

Why Comply?

A Discussion Paper on the Development of Corporate Social Responsibility in Canada

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Introduction

Corporations are considered individual legal entities, somewhat like a person, and are governed and limited by national laws. Multinational corporations or corporations moving outside of national boundaries work in a more amorphous territory. Technically an individual can be held accountable in international law (i.e. war crimes) but the degree to which a corporation is accountable varies. Legal personality refers to the extent an entity is recognized by a legal system as having rights and responsibilities. In the context of international law, for an entity to have international legal personality, and thus be a subject under international law, it must have international rights obligations, and be able to enter legal relations on an international level.¹ The ability to govern a corporation's actions according to a global consensus regarding "responsibility" or global norms regarding human rights or environmental sustainability remains entirely voluntary. There simply is no international governing agency with the power to enforce compliance regarding corporate behavior and countries are loath to engage in judicial matters beyond their borders, citing issues of sovereignty and legal jurisprudence.

Civil society's response has often been to pressure markets using instruments such as boycotts, ad campaigns or shareholder pressure in an attempt to curtail what they believe are undesirable corporate behaviors (i.e. Blood Diamonds Campaign). The strategy has often been to hold corporations accountable by the consumer or the shareholder where the courts cannot hold them accountable. The fight takes place in the media. Unfortunately civil society groups are few and far between when compared to the number of corporate infractions or allegations and market instruments can be a mess for everyone involved as these dramas play out in the headlines. The net result is that the forward thinking company, the responsible national government, the multilateral institution with no legal jurisdiction and the overtaxed non-governmental organization are all seeking a similar solution.

Corporate Social Responsibility (CSR), in this international context, is an evolving concept emerging in response to a governance gap created by globalization. Our ability to govern corporate behavior is far behind the international movements and

¹ Binowski, G. (2007). *International Environmental Law And The Accountability Of Multinational Corporations: The Challenge and Necessity of a New Regime*, term paper, Faculty of Law, University of British Columbia, April 2007

transnational nature of our global economy. A Canadian company, for example, can do business and break many of the informal rules of corporate behavior and never be taken to task in the developing country it works in due to weak governance or a weak judicial system in the host country. There is consensus on this point as outlined in the June 14th report of the Standing Committee on Foreign Affairs and International Trade (SCFAIT):

“mining activities in some developing countries have had adverse effects on local communities, especially where regulations governing the mining sector and its impact on the economic and social wellbeing of employees and local residents, as well as on the environment, are weak or non-existent, or where they are not enforced.”

In Canada, where the company may technically reside and be registered, it has been legally impossible to date to enforce compliance in the courts for activities abroad. The individual company may profit in the short term but the long-term result is that the company and Canadian business, as a whole, is at risk of reduced market share. Many companies are increasingly aware of this risk and have established CSR divisions as a form of risk management. The Canadian government has also recognized the risk to the corporate sector and is searching for solutions.

The development of CSR regimes is an attempt to address this situation by creating a regulatory body of rules or guidelines that captures the current consensus on right behavior and provides an evaluation tool to understand individual corporate behaviors or best practices in this international context.

The detailed nuances of these regulations are subject to changes and evolution as standards harmonize upwards and everyone becomes more acquainted with global social and corporate norms. Currently the debate regarding CSR seems to centre around the issue of voluntary compliance and it is here that there are sharp divisions among stakeholders, the private sector and government. On the one hand corporations and often governments argue for self-regulation and voluntary compliance, citing the issue of sovereignty, jurisdiction and particularly the nightmare of liability. Civil society, international bodies and particularly communities affected by corporate actions at the local scale claim nothing less than a legally binding framework will ensure compliance. Liability in their minds is the key to compliance. The courts are busy sorting this out, governments orient according to party politics, bureaucracies delicately tiptoe between the perspectives and a consensus is nowhere in sight.

What are the roots of these divisions? What is the historical context? Are there evolving models through which to interpret these divisions and case examples of voluntary compliance working or not working?

The Canadian Environmental Network (RCEN) is exploring this issue in the context of several current emerging issues and current events. Bill C-300 is an independent private members bill that has passed second reading in parliament and is currently

being reviewed. The bill is a strong attempt to put teeth into the compliance concept through a legislated solution. There is a strong industrial lobby opposed to the bill, citing liability, optics for Canadian business and the issue of national sovereignty in other countries. An equally strong campaign has developed to promote the bill based on the premise that nothing short of an actual legislated solution will work.

