Different perceptions of Corporate Citizenship in a company in the Brazilian power sector

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Abstract
Currently, the Sustainable Development Goals (SDG) gave basis to the SDG Compass which invites all companies to integrate SDGs into organizational practices and evaluate the company’s position on the issue. Corporate citizenship gained space in the discussion of the responsibilities of the firms regarding sustainability. Several models were developed for the later, being corporate citizenship one of those. Some authors advocate that this is not a stagnant concept inside a company, which must flow through stages for achieving maturity on the subject. Based on a validated assessment tool, a Brazilian company was surveyed and the perception of 131 employees on eight dimensions of corporate citizenship was measured. Considering the internal stakeholders perception of the concept a prerogative for a company’s citizenship performance, it is relevant to understand the general organizational climate to improve the internal marketing strategies for sustainability. Through a cluster analysis, it was possible to identify two distinct groups among the employees: ones that classify the company in an early stage of corporate citizenship maturity and other that consider the company in a high level of maturity and understanding of this concept. Therefore, the integration of the concept among the different organizational areas, an important step when developing a sustainability strategy, needs to be reinforced through internal communication and alignment to engage employees in the corporate citizenship actions of the company.

Keywords: corporate sustainability; sustainable development goals; integration; internal marketing.

1. Introduction
The effects of social and environmental constraints on human life were reflected in important discussions (BOULDING, 1966), with the consolidation of the current understanding of sustainability (MEBRATU, 1998). These debates advanced discussions on natural resources limitations against consumption, with the discussion in the Club of Rome in 1972 (MEADOWS et. al., 1972) and the Stockholm Conference, which brought the environmental issues to a global level. Such debates corroborated for the advancement of the development model, which advocated economic growth, to social and environmental issues (DREXHAGE; MURPHY, 2011). Therefore, the concept of sustainable development was established, as one that seeks to meet current needs, without compromising the capacity to maintain future generations (WORLD COMISSION ON ENVIRONMENT AND DEVELOPMENT (WCED), 1987). Discussions continued in the 90s, with the meeting of 179 countries in the United
Nations Conference on Environment and Development (UNCED, 1992), that prompted Agenda 21, the conventions on climate change, biodiversity and desertification, forests declarations, Rio +20, among others.

During this period, the concept of sustainability was introduced in the environmental sphere, through incentives and questioning about values, strategies and business practices. On the other hand, organizations started to adopt transparent, ethical and responsible actions. Even though there have been indications of the business community concern with society since the 20s, the expansion of concepts occurs in the 1960s, for example with the advancement of Corporate Social Responsibility (CSR), which had its model expanded in the 1990s with the stakeholders’ theory, business ethics theory and corporate citizenship (CARROLL, 1999). Although there is no consensus in the literature on organizations sustainability, which has multiple models (LAURIANO et. al., 2014), corporate citizenship gained space, since it presupposes that a citizen organization is responsible regarding its finances, laws and recommendations, ethics and society (MAIGNAN et. al., 2000).

Mirvis & Googins (2006) add to this concept by suggesting that it is not stagnant in a company, but goes through stages according to the organization’s understanding and practices. Thus, as shown in Table 1, an organization can be in an elementary stage, where its efforts concentrate on fulfilling obligations established in law, or have passed an engaged stage, where it goes beyond issues only linked to legislation; may have advanced to an innovative stage, where the focus rests on creating policies and goals focused on the theme; or is already seeking the alignment of sustainability in all areas of the organization, being in the integrated stage. If the firm arrives at the transforming stage, in which sustainability is central to its business model, there is an adaptation of products for generating inclusive markets, and social and environmental pioneering. Still, Table 1 shows different dimensions of corporate citizenship, which are aspects that influence the management of corporate sustainability.

Tab. 1. Stages of Corporate Citizenship.

