

Integrity and mindfulness: Foundations of corporate citizenship

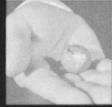
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Integrity and Mindfulness

Foundations of Corporate Citizenship

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Developing good corporate citizenship in the dynamic complexity of the new economy means that companies need to develop and sustain relationships with key stakeholders. This paper argues that there are two foundational ingredients of corporate citizenship: integrity and mindfulness. Integrity means honesty, and includes firm adherence to a code, as well as soundness and 'wholeness', indicating the need for an integral vision of the firm as corporate citizen. Mindfulness means that corporate leaders, increasingly, will need wisdom, which demands that they achieve relatively high cognitive, moral and emotional levels of development. Citizenship, defined as relationships with key stakeholders, requires an integral vision for the firm, a vision based not only on the objective but also on the subjective elements important to integrity. Only by building in reflection and learning capabilities aimed at enhancing leadership capacity for integrity and mindfulness can companies meet the growing demands for corporate citizenship.

- Integrity
- Mindfulness
- Corporate citizen
- Stakeholders
- Reflection
- Learning
- Wisdom
- Accountability
- Transparency
- Dialogue

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* Many of the ideas in this paper are derived from my forthcoming book, *Leading Corporate Citizens: Meeting the Business in Society Challenge* (McGraw-Hill, 2001).

DEBATE RAGES ABOUT WHETHER THERE IS A 'NEW' ECONOMY AND, IF SO, WHAT the implications are for the corporate citizenship of large corporations. The 'new economy' is technologically sophisticated (and technologically driven), entrepreneurial, incredibly fast-paced, and global. It demands integration internally and externally, through electronic technology as well as organisationally in terms of internal systems, and across organisational and industry boundaries. Potentially, this new economy outdates traditional views of the dynamics of the business cycle (e.g. Greenspan 1998; Hamel 1998; *Economist* 1999; D'Andrea Tyson 1999; Sahlman 1999). Some have characterised the current business climate as hyperturbulent (D'Aveni 1994), while others claim that only world-class organisations can succeed (Kanter 1995) in such highly competitive and dynamic contexts.

Whether or not the new economy actually exists, what is clear is that current economic and industry conditions certainly demand new and different ways for companies to relate to their stakeholders if they hope to succeed. Issues of ecological sustainability, transparency and accountability, human rights and labour relations (especially in sourcing from less developed areas of the world), and corruption are topics that face global companies and their leaders on a daily basis. Stakeholders representing these and other varied interests, particularly the interests of primary stakeholders such as owners, employees, customers and suppliers, frequently seek interaction with—and action from—company leaders regarding their specific issues.

Most corporate leaders today would probably attest to emerging dynamics of change and integration that focus ever-greater attention on company activities that have traditionally been conducted behind closed doors. Externally, demands for greater accountability, transparency and dialogue with stakeholders in multiple arenas are mounting. Information on corporations' stakeholder-related and citizenship practices has become increasingly available to interested parties, through rating systems developed by social investors and activists, as well as governmental release of ecological information, such as the Toxic Release Inventory, not to mention the attention of the broadcast and print media.

As the 1999 World Trade Organisation controversy in Seattle aptly illustrates, activists have learned how to use the Internet as an informational and organising tool to focus attention on labour, human rights and environmental practices that they find troublesome. These tools and analyses mean that information about company practices is easy to disseminate to interested audiences. Interested stakeholders can readily find out about many corporate practices—accurately or not—that were once (and sometimes still are) well behind the corporate veil. It also means that establishing sound relationships between companies and their primary and critical secondary stakeholders, i.e. those groups that constitute the company and have the power to affect its operations, are under a spotlight as never before.

The rapid pace of technological change combines with the growing activism and sophistication of some external stakeholders with whom companies might once have had little contact. For example, activists in Seattle did much of their organising using electronic communication; these activists included human rights activists, labour groups and environmentalists, among others interested in corporate (and country) accountability. Similarly, new organisations focused on improving country and corporate practices and decreasing corruption, such as Transparency International, now demand greater transparency and openness with respect to corporate practices in the global arena.

Other organisations regularly rate aspects of corporate citizenship (traditionally called corporate social responsibility). Such organisations include the Council on Economic Priorities, Kinder, Lydenberg, Domini, ethical/social investors, investment firms such

as Calvert and Trillium, and other parties, such as the Social Investment Forum, an association of social investors. Similarly, the Reputation Management research group at New York University, headed by scholar Charles Fombrun, is finding new ways to assess corporate reputation and link reputation to financial performance. In the UK, organisations such as SustainAbility, AccountAbility, the New Economics Foundation and Business in the Community focus on improving what has come to be called the ‘triple bottom line’ of corporate financial, ecological and social performance.

What does all of this attention to corporate citizenship mean for companies and those who lead them? Arguably, the implications are significant. In what follows, I will argue that leading corporate citizens need new levels of mindfulness and integrity at the individual and organisational levels if they are to be able to develop constructive relationships with key stakeholders. Relationships with stakeholders constitute the essence of corporate citizenship. Simultaneously, integrity and mindfulness are problematic in that they pose significantly new demands for developing both individual leaders and companies. The reasoning behind these ideas is laid out below.

Operating with integrity

A foundational argument in this paper is that integrity—in the full sense of the word—is at the core of good corporate citizenship. The primary synonym for integrity is honesty, according to Webster’s dictionary. Honesty means honesty with both self and the other stakeholders with which the company deals. Being honest with oneself means exploring what the realities are, knowing who or what one is, and acting forthrightly, consistent with that knowledge. Integrity, at its most basic level, therefore, means living up to a set of standards and principles, which implies a deep respect for others, that is, for the stakeholders who are affected by the corporation’s actions (or, alternatively, who can affect the corporation) (Freeman 1984).

Webster’s offers three definitions of integrity, which are relevant to the present discussion. One definition is ‘firm adherence to a code, especially of moral or artistic values’, with the synonym of incorruptibility. Second is soundness or an unimpaired condition. Third, and directly related to the second, is that integrity relates to the state of being complete or undivided, that is, to wholeness. The next sections will elaborate on these definitions as they apply to corporate citizenship.

Firm adherence to a code

Adherence to a code suggests a values-driven basis for corporations attempting to act with integrity. Corporate citizenship is, if nothing else, based on a combination of standards and what I have elsewhere termed ‘constructive values’, that is, positive values that guide behaviour. This adherence to a set of values is at the centre of the definition of corporate citizenship used here. It suggests that developing corporate citizenship is more art than science (and is, as well, artistic) in that it needs to be fundamentally values-driven, but in a constructive or positive way.

What types of value can be considered ‘constructive’? For an answer to this question, we turn to the seminal work on leadership by James McGregor Burns (1978). Burns says that values can be end values and modal values. The sort of values that are ‘constructive’, that is, positive guides for behaviour, are, by Burns’s definition, end values in that they describe desirable end states, collective goals or explicit purposes that help to establish

standards for making choices among a set of alternatives. Notice that the term ‘end values’ combines identifying an explicit goal that defines core purpose with the standards (the code) that must be lived up to so that goal can be attained.

The work of James Collins and Jerry Porras in their book *Built to Last* provides some insight into the content of end values that may be appropriate in developing corporate citizenship (although these authors state that the types of value companies have do not matter, I will here respectfully disagree). Collins and Porras (1997) studied what they called ‘visionary’ companies to determine on what basis their long-term success was built. Consistent with the view of corporate citizenship in this paper, the researchers found that visionary companies succeeded far beyond the also very successful comparison companies. Visionary companies, Collins and Porras found, developed ‘core ideologies’, consisting of clearly identified vision or purpose and the set of core values that sustains and supports the vision over a relatively long time-period. They were also guided in the shorter term by BHAGs, that is, big hairy audacious goals.

End values are deeply felt core values, which inspire the human spirit. It is exactly this type of value that appears in the visionary companies studied by Collins and Porras. For example, American Express’s core ideology involves ‘heroic customer service, worldwide reliability of services and encouragement of individual initiative’, while Marriott’s focuses on friendly service and excellent value, treating people with respect, hard work combined with fun, continual self-improvement and overcoming adversity. Similar end values are evident in all of the visionary companies studied by Collins and Porras (1995: 68–71). Clearly, the values articulated and implemented by these companies have intrinsic merit and are of a nature that many, if not most, people (whatever their cultural, ethnic or religious heritage) can agree serve as inspirational bases for guiding behaviour.

