

Designing and formulating action plan for development of **corporate citizenship** in producing units in Iran

By

Dr .F. Ahmai

Dr N.Tavreh

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What is 'Corporate Citizenship'?

Corporate citizenship involves the social responsibility of businesses and the extent to which they meet legal, ethical and economic responsibilities, as established by shareholders. The goal is to produce higher standards of living and quality of life for the communities that surround them and still maintain profitability for stakeholders.

What is 'Corporate Citizenship'?

- In **corporate citizenship (CC)** a citizen considers a **corporate** just like a usual citizen with every civil right as respectful for corporate as for actual citizens, and in return citizens expect that corporate would pay a reciprocal respect to them.



What are dimension of 'Corporate Citizenship'?

- Corporate citizenship includes four fundamental types which are: **Economic Citizenship**, **Legal Citizenship**, **Volunteer Citizenship**, and **Ethical Citizenship**.
- **Economic Citizenship** is applied to a corporate' commitment in producing lucrative benefits for employees and other stakeholder by providing job opportunities ,gratuity, training and producing high quality products or providing their sale and services in a lucrative method.



What are dimension of 'Corporate Citizenship'?

- **Legal Citizenship** is applied to a corporate' commitment to fulfillments of trade missions in a framework of legal requirements.
- **Ethical Citizenship** is applied to corporate' commitment to subjection to ethical disciplines that represents appropriate behavior in society.
- **Volunteer Citizenship** indicates those corporate' commitments to involvements in activities that are not supervised or controlled and that are not legally necessary, and that they do not predict a business in an ethical sense .



What are the main behavioral variables that impact on (cc)?

- Based on the conducted researches three below behavioral variables have the main impacting on CC
- Social accountability:
- Corporate governance:
- Social responsibility:



Social Accounting

- **Social Accounting** is the process of measuring, monitoring, and reporting to stakeholders the social and environmental effects of an organization's actions/
- Social accounting for the purpose of management control is designed to support and facilitate the achievement of an organization's own objectives. Because social accounting is concerned with substantial self-reporting on a systemic level, individual reports are often referred to as social audits



Corporate governance


- Corporate governance broadly refers to the mechanisms, relations, and processes by which a corporation is controlled and is directed; involves balancing the many interests of the stakeholders of a corporation.
- The corporate governance framework consists of (1) explicit and implicit contracts between the company and the stakeholders for distribution of responsibilities, rights, and rewards, (2) procedures for reconciling the sometimes conflicting interests of stakeholders in accordance with their duties, privileges, and roles, and (3) procedures for proper supervision, control, and information-flows to serve as a system of checks-and-balances.



Corporate social responsibility (CSR)

Corporate social responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. ○

CSR is a concept with many definitions and practices. ○ The way it is understood and implemented differs greatly for each company and country. Moreover, CSR is a very broad concept that addresses many and various topics such as human rights, corporate governance, health and safety, environmental effects, working conditions and contribution to economic development. Whatever the definition is, the purpose of CSR is to drive change towards sustainability.



THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY IN ISLAMIC LAW

- Islam provides a basis and guideline for living one's life. Within this, there is a very detailed concept of ethical and social behavior which allows us to deduce that the concept of social responsibility automatically has a role in Islam.
- Corporate Social Responsibility (CSR) has been associated with related terms like business ethics, corporate performance, corporate accountability, corporate responsibility and stakeholder involvement.



THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY IN ISLAMIC LAW

Islamic ethical principles provide a broader framework for CSR. In terms of responsibility and accountability, Muslims believe that they will be accounted for whatever they do in this world in the hereafter (life after death). In Islam, Muslims verily have to fulfill the will of Allah in order to seek the promised rewards in the hereafter.

Individuals are expected to feel socially responsible for others in the community. In general, the aim of the Islamic economic system is to allow people to earn their living in a fair and profitable way on the basis of Shariah without exploitation of others, so that the whole society may get benefits. Islam also emphasizes the welfare of the community over individual rights.



THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY IN ISLAMIC LAW

- CSR in the world view of Islam requires both individuals and organizations to be guided in the development of a moral self that distinguishes between right and wrong and never loses sight of its responsibilities towards God and mankind.
- Islamic business values such as justice, socio-economic measure, human wellbeing, honesty etc are considered as the core of CSR in Islam. Islamic financial Institutions (IFIs) are considered as having an ethical identity and they have different social and economic objectives since the foundation of their business is based on religion/



THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY IN ISLAMIC LAW

- The Islamic approach to business ethics focuses on criteria that are common in stakeholder theory, such as justice and balance, and that the approach includes unique additional criteria, such as trust and benevolence.
- The rule of law and morality and the rule of justice are the foundations of social responsibility. In Islam, characteristics of social responsibility are ingrained in the Qur'an and the Sunnah/ Similarly, companies are considered to have a responsibility toward others, including society and the environment, because they are entities that have a relationship with God, other human beings and stakeholders. Hence, companies are required to fulfill Islamic rules and regulations for their activities to be blessed by God

