

360° Corporate Citizenship as a solution

Addressing the challenges in their totality

Company leaders face two problems as they seek to reshape the role of their firms in society: one strategic; one managerial.

- The **strategic problem** is clear and well recognised: how to make the transition from running the company principally for the benefit of shareholders to doing so in the broader interest of all the company's stakeholders.
- The **managerial problem** is more intractable: how to put these good intentions into effect?

Imperfect responses

Current approaches to implementing stakeholder capitalism all fall short.

- **Corporate social responsibility (CSR) varies from firm to firm.** It is whatever the company says it is. This leads to accusations of self-serving greenwashing, a form of misrepresentation.
- **Environmental, social and governance (ESG) metrics are meant for investors.** These metrics are incomplete overall and also inside each E, S and G category: they fail to measure all the actions of the business towards all stakeholders. And ESG too frequently becomes a box-ticking compliance exercise, again potentially leading to window-dressing and greenwashing.
- **Corporate 'purpose' is often a new label on an old business model.** No short slogan can convincingly capture the breadth and complexity of implementing a policy of responsible business and integrating it lastingly into the corporate DNA.

The dilemma of dispersion

Still, many organisations accomplish many admirable actions. But there is a dilemma here, too.

- *Exit the executives*

However strong the vision and determination on the part of the chief executive and the chairperson, however full the agreement and support from the board of directors, none of those individuals will ultimately be responsible for putting the company's transition to stakeholder capitalism into practice at ground level and on a day-to-day basis.

- *Enter the line managers*

The burden of implementation naturally falls on the members of the executive committee, each of whom manages a division or a silo containing myriad managers and sub-managers and beyond. These ExCo members are directly accountable for the performance of their vertical. And they are often co-equal to each other, so they are less than directly accountable to the ExCo member for CSR or ESG or the corporate foundation or even sustainability.

Consequently, while the company may accomplish many admirable actions, those actions too often remain dispersed, not properly joined-up. Someone or something needs to connect the dots.

What's the matter?

The fault lies not in the action but in the concept.

- *It doesn't add on*

CSR, ESG, purpose, even 'sustainability' treat responsible business as an add-on. But responsible business needs to be integrated into every decision, every action and every interaction of every person in the company. Responsible business is not just a code of conduct, nor just a nice-to-have thing-to-do, but a fundamental transformation of the ethos of the business.

- *It doesn't add up*

Responsible business concerns a multitude of judgemental, subjective, soft factors. 'If you can measure it, you can manage it' is a false flag, leading to all the distortions of ESG in particular.

What's the big idea?

The solution has to be simple and easy for everyone to understand. Since Antiquity, everyone knows how to distinguish a good citizen from a bad citizen. The same is true for companies.

360° Corporate Citizenship as a solution

CogitoPraxis has developed a methodology using 360 criteria in 36 categories within 6 classes to judge a company's corporate citizenship — the quality of all its interactions with all its stakeholders — gauged against its own performance criteria, against selected peers and against global best practice. This 360° approach to corporate citizenship addresses the strategic problem and the managerial problem combined, both in concept and in action, in one holistic, complete solution.

360° Corporate Citizenship: Six Essential Components

CogitoPraxis defines 360° corporate citizenship as the quality of all the company's interactions with all its stakeholders. Consequently, CogitoPraxis considers that 360° corporate citizenship extends well beyond ESG. CogitoPraxis deems 360° corporate citizenship to be composed of six essential components:

