



## **AACR Second Annual Roundtable Conference - April 27, 2005**

Institutional Civic Responsibility (ICR): Experiences and Expectations

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### **Session I: "Promoting Institutional Civic Responsibility"**

Mr. Chad Tragakis, senior account supervisor at Hill & Knowlton and member of AACR's Advisory Committee, moderated the topic and opened the session by presenting a new AACR concept of Institutional Civic Responsibility (refer to the full text of an AACR position paper on "The Concept of Institutional Civic Responsibility" given below). While acknowledging the positive contribution of Corporate Social Responsibility (CSR), Mr. Tragakis noted that CSR does not cover "all the basis" and that our society need to go beyond corporations. He called for a discussion on the topic of Institutional Civic Responsibility (ICR), highlighting two main elements that differentiate ICR from CSR: institutional vs. corporate and civic vs. social.

Mr. Tragakis suggested that not only large businesses but also medium and small-sized businesses as well as non-business entities like schools and universities, churches, non-profit organizations, local governments or trade and professional associations should be obligated to give back to their communities and be accountable for their professional activities. He noted that the notion of ICR becomes appealing for those who believe that every institution has both a responsibility and the capabilities to enhance society and add something to the common good.

Mr. Tragakis explained that the source of motivation driving individual decisions for community commitment is the main aspect that differentiates civic and social responsibility. Civic responsibility suggests awareness on the part of an institution of its responsibilities as an institutional citizen because of the protection afforded to it under the law. As such, like an individual citizen, an institutional citizen assumes certain duties beyond any legal obligation, which stem from a sense of moral and ethical responsibility. Mr. Tragakis stressed that to be truly effective, civic responsibility must become part of an institution's DNA. He also took the opportunity to announce a new white paper by AACR comparing corporate social responsibility and corporate civic responsibility (refer to the full text of another AACR position paper on "Corporate Social Responsibility vs. Corporate Civic Responsibility" also given below).

Ms. Philippa Moore, an analyst at SustainAbility, discussed sustainable development as it relates to the triple bottom line, taking into account financial, social, and environmental concerns. She also discussed liability—legal and moral—as presented in a report created by SustainAbility, "The Changing Landscape of Liability." Ms. Moore noted that legal liability is defined in the court of law and has few gray areas. It generally carries a financial penalty. Moral liability, on the other hand, is defined in the court of public opinion and has more gray areas. The risks of moral liabilities include the undermining of business assets, trust, goodwill, and reputation, among others. In incorporating these two liability potentials into business practices, Ms. Moore suggested that companies move from passive to active responsibility (passive is not lying or factually telling the truth; active is the whole truth); hold their corporate governance to the highest standards—not just financially but environmentally and socially as well; align behavior and public declarations; and engage stakeholders through NGOs and others to identify current and emerging issues, as well as identify risks.

Mr. Chris Kelly, vice president of Booz Allen Hamilton, discussed his company's understanding of and approach to CSR. He stressed that Booz Allen has committed to give back to society and that one of the company's goals is to help other companies develop such business environments in which fostering CSR programs becomes a natural part of doing business. Mr. Kelly explained that Booz Allen addresses CSR as part of its "sustainable globalization" perspective, which calls for a dynamic tension among government, industry, and civil society to achieve and maintain positive effects of globalization.

Exploring one element of the constantly changing environment, Booz Allen focuses on Social Risk Management. Mr. Kelly defined social risk as a business activity that becomes a vulnerability for a company when an NGO or an activist group sees this activity as morally wrong or taking advantage of resources meant for the common good. Mr. Kelly pointed out that because social risk can affect corporations differently at any given time, corporations must be ready and armed with social risk management, which includes CSR programs. He noted, however, that CSR programs are only a means to an end and that it is important for social risk management to be a part of core business practices. Mr. Kelly also mentioned that Booz Allen cooperates with the Harvard University Kennedy School of Government on CSR issues.

The first session concluded with a discussion on the issue of institutional civic responsibility. Numerous questions were raised, including what degree of responsibility should be placed on corporations as well as other institutions; should NGOs be held accountable even though the core of their business usually lies in contributing to society; from what point of view are standards set to hold individuals and institutions accountable; what does it mean to serve one's community; what role does the individual play in institutional civic responsibility since institutions are comprised of individuals; and what is the best way to manage volunteers to nurture their life-long commitment.

## **Session II: "Experiences at Our Own Institutions"**

The second session, "Experiences at Our Own Institutions," was moderated by Dr. Michael Schneider, director of the Maxwell-Washington International Relations Program at Syracuse University and chair of AACR's Advisory Committee. Dr. Schneider described AACR's focus on developing a niche in which it can provide needed services to individuals and institutions to help in their civic activities. He asked participants to describe their organizations' current activities and suggest ways in which AACR could be of service. Messrs. Richard Allen and Lee Weldon shared their unique experience with running Character Counts! Mid-Shore, a community-based organization that has been working with schools, community agencies, local governments and area business to spread the six pillars of character education throughout the community (trustworthiness, respect, responsibility, fairness, caring, and citizenship). Mr. Ernest Skinner from Citibank talked about his company's efforts in promoting financial literacy and education. Dr. Sarah Jane Rehnberg, University of Texas, discussed her university's initiative to encourage graduate students to attend philanthropy and nonprofit studies. She also noted that this program has been advanced by partnering with international universities for summer studies and student exchanges.

With regards to suggestions for AACR's future endeavors, participants recommended that AACR act as a clearinghouse to bring together different institutions, look at ways in which small and medium-sized companies can contribute to society, focus on the needs of new Americans, and help ethnic groups interact with other groups for the benefit of the society as a whole.

This roundtable conference was attended by representatives from small and large corporations, trade associations, civic organizations, consulting and public relations groups, the federal government, healthcare, global NGOs, environmental advocacy, educational institutions, etc. The following individuals actively participated in the conference:

1. Dr. Piyush Agrawal, APS Technologies, Miami, FL
2. Mr. Richard T. Allen, Character Counts Mid Shore, Inc., Easton, MD
3. Mr. Rudy Beserra, Coca-Cola, Atlanta, GA
4. Mr. Travis Campbell, Philip Morris USA, Richmond, VA
5. Ms. Meagan Campion, Business Strengthening America, Washington, DC
6. Dr. Joy Cherian, AACR, Washington, DC
7. Mr. Mike Delurey, Booz Allen Hamilton, McLean, VA
8. Ms. Rebecca Freyvogel, Center for Corporate Citizenship, U.S. Chamber of Commerce, Washington, DC
9. Mr. Marc Gunther, FORTUNE Magazine, New York
10. Mr. Chris Kelly, Booz Allen Hamilton, McLean, VA
11. Mr. Gopal Khanna, U.S. Peace Corps, Washington, DC
12. Dr. Vijay Koli, AAPI, San Antonio, TX
13. Dr. Raymond Lau, Philip Morris USA, Richmond, VA
14. Mr. Paul Lima, Northwestern Mutual, Milwaukee, WI
15. Ms. Pavlina Majorosova, Hill & Knowlton, Washington, DC
16. Ms. Philippa Moore, SustainAbility, Washington, DC
17. Mr. Aaron Padilla, ERM, Washington, DC
18. Dr. Sarah Jane Rehnborg, University of Texas, Austin, TX
19. Dr. Michael Schneider, Syracuse University, Washington, DC
20. Mr. Ernest Skinner, Citibank, Washington, DC
21. Mr. Francis Skrobiszewski, Booz Allen Hamilton, McLean, VA
22. Mr. Byron Spears, ACTS, Washington, DC
23. Mr. Chad Tragakis, Hill & Knowlton, Washington, DC
24. Ms. Monika Wargo, AACR, Washington, DC
25. Mr. Lee Weldon, Character Counts Mid Shore, Inc., Easton, MD
26. Ms. M. Carmela Welte, National CASA Association, Seattle, WA

At the conference, AACR released the following two position papers on:

1. The Concept of Institutional Civic Responsibility; and
2. Corporate Social Responsibility vs. Corporate Civic Responsibility.

