

Role of Corporate Social Responsibility and Sustainability in Organization's Excellence within Virtual Project Management

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Abstract:

A linkage between excellence, sustainability and corporate social responsibility within virtual project environment and their contribution towards organization's maturity is the purpose of this study. We'll explore what role ethics can play in sustaining an organization's excellence by taking into account Organizational Project Management Maturity Model. The study focuses on the positive impacts of imbibing ethics into the total quality management.

Keywords: Sustainability, competitiveness, TQM, Organizational Project Management, Triple Bottom Line, Bottom of the Pyramid.

Introduction In today's competitive global market, companies aspire to be more socially responsible as well as sustainable and comparatively less worried about maximizing profits, sustainability being seen itself as an achievement. An increasing number of companies are requiring teams that can act virtually, performing without the regional boundaries. The issues related to the software project management in multi-cultural and multi-location teams are not always visible to many but they definitely exist. Factors enhancing the need for CSR identified by Boston College (2005) are:

- _ Globalization and the associated growth in competition
- _ Increased size and influence of companies
- _ Retrenchment/repositioning of government and its roles
- _ War for talent; companies competing for expertise
- _ Growth of global civil society activism
- _ Increased importance of intangible assets.

With perhaps every global IT company in the world having a presence in Pakistan encourages the convergence of communications, computing, and entertainment resulting in the blurring of boundaries between disciplines and cultures. This collaboration is hindered by challenges; anything going wrong in this area can reverse the current business trend. Enhancing the need for a strong code of ethics and legal protection for the collaborating companies for competitiveness and sustainability is the question we'll address.

After etching out a larger CSR framework and how it is being implemented in the world, we have identified the change factor which lead to a new kind of organization a VO, its challenges and the specific IT industry in Pakistan. Next we move on to the concept of ethics, in this paper we do not intend to

emerge as experts on ethics nor is the intent to define ethics in spite of greater minds already defining ethics from the times of Kant. But rather to arrive at a uniform understanding what we, as managers believe ethics means to us, what ethics should mean in the context of Virtual Project Management (VPM) and then to understand if there is a prominent role of ethics in bringing excellence within an organization that already is challenging by its virtue of managing virtual projects.

Hypothesis We will establish a link between corporate social responsibility and sustainability of a virtual organization, and within CSR we will specifically look at the role ethics plays in organization's excellence through total quality management.

Methodology This study has been conducted within the Software Industry environment of Pakistan. Various ethics policies and corporate standards were analyzed in light of existing CSR standards and the virtual company's standing. Organization's Survey, literature review and group discussions were the prime research methodology tools employed.

Corporate Social Responsibility

The framework of our discussion is based upon the common definition of Corporate Social Responsibility (CSR): "a business operating in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business."

There is a differentiation within the concepts of corporate social responsibility: inside the corporation and internal dimensions. Ethics is one such focus area of CSR which encapsulates internal as well as external dimensions.

Within Pakistan, CSR has been introduced by

international and multinational firms. One must take into account the culture and societal influences of Pakistan also stressed by Milton Friedmann (1970). He outlined his view that the social responsibility of corporations is to make profits within the boundaries of societal morals and laws.

Attitudes to CSR in Developing Countries

CSR is not new to Asia and the developing countries, under the UNIDO project a survey was conducted which made it clear that in the developing countries like Pakistan, organizations were aware of the need for CSR, and the key issues in five areas were also identified in the same study as: business principles (e.g. corruption); consumer issues, (e.g. product safety); community issues (e.g. human rights); labour standards (e.g. freedom of association); and environmental issues (e.g. energy efficiency). Of the business principles it is clear that transparency and accountability are the key issues for the majority. Awareness was also identified as an issue.

CSR is emerging with a new thrust now in Asia mainly attributable to globalization and there is a need to be aware of private sector responsibilities. As *“SR always existed in Asia; it’s the ‘C’ that is new and is now getting more organized as a movement”*.

Sustainability Competitive Field and Virtual Organizations

"Sustainable" has become a buzzword, which everybody interprets differently. For the sake of this paper, the following definition of corporate sustainability, drawing heavily on the definition introduced in the Brundtland report's (1987) is accepted, he says:

“A strategy for corporate sustainability must meet the needs of a firm's stakeholders without compromising its ability to also meet the needs of future stakeholders.”