The CSR Centre for Excellence is a recent initiative by the Government of Canada to establish a centre for the promotion of corporate social responsibility. The Centre was established following a lengthy process initiated by the Senate to explore the issue of CSR through national roundtables. That process resulted in a set of recommendations and a national consensus, which was not fully accepted by government. The CSR Centre for Excellence was established and is evolving quickly. Currently it is exploring how to establish its mandate in 2010.

Canada has also published a national strategy entitled *Building the Canadian Advantage*, which will improve the competitive advantage of Canadian international extractive sector companies by enhancing their ability to manage social and environmental risks.

Ecological governance is a lens through which to view emerging issues adopted by the RCEN International Program (RCEN-IP). More recently the RCEN-IP has been informed by a theoretical approach that attempts to understand issues according to an *integral* map.

The following discussion paper is an attempt to open an inquiry regarding the motivations, both individually and within social organizations (corporate, government or civil) regarding compliance. The key question we are attempting to address is:

Why would a corporation comply or not comply with corporate social responsibility standards or norms, either voluntary or mandatory?

In seeking an answer to this question we think it is worth discussing the psychosocial motivations for CSR decisions and in particular we postulate that social entities, because they are comprised of individuals, move through identifiable developmental stages that require specific compliance regimes or frameworks. In other words, not all corporations are the same but they are all on the same evolutionary path. Hence we need answers to CSR compliance that meet corporations where they are at on this path.

We also propose a developmental view of action-logics of corporate leaders that may assist us in more effectively and strategically engaging them in corporate social responsibility. We see this to be a fairly new expression of CSR theory and one that may spark an innovative conversation at the upcoming meeting on March 3-4th, 2010.

Clearly the issue of CSR is multi-faceted and requires further discussion on many points of contention. We are attempting to address the issue of compliance as it is at the heart of the current debate. For the purpose of this discussion we propose that an integral, developmental view changes the nature of how the problematique is addressed.

Developmental Stages

Individuals grow and develop and express different levels of maturity regarding a host of intelligences (Wilber, 2000). Some of us are cognitively more developed than others, or kinesthetically more challenged. Perhaps we are emotionally intelligent but lack moral development. It is well established at this point that these intelligences vary among individuals, depending on how we grow and develop. Each of us has a particular psychological fingerprint or psychograph. Researchers have mapped these stages out progressively using different numbers of stages. More complex scales use multiple stages of evolution and multiple lines of intelligences. For the purposes of simplicity we will use only three basic stages to illustrate our point.

All individuals start out with a basic eco-centric perspective. All babies basically care about their own needs first and it is a rare infant that looks out for others. Under normal circumstances a child will progress beyond self-care into a stage of caring for its group. This may start out as a family ethno-centric orientation and progress to include friends or immediate communities. Researchers estimate that approximately 70% of our population will remain at ethnocentric with defined boundaries about group care (i.e. I care about Canadian business, I care about my company, etc). These stages are neither good nor bad as they can manifest in group excellence and strong identities or manifest in terms of conflicts between groups. In the business world this evolution is often expressed in the move from a sole proprietorship, to partnership, to corporations and shareholder structures to business networks and mutually beneficial business agreements. The largest most complex business entity in the world is actually a network... VISA. Each of these stages is more complex, holds more perspectives but does not necessarily compromise an earlier stage.

Beyond the ethno-centric or socio-centric stage business entities move toward world-centric identity in which group identity boundaries regarding race, religion, belief, gender, or political orientation blur and the collective sense of “we” becomes all encompassing. A growing and critical number of global challenges require solutions that are world centric in nature. Climate change is an obvious example of a global problem that cannot be addressed at the ethnocentric scale alone. The recent meeting in Copenhagen was a demonstration of the need for world-centric thinking caught in a global governance trap in which decision makers were largely staying loyal to national interests.