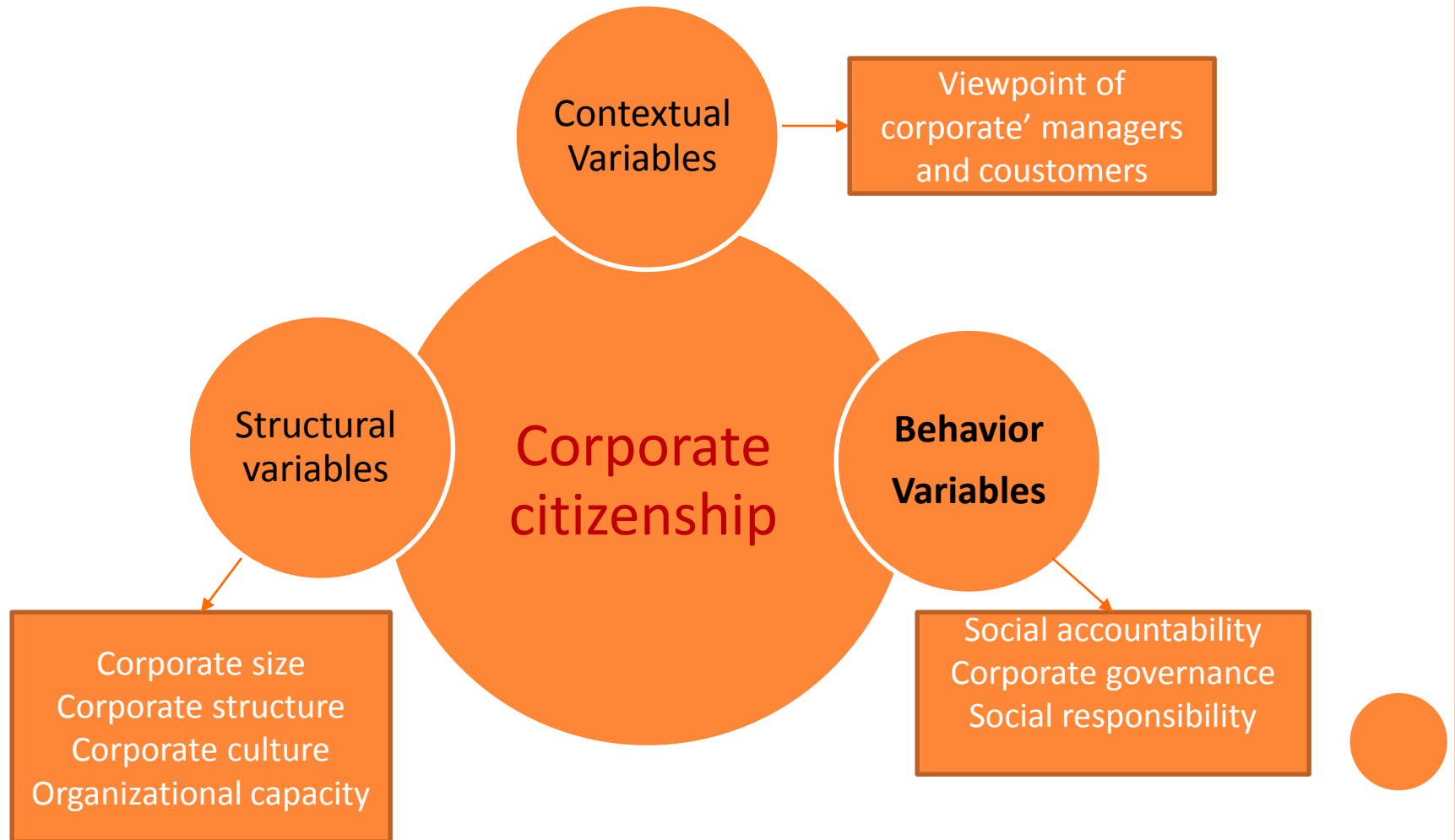


THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY IN ISLAMIC LAW

- In Islam, business activities are not assumed to satisfy only material needs and desires; rather, these activities should be undertaken to fulfill religious responsibilities as well (Chapra, 1992). Therefore, the purpose of the Islamic system of business is not primarily materialistic but is based on the concepts of human well-being and the overall achievement of a good life . God has permitted trade (i.e. buying and selling) but has forbidden riba, or interest, in business transactions (Qur'an, 2:275). He has encouraged mankind to exercise mutual cooperation in good deeds, but has forbidden people from helping one another to further evil acts and enmity (Qur'an, 5:2)



Research conceptual Framework



RESEARCH QUESTIONS

- **First question:** how is the **condition of corporate Citizenship** of Iranian production corporate active in industrial Units?
- **Second question:** to what extent do **structural variables** affect the corporate Citizenship of Iranian Production corporate active in industrial units?
- **Third question:** to what extent does a **behavioral variable** affect the corporate Citizenship of Iranian Production corporate active in industrial units?
- **Fourth question:** to what extent does **contextual variables** affect the corporate Citizenship of Iranian Production corporate active in industrial units?
- **Fifth question:** Based on what ground and plan can a corporate move from the current condition towards a more desirable condition?