As pointed out by Welford (1997: 179) *“we are*

really talking here of a process rather than a tangible outcome." On the level of a corporation this means that companies have to struggle constantly to adapt their business strategy if they want to remain sustainable. Dyllick et al. (1997: 6-62) stress that competitive opportunity from the transformation of sustainable issues may either arise as cost advantages or as increased product quality. One of the demands of this time are for corporates to join their capabilities with other organizations and companies to form organizations that might span over geographical distances – thus the phenomena of Virtual Project Management. That means by definition and by essence Virtual Organizations are an outcome of organization's sustainability strategy.

Virtual Organization Virtual project management (VPM) is the system by which virtual teams collaborate for a finite period of time towards a specific goal to be achieved within time, within budget and according to specifications. Virtual teams are defined here as groups of geographically and organizationally dispersed knowledge workers brought together across time and space through information and communication technologies in response to specific customer needs or to complete unique projects.

Coulson, & Kantamneni, mention that there is a need to *retain potential employees with intellectual flexibility* in a VPM, however we must stress that intellectual flexibility should not impinge upon and compromise upon the code of ethics. The very dynamics of a VPM require that different subject specialists and different organizations form an alliance with heavy reliance on technology such as internet and email, but by creating such a workforce the VPM must take into account that every culture, organization, religion and person will bring in their

own set of ethics which too must be aligned towards a unified goal and approach as defined for the VPM. *It would be best for an organization to focus on its specialties and temporarily link up with other companies who can bring different specialties to create a new force.* This has a threat that the different Virtual Companies must have the same ethic policy or run into a conflict of the sort that may resemble the clash of civilizations. As also noted: *The changes necessary to enter into VCs will require concomitant changes in corporate mission statements to enable appropriate strategy development* (Coates, 2001).

Jones and Bowie (1998) offer one hypothesis for addressing the trust problem: *“if virtual corporations flourish, it is because their (corporate) components have made an ethical commitment to trust and thus have a trusting corporate character.”* Established that there is a need for “trust” and “ethical commitment” with a VC but how do you know that the ethical commitment is same across geographical, cultural and societal boundaries? For this we must develop a code of ethics for VCs which sans all boundaries and binds all within a VC culture which requires commitment, security and trust. Easier said than done, but yet accomplishable.

It is also evident from the previous studies on ICT, trust and collaboration that understanding social systems in which individuals, groups or organizations operate is a powerful mechanism for the development and sustainability of trust in an on-line or virtual environment. Key challenges for VPM identified by Nauman et al (2005) also establish trust as one of the prerequisite for effective VPM. Thus ethical issues in virtual environment are inherent in the key challenges. There is an overlapping relationship between elements of VPM and CSR leading us to conclude that improving virtual

processes can resolve ethical issues and enhance organization's performance.

Proposed Model

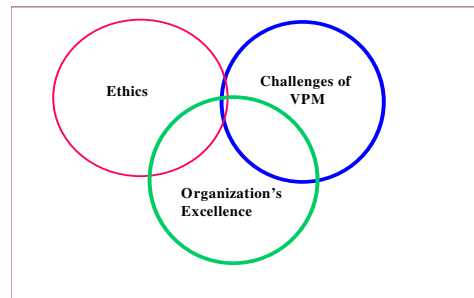


Fig: 1 Overlapping Relationship

Les Pang, PhD notes in his paper “Understanding Virtual Organizations” that managing virtual organizations face special issues, amongst others there are also:

- *Potential abuse and wasted time*
- *Security*
- *Managing and controlling at a distance*

These also tantamount to the lack of ethical values on the part of the organizations in the Virtual environment, or then of personnel in the VPM. He also identifies a list of best practices, which are also directly attributable to introducing ethical standards within the VO for sustainability and excellence, among others cooperation, trust and empowerment were identified.

Ethics Ethics were defined as the conception of what is right and fair conduct or behavior. Velasquez (1991) defines business ethics in somewhat similar terms: “business ethics is a specialized study of moral right and wrong. It concentrates on moral standards as they apply particularly to business policies, institutions, and behaviors.”

According to Rutland (Dec, 2002), engineers have a tendency to use their own personal standards of ethics when making decisions about ethical dilemmas associated with their work.