In sharp contrast to understanding corporations through this evolution in individual development, there is a common tendency to view a corporation as a faceless, human-less entity driven only by market forces and particularly shareholder interests. It is

argued that the inherent structure of the corporation defines its actions despite the individuals within it. This structuralist view has led to movies and books like "The Corporation" which essentially claim the corporation is pathological and must be controlled. The movie, which won 26 international awards and claims to be Canada's most successful documentary ever illustrates an increasingly popular critique of corporations.

To assess the "personality" of the corporate "person," a checklist was employed, using diagnostic criteria of the World Health Organization and the standard diagnostic tool of psychiatrists and psychologists. The movie claims *the operational principles of the corporation give it a highly anti-social "personality": it is self-interested, inherently amoral, callous and deceitful; it breaches social and legal standards to get its way; it does not suffer from guilt, yet it can mimic the human qualities of empathy, caring and altruism. Four case studies, drawn from a universe of corporate activity, clearly demonstrate harm to workers, human health, animals and the biosphere. Concluding this point-by-point analysis, a disturbing diagnosis is delivered: the institutional embodiment of laissez-faire capitalism fully meets the diagnostic criteria of a "psychopath."*

There is a general tendency when discussing the nature of a corporation to point to corporate law and regulations that insist on profit regardless of social impact. The popular media conclusion is that corporations do not follow the same evolutionary path as individuals but are guided by structural forces beyond individual control. It is this view that insists on corporate regulatory control *in all cases*. After all, the claim is that we are dealing with psychopaths.

Our suggestion is that this might not be true in all cases, and that perhaps as the individuals within the organization develop, they contribute to creating different corporate practices, systems and cultures. We also suggest that perhaps this dynamic is a combination of both individual agency and structural constraints. A mix of individuals at various stages of development within the corporation caught in a legal and regulatory or even bureaucratic framework that orients their perspective.

Our point, in this paper, is that today's corporation is not a singular, predictable entity but an evolutionary spectrum that varies according to the makeup of the individuals within the company and the context within which they work. CSR will look and feel different to a corporation depending on its own developmental stage. Those who are committed to promoting greater CSR might do well to contemplate these organizational stages and their particular motivations for complying with CSR guidelines, which we elaborate on below.

Canada's official position

Canada cites the OECD Guidelines for Multi-national Enterprises in its strategy on Corporate Social Responsibility and the nation is a signatory to the Equator Principles regarding international finance. The OECD Guidelines are non-binding

recommendations that are to be promoted through country focal points and claim to be the most comprehensive international standards for corporate behavior. Governments are expected to “promote observance” of the guidelines and “contribute to the resolution of issues” through the national contact point. Unfortunately, the guidelines have no mechanism to enforce compliance.

A popular argument against legislative solutions regarding CSR in Canada is that if Canadian business is curtailed then a company from a different country, inevitably worse, will take over and the host country will suffer. The assumption is that Canadian companies, from a global perspective, are the most decent and fair.

Canada also cites the Equator Principles regarding guidelines for financial institutions and it is notable that the Export Development Corporation (EDC) along with some major Canadian banks including Scotiabank and CIBC are signatories. The Equator Principles were updated in 2006 to include an annual reporting mechanism but the issue of transparency and accountability is still debated when it comes to compliance.

Canada also openly supports the Global Reporting Initiative, which is a network that has established standards that enterprises can use to report on economic, social and environmental information regarding their operations. Canada has stated a commitment to the GRI and in particular to assisting in developing supplements for oil, gas and junior mining companies. Again, while the GRI is helpful in standardizing reporting it does not have an implementation or compliance component.

There are also industry-initiated standards such as the Mining Association of Canada’s Toward Sustainable Mining. Again the issue of transparency in reporting and compliance is contested.

An interesting lesson can be learned from the industry certification scheme regarding conflict diamonds known as the Kimberley Process. Again, the certification standards were hotly debated with one of the key issues of difference being monitoring and compliance. The Kimberley Process has long come into effect and has no doubt impacted the industry although there is considerable discontent with the current state of compliance and monitoring to the point that some groups question the value of diamond certification.

What is clear is that each of these routes that Canada supports requires a later stage of development in corporate perspective to work. Many of the participating entities, by the very fact that they are participating in the dialogue are demonstrating a later stage but these companies are not the majority.