### **The Concept of Institutional Civic Responsibility: A General Observation\***

The necessity of performing one's civic responsibility beyond the call of any obligation was recognized very early by civilized societies around the world. Laws and regulations were necessary to uphold reasonable expectations of members of society by fellow members, elders, leaders, and rulers. However, history has repeatedly shown us that no society can achieve the goal of well-being for its citizens by depending solely upon mandatory legal compliance. The only way a civilized society will move forward is if its members individually and collectively perform their civic responsibilities.

In the United States, the term “civic responsibility” includes duties, services, and obligations to all fellow members of society derived from the precious gift of US citizenship or from the privilege of living, learning, working, or doing business in the United States. American society has traditionally encouraged and supported the concept of performance of individual civic duties. In recent years, however, a new focus has been developed around the need for institutions—not just individuals—to do their part in fostering and performing civic engagement activities. For example, several business entities, including major corporations and non-profit groups, such as religious charities, community organizations, educational institutions, and professional forums, encourage their members to work collectively to perform their civic responsibilities for the betterment of all people within their own communities. Furthermore, several government agencies have recognized the value of such voluntary services and have supported various efforts of these groups.

In the United States today, many private and public institutions often play supportive roles in the process of civic engagement by informing employees of volunteer opportunities within their local communities. These employers give their employees a certain number of paid days off each year to volunteer with community organizations of their own choosing, reward employees and the organizations in which they serve for giving back to the community, and encourage retired employees to donate their services to the community. Some corporations also make pro-bono work and/or community service a requirement for their employees and executives. Despite this, there is a sense that civic responsibility is not a top priority for many businesses.

Generally, people in the business sector identify their voluntary activities with the term “social responsibility.” “Social responsibility” programs are admirable and beneficial, though there is a growing feeling among the general public that these programs originate from an attitude of “nice to have” on the part of business entities as public relations tools. However, an increasing number of business and NGO leaders believe that institutional civic responsibility flows from moral or ethical obligations derived from the institutions’ very existence as legal entities, incorporated or established under the laws of the land. These laws, enacted by the elected representatives of all the people, also protect the interests of all of those corporations and NGOs. In short, “civic responsibility” embodies a “must do” commitment while “social responsibility” is considered as something “nice to have.” Further, the concept of “civic responsibility” includes the term “social responsibility.”

Many institutions, whether charities, cultural associations, ethnic groups, business entities, professional forums, government agencies, or any other profit or non-profit groups, have acquired valuable domestic or global experiences from their diverse civic engagement activities. We all have much to learn about civic engagement by observing and learning from the successful, and unsuccessful, experiences of various institutions. Many profit-making entities can learn from the experiences of other profit-making entities and even from the experiences of non-profit institutions. In the same way, non-profit groups can learn from the experiences of other non-profit groups, as well as from various profit-making entities. In particular, “new Americans” who are forming community groups and joining professional organizations might benefit from the institutional civic responsibility experiences of others. As such, the knowledge derived from the experiences of these diverse institutions can be developed into a concept of institutional civic responsibility for adoption and implementation by a number of similarly situated entities.

Too often today many institutions reinvent the wheel and waste enormous human and financial resources rather than learn from others. The Association of Americans for Civic Responsibility (AACR) believes that there is a need for an effective learning process about institutional civic

responsibility programs through sharing information among organizations committed to civic engagement, irrespective of their fields, function, structure, size, or specific mandates.

The time has come to gather information about appropriate civic engagement experiences of all American institutions functioning here and abroad. AACR would like to disseminate information about civic responsibility programs and help organizations learn from one another. Upon request, AACR can provide appropriate information on civic responsibility experiences to both private and public institutions. If AACR succeeds in this effort, it can help interested groups avoid unnecessary duplication, and save money and time. AACR would fulfill its civic responsibility by helping others make an indelible impact for the commonweal (public good) of their communities and our nation.

