought a great cultural innovation in corporations. Known as CSR (**Corporate Social Responsibility**), it refers to the social responsibility of business enterprises. This movement is influencing governments social policies, corporate financial policies, economics text books in all universities of the world and the operational world of business.

According to the classical model of capitalism, a corporation is defined as an enterprise whose main goal is profit. The past two centuries have seen many enterprises and entrepreneurs who have adhered to this very definition and have used the market and their entrepreneurial and managerial skills to increase profit at any cost and by any means. Over the past few years, however, businessmen have started to become more aware, influenced by new world phenomena such as:

Globalization

Ever increasing competition

Extreme fastness/speed of technological changes

The change from an industry-based to a knowledge and information-based economy

Demographic changes and migrations

Environmental challenges

Change of values

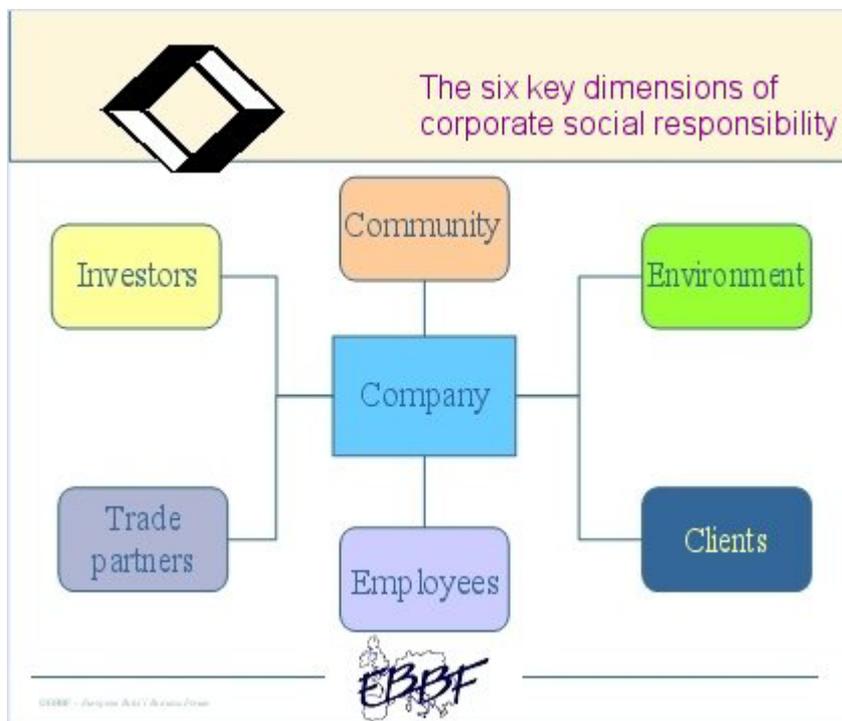
They have understood that the only guarantee for consistent economic growth lies in the capacity of creating "wellness" in society in a broader connotation.

This “broader connotation“ has implied an innovative redefinition of business enterprise, which is no longer exclusively orientated toward the pursuit of profit at any cost, but encompasses the necessity of adding other objectives to the traditional market logic, such as:

“ the quality of products, of the environment, the betterment of life standards of the local community such as clients, suppliers, the collaboration with educational institutions, the improvement in applying values, etc..”

These objectives are summarized in six “key dimensions” which apply to any corporation, regardless of its nature or the field in which it operates and produces and wherever it is located. These key dimensions are called “stakeholders” in an economy and are the ones for which enterprises are held responsible.

The following diagram synthesizes these six dimensions generally connected to the corporation.