Stages of Corporate Development

Drawing from the work of developmental psychologists, and particularly those who have applied their research in organizational development settings (Cook-Greuter, 2002; McEwen and Schmidt, 2007), the stage of development of the corporation’s

leaders often set a certain tone or mood within a corporation, or what we can call the 'social center of gravity', and that can draw an organization toward CSR for varying motivations.

Ego-centrally, CSR is primarily taken up for certain executives to get ahead in their careers; ethno-centrally, CSR is primarily taken up for the corporation's own bottom-line or competitive advantage; and world-centrally, CSR is primarily taken up out of authentic concern for the inherent value of the environment and social well-being. Note that there is a progression here and the later stages transcend and include the earlier stages. Hence a company executive may make a decision that will promote her career, while also giving the company a competitive advantage while also being good for the planet. These companies do well engaging CSR.

So what would an "eco-centric" oriented company look like. It would look a lot like the ego-centric individual or individuals that make up the companies social centre of gravity. A social centre of gravity is simply the average level of discourse or thinking within which a group resides. If the majority of people in a room are talking hockey the social centre of gravity will be hockey. If the majority of people in a company are concerned about global issues such as climate change the social centre of gravity will shift toward climate change. A company with an ego-centric social centre of gravity will be seeking personal gain exclusively. It would not identify outside of its group identity. It would certainly not be thinking inter-generationally but more in the here and now and there would be an obvious need to regulate the company's behavior in lieu of larger social considerations. Indeed, the eco-centric company is merely a reflection of the stage at which the majority of the decision makers within the company are residing. As a group of people operate in a business with the discourse, "I want to make some money, I want to make it now," that then becomes the group's social centre of gravity.

A socio-centric or ethno-centric company, on the other hand begins to behave according to group norms. It may develop company pride and at later stages, sectoral pride or identity. "I" statements turn into "we" statements. Indeed, many modern company mission statements reflect this stage of ethnocentric development. We are not just an extractives company, we are a socially responsible mining or oil and gas company and (later stage) we represent the best of modern mining or oil and gas companies (best group within a group). Canadian mining companies have been self-organizing to develop a Canadian standard through the Mining Association of Canada called "*Toward Sustainable Mining*". The strategy is being developed to improve "the mining industry's performance by aligning its actions with the priorities and values of Canadians." This is an excellent example of ethno-centric boundaries (mining industry) being widened to include a larger group identity (Canadians). Essentially, the more evolved the stage the larger the framework of identity. To date MAC has expressed an interest in advancing this framework globally but it has not done so. Indeed the guiding principles brake to a stop at the Canadian border by referencing the host countries' laws and regulations.

MAC guiding principle:

Comply with all laws and regulations in each country where we operate and apply the standards reflecting our adherence to these Guiding Principles and our adherence to best international practices.

At an advanced stage of socio-centric behavior, such as MAC strives toward, the entity may behave in ways that favor the larger sector (extractives) or even the host communities but not the individual company. The companies that participate at this stage are generally stable, and thinking longer term than just here and now. They still want to make money and do well, but they want to make it for the group, they may see beyond now to the longer term and make decisions that will benefit more than the individuals within the group. Often they think beyond the company to the good of the sector.

A company at a very advanced stage of development will think along world-centric lines. Again, this will depend on the social centre of gravity of the individuals that make decisions within the company. These companies are rare. These are companies that will make decisions that are within the best interests of the largest group or boundary of group identity including all of the “communities of interest”. In some cases they may even go so far as to consider what is good for the planet, for a multitude of species, indeed what is good for life. An oft-cited example of this is the company Patagonia, which actually puts limits on its own growth. An interesting aspect to stage and development theory is that these later stages are only able to manifest when earlier stages are stable. In other words, one can only help others when we ourselves are stable. One can only help a broader group when the current group is stable. Obviously, the companies that are able to reach later stages of development are companies that are ego-centrally stable and have strong foundations of ethno-centric stability. To be able to think about what is good for society and what is good for multiple generations is an advanced stage of development and requires a solid foundation of ego-centric and ethno-centric stability.