Core ideology serves the purpose of guiding a firm, as the definition ‘adherence to a code’ proposes. Specifically, end values help companies to operationalise their values in their day-to-day practices by providing the ‘how we do things around here’ set of standards needed to determine what is and what is not appropriate in a given situation or with respect to a particular stakeholder. Freeman and Gilbert (1988) have called such a guiding set of values an enterprise strategy and suggested that the key question ‘What do we stand for?’ should be asked along with the fundamental strategic question ‘What business are we in?’ Asking, answering and implementing the enterprise strategy question would arguably go a long way towards developing integrity, defined as adherence to a code, in corporate citizens.

Soundness and wholeness

These two definitions of integrity are discussed together because they are closely related. Integrity with respect to a corporate citizen indicates soundness, in the sense that an organisation’s condition is unimpaired and healthy. To the extent that the organisation has integrity, it is complete, not fragmented, whole in and of itself. It is, in short, integrated, which implies that its systems work together towards the common purpose identified by the vision and end (core) values of the core ideology.

Sound organisations, then, are healthy, meaning that all aspects are working well—and to the extent they are actually integrated, they are working together systemically. Soundness, in this sense, implies fiscal stability as well as, for private-sector organisations, profitability. Additionally, soundness implies the solidity or security that is provided by having internal practices that respect the stakeholders affected by those practices, that do not permit corruption to enter into the system, similar to the notion of adherence to a code or set of principles, discussed above.

Systems, notably, are wholes. More accurately, as Ken Wilber (1996) points out, they are, in Arthur Koestler's word, holons. Holons are simultaneously both wholes and parts. Corporate citizens—all organisations, for that matter—are also holons, in the sense that they are whole systems, have integrity, in and of themselves. But, simultaneously, they are inextricably embedded as parts of a broader system, i.e. of an industry in which they are in competition with other similar organisations, which is itself part of a broader economic system. More to the point, as holons, corporate citizens recognise their status not only as integral wholes (consisting of other holons such as strategic business units, divisions, plants or other facilities, departments, teams and individuals, and so on), but also as parts of society, inextricably wedded to the whole.

This embeddedness, in which one 'whole/part', as Wilber (1996) terms them, is also a part of something bigger and more complex than itself—and also contains 'whole/parts' (holons) less complex than itself—means that what happens to one holon affects what happens to other holons within the system. Such relatedness is, of course, the fundamental insight of stakeholder theory (e.g. Freeman 1984; Freeman and Gilbert 1988; Evan and Freeman 1988; Donaldson and Preston 1995; Clarkson 1995). Relationship is also the basis of the present definition of corporate citizenship. Thus, the definition and the systems perspective are fundamentally relational, in that they demand attention to—or, alternatively, as will be discussed below, mindfulness of—the ways in which one's own practices and behaviours impact others.

Considered as wholes, companies are complete systems, all of whose parts are interdependent and interrelated. Fragmentation or inconsistency, particularly with respect to the 'code' or set of principles that constitutes the vision and values discussed above, become problematic for companies because they can readily lead to treatment of stakeholders that is inconsistent with the inspirational end values associated with good corporate citizenship. Considered as parts, corporate citizens recognise their own interdependence and interrelationship with other elements of human civilisation, which constitute society. They also recognise that they are deeply dependent on a healthy ecological environment, of which they are a more complex and therefore more 'developed' part, and without which they cannot survive (see Wilber 1995, 1996).

Recognising these relationships and interdependencies, which are ultimately their primary and secondary stakeholder relationships, good corporate citizens know that they need to develop internal practices to deal with their stakeholders that are based on the set of values they articulated as part of their core ideology. Values-based practices—policies, procedures and processes—are, when based on integrity, ones that respect the fundamental worth and dignity of these stakeholders as well as of the natural environment on which the corporation depends.

The integral perspective

There is another important meaning to the wholeness associated with operating with integrity and that is developing what Wilber (1995) terms an 'integral perspective'. Wilber studied numerous literatures and came to a fascinating insight: most of the time, writers addressed or took a position with respect to only one of four possible ways of viewing a given situation. A typical and, in the Western world, dominant perspective is the traditional 'scientific' or objective perspective. From this perspective, one can study things or understand a situation from an objective perspective, based on what can be observed and classified as data. This objective perspective is typically external to the observer and can focus its attention on either individual phenomena or collective (i.e. inter-objective or observable social) phenomena.