Let us examine each of these six entities or key dimensions and let us see how each of them is connected and linked to the company and how this innovative approach of corporate social responsibility functions, to understand what impact and what involvement any venture has within the society it works for:

1. Environment : Until a few years ago environment was considered an inexhaustible resource, that we could benefit from limitlessly. Over the past decades the high consumption of polluting products and the exponential growth of industrial manufacturing have caused us to reflect upon sustainable consumption. To leave the world in better condition than we inherited it, is the motto of environmentalists. In 1992, the world Earth Summit of Rio de Janeiro represented a turning point in acknowledging that world resources should not be used indiscriminately. The

most influential voice in this Summit, the World Business Council for Sustainable Development (WBCSD) affirmed that the business world plays a fundamental role in preserving the health of the planet. It is therefore necessary to be aware of the key role companies can play in “cooperating with the environment”. In this case cooperation means understanding the problem, understanding the impact of their manufacturing processing on the environment, and equipping oneself with all those instruments that “safeguard the environment”.

Through these actions companies can take an active role in developing responsible policies, which contribute to the improvement of the environment in which they operate and of the “environments” in which their suppliers and customers operate. Of course all this has a cost. The gain over the major costs comes from giving correct information to the public. The consumer is more stimulated to purchase a certain product when he knows it is made using environmentally-friendly technologies, even if it is more expensive. According to an American study on the topic statistics say most people favor purchasing even more expensive products which guarantee a less damaging impact on the ecological environment of the planet.

Governments who adopted CSR policies in their regulations have given funds or predisposed fiscal cuts for those companies who, after being certified by an external auditory agency, can demonstrate a certain improvement in manufacturing or waste management according to the criteria set by the “stakeholder” “environment”

2. Employees:

The definition taken from the Baha’i writings which states **“Human being is essentially a spiritual being and after satisfying his basic and primary necessities, he should develop his deeper qualities and talents so that they can be willingly put at service to humanity”**.

This guides a company, which intends to become socially responsible in the context of the “stakeholder” “employees”, to make a great change in the management of human resources. All employees, regardless of their level, whether they are humble workers or top managers, are “the richness of the corporation, the most precious gems”. These gems should be valued and protected.

Therefore, companies who are interested in entering a more socially responsible dimension must, over time, improve the management of their human resources. Issues such as safety in the work place, elimination of harmful substances in working environments, cutting down exploitation of youth labor in their own factories and firms and those of their suppliers in or outside their country, lawful hiring procedures and inclusion of minimum benefits like retirement and sick leave represent a primary, basic standard which must be guaranteed. Besides, employees’ assessments (in career development or recruitment) must include human traits such as: integrity, trustworthiness, loyalty, availability and understanding.

This is definitely a revolution in management and assessment criteria.

The definition of human resource in Baha’u’llah’s writings is per se very innovative:

“Man is the supreme Talisman. Lack of a proper education hath, however, deprived him of that which he doth inherently possess... Regard man as a mine rich in gems of inestimable value...” (2), therefore the management of human resources becomes, more attractively, the management of “mines of precious gems”. Even the term “manage”, in Baha’u’llah’s numerous tablets replaces the old meaning with a new one, which is “sharing” through a “process of consultation” which leads to unfolding “the precious gems”. Therefore to “educate”, to pull out

what we “inherently possess” to become aware of it and put it “to service” of others for “collective growth”.

In the contemporary world the relationship between “human resources” and those who manage them, especially in school and at work interacts on two levels: the physical and intellectual. That means that elements such as physical appearance, gestures, glance, voice musicality, and later, education, the capacity to express oneself, memory, vocabulary and the speed to learn or perform belong to those two levels. On average, the management of human resources occurs using these elements of interaction between people. It is difficult to go beyond that.

But, whoever lives in close contact with human beings sees that, often, other levels interact in the sphere of “human resources”; levels which are never taken into consideration, or which we tend to hide, smother or barely take a look at. They are three:

- the level of **emotions**,
- the level of **will**,
- the level of **intrinsic qualities** also known as **spiritual level**.

The following scheme constitutes an example to explain how these five human qualities should instead work together.



A tree grows if the 5 levels of interrelation listed below collaborate with each other:

The roots, the base on the ground, the trunk, the branches and the fruits.

