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Corporations and Citizenship in New Institutions of Global Governance

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INTRODUCTION

This chapter contributes to the theme of the responsible corporation in a global economy by taking a citizenship approach to the roles of corporations in new global governance.¹ We therefore introduce the general theme of corporations, governance and citizenship (section 2) and then introduce our conceptual framework of three corporations and citizenship relationships which we offer as a basis for understanding corporate contributions to new institutions of global governance (section 3). Turning to the global context, we first provide a general introduction to corporations in globalization (section 4). We then explore how different corporations play out in selected institutions of global governance (section 5). We close the chapter with a final evaluative discussion (section 6).

Treating corporations in the language of citizenship is often considered as controversial. This is usually because it is regarded either as a distraction from their market responsibilities for which corporations are principally responsible or as an unaccountable intrusion of corporate power into the political sphere; colloquially the corporate take-over. Milton Friedman (1970) holds both of these views whereas Noreena Hertz (2001), for example, is associated with the latter. More generally, treating corporations in the language of citizenship is considered as inappropriate because corporations don't fit into the pattern of conventional political institutions with their delineated functions and accountability mechanisms.

¹ We are grateful for the discussion and feedback of the members of the workshop, particularly from Colin Crouch, Lex Holst, and Jan Aarte Scholte. This chapter draws upon Crane, Matten, and Moon (2008) and from Moon, Kang, and Gond (2010).

We readily acknowledge that our conceptualizations of corporations and citizenship do not obviate all issues of corporate power and accountability which arise in new global governance. But nonetheless, some of the objections to even starting this line of thought can and should be addressed.

CORPORATIONS, GOVERNANCE, AND CITIZENSHIP

Whilst globalization raises special issues for the responsible corporation to face, some of the difficulties in thinking about corporations and governance also occur at the national level. Indeed, understanding, and conceptualizing the relationship of corporations to national governance has been a relatively unsatisfactory endeavour, both in terms of theory and ~~in terms~~ of institutional design.

Theories of liberal democracy tend to treat business in one of three ways. First, business is viewed as one of a variety of sets of interests, albeit with their own set of distinctive resources (often known as a pluralist approach e.g. Dahl, 1961). Secondly, it is regarded as having some special powers and influence, which operate non-formally in the system (often known as an elitist approach e.g. Bachrach and Baratz, 1962, 1963). Thirdly, it is assumed to have some 'hidden hand' over political outcomes (often known as a critical theory approach e.g. Lukes, 1974).

Notwithstanding the great differences in the assumptions and methods that go with these approaches it is striking that none of them consider corporations within a systematic understanding of political institutions (in contrast to the treatment of parties, legislatures, and courts, for example). Dahl (1961) equates business with other organized interests whilst Bachrach and Baratz (1962, 1963) and Lukes (1974) as outside, but subversive of, political institutions as conventionally understood.

Of course, in most democratic national systems, corporations are not specified in constitutions. However, some business roles in politics are *regulated* in numerous democratic systems (e.g. contributions to party financing), whereas in some systems specific impositions are placed on business to reflect some wider desideratum (e.g. trade union representation on German corporate boards). In other systems, business roles in governance have at least been so commonly *understood* that they were tantamount to having constitutional validity (e.g. in neo-corporatist industry and economic policy making). These rather exceptional cases of business inclusion in explicit systems of national governance do at least signal the political significance of corporations in national politics, notwithstanding their absence of formal status.

Nonetheless, Dahl's (1984) manifesto for corporations to feature more conspicuously in a national liberal democratic polity, due to their manifest political resources predicated on their economic power, has generally been ignored. Likewise, Evan and Freeman's (1988) call for corporations to be governed according to political mechanisms, rather than market mechanisms, in order to reflect stakeholders (including those representative of society) in corporate governance, has not been followed up.