Equally important, although frequently overlooked or lacking credibility particularly in the Western tradition, are subjective and inter-subjective phenomena. Subjective phenomena by their nature cannot be empirically observed. Instead, they must be articulated through conversation so that the subject gives his or her meaning to the phenomenon. Subject phenomena include ideas, respect, emotions, inspirations, spirituality and artistry or aesthetics. Similarly, abstract collective concepts, such as moral or ethical beliefs, religious systems and culture, fall into what Wilber terms the inter-subjective or collective realm.

The key to understanding anything fully, according to Wilber (1996), is to understand not just one of these four perspectives but, simultaneously, all four, which are present in every situation. Indeed, as with developing the relationships between a company and its stakeholders, understanding aspects of the subjective and inter-subjective realms requires that we ask what has been experienced by the other person or persons. In short, the subjective or inter-subjective (what Wilber terms the 'left-hand' side of his two-by-two matrix) demands conversation—dialogue—if it is to be understood, because it is fundamentally not measurable empirically.

Understanding the subjective and inter-subjective aspects of being a corporate citizen operating with integrity, it follows, means that corporate leaders will increasingly need dialogic and relationship-building skills. These skills are key to what strategy scholar Jim Waters (Bird and Waters 1989) termed 'good conversations', that is, dialogue between leaders within companies and their stakeholders. Entering into productive dialogues with stakeholders means that leaders need to be able to understand or 'take' the perspective of those stakeholders—the other—into account. Clear understanding is needed between company and stakeholder, not only of each other's point of view, but also of what it is the stakeholder(s) are experiencing as a result of the corporation's practices (and vice versa). This conversation needs to be dialogic rather than argumentative or discussion-based (see Senge 1990).

Operating with integrity also means that leaders need to understand how the company's actions affect relevant stakeholders in any given situation. That is, they need to be able to think through the full system and integral (emotional, aesthetic, cultural) consequences of their activities and practices. We shall call this combination of skill and insights 'mindfulness'. And mindfulness, it will be argued below, demands relatively high levels of cognitive, moral and emotional functioning from leaders and managers, levels that not all readily attain without significant work.

Operating mindfully

Wisdom, management scholar Russell Ackoff (1999: 14) says, 'is the ability to perceive and evaluate the long-run consequences of behaviour'. This capacity of what we shall call 'mindfulness', following Karl Weick (1999), is 'associated with a willingness to make short-run sacrifices for long-term gains' (Ackoff 1999: 14). The notorious short-sightedness, not to mention the sorry state of relationships that many companies have with some of their stakeholders, suggests that mindfulness may be in woefully short supply among corporate leaders.

Certainly, mindfulness—wisdom—requires a degree of maturity and insight that not every leader finds easy to attain. Being mindful arguably demands that individual decision-makers acting on a company's behalf function at relatively high developmental levels, not only cognitively, but also morally and emotionally. In particular, if corporate citizenship

demands building relationships with stakeholders, it also demands insightful understanding of these stakeholders' perspectives, and doing that requires a fairly high cognitive capacity as a starting point.

Seeing the consequences and implications of actions, one of the requisites of integrity as described above, marries cognitive with moral development, also at a relatively high level. Not only does thinking through consequences demand systemic thinking, but it also means leaders have to be well aware of the ways that others stakeholders will perceive and understand their actions and practices. Additionally, they have to be willing to reflect honestly about their understanding, about their relationship with other stakeholders, and about their own roles within the company.

Developing this level of understanding and reflection means that leaders not only need the cognitive capacity to 'perspective-take', but also the moral capacity to understand how their decisions affect others (which is the essence, after all, of ethics). Further, because sound relationships are key to the stakeholder-based definition of corporate citizenship, leaders also need emotional maturity sufficient to build lasting relationships with critical stakeholders. Emotional maturity means that leaders can engage in 'good conversations' or dialogue with stakeholders, and take actions that respect and are sensitive to stakeholders' interests, while still achieving their own interests.

A short review of major cognitive, moral and emotional developmental theories, all of which would appear requisite to mindfulness in corporate citizenship, may shed some light the developmental attributes needed for corporate citizenship. Perhaps it will also help to determine what qualities and attributes might be developed in leaders if their companies are to operate with integrity.