In order to develop efficiently, the tree has to grow harmoniously measuring out the capacities involved in its growth. Thus, while it develops good roots, at the same time it widens the base on the ground, strengthens the trunk, extends the branches and supports them with leaves and, in the end, if all of this has followed a harmonious process, fine fruits are the result. Connecting this example from nature with the previous five levels of interrelation we can state that:

1. - the level of **spiritual qualities** corresponds to the roots,
2. - the level of **will** corresponds to the base of the trunk,
3. - the level of **emotions** corresponds to the trunk,
4. - the level of **intellectual qualities** corresponds to the branches
5. - the level of **physical qualities** corresponds to the fruits, which could be delightful, sweet and enjoyable if the process develops harmoniously.

But if the roots are small, weak and underdeveloped the tree cannot receive the necessary nourishment to develop its potentialities. Thus it grows, undersized and very vulnerable. Hence it could dry up, not to give any fruit and be good only for the fire.

Well nourished roots, pushed by the will to grow and expand, allow the tree to reach the light.

The process is connected to the following levels; therefore the base of the trunk must find a non polluted environment because otherwise the trunk risks drying out.

Creating a happy environment based on positive feelings, being interested in the things we are doing, experiencing inner harmony with co-workers, being kind and smiling, not answering straight off, but waiting and trying to understand what possible frictions could be generated, working on putting off and not igniting these conflicts, encouraging a system of mutual sharing and learning are ways to diminish the toxicity of the environment and to protect the growth of the “resource”.

Obviously the development is proportional to the growth of the roots and to their strengthening over time. It is not necessary that roots are completely developed for the plant to come out: when the spiritual awareness grows so does the will to emerge to the light. But the roots are not visible, if not through the growth of their external manifestation—the base of the trunk and the trunk itself. Therefore, spiritual qualities must be shown through visible actions. And the latter are further developed with the help of will, with sharing emotional states, with the brightness of intellectual qualities and with the participation of the body.

If these levels work together, grow and develop harmoniously, the fruit we obtain is ripe, sweet and tasty. Therefore, decisions are made in a short time, the assessment of their success is acquired immediately, others and yours personal happiness is at its climax, respect, collaboration and care on the side of those around you are guaranteed due to a better way to manage problems and mutual learning develops.

Nowadays the system works exactly in the opposite way; which means it gives primary importance to physical and intellectual relations, looking for comfort, stability and security, ignoring other levels.

Thus, over a short time the “resource” dries up, because it lacks nourishment (which is supposed to come from the roots that are not there). It moves to other areas looking for something which could fill the inner vacuum and enables him/her to unveil her/his gems of inestimable value. But the majority of those who manage human resources are not conscious of the correct process, searching for more easy ways and comfort, thinking that polishing and making the fruit more beautiful can

improve its taste. It is from well nourished roots and from the harmony of the five levels process that we can obtain delicious fruits.