Another obstacle to considering business in new governance is the perception that corporations necessarily set out to evade systems of democratic governance where national governance systems are at their weakest. This is in their cross-border or global activities. To their critics, the significance of corporations going multinational is indicative of the corporate appetite for the evasion of responsible governance be it, for example, by reducing labour and environmental standards through international supply chains; by being free to make facilitation payments in countries where this is acceptable; or by avoiding or minimizing taxation. As a result, to those who see corporations driving and exploiting globalization for anti-social purposes, the question of a responsible business contribution to global governance is otiose. Globalization is thus in part a reflection of the power of corporations and in part a reflection of their irresponsibility.

Certainly many corporations draw upon the language of citizenship to capture and promote their extra economic roles. Although the term has been applied to business for half a century (e.g. Gossett, 1957) there has been a recent growth in this usage (e.g. Altman and Vidaver-Cohen, 2000). In 2006, numerous corporations were describing their non-financial reporting document as a citizenship report (e.g. BHP Billiton, Manulife, Microsoft, Total, and Toyota—Crane *et al.*, 2009: 19). In describing particular actions, corporations use the term corporate citizenship to describe compliance with local laws and contributions to local communities, particularly in developing countries. For example, Imtech claimed that 'Corporate Citizenship means a corporate strategy in which the Company's own employees are deployed to carry out CSR projects in Third-World countries'.² Business associations and companies also bear the name (e.g. the Corporate Citizenship Company, the US Chamber of Commerce Center for Corporate Citizenship, and the magazine *Corporate Responsibility Officer* labels its annual ranking of socially responsible companies, the '100 Best Corporate Citizens').

Because corporations claim the term citizen does not, of course, mean that they are citizens or even behaving like them, it could be objected that, in Friedman's words, this is 'mere window-dressing' (1970) which distracts from more fundamental abuses of power through the fabrication of a 'cozy consensus' (Néron and Norman, 2008: 2). Thus, the critique could follow that corporations are being selective with the concept of citizenship, downplaying

² <http://www.imtech.eu/eCache/DEF/689.bGFuZz1FUw.html> 29.4.2010.

the elements of obligation and accountability and trading on the elements of solidarity and neighbourliness.

One response to this line of argument is to point out that the term corporate citizenship has also acquired considerable status in academic circles (e.g. Andriof and Mcintosh, 2001). This is evidenced in academic books and articles, a journal, and research and teaching centres, which bear the name. However, as Néron and Norman also point out, one of the problems of the academic application of citizenship to corporations is that there is no settled meaning of the term (2008: 2). It is true that the term and its usage have been subject to academic contestation (e.g. Moon *et al.*, 2005; Néron and Norman, 2008). But this has long been true of the term citizenship as applied to humans. It has proved a dynamic and adaptive concept: contrast its usage in Aristotle's Athens with that of contemporary identity politics (e.g. Jenson and Phillips, 2001). These dynamics have not necessarily reflected ineluctable evolutionary pressures but often contestation. As Parry notes '[A] totally uncontested and uncontested concept of citizenship appears to be particularly problematic' (1991: 168). Nevertheless the dynamic and contested nature of human citizenship has not detracted from its salience and value: on the contrary.

Three emerging perspectives on corporate citizenship can be identified. The first, the 'limited view', is simply where scholars use the term corporate citizenship to describe what otherwise might be called philanthropy: discretionary activities to 'put something back into the community' (e.g. Carroll, 1991: 42). The second, or the equivalent view is that corporate citizenship is equivalent to the wider concept of corporate social responsibility, corporate sustainability, or stakeholder management. Thus Carroll (1998) defines corporate citizenship precisely as he defined corporate social responsibility two decade earlier as having four aspects: economic, legal, ethical, and philanthropic (see also Maignon and Ferrell, 2000). The third, or extended view of corporate citizenship, recognizes the political realm that many corporations enter, be it in contributing to global governance (Logsdon and Wood, 2002) or the role of corporations in such political processes as lobbying (Néron and Norman, 2008). Others from a political science perspective have considered the suitability (e.g. Gerencser, 2005; Moon, 1995) or unsuitability (e.g. Thompson, 2006) of the usage of citizenship to describe or conceptualize corporate behaviour. Our analysis, which relates corporations and citizenship to governance in general, can be situated in this extended context.