RESEARCH METHODOLOGY

- This study based of goal is implementation and based of gathering data is descriptive study.
- For gathering needed data has been used of questionnaire.
- The actuarial sample of this research includes all members of broad of directors of all active corporate in petrochemical and food industry of Tehran Province that their stocks has been accepted at Tehran Stock Exchange. In the present study questionnaire papers were sent for all 200 members of broad of directors, and 169 (84.5%) of the questionnaires were sent back to us.



RELIABILITY OF QUESTIONNAIRE

Questionnaire structure			Cronbach Alpha
concept	Dimension	Question number	-
socio-demographic	-	1-5	-
Corporate citizenship (CC)	Economic Citizenship	6-14	0.8324
	Legal Citizenship	15-22	0.7984
	Ethical Citizenship	23-29	0.8321
	Volunteer Citizenship	30-36	0.8012
Behavioral factors	Social accountability	37-44	0.8174
	Social responsibility	45-50	0.7861
	Corporate governance	51-54	0.7962
Structural factors	Corporate structure	55-59	0.8241
	Corporate size	60-62	0.8142
	Corporate culture	63-68	0.8324
	Organizational capacity	69-72	0.8621
Contextual Variable	Viewpoint of corporate' manager	73-81	0.8124
	Viewpoint of corporate' clientele	82-86	0.7984



DATA ANALYSIS

- The results of Descriptive statistical based of socio-demographic indicates that 85 percentage of repliers were man , based on age 48 % were between 35-50 and 51 % of them were graduated.



CURRENT SITUATION OF THE MAIN RESEARCH VARIABLES (REPLAY TO Q1)

According to compiled data from questionnaire, the average of the answers of actuarial samples to the representing factors of corporate citizenship behavior has been shown in the below table.

Corporate citizenship condition	Corporate citizenship	Citizen volunteer	Ethical citizen	Legal citizenship	Economic citizenship	Corporate's number
High Corporate citizenship	3.2855	3.2451	3.3451	3.2415	3.3104	21
Low Corporate citizenship	2.8380	2.7412	3.0415	2.6781	2.8921	29



THE IMPACT OF STRUCTURAL VARIABLES ON CC (REPLAY TO Q2)

the average of represented answers to the elements of structural factors in units with different corporate citizenship behavior can be summarized as the following table

conception	dimensions	low corporate citizenship	High corporate citizenship	elements
Structural factors	structure	2.3577	3.2475	organic
		3.2451	2.5471	mechanic
	size	3.0214	3.1121	large
		2.9571	3.2415	medium
		3.1147	3.0144	small
	culture	3.0112	3.3571	Market-oriented approach
		3.1145	3.6124	Human-centered approach
		3.3245	2.9847	Competitive attitude
	Organizational capacity	3.0321	3.3257	high
		3.2141	2.9132	low



THE IMPACT OF BEHAVIORAL VARIABLES ON CC (REPLAY TO Q3)

the average of represented answers to the elements of behavioral factors in units with different corporate citizenship behavior can be summarized as the following table

concept	dimensions	Low corporate citizenship	High corporate citizenship
Behavioral factors	Social responsibility	3.3722	3.9182
	Social accountability	3.1833	3.7182
	Corporate governance	3.0278	3.75



THE IMPACT OF CONTEXTUAL VARIABLES ON CC (REPLAY TO Q4)

the average of represented answers to the elements of contextual factors in units with different corporate citizenship behavior can be summarized as the following table

concept	Dimensions	Low corporate citizenship	High corporate citizenship
Contextual factors	Directors' viewpoint to corporate ethical behavior	3.2471	3.9621
	Clientele's viewpoint to corporate ethical behavior	2.6751	3.1784



PLAN FOR BETTER SITUATION OF CC

- The results of this study indicated that the current of CC in Iranian companies is not in a good condition. So, it is necessary that they should move toward a more favorable condition with taking new strategies , new organizational structures , and some new changes in their goals .in other words , corporate should promote their social responsibility, social accountability, and corporate governance through setting new methodologies as their lead. Using organic structures ,putting Human centered orientation as their organizational culture, organizational capacity, keeping the corporate size at a medium level, are other instances that corporate are holding to in their strive to gain corporate citizenship.



THE LOST WORD

○ THANK YOU FOR YOUR
ATTENTION