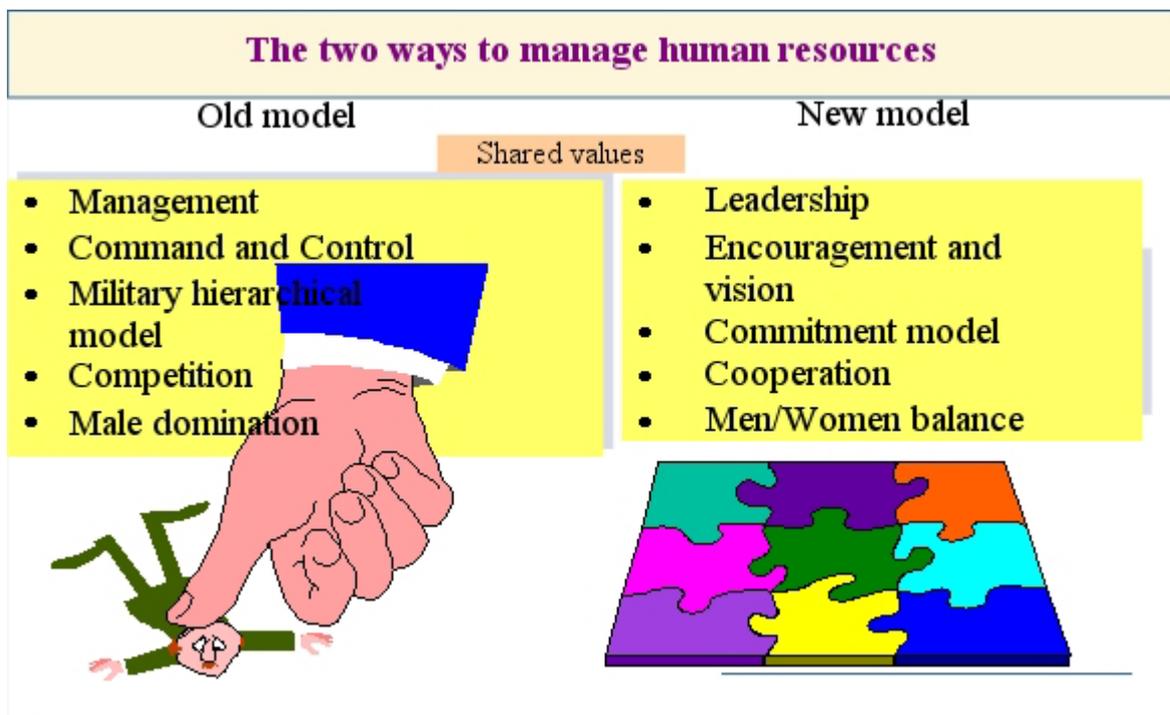
In light of this new approach we can imagine what a revolution of human resources management can occur in a company that wants to adopt this new system of social responsibility. It will take decades to attain optimal results, but, as the old saying goes “he who starts is half way through.” Welcome are those entrepreneurs who, with difficulty and courage, take this steep and narrow path.

They will be pioneers and will be remembered for leaving a visible and creative legacy.

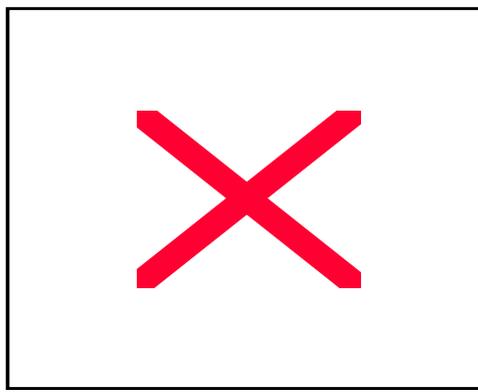
“Corporate social responsibility” helps entrepreneurs and managers to create a new climate inside the company, through the attainment of a broader awareness.

Clearly, the transition from the old to the new system of human resources management goes from the concept of “command” to that of “leadership”.

The following scheme emphasizes the effort or “jump” necessary to move from the “command” to the “leadership” based management of human resources.



In light of this new paradigm even the concept of leadership is destined to undertake a deep transformation. For too long leadership has been conceived as power and control over individuals and has worked for this purpose, centralizing the decision-making power, forcing others to conform, leading to models such as autocracy, paternalism, totalitarianism, information and “expert” position manipulation.



According to the “corporate social responsibility ” model, leadership means that the leader’s priority is to render a service to the community, rather than searching for immediate gains for him or herself, for his or her own ideas or career or to obtain personal privileges. His or her main duty is to serve the best interests of the whole system and not those of a particular ideology, party, group, company or nation.

3. Clients, Suppliers and Trading partners:

In the “corporate social responsibility” model, the client is no longer seen as the supplier of work or orders, but as a partner, a stakeholder to serve with love and professionalism. Contracts become agreements on services aimed at the quantitative and qualitative satisfaction of the client. Effort, sincerity, timeliness, trust and consultation replace legal conflicts, reliance on tricks to solve problems and corruption.