In sum, if the term citizenship is worth considering in evaluating and designing human political roles ~~despite~~ its dynamism and contestation notwithstanding, then these later features do not necessarily undermine its usage for thinking about corporate political roles. Moreover, we use the concept of citizenship as a means of identifying different political roles of corporations and of evaluating them rather than ~~as~~ as a means of attaching some normative status to corporations. We see citizenship as a propitious basis for investigating

corporations' contributions to governance precisely because it concerns relationships between the governed and the governors, and their respective rights and responsibilities. Moreover, it has long provided a basis for identifying and allocating three key features of political identity: status, entitlements, and participation in governing processes in politics. We are interested then not just in the status, entitlements, and participation of corporations, but also the impact of corporations on the status, entitlements, and participation of human citizens.³

THREE CORPORATE ROLES IN GLOBAL GOVERNANCE: A CITIZENSHIP APPROACH

We now turn to set out three relationships between corporations and citizenship that we consider vital to understanding their role and potential in global governance.⁴ These are: corporations as if they were citizens; corporations as governments in relation to human citizenship; and corporations as arenas in which humans can play out their citizenship.

First, then corporations could be considered as if they were citizens. This captures ways in which corporations could be considered as if they were fellow members of society. This has metaphorical and material manifestations. First, corporations are often in networked relationships with communities and politics. Like their human counterparts, they have legal status and contribute to political processes to influence policy outcomes. But like citizens they are still in a vertical relationship with government and are subject to its distinctive authoritative capacities. Like human citizens, corporations can ignore or exploit these opportunities, as well as use them responsibly or irresponsibly. Figure 10.1 presents this relationship.

Whilst there are some legal and political status features that corporations do not share with human citizens (e.g. right to vote, membership of juries) there are many which they do share (e.g. right to sue and be sued). They enjoy the protection of the law and some sort of citizenship which informs entitlements and participation in processes (see below). This is in addition to the social status of membership of societies which is usually a concomitant of corporate citizenship.

Translated onto the global sphere, these status features raise problems much as they do for human citizens. Although it is also true that human and

³ It should be noted here that we do not see this use of the citizenship concept as reserved only for corporations. As an evaluative tool it can equally be applied to civil society or governmental organizations.

⁴ This section draws upon Crane, Matten, and Moon (2008). However, our book-length study investigates corporations and citizenship irrespective of their ir/responsibility.

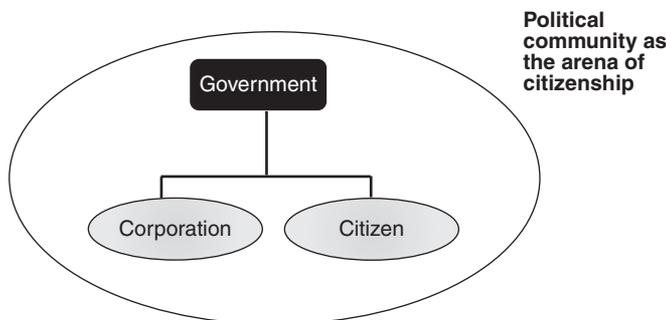


Figure 10.1. Corporations as citizens

corporate citizens often share multiple citizenships, it is difficult for either to be 'citizens of the world' in such a tangible sense as they are of national political systems (e.g. as passport holders for humans; being registered for corporations; and as taxpayers for both). One reason for this is that national citizenship is largely defined as against some conception of 'the other' involving either a physical border or a legal barrier. Secondly, national citizenship is also usually defined around some conception of legitimate governing authority. In the absence of both these criteria holding, notwithstanding rumours of Martians, in the first case, and the existence of the United Nations, in the second, on what might one base claims for global citizenship status? Following the sort of claims that might be made of human citizenship across borders, one might recognize corporate citizenship in neighbourliness and solidarity with societies where corporate operations extend, including through supply chains. One might also recognize it in the respect that they demonstrate for the law and regulation in these places.⁵