<table>
<thead>
<tr>
<th>DIMENSIONS</th>
<th>Citizenship Concept</th>
<th>Strategic Intent</th>
<th>Leadership</th>
<th>Structure</th>
<th>Issues Management</th>
<th>Stakeholder Relationships</th>
<th>Transparency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 1 Elementary</td>
<td>Jobs, Profits &amp; Taxes</td>
<td>Legal Compliance</td>
<td>Lip Service; Out of Touch</td>
<td>Marginal: Staff Driven</td>
<td>Defensive</td>
<td>Unilateral</td>
<td>Flank Protection</td>
</tr>
<tr>
<td>Stage 2 Engaged</td>
<td>Philanthropy, Environmental Protection</td>
<td>License to Operate</td>
<td>Supporter; In the Loop</td>
<td>Functional Ownership</td>
<td>Reactive, Policies</td>
<td>Interactive</td>
<td>Public Relations</td>
</tr>
<tr>
<td>Stage 3 Innovative</td>
<td>Stakeholder Management</td>
<td>Business Case</td>
<td>Steward; On Top of It</td>
<td>Cross-Functional Coordination</td>
<td>Responsive</td>
<td>Mutual Influence</td>
<td>Public Reporting</td>
</tr>
<tr>
<td>Stage 4 Integrated</td>
<td>Sustainability or Triple Bottom Line</td>
<td>Value Proposition</td>
<td>Champion; In Front of It</td>
<td>Organizational Alignment</td>
<td>Pro-Active, Systems</td>
<td>Partnership Alliance</td>
<td>Assurance</td>
</tr>
<tr>
<td>Stage 5 Transforming</td>
<td>Change the Game</td>
<td>Market Creation or Social Change</td>
<td>Visionary; Ahead of the Pack</td>
<td>Mainstream: Business Driven</td>
<td>Defining</td>
<td>Multi-Organization</td>
<td>Full Disclosure</td>
</tr>
</tbody>
</table>

Source: Adapted from Mirvis & Googins (2006).

Therefore, corporate citizenship is based on the prerogative that businesses and society are linked to and therefore, organizations should strive to satisfy economic, legal, ethical, and discretionary expectations of internal and external stakeholders (HERNANDEZ-SANCHEZ; GRAYSON, 2012). In this sense, it is essential the perception of internal stakeholders - the employees -, for being generally able to closely observe and have exclusive information on organizational operations (BOWEN; OSTROFF, 2004), being this perception of corporate citizenship (PCC) the individual interpretation of which degree its employer is fulfilling these expectations (EVANS et. al., 2011). Although nowadays this is a concern of the most competitive companies, since such practices are considered normatively desirable by society and valuable in financial terms (EVANS e DAVIS, 2014), there are still significant
challenges on how to incorporate these concepts into the everyday processes and culture of organizations (BARTLETT, 2009; HERNANDEZ-SANCHEZ; GRAYSON, 2012).

In this context, the role of United Nations (UN) has been relevant, since it launched, in 1999, the Global Compact (GC), inviting companies to take responsibility of goals connected to Sustainable Development (CORTINA, 2002), advanced in the year 2000 with the launch of Millennium Goals (MU), which was replaced in 2015 by the Sustainable Development Goals (SDG) due to new challenges arising. The SDG aim through the global goals for 2030, to mobilize efforts from governments, companies and society to take urgent action to reach a fairer world with opportunity for all (UNITED NATIONS GLOBAL COMPACT (UNGC), 2015).

To help companies to achieve these goals, the SDG Compass was released, which include guidelines for aligning organizational strategy to the SDG. The guide consists of five steps, ranging from Understanding the SDGs, that aims to familiarize the company with them; Defining Priority, which proposes the mapping of positive and negative activities related to the SDGs throughout the value chain; Setting Goals, by aligning the company goals with the SDGs; passing through Integrating, where it is identified how sustainability is incorporated in all the functions of the company; until arriving at Reporting and Communicating, in which the verification of the veracity and transparency in reporting the organizational sustainability performance to the company’ stakeholders (UNGC; GLOBAL REPORTING INITIATIVE (GRI); WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (WBCSD), 2015).