Developmental theory has found that with *individual development*, a person is essentially required to go through the earlier stages sequentially. One cannot simply skip a stage. Nor can an individual presume a later stage authentically without stabilizing at earlier stages, according to developmental psychology (Wilber, 2006). However, when an *organization or group undergoes development*, the situation becomes more complex. It is possible for an organization at an ethno-centric stage, to quite quickly shift to a world-centric stage, if a sufficient critical mass (usually including the leaders and decision-makers) within the organization set that discourse. For example, if 5 of 8 board members step down, and the new board members come with world-centric ideas and values, that may bring the organization to a higher stage quite quickly. However, in a similar way as individuals, the corporations that are most able to remain stable and healthy at lower stages, are often those that gain the most traction at higher stages (i.e. you can't become a visionary corporation that sets new sustainability standards if you can't balance your

books.) Also, often what happens is that the corporation doesn't actually change, but it does change its messaging to meet a particular consumer perspective. This is why companies are often accused of green-washing. They are pretending to be world-centric while actually serving an ethnocentric or egocentric motivation.

Avastone Consulting recently carried out more detailed research on these developmental stages in organizations, examining the motivations and mental models of 10 corporations working toward greater sustainability. In this report, authors Cynthia McEwen and John Schmidt (2007) explain:

Sustainability is now part of mainstream business conversation, woven into forms of activity at many levels. With varying degrees of awareness, companies are beginning to see that global overshoot—our collective exceeding of the finite ecological limits of the planet—is a serious threat to the organization, society, and the earth itself...Missing, however, is a key dimension of the conversation that exists below the radar for most organizations. Few are focusing on the influence of *patterns of the mind*, which shape our capacity to understand the world and allow us to take effective action in support of it. Mindsets, the nature of their development, and the headway gained through the expansion of consciousness, are often overlooked in the larger sustainability discussion. While the myriad of shapes and forms of sustainability activity are under study, the acknowledgement of interior mindset development and its significance deserves a closer look. (2007, p. 4, italics added.)

The authors present their research on how mindsets are a core underlying force for accelerating sustainability gains. The evidence-based claim they present is that “sustainability is as much about the mindset through which the world is seen as it is about the activities taken in support of it.” (p. 30). We suggest that this too be the case with CSR. Avastone Corporate Sustainability Study (ACSS) drew on investigations with ten prominent corporations, each with substantial sustainability experience and varying degrees of achievement. Study data were delineated using a comparative framework that incorporates five stages (or “Gears”) of sustainability (depicted in table 1). These five gears of sustainability generally correspond with the ego-development stages of the individuals that comprise the corporation, yet they represent stages of corporate activity and general milestones along the business sustainability journey.

Table 1: Summary outline of the Gearing Up framework from McEwen and Schmidt (2007) pp. 14-15. The five stages or ‘gears’ of sustainability “represent stages of activity and general mile-stones along the business sustainability journey.” (See www.avastoneconsulting.com)

Stage or “gear”	View and scope	Focus of action	Key Players
<p>1.0 Comply</p> <p>No business case perceived beyond compliance and philanthropy</p>	<p>The business case for sustainability is perceived with limited—if any—acknowledgment of wider societal issues. The “business of business is business.”</p>	<p>Activity focuses on legal compliance and philanthropy.</p>	<p>Sustainability is driven by public relations and legal departments, often in a defensive or reactive manner. Stakeholder engagement is conducted mainly through philanthropy. Government relations are based on compliance.</p>
<p>2.0 Volunteer</p> <p>Impact reduction and eco-efficiency</p>	<p>The business acknowledges the sustainability agenda as legitimate and one requiring constructive responses.</p>	<p>Activity focuses on eco-efficiency, risk management, and measuring, managing, and reducing direct operational impact.</p>	<p>Sustainability is still seen primarily through the lens of public relations and/or legal. Stakeholder engagement becomes more active yet is often one-way, with communications directed “at” rather than engaging “with” stakeholders.</p>
<p>3.0 Partner</p> <p>Proactive risk management, co-evolution of solutions, reputation-building</p>	<p>The business views “sustainability done well” as possible only with other players.</p>	<p>Activity focuses on proactive risk management, reputation-building, and co-evolution of solutions with suppliers, customers, others in the industry, and NGOs.</p>	<p>Sustainability experts emerge with top management participation at major events. Stakeholder engagement is two-way with involvement from a range of nontraditional participants. Closer relationships with government emerge through public-private partnerships.</p>
<p>4.0 Integrate</p> <p>Increasingly strategic, embedded in business processes, integrated responses across value chain</p>	<p>Sustainability becomes increasingly strategic and integrated as the business links its competitive advantage and value creation to wider societal expectations.</p>	<p>Activity focuses on embedding sustainability in all business processes and systems, including product and service development and integrated action across the value chain.</p>	<p>Senior management and boards are actively engaged. Stakeholder engagement takes the form of progressive multi-sector alliances with NGOs and governments, working toward common objectives.</p>