Cognitive development

Self-awareness, consciousness, is the essence of being human, according to biologists Maturana and Varela (1998) and de Waal (1996). Biologists such as Maturana and de Waal closely link the development of language and self-consciousness, suggesting that human beings are inherently social creatures, living (and working) in communities that have shared purposes. Cognitive development is particularly important in developing corporate citizenship today because of the difficulties involved in working in networked, dynamic and complex environments, which exist both inside and outside the corporation. Because we have suggested that the basis of corporate citizenship is creating relationships with key stakeholders, the capacity to understand those stakeholders—others—is an important key to corporate citizenship. And that capacity comes, at least initially, with cognitive development. To understand this point more fully, we need to explore, briefly, some of the major theories of cognitive development.

Although the cognitive domain is only one of multiple arenas in which adults continue to mature and develop (e.g. Gardner 1983; Wilber 1995), it is a critically important one with respect to corporate citizenship. Developmental theorists, such as Piaget (1969), Kegan (1982, 1994), Kohlberg (1976, who studied moral development, and will be discussed in greater detail below) and Wilber (1995, 1996), typically suggest that individuals go through three major developmental stages. These stages are generically known as pre-conventional, conventional and post-conventional.¹ Although these stages are associated with cognitive development, they have analogues in other domains of development where stage (or, better, nesting) theories exist: for example, moral development.

¹ Wilber suggests that there is also a post-post-conventional stage which he associates predominantly with spiritual development; this will not be addressed here.

Individuals at the pre-conventional stages of development generally do not yet understand society's expectations or system, but rather reason from a fear of being punished or from self-interest. They find it difficult to separate themselves from others. Individuals at the conventional stages focus on conforming to society's rules, because these are the 'conventions' that dictate norms and expectations. Individuals at this developmental stage are firmly embedded within their reference groups, recognising others and relying on external reference groups or society for expectations they should try to meet. Post-conventional reasoning allows individuals to understand and accept that there are rules and expectations in society, but also become aware that there are general principles underlying these rules and expectations that can shift as the situation changes. Self and others are clearly differentiated at this stage of cognitive development.

Empirical research suggests that most adults progress little beyond the conventional stages of development. The problem is that, as developmental theorist Robert Kegan (1994) says, the demands of modern society mean that many people are 'in over [their] heads' (to paraphrase the name of his book) in terms of their ability to cope with modern societal, business and life demands. Applied to corporate citizenship, which demands building stakeholder relationships, it is clear that the demands on cognitive capacity are significant and equally likely that many corporate managers and leaders are also 'in over their heads'. For example, research by Torbert (1991) and Fisher and Torbert (1995) suggests that few managers ever reach the 'strategist' (a post-conventional) stage of development or beyond.

Cognitive maturity, then, means that leaders are able to really see or hear other stakeholders' point of view and to understand the system in which they are embedded. This capacity, of course, is fundamental to developing corporate citizenship through building constructive stakeholder relationships. Yet, apparently, cognitive development at the necessary post-conventional stage is in short supply among people in general as well as in managers more particularly. And, as will be discussed in the next section, cognitive development alone is unlikely to be a sufficient developmental grounding for managers attempting to build excellence in corporate citizenship.

Moral development

Not only do individuals go through pre-conventional, conventional and post-conventional stages of cognitive development, but these cognitive stages are tracked, at least to some extent (Kohlberg 1976) by moral development, with cognitive development apparently an important precondition for later stages of moral development. Indeed, Kohlberg notes that individuals cannot reason morally at stages higher than they have achieved cognitively, which makes moral development to some extent interrelated with (albeit lagging behind) cognitive development. And it follows that, if few individuals achieve the higher stages of cognitive development, even fewer achieve the necessary post-conventional levels of moral development associated with principled reasoning.

Like cognitive developmental theorists, Kohlberg (as well as Gilligan 1982) asserts that there are three major developmental stages associated with moral development, which are the same as those associated with cognitive development. Pre-conventional stage individuals reason that they should do right to avoid punishment or to further their own self-interest. Individuals at the conventional stage of moral development reason that they need to conform to their peer group's expectations or, more generally, to the rules of society in order to do good. Post-conventional moral reasoning, on the other hand, focuses on doing things ethically because these individuals value the integrity of the system as a

whole and because they are reasoning from what they perceive to be universal moral principles (often following self-chosen guidelines).