In this study, the emphasis is given to the Integrating step, since this stage is crucial for understanding how sustainability is anchored to organizational practices. For this, the SDG Compass advises to assess the employees' shared understanding on the progress towards the subject, as this analysis still reflects the positioning of the organization (UNGC, GRI, WBCSD, 2015). Since the guide does not establishes a specific methodology for this analysis, the tool proposed by Mirvis & Grogins (2006) is used as it allows to assess the evaluation of the sustainability corporate management in several aspects through the approach of the stages of corporate citizenship. With this evaluation, it is possible not only to understand how sustainability has been worked on inside the organization, but also which aspects demand improvements (LAURIANO et. al., 2014; EVANS; DAVIS, 2014).

For this end, internal marketing strategies can be used, once they contribute to the understanding of employees on the subject, besides integrating all the areas and actions for achieving the established goals (HENANDEZ; GRAYSON, 2012). In addition, if favors the involvement of employees in choosing, delivering and communication value for the client (KOTLER e KELLER, 2006). Nevertheless, frequently organizations make decisions about the formulation, execution and maintenance of actions carried out in projects connected to corporate citizenship without stimulating the involvement and participation during their elaboration (BHATHACHARYA et al., 2008), which can limit the employees' commitment, and, the results of the programs (HERNANDEZ-SANCHEZ; GRAYSON, 2012).

For the insertion of the topic, Bhathacharya et al., 2008 suggest the use of the following internal market tools in the corporations: (i) communication to the employees of all organizational areas on the details of the programs so they become acquainted and get involved with the activities that the company is engaged with; (ii) seeking a greater understanding about the different employees’ needs that can be met with these programs: proximity to corporate citizenship actions can satisfy psychological needs of employees, as many, for example, enjoy working in socially responsible companies since this gives them an opportunity for personal growth; (iii) organizations should highlight the contribution of each employee or organizational area for corporate citizenship actions: it is essential that they understand what their contributions are to those company actions and to the external environment, and which initiatives should be generated to achieve them.

The authors also report that internal market should be managed to generate identification of the company’s corporate citizenship actions with the employee’s characteristics. After the identification is generated, it is possible to obtain employee returns of two types: internal and external. Internal return is related to the proud to work in the company, job satisfaction and less commitment, while the external return is related to employees’ loyalty, productivity, lower absenteeism, and sustainable behavior (BHATTACHARYA et al., 2008). Corroborating this view, Kim et al. (2016) research points out
that when employees and their functional areas have a positive perception of the company’s corporate citizenship actions, they demonstrate a greater commitment to the organization and less propensity to turnover.

Moreover, the study of Evans & Davis (2014) also indicates the importance of employees’ perception of corporate citizenship, since it can contribute to a better performance of the organizational citizenship behavior. Moreover, Bowen & Ostroff (2004) argue that, when the employees have distinct opinions on corporate citizenship, there may be divergent understandings on the topic, requiring top management to convey a consistent message for promoting a strong organizational climate, in which employees share a common understanding and it is clear where the company is and which are the individual roles inside the organization concerning corporate citizenship. Therefore, despite the relevance of the subject regarding the benefits to the work force (BHATHACHARYA et al., 2008; KIM et. al.; 2016), due to the scarcity of research focused on employees’ perspective, the implications of this context are still not deeply explored (EVANS; DAVIS, 2014).

Thus, in order to contribute to the subject, the present research was developed with the purpose of verifying the corporate citizenship perception of employees in a company in the Brazilian electricity power sector, since such analysis reflects the corporate citizenship stage in which the company finds itself (MIRVIS; GOOGINS, 2006), corroborates the understanding of integrating sustainability in organizational practices, and contributes, if necessary, so that the organization can elaborate enhanced internal market strategies, implementing actions necessary for integrating all company areas to achieve relevant goals (UNG, GRI, WBCSD, 2015). Moreover, this study collaborates with the research area by inferring possible business implications from the employees' perspective.