<p>5.0 Redesign</p> <p>Systems change in financial systems, markets, and business models</p>	<p>Business contributes to shifts in systems that root out underlying causes of non-sustainability. New opportunities are envisioned and realized through new paradigms.</p>	<p>Business involves itself in reshaping rules of the game. Activity focuses on large-scale systems change—including redesign of markets, governance, and institutional frameworks. This is done in context of linked, multi-level systems at macro (planetary ecological limits), meso (human consumption demands), and micro (industry and company) levels.</p>	<p>New players are included as a wide base of networked participation coalesces movement around strong collective action. Participants include game-changing entrepreneurs and inventors, businesses, investors, global policy/legislative bodies, and civil society/global commons.</p>
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Whether one uses Avastone’s nuanced five-stage model or the three-stage model of ego-, ethno-, and world-centric described previously, what is salient for this discussion paper is what this might tell us in how CSR might be promoted and encouraged with corporations that are ‘coming from’ different gears. One can quickly see that a) one size does not fit all in this spectrum of corporate meaning-making and action, and that b) possibly the most effective CSR strategies are those that best align with which stage or gear the corporation most resonates with. Other questions here include, what are the motivations for CSR from these different stages? How might we account for the variance in the view and scope as we promote the uptake of CSR actions? What are the key drivers for ‘gearing up’ sustainability actions, like CSR, considering these unfolding stages?

What does this mean for Corporate Social Responsibility?

What does voluntary compliance rely on? Intentional, spontaneous good will (worldcentric)? Enlightened market advantage (ethno-centric)? Or simple self interest (egocentric)? This raises the question: Where are different corporations coming from? What is the orienting action-logic of the decision-makers in the corporation that would take on in good faith, or not, the concept of compliance?

Essentially, a company, depending on its stage of development, will consider CSR for different reasons:

Ego-centrally, the company will make decisions based on the individual advancement of company members or shareholders. As this is an earlier stage there will be more companies at this stage (greater span). Hence this is an important stage to consider as the majority of companies will reside here.

As a company moves towards larger scales of ethnocentricity there will be fewer companies (span) and an increase in complexity and depth (demonstrated by an

ability to hold increasingly more perspectives). In other words, fewer companies but more complex ones. Increasingly their sense of “we” becomes larger and they are able to see the greater common good. An example is a company that considers what is good for the company and the host community it is working in or the reputation of the sector. An organization is a social group, whose stage emulates the average stage of the individuals that make it up. At present, action-logic stages of US corporations is around expert (mature ethnocentric) with only some individuals moving into an early world-centric (O’Fallon, 2010, personal communication). It seems that current Canadian policy is directed at this stage of company development and the ethnocentric view point is aptly captured in the title of the Canadian Government’s corporate social responsibility strategy “Building the Canadian Advantage”. The identity border and seeming reason for the strategy is to meet the interests of Canadian business. There is no reference to the host communities interest or business outside of our national borders.

Because the majority of companies remain at this stage or earlier there is a need to develop CSR mechanisms that address this. Voluntary compliance is simply not as effective as sanctions, certification or mandatory rules for business entities at this stage. Unfortunately because of the nature of these earlier stages, these sanctions, certification schemes and rules will be broken, avoided or ignored by some.

Even worse, the concept of regulation comes across as condescending or paternalistic to companies that have embraced later stages of development. The argument is similar to gun control. I don’t need to register my gun because I am a responsible gun user. Ironically, however, in both cases if the rules are being followed then they don’t pose a threat. In other words because I am a responsible gun user I don’t mind registering my gun or because our corporation is socially responsible we don’t mind that there are legislated standards.