Of course, when we pass from being clients to being suppliers the same rules apply and the production line feels the effects of the same conditions, improving the whole business chain. If clients properly adhere to financial rules, based on awareness, responsibility and trustworthiness suppliers will also benefit from these rules, and, in turn, latter suppliers will follow them, improving the financial and economic flow in the whole system.

4. Community, Financial system, Investors.

Also the world that revolves around corporations can benefit from the economic policies set by those firms who are actively involved in the “social responsibility” model. They will profit on a different level of awareness because, in this field, implementing values is fundamental. Banks, the civil community and investors are observing with interest this model. Some of them are promptly looking for information, data, field studies to understand what it is about, how it works and what it implies.

Many banks and financial ventures have understood, for example, that the funds they destine for charities represent just the tip of an iceberg, which is based on the concept of social responsibility and they are mobilizing to open internal offices aimed at studying ways of investing parts of their profits in social responsibility-related projects, in collaborating with institutions and universities where they begin to give regular lectures to students economics and political science.

Of course what I described above could appear illusionary and utopian to the reader, but the experience of those corporations who have entered the field of “social responsibility” and have been working very intensively within it over these past few years clearly show that if the business world wants to contribute to social development, this way is not only possible, but inevitable. Many governments in the world, including the European Union, have adopted policies aimed at

encouraging companies willing to start in this field. Everywhere in Europe there are Governments' web sites on the issue.

The European Parliament has published a green booklet on it. The Italian Ministry of Welfare has created a department aimed at helping companies and universities gain a deeper knowledge on the development of this important change in economy. There are also professional and post-graduate courses, deepening conferences and internships that deal with this new topic.

At the end of the fiscal year the companies who have adopted this vision issue a report called socio-ethical balance, which is attached to the legal balance sheet. In it, the company's innovative policies in the field of social development and the impact these policies had and have in the territory and among the stakeholders are explained.

The socio-ethical balance is usually checked by external, certified, auditory consultants who verify the truthfulness of the information.

Many universities are devising courses for students of economics, management and political and financial sciences, where semesters are spent studying the concepts of this new branch of knowledge: corporate responsibility.

The number of diploma theses on the topic is increasing and national and international data banks are available for those who want to further their study on the issue.

For example, the Baha'i community, through its non-profit association EBBF European Baha'i Business Forum whose members are economists, managers, company psychologists, etc..., for years has been holding a semester-long course in the Economics Department of Bari University on the topics of ethics and corporate social responsibility and currently collaborates with many Italian universities giving courses and conferences to students and professors. EBBF (Italian site www.ebbf.it or international site www.ebbf.org) has been one of the first non-profit associations, worldwide, in dark years like the 80s, to launch this extraordinary innovation in the world of business enterprises.

The writings of Baha'u'llah (1817-1892), the founder of the Bahai Faith, aiming at the spiritual, social and economic unity of the world, bring forward a series of innovative values for the corporate and business world, further illustrated in a publication titled "the Prosperity of Humankind" (www.bahai.it), issued in 1995 by the Universal House of Justice, the supreme governing body of the Baha'i world and addressed to the leaders of Governments.

The following encouragement, taken from this publication, is addressed to everyone: people of good will, entrepreneurs, managers, employees, the masses, politicians, students, institutions and, above all, businessmen, so that they can use it as a contribution and reflection for their activities committed to transforming the business world in favor of an ever progressing society.

“The most important role that economic efforts must play in development lies, therefore, in equipping people and institutions with the means through which they can achieve the real purpose of development: that is, laying foundations for a new social order that can cultivate the limitless potentialities latent in human consciousness.” (1)

1. Baha'i International Community, 1995 Mar 03, The Prosperity of Humankind
- 2.-Baha'u'llah, Gleanings from the Writings of Baha'u'llah, p. 259