Secondly, corporations increasingly share the roles and responsibilities of governments in relation to human citizens as depicted in Figure 10.2. These locate corporations in vertical relationships with human citizens as their impacts are akin to those of holders of authority over aspects of life fundamental to human citizenship. This includes regulation of the workplace, often reflecting government retreat, or reflecting new workplace agendas (e.g. concerning work–life balance, diversity at work, whistleblower protection). It can also extend to the provision of public goods that might otherwise be expected to be the responsibility of government. Sometimes these neo-governmental roles are explicitly delegated and in others corporations simply fill

⁵ This does raise the tricky issue of attitude to the law in a second country which would be considered unjust in one's own country as has been faced by American IT companies in China in recent years.

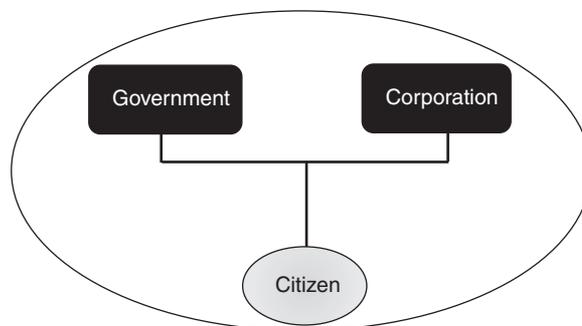


Figure 10.2. Corporations as governments

governance vacuums. Like governments, corporations can exercise this power justly and accountably or otherwise.

Turning to the global sphere, some examples of the impact of corporations acting in a neo-governmental fashion arguably reflect irresponsibility (e.g. in aligning with governments against human rights criticisms, cutting-off traditional access to water). However, there are also examples of might be claimed as more responsible governmental-like global governance roles. Like national governments, corporations can provide famine relief and health services across national borders. Moreover, corporations bring something to the global sphere here which governments cannot quite match and that is the ability to command and coordinate resources across national borders. Thus, a UK corporation can regulate a Vietnamese workplace (e.g. in terms of health and safety provision, age and remuneration of workers, working hours and conditions) in a way which the UK government would not envisage.

Thirdly, corporations offer an arena for human citizenship. In other words, they can constitute a sphere for their stakeholders (e.g. customers, employees, shareholders, government) to act as if they were citizens in relation to the corporation. In their different ways participation in the corporation enables these stakeholders to act as citizens as depicted in Figure 10.3.

As it happens, some of the most dramatic examples of this do relate to the global operations of corporations. Thus, activists have been mobilized to demonstrate against, petition, and boycott such companies as Shell, Nestlé, and Nike for their activities in various developing countries. Shareholder activism and socially responsible investment have often been directed along similar lines. Ethical consumerism and the development of fair trade certification systems are political-like engagement with corporations by citizens (Micheletti, 2003). Thus, despite the absence of tangible economic power over corporations, which the other stakeholders possess, civil society organizations can play out their citizenship in the arena of corporations. Civil society organizations like Oxfam and the World Wildlife Fund not only use criticism