Further, Kohlberg (1976) notes that social interaction, the opportunity for dialogue and exchange (i.e. with stakeholders), which we have defined as the basis of corporate citizenship, is one key means of making progress in terms of moral development, as it enhances insight into the perspective of others. This type of 'role-taking' (Kohlberg), which is an important key to stakeholder relationships, can only be done at higher stages of moral development.

Carol Gilligan (1982), who studied moral development in women, also discovered the same three generic stages of moral development. Gilligan claims that women's moral development is more relational than that of men. In what she terms an 'ethic of care', Gilligan says that women move from caring for self at pre-conventional stages, to caring for self and other at the conventional stages. The post-conventional stage involves moral reasoning about the dynamics of the relationship, including the interconnectedness of self and other. Other researchers suggest that, overall, women may be reasoning at higher, i.e. more relational and systemically oriented, levels than men (Bebeau and Brabeck 1987; Sweeney 1995; Cohen *et al.* 1998).

In the post-conventional stage of development, individuals can 'hold' multiple perspectives simultaneously, can understand interconnectedness and system implications of actions and decisions, and can operate from a set of principles, whether an ethic of care or principles of rights and justice. These mental and moral qualities are exactly the ones needed by leaders of organisations attempting to operate with integrity with respect to their stakeholders, yet they appear to be in short supply. To add to the complexity, arguably, functioning at these two developmental levels needs to be complemented by a third type of development, which Daniel Goleman (1995) terms 'emotional intelligence', because corporate citizenship is defined by the quality of relationships.

Emotional intelligence

Goleman (1995, 1998) documents that individuals mature emotionally as they age, though he does not present evidence of the types of stages of development proposed by other developmental theorists. Still, emotional development (which Goleman calls emotional intelligence) is a key to gaining a realistic perspective on the self as well as working with others successfully.

According to Goleman (1995), emotional intelligence consists of several capabilities or skills, including knowing one's emotions or self-awareness, managing emotions (building on self-awareness) and self-motivation. The other two attributes are a capacity to recognise emotions in others, frequently called empathy, and the ability to handle relationships. As we have noted above, these attributes are exactly the ones needed in developing long-term stakeholder relationships.

Awareness and self-knowledge allow for the development of vision and meaning within organisations, a key to tapping into the subjective and inter-subjective aspects of organisational life and corporate citizenship. Since corporate citizenship is all about developing relationships, clearly the capacity for managing one's emotions (which is included in what Senge [1990] terms 'self-mastery') and empathy for others (which requires the cognitive and perhaps moral capacity for perspective-taking) will influence a leader/manager's capacity to work successfully with stakeholders.

Goleman (1995) also highlights four emotional competences clearly relevant to building and sustaining long-term systemically oriented stakeholder relationships: organising groups,

negotiating, developing personal connections and social analysis. Thinking from the integral perspective discussed above, leaders need to be able to 'manage with heart', as Goleman puts it, with respect to primary stakeholders such as customers, employees, suppliers and owners. In particular, as stakeholders frequently have conflicting goals and agendas, the key to successful corporate citizenship is managing difficult interactions in an emotionally mature way.

'Good conversation': dialogue as stakeholder practice

Dialogic processes may well form a necessary basis for developing constructive relationships with stakeholders in the turbulent conditions of the new economy because conditions are rapidly changing and managers need to be constantly aware of what is going on with both internal and external stakeholders. To develop such relationships successfully, managers and leaders need entirely new levels of awareness: what we have termed 'mindfulness' (Weick 1999). Arguably, leaders need to be able to develop companies that have the inherent integrity of intent and action needed in an era that demands ever-greater corporate transparency and accountability for stakeholder-related practices, as well as the relationship capabilities needed to sustain constructive stakeholder interaction.

Corporate integrity means that companies have and maintain strong adherence to constructive core values that inspire value-driven behaviours with respect to stakeholders, and high principles and standards. Stakeholders in the new economy will probably continue to gain the power to demand transparency and increased accountability for corporate actions, putting ever-increasing pressures on the capacities of managers to meet those demands. Without attention to the subtle, non-observable aspects of corporate citizenship, aspects that draw out aesthetic qualities, meanings, emotional impacts, as well as the observable and quantifiable aspects of performance, companies may well be in serious trouble with stakeholders.