\*This paper was developed by Dr. Joy Cherian, president & CEO of AACR, in consultation with Ms. Monika Wargo, executive director of AACR, Dr. Michael Schneider, director of the Maxwell-Washington International Relations Program, Syracuse University, and Mr. Chad Tragakis, senior account supervisor at Hill and Knowlton, an international public relations firm.

### **Corporate Social Responsibility v. Corporate Civic Responsibility\***

A “corporate social responsibility” (CSR) program generally originates from a corporate entity’s desire to do good things beyond any of its legal, financial or other business obligations. In other words, it is a self-assumed function to express and advance charitable or otherwise positive activities for the benefit of the general society in which it financially prospers. CSR activities are often rooted in a “nice to do” attitude of corporate leaders. They are also a response to pressure from customers, employees, shareholders and social activist groups or NGOs for not doing enough to improve the welfare of the people of the society in which the corporations flourish. In some cases, they are also employed to enhance the image of corporations for public relations purposes. Generally, however, CSR connotes noblesse oblige (at least to some degree), and involves genuine efforts that confer benefits not only upon beneficiaries, but also upon benefactors.

“Corporate civic responsibility” (CCR) suggests an awareness on the part of a business entity of its responsibilities as a corporate citizen. As such, “CCR” programs spring from the hearts of corporate leaders to express and implement their genuine commitment to perform certain activities for the commonweal (public good) because they consider their corporation a legal entity—a corporate citizen. Like a natural citizen, a corporate citizen assumes certain duties beyond any legal obligation, because a corporate citizen is born by an act of incorporation under the laws of a particular jurisdiction.

These laws, which protect the legal interests of the corporate citizen, are enacted, approved, and enforced by elected representatives of the general public and their appointees in that jurisdiction. As such, one can argue that a corporate citizen has a moral or ethical obligation to contribute to the public good because the public is the primary source of those laws. The protections and other benefits afforded by U.S. corporate citizenship are a primary mechanism that enables and fosters a corporation’s success. Hence, a corporate citizen’s activities for the public good are “civic activities.” Therefore, a corporate responsibility activity to confer benefit upon the general public can be identified appropriately as a CCR program instead of a CSR program because of the moral and ethical obligations derived from a corporation’s status as a corporate citizen.

While the manifestations of CSR and CCR efforts may look very much the same – and while both are generally viewed as admirable and beneficial – there is a growing feeling among the public and many government officials that some “CSR” programs originate from an attitude of

“nice to do” on the part of many corporate entities merely as an “image creating” public relations tool or a means to foster better (e.g., safer, more efficient, more cost-effective) business practice. At the same time, a genuine CCR program emerges from a selfless desire of a “must do” approach by a corporate entity. Further, it reflects a full commitment to specific benefits for the public good. This is not to say that a corporation will not or cannot benefit from a commitment to CCR; it most certainly can.

It is important to note that while CCR prescribes a “must do” approach to harnessing a business entity’s unique capabilities, expertise and resources to make a positive contribution to the common good, this is not a call for new or additional external expectations or requirements. Only the corporate entity itself can mandate or impose such a sense of civic responsibility and the actions, efforts and contributions that accompany it.

In conclusion, a corporate entity that considers itself a model corporate citizen should consider framing and terming its existing appropriate CSR programs and activities as “CCR” programs to deliver a clearer and powerful message regarding their true intentions – to make a positive and indelible impact on society. The term CCR is preferable, more accurate, and more effective for a corporate citizen’s successful expression and implementation of civic programs based on moral and ethical obligations to confer benefits upon the public. At the same time, it must be remembered that whatever a corporation calls its civic activity programs, no such program will succeed unless the corporation has two committed and satisfactory resources in place — financial resources and human resources. Financial resources means sufficient funds are allocated for the full implementation of the program. Human resources means the corporation has a team of fully committed, experienced, and knowledgeable individuals who consider the civic function as not merely a job, but a mission with a vision of the commonweal.

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