It is important to highlight that the study was conducted at Companhia Paulista de Força e Luz (CPFL Energy), since it carries out several sustainable initiatives and aims to expand this concept to all its organizational practices (PACHECO et. al. in press). In addition, the organization under study is one of the 20 most sustainable companies in the world, integrating the Dow Jones Sustainability Index Emerging Markets (DJSI Emerging Markets) and the Corporate Sustainability Index (Índice de Sustentabilidade Empresarial - ISE) of BM&FBovespa, one of the leading stock exchanges in Latin America nestled in Brazil, and leads the Brazilian Working Group on Climate and Energy of the Global Compact initiative (CPFL, 2015).

3. Method

For assessing corporate citizenship and understanding how it is perceived inside a company, a survey was conducted and made available through an online survey app to all the company’s employees, with the support of the company’s Sustainability top management. As aforementioned, the focus of this research is CPFL group, a company listed in the Dow Jones Sustainability Index Emerging Markets and known by its engagement in activities related to sustainability issues (CPFL, 2015; PACHECO et. al. in press).

For elaborating the questionnaire, it was used the studies of Mirvis & Googins (2006) and UNGC, GRI, WBCSD (2015), maintaining the original scales of 5 stages. The following dimensions of corporate citizenship were considered: Corporate Citizenship Concept, Strategic Intent, Leadership, Structure, Issues Management, Stakeholder Relationships, Accounting and Transparency. It is important to note that Mirvis & Googins (2006) work does not present the dimension “Accountability”, included in the present study. However, the survey tool subsequently developed by the same authors already addresses this new dimension. This change in the survey questionnaire conducted by the authors is explained in a more recent work of Mirvis and Googins (2009), in which they mention that the “Accountability” dimension is responsible to measure the quality and impact of the company’s social, environmental and economic efforts on the business and on society.

The sample surveyed comprised 131 employees from different organizational areas and levels, with aims to encompass the perception of the company’s whole hierarchy. Data was collected from October to December 2016, with the support of an online form, being considered, therefore, an unsupervised application. Regarding the data analysis, a cluster analysis was conducted. This is an interdependence
multivariate technique which allows identifying patterns and it is not compromised by the ordinal scale of the sample (POHLMANN, 2014).

4. Results and Discussions

The cluster analysis revealed that, from the 131 answers, corporate citizenship at CPFL is fragmented, with two clusters with different evolutionary stage profile, according to Table 1 and Table 2. Cluster 1 represents 43% of the sample, while Cluster 2 represents 57%.

### Table 1 – Cluster 1 characterization

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Prevailing Stage</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Citizenship Concept</td>
<td>2 – Engaged: Functional focus, Philanthropy, Relationship with the community, Environmental protection.</td>
<td>53.6</td>
</tr>
<tr>
<td>Strategic Intent</td>
<td>2 – Engaged: preserve reputation and license to operate.</td>
<td>55.4</td>
</tr>
<tr>
<td>Leadership</td>
<td>2 – Engaged: supporters, the leaders are inside of it, but do not manage it.</td>
<td>58.9</td>
</tr>
<tr>
<td>Structure</td>
<td>2 – Engaged: Functional, there are units related to specific responsibilities of corporate citizenship, but the activity is still compartmentalized).</td>
<td>78.6</td>
</tr>
<tr>
<td>Issues Management</td>
<td>3 – Innovative: Responsive, policies and programs have been implemented on key issues relevant to the company.</td>
<td>63.4</td>
</tr>
<tr>
<td>Stakeholder Relationships</td>
<td>2 – Engaged: Interactive, in general, there is a two-way communication with stakeholders.</td>
<td>57.1</td>
</tr>
<tr>
<td>Accountability</td>
<td>4 – Integrated: systematic, in many business functions.</td>
<td>58.9</td>
</tr>
<tr>
<td>Transparency</td>
<td>2 – Engaged: public relations, disclosure, emphasizing good news.</td>
<td>50.0</td>
</tr>
</tbody>
</table>

Source: Developed by the authors based on Mirvis & Googins (2006, 2009).

Cluster 1 is the most cohesive, as can be noticed by the fact that the prevailing evolutionary stages range between 50% and 78.6%, and by the fact that, from the eight assessed dimensions, six are in the second stage (Engaged). In the group that possesses more elementary stages of corporate citizenship, attention is drawn to the predominance of the fourth stage (Integrated) in the dimension “Accountability”.