Such demands will call for levels of what we have termed 'mindfulness' in corporate leaders that have not been necessary in the past, when connectedness was perhaps less obvious than in this dynamic, technologically connected and resource-constrained age. It may well be that stakeholder demands and the attendant need for perspective-taking were less vociferous in the 'old' than the 'new' economy. Mindfulness implies the systems-thinking capacity to make connections, not only among ideas, products and services, but also with respect to the needs and interests of key stakeholders. Key stakeholders are the primary stakeholders that constitute the company—owners, employees, customers and suppliers—as well as critical secondary stakeholders on whom the company depends for infrastructure—communities and governments. Further, the success of the entire system depends, ultimately (and too frequently this point is unrecognised), on a long-term healthy natural environment that supports human civilisation (Maturana and Varela 1998).

Mindfulness also means that corporate decisions are made with wisdom. Achieving wisdom, however, requires emotional maturity that permits attention to aspects of organisational life for which the fast-paced, competitive and complex economy appears to leave few resources, especially of time. Ironically, only by slowing the pace to build in reflective practices (Argyris and Schön 1974; Schön 1983), to develop learning organisations (Senge 1990) and by paying attention to the subjective and inter-subjective elements of corporate citizenship, can company leaders actually develop the necessary cognitive, moral and emotional capacities they need. And, arguably, they will also be more productive economically by enhancing their stakeholder relationships (Waddock and Graves 1997a, 1997b).

Corporate integrity means that stakeholders are dealt with holistically and honestly, with their needs and interests fully taken into consideration. Taking stakeholders into consideration does not necessarily mean that their needs and interests are always accommodated, rather that they are fully understood and that *mutual* accommodation can be achieved, with multiple sets of needs and interests understood and considered. Achieving this level of stakeholder interaction means that leaders (and stakeholder leaders, presumably) have the necessary capacities for perspective-taking, understanding the perspectives of others, which are achieved in the post-conventional stages of cognitive and moral development, as well as high levels of emotional intelligence. Such mindfulness—wisdom—brings with it the other important aspect of integrity—honesty—that is needed for successful corporate citizenship.

Corporate citizenship operationalised through stakeholder relationships is holistic, or integral. It demands qualities in individual and organisation development beyond the traditional or readily measured (financially or in productivity terms). Citizenship demands responsible use of the power and resources that companies and their leaders command, and it demands relationship-building *with* stakeholders, not ‘management’ of them. These relationships, viewed holistically, mean paying attention to things typically somewhat neglected in corporate life. For example, companies would also need to consider the aesthetic implications of decisions, the meaning of decisions to stakeholders, the emotional impact of decisions, and even (as the spirituality in business movements suggests) the spiritual implications of corporate actions with respect to stakeholders.

Arguably, understanding stakeholders holistically is best accomplished through a dialogic process, through conversations, which is exactly what is needed to develop the very cognitive, moral and emotional capacities needed (Kohlberg 1976). Attempts to engage with others are the developmental exercises needed to enhance mutual understanding and push the limits of cognitive, moral and emotional development. Not all efforts will succeed, of course, but, without those efforts, parties are left apart, not integrated and warring, not in collaboration.

There is significant evidence from the work of Argyris and Schön (1974) and Argyris (1993, 2000) that what we have here termed ‘mindfulness’ can, with difficulty, be enhanced. Doing so requires significant investment, not in speeding up corporate activities, but rather in slowing them down, in providing time for reflection (Schön 1983; Argyris 1993, 2000; Raelin 2000), for dialogue and development of understanding, and for mutual problem-solving through collaboration around important issues. Finding ways to build in reflection on learning (Senge 1990) and develop communities of practice around important issues (Wenger 1998) can be other ways to develop what Senge (1990) calls a learning organisation. And learning may be the necessary foundation for the mindfulness and integrity needed for corporate citizenship as we have defined it. In this sense mindfulness means that neither leaders nor their enterprises can ever stop learning or developing.

New economy organisations, today, provide few safe havens for these forms of reflection, learning, and individual and organisational growth towards mindfulness and integrity. Yet only by engaging with stakeholders holistically, by integrating not only the quantifiable and measurable aspects of their demands, but also the spiritual, emotional and aesthetic, can true corporate citizenship actually be achieved.

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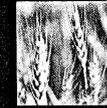
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