Ultimately CSR in 2010 is requiring companies to hold a world-centric sense of responsibility, which is very complex and has a much smaller span (fewer numbers of companies). We argue this because the scope of the global challenges we face will require more than just minimum compliance. It will actually require creative thinking that goes beyond minimum standards to solve the issues. These companies can see their responsibility inter-generationally (time) and across scales (beyond the boundaries of their identity group). In other words, what is good for the individual is good for the company and is good for society over multiple generations and they make decisions based on this premise. CSR policy at this stage is ideally developed through multi-stakeholder processes and reflects the interests of the greatest number of perspectives. Indeed, world-centric CSR is not about protecting business nor is it constrained by national boundaries. World-centric CSR is about meeting the needs of the widest number of perspectives in a world of increasing environmental and social constraints.

Obviously, this is a more complex cognitive, moral and emotional perspective. It is only afforded by the companies with earlier egocentric and ethnocentric stability to

think this way. Make no mistake, a company cannot afford this view until it has stabilized earlier viewpoints. This is why they are rare.

This raises an interesting question: How do organizations evolve? They don't in actual fact, but the people that make them up do, and thus change the social atmosphere of the organization. As the society's social discourse shifts—in this case toward more emphasis and value on fair trade, green, ecological decisions, and corporate social responsibility, so too will this shift in discourse filter into the corporation. When consultants work with corporations in an organizational development process, then too arises an opportunity for the organization to shift from business as usual to its innovative, ethical edge. However, evolution is slow and not guaranteed to occur at the timelines our ecosystems require. For example, it took hundreds of years for the abolishment of slavery, and while it *did* happen, it took a long time and took a lot of lives in the process.

So, it is important to focus on evolutionary processes but not skillful to rely on them. In other words, while ideally all corporations might be able to become world-centric soon, that is not pragmatic with an understanding of how slow the development process actually takes. As well, we need ways to engage corporations at *all stages*—ego-, ethno- and world-centric—providing information and encouragement in ways that are most meaningful to meaning-making at those stages. To do so, it is important to consider *where an organization is coming from* in our communications and actions with them. How can we frame compliance rules for ego-, ethno, and world-centric? To put some rough numbers on this as a suggestion, likely less than 20% of corporations will spontaneously and voluntarily comply with the guidelines for the inherent good therein. Most likely, they are not coming from world-centric—so how better could we communicate guidelines to 'meet' egocentric and ethnocentric? The current work of the Center for Excellence and the CSR Counsellor promises to address this critical evolution through providing a portal on information and best practices such that this evolution can take place.

What makes this theory, and these questions, particularly interesting is that it also holds true for civil society. One can definitely find ego-centrally motivated individuals pushing a perspective that will result in personal gain. The vast majority seem to fall into a defined ethno-centric orientation. Essentially, the civil society groups that can afford the luxury of holding an ethnocentric viewpoint maintain the gap between “us” and “them”. A truly world-centric civil society group can see the broader “we” that includes industry. These are rare groups because it takes a certain maturity to see this broader boundary.

The ego-centric and ethno-centric groups, while well intentioned, ignore their own use of resources or their own complicit involvement in a resource economy while laying the blame squarely on the shoulders of the private sector (them). Egocentrically or ethnocentrically, it makes a lot of sense to have bad companies and good NGOs for reasons of organizational equity or even fundraising advantage. Hence they have a well defined “us” and “them” and this is highlighted in public relations

materials. When it comes to raising money, profile or organizational equity a campaign is best served by a strong boundary between us and them.

This is the irony that does not elude the private sector. How can civil society argue for preservation, conservation and sustainability, while also participating in an oil-based, resource dependent economy? We all drive cars and we all eat food and seek shelter based on extractives.

These civil society groups maintain the view intellectually, that resources should not be exploited while ignoring their own involvement in a modern economy, which depends on resources and resource extraction. The few civil society groups that admit this dichotomy are stuck, just as the advanced private sector is. Clearly we are involved in a larger global economy yet how do we actively promote sustainability. How do we resolve this? The way forward is to admit the partial truths of each perspective.