The reasons for developing a code of ethics are many and varied. According to Raibom Payne (1990), and Bennett (1996) companies establish codes of ethics for several reasons.

Since virtual organizations rely heavily on computers and related technology for communication and sharing of information, we must define ethics in relation to computers. James H. Moor proposes a definition for computer ethics and argues why it is important. He is of the opinion that it is beyond mechanical application of an ethical theory to generate the appropriate policy, which he attributes to a policy vacuum with which there is also (as often) a conceptual vacuum.

If ethics by definition is understood differently by great scholars, business men and members of community, then organizations and persons working within Virtual environment must also be having varied notions of ethics. If regulatory model is adopted by one and utilitarian by another, then the clash of Virtual Culture is going to be similar to the clash of civilizations.

Code of ethics in Pakistan's VOs does exist but the challenge for businesses is to bring these statements to life rather than simply have them decorating entrance halls or conference rooms. Mainly introduced and enforced only in the multinational corporates, ethics policy shows an interesting perspective. One of the leading international company in Pakistan doing virtual IT projects across the globe, has one ethical policy for all of its international offices and teams, placing the same ethical standards on all its employees irrespective of their cultural, economic and social differences, unifying them under one ethics policy – as a

consequence introducing a new culture within the external culture and a fresh set of norms within the external societal norms. But this works for them as through such a unifying set of policy and guidelines, they have faced and eradicated one of the biggest challenges of VPM, that is of diversity and cultural differences by creating a virtual culture and society to which all comply and drive the organization towards excellence.

Ethics and TQM TQM is unique among improvement philosophies because of its ethic of inclusiveness, as TQM truly includes everything and everybody in its mission. TQM is boosting the bottom line by doing the right things right, everywhere, for everyone involved, the first time every time. Described in this way, TQM is a vital implementation of *ethics* for achieving organizational excellence.

It has been found that there exist positive impacts of imbibing ethics into the total quality management in organizations to improve performance (of products and services), which is the bottom line of OPM3. OPM3 (2003) uses *The House of Quality* or "HoQ" which is an implementation of Quality Function Deployment that provides focus on customer requirements and correlation of all activities to satisfy these requirements.

Quality, sustainability and triple bottom line

In recent years the analogy of the triple-bottom line (Elkington, 1997) has emerged as the preeminent model for firms to interpret sustainability. Quality and sustainability are deeply connected and provide winning solutions for social responsibility, environmental performance and business results—the triple bottom line. Sustainability is finding win/win/win solutions for both the short- and long-term effects of design on social responsibility,

environmental performance and business results—the triple bottom line.

CK Prahalad (2004) also links improvement in quality of people living at Bottom Of Pyramid by addressing issues like corruption and exploitation and finds its solution in giving them respect and empowerment. He proposes transparency (Transaction Governance Capacity, or TGC), for addressing corruption thus adding a new dimension to enhancing organization’s behavior.

Conclusions

Ethics by definition is very obtuse and obscure and has embroiled many heated debates since the times of Aristotle and Kant. However debated the essence of ethics is, it is un-debatable that ethics are vital for a virtual organization to build trust with its clients, stakeholders and employees. We propose the following model for Organization’s excellence.

Proposed Model

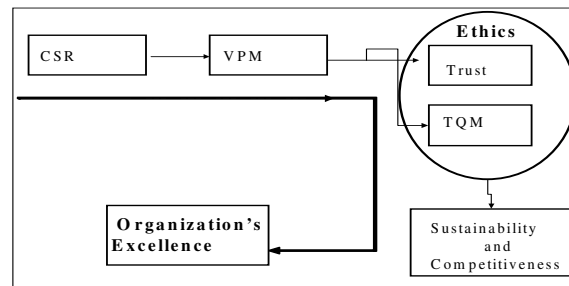


Fig: 2 VPM and Ethics Model

Expectations of corporations are higher than ever. Investors and other stakeholders consider companies in terms of the “triple bottom line,” reflecting financial performance, environmental practices, and corporate social responsibility (CSR). Because of the

strong societal influences in the private and professional lives in this part of the world, most of the Pakistani companies implement an unwritten corporate social responsibility and have a tendency to follow societal rules, norms, values and obligations even though a formal CSR. To make CSR work within Pakistan, there is a need to adapt it according to its culture rather than to develop a new corporate culture parallel to the culture within which it works.

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