### Table 2 – Cluster 2 characterization

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Prevailing Stage</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Citizenship Concept</td>
<td>4 – Integrated: triple bottom line, with equal importance attributed to economic, social and environmental factors.</td>
<td>50.7</td>
</tr>
<tr>
<td>Strategic Intent</td>
<td>5 – Transforming: corporate citizenship is part of the business model – focus on market creation opportunities.</td>
<td>49.3</td>
</tr>
<tr>
<td>Leadership</td>
<td>3 – Innovative: stewards, leaders at the top of the company.</td>
<td>49.3</td>
</tr>
<tr>
<td>Structure</td>
<td>5 – Transforming: integrated, corporate citizenship is driven by business, activities are transversal and owned by business functions and units.</td>
<td>41.3</td>
</tr>
<tr>
<td>Issues Management</td>
<td>4 – Integrated: Responsible, there are programs together with plans, objectives and performance measures relating to issues management.</td>
<td>46.7</td>
</tr>
<tr>
<td>Stakeholder Relationships</td>
<td>5 – Transforming: partnership, working together with stakeholders on important issues, to learn with them as an equal partner.</td>
<td>53.3</td>
</tr>
<tr>
<td>Accountability</td>
<td>5 – Transforming: that is critical to how the business is managed.</td>
<td>56.6</td>
</tr>
<tr>
<td>Transparency</td>
<td>4 – Integrated: there is full disclosure of goals and results.</td>
<td>50.0</td>
</tr>
</tbody>
</table>
Cluster 2 is less cohesive, with predominant stages among 41.3% and 56.6%, with half the dimensions on the fifth stage (Transforming). “Leadership” dimension is the one classified in the lowest stage of all the others assessed by Cluster 2 (Innovative).

In all the dimensions Cluster 1 presents earlier stages. Comparing the differences between the two clusters, it is possible to identify that the largest gaps are in the dimensions “Strategic Intent” and “Stakeholder Relationships”, where there are three stages of difference. In the dimensions “Corporate Citizenship Concept”, “Structure” and “Transparency” there are difference of two evolutionary stages. In the remaining dimensions, there is only one stage of difference.

Figure 1 summarizes the results (horizontal: categories; vertical: values of the ordinal scale) for Cluster 1 and, through a general analysis of the answers given by this group of employees, the company finds itself in the Engaged Stage. According to Mirvis & Googins (2006, 2009), at this stage, top management often starts to reflect on society’s increasing expectations and begins to adopt a new framework to define the company’s role and responsibilities.

Normally, it starts by responding to policy demands for mitigating risks by designing policies that exceed the accomplishment of laws and regulations on health, safety and environment. Within the firm, community, environmental and social issues start to gain more visibility – however, companies in this stage tend to be reactive regarding these issues – and the employees gain insights on company practices overall or on specific topics.

**Figure 1 – Cluster 1 characterization**

Source: Developed by the authors based on Mirvis & Googins (2006, 2009).

Figure 2 shows the results for Cluster 2 and, through a general analysis of the answers given by this group of employees, the company finds itself in the Integrated Stage. According to Mirvis & Googins (2006, 2009), at this stage, the company has moved from coordination to collaboration, taking steps to drive citizenship into the lines of business. Senior leaders consistently set standards and monitor corporate performance. Mechanisms to integrate citizenship in a corporate-wide perspective are growing, which includes risk management systems, stakeholder consultation schemes, sustainability training for managers and employees, and issues management frameworks.

Source: Developed by the authors based on Mirvis & Googins (2006, 2009).
Figure 2 – Cluster 2 characterization

Source: Developed by the authors based on Mirvis & Googins (2006, 2009).

Summarily, under both circumstances, the company needs to face two challenges to ease these differences in perception and promote integration: to build capacity and deepen commitment. Mirvis and Googins (2006, 2009) suggest that the company needs more capacity to address the spectrum of new and varied interests and needs, creating incentives for senior executives to become more deeply involved, staff launch more extensive programs, and the firm reach out to stakeholders and become more open about their activities. In addition, to deepen the commitment and achieve the highest degree of maturity on corporate citizenship, the company needs to identify opportunities and find partners willing to participate in the creation of new models of sustainable businesses.