The hope is that eventually the advanced companies and a mature civil society—both rare and golden finds—advance the idea of CSR for world-centric reasons. These companies actually believe that there may be a multi-generational challenge that requires the concerted effort of all three sectors of society to solve (civil, government and private sector). Likewise, these civil society groups admit the resource dependent nature of the modern global economy and seek best practices and an evolution in corporate and consumer behavior. Generally, the decision makers in these companies and civil society groups are aware of the global discourse on resource extraction, the global discourse on climate change, human security and economic stability. Overwhelmingly they are concerned with environmental sustainability in the face of shrinking resources and a compromised ecosystem. They are thinking inter-generationally and measure success over decades not years. These are advanced companies and NGOs capable of rising above an “us and them” differentiation. Just as individuals evolve so are these companies the pinnacle of private sector evolution and these NGOs at the pinnacle of civil society critique. They have an interest in meeting the needs of the widest number of perspectives...including the communities affected in the host countries. They welcome the idea of multi-stakeholder solutions as the longest-term meeting of perspectives and they are humbled in the face of the global challenges we are presented with.

Mandatory Regulations

There is an argument that mandatory regulations will either stifle the economy because of feared liability or they will be ignored because of eco-centric interests on the part of companies (there is always a way forward in the loopholes). Those in opposition to Bill C-300 are putting this view forward. In all probability both of these postulates are true for early stage companies. However in later stage companies (advanced ethnocentric) mandatory regulations offer an opportunity to prove excellence and market advantage.

An alternative argument claims that voluntary compliance is better than mandatory compliance. This is essentially the argument for Centres for Excellence. They encourage voluntary adoption of best practices through published guidelines and information such that companies can *rise to the occasion*. The idea is that companies will avoid the loopholes and attempt to gain market advantage by playing the system and being good corporate citizens. It argues for carrots vs sticks. Rather than exploit the loopholes, the voluntary compliance argument seeks market advantage through best practices, albeit for eco-centric and at best socio-centric reasons. Canada is clearly arguing for this advantage by promoting a centre for excellence based on competitive advantage.

Conclusion

The conclusion is that there will be a variety of developmental stages in both companies and NGOs, as we hone in on the mutual agreements toward sustainability. Not all companies nor NGOs are at the same stage of evolution nor can they be expected to be. Not all civil society groups share the same perspective. Some will encourage an “us and them” dichotomy while others will seek a way forward. What is needed is an evolutionary, scaled solution that sets mandatory best practices for the lowest common denominator, encourages voluntary compliance through measurable standards of excellence for evolving companies, and most of all encourages an evolution from ego-centric interests on the part of companies to ethno-centric (good for Canada) to world-centric interests (what is good for the planet) such that we can promote best practices and harmonize upwards particularly through reporting initiatives that promote transparency and accountability. Ultimately, there can be no doubt that we need to encourage evolution of psycho-social development toward world-centric thinking that involves care for the largest identity group possible. In the context of the year 2010 this is no less than a global identity.

For now, we can get more skillful and savvy with how we currently engage the corporate sector and present the viewpoints of civil society. Firstly, we cannot assume corporations will suddenly care, suddenly become world-centric overnight, and thus heedfully follow the CSR guidelines in a context without regulation or enforcement. Neither can we assume that civil society is seeking solutions that benefit everyone despite this assumed moral authority. Secondly, we can learn and examine the way that corporations develop or evolve through stages or ‘action-logics’, that correspond to the average stage of the members of the organization. We can also do this with civil society groups and even government. These are sequential growth stages that progressively include and embrace more complexity and care. The important point here is that the voluntary compliance guidelines depends on either spontaneous inherent value for social responsibility from a world-centric stage, or strategic value for social responsibility for our bottom-line (ethno-centric) or my career (ego-centric). Note that this also holds true for government and

bureaucracies. In the majority of cases at the present time, perhaps over 70% of corporations, governments and NGOs are coming from a mature ethnocentric or less.

Ultimately this requires a mature discourse in which we agree to a dynamic, upwardly harmonizing set of standards that have a minimum standard and a strong compliance mechanism. Ultimately we must strive toward evolving standards of voluntary compliance such that Canadian companies have a competitive advantage AND these standards lay a foundation for future private sector involvement in forwarding our collective well-being. To put this in the simplest of terms, we must regulate the lowest common denominator (mandatory minimums) and encourage upwards compliance based on what is good for the largest collective identity (which at this point is our planet). This latter evolution is the most important development toward which we must focus our efforts.

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