By facing these challenges, the company places corporate citizenship in a more central part of the business model, creating new organizational structures that are demanded to manage and deliver citizenship. The value proposition for corporate citizenship achieves its deepest expression when is visibly integrated into the company’ strategy and shared among its employees.

5. Conclusions

The present study applied a validated survey tool (MIRVIS; GOOGINS, 2006, 2009) to assess the sustainability management through the corporate citizenship stages approach in a company that stands out nationally and globally for its sustainability strategy and engagement with the SDGs (BM&FBovespa, 2017; CPFL, 2016, 2015; PACHECO et al. in press).

Nevertheless, through the results found in the present research it was possible to identify that the sustainability strategies are not being perceived by its employees in a homogeneous way. Regarding corporate citizenship, the company presented two distinct groups of employees’ perceptions: a group that considers that the company is in its initial stages of evolution on the subject (Cluster 1), and another group that considers that the company is already more advanced in the dimensions of corporate citizenship that were assessed (Cluster 2).

As stated by Evans & Davis (2014), employees’ perception is essential for organizational performance. Derived from the results here identified, it is recommended that the company reinforces its internal marketing actions (BHATHACHARYA et al., 2008; HERNANDEZ-SANCHEZ; GRAYSON, 2012), engaging the employees from several organizational areas in its sustainability strategies.
In the company surveyed, there is a considerable group of people (78% of Cluster 1 respondents) who perceives sustainability actions are still restricted to specific functional areas. This fact deserves attention, since the objectives will be better achieved if shared among all the company’s employees (Kim et. al., 2016).

Among those which consider the company more advanced regarding the integration of sustainability in its strategy (Cluster 2), it is important to highlight that the dimension “Accounting” was perceived as being in the most advanced stage (56.6% - Transforming). This may due to the high reporting pressure that the company has for participating in ISE and DJSI Emerging Markets, as well as for possessing a high commitment with compliance.

The major perception differences detected among the two groups relate to “Stakeholder Relationships” and "Strategic Intent", which reinforces the recommendations for the company to strength its internal market strategy and promote a better integration of the various stakeholders with the company’ strategy. Therefore, it is suggested to the company to make evident which is the contribution of each employee or organizational area for the corporate citizenship actions, so that they understand which initiatives must be generated and which are its main contributions to the external environment (BHATHACHARYA et al., 2008).

With this research, it is possible to perceive that even in a company considered a sustainability leader and first mover, this is still a concept that needs to be widely explored among the employees group. The identification of this gap in this Brazilian company, practical contribution of the present study, is relevant because its elimination can lead to greater commitment of employees to the organization (KIM et al., 2016). In addition, the study also brings a theoretical contribution, considering that despite the relevance of the subject, research on employees’ perspective is incipient and the implications of the context are still little known (EVANS; DAVIS, 2014).

When dealing with employees’ integration and engagement with corporate citizenship actions inside a company, the authors understand that the audience of discussions on organizational sustainability issues tends to increase and may lead to a greater commitment of the whole company with promoting actions that have great impact on its surroundings, in all its spheres: environment, society and economics. Therefore, we emphasize – and support- the relevant role of companies that act as citizens and, according to our model, as a transforming company, which is the key for achieving a sustainable world. Also, companies such as CPFL Energy, besides having employees with a different perception on corporate citizenship, have a great potential – as also highlighted in the results discussion- to work with external and internal stakeholders and promote a sustainable and cleaner way of doing business.

By the methodology adopted, the hypothesis of the difficulty on understanding the concepts of corporate citizenship (MIRVIS; GOOGINS, 2006, 2009) by the survey respondents is not ruled out. One suggestion for future research would be the creation and validation of an assessment tool for evolutionary stages based on the SDG Compass (UNG, GRI, WBCSD, 2015).

References