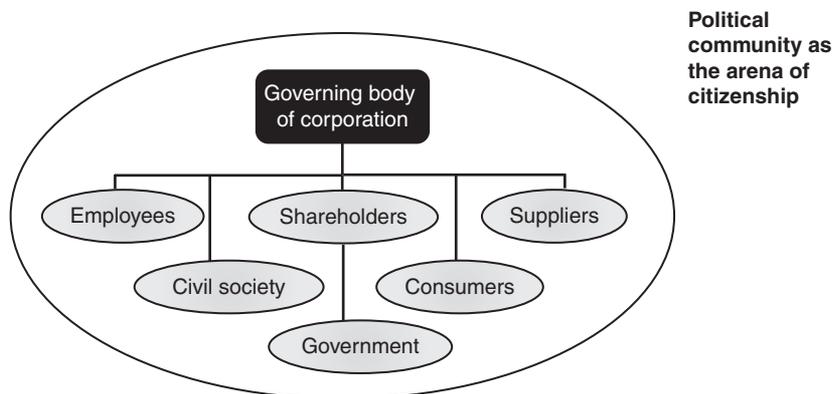


Figure 10.3. Stakeholders as citizens through corporations

of corporations as part of their wider engagement in addressing issues of poverty and environment respectively, they also selectively cooperate with corporations (Seitanidi, 2010). This can be concerning the impacts of the corporations' business activities or in collaborative projects to directly raise the fabric of life or improve its governance. In some cases these forms of partnerships can also involve governmental organizations, whether at their inception (e.g. the UK's Ethical Trade Initiative) or on an ongoing basis which further illustrates corporations' ability to contribute to human citizenship.

Thus far we have outlined the citizenship framework and three conceptual relationships between corporations and citizenship. Rather than inhibiting a political theory of the firm, these three, seemingly contradictory, corporate-citizenship relationships may hold they key. Like a kaleidoscope, they simultaneously bring several lenses to bear. But it could be objected that it is untenable to predicate a framework for understanding corporations in governance on three different, and seemingly antithetical, roles. We now turn to this objection.

Multiple roles and responsibilities in democratic governance

Corporations bring multiple roles to new global governance. This is not just a question of corporations performing economic, political, and, for that matter, social functions. As we have seen above, their political roles alone are multiple and, seemingly ill-fitting. They are both subject to and can seek to amend the law, just like human citizens. They can wield power over human citizens, sometimes leading them to being compared to governments. They can facilitate human citizen aspirations such as by enabling those international consumers who wish to purchase products through fair or ethical trade systems and thereby contribute to greater equity for those citizens in developing countries.

It is tempting when faced with this kaleidoscopic view of corporations relationships with human citizenship to simply reach for the ‘too hard basket’. However, we address this challenge by shifting the focus from corporations themselves to investigate the multiple roles of other actors and institutions more usually seen as part and parcel of democratic governance. What we find is that systems of democratic governance are inhabited by actors and institutions whose roles and responsibilities are plural. This is even true normatively in that Aristotle described his ideal citizen as one who both rules and is ruled, activities which he regarded as mutually reinforcing of the ‘goodness of a citizen—understanding the governing of free men (sic) by free men’.⁶

In democratic politics, we take it for granted that governments rule through possession of the unique resource of sovereign authority. But, equally, governments are ruled by the people (who in the republican lexicon, at least, are also sovereign). In many systems, governments are also constrained by constitutions or higher law which is also usually subject either to the will of the people or to a combination of political institutions at least one of which would be representative of the citizenry.

By corollary, ~~while~~ it is also a commonplace that human citizens rule in democracies through participation in elections, in referendums and, by some accounts of democratic politics (e.g. Schumpeter, 1962), this is what makes for representative policies. Yet, these same citizens are equally subject to properly constituted governmental or legal authority.

The multiplicity of governance roles is not simply a Janus-faced question of authority ceded and authority deployed as in the dichotomy of citizens and governments. Local, regional, and provincial (or state) governments and civil society institutions such as political parties, NGOs, and community organizations, bring a variety of governance roles and can be considered as intermediary institutions (Grant, 1989).

Sub-national governments’ rule is often defined or tempered by higher levels of government, which prescribe the responsibilities of lower levels of government over certain functions in certain geographical areas. In federations this is subject to constitutional definition such that the national levels of government are as much subject to the higher law as are their sub-national counterparts. In the cases of the USA and Australia this is also because it was the founding sub-national levels of government that preceded the extant national levels and were the constitutional architects. In confederations, most famously Switzerland, this inversion of authority from the bottom-up is most complete. Thus, sub-national levels of government combine the governing (or executive) functions within the respective sub-national levels with representative functions, in their respective unitary, decentralized, federal

⁶ Aristotle 1962: Book III Chapter 4110.

or confederal systems. Like their national counterparts, sub-national governments are also subject to sub-national electorates.

Civil society institutions also contribute to policy making in more formal arenas of governance, premised on some legitimacy entailed variously in their membership and the values that they represent, which yield them a direct or indirect representative function. They also have some authority over their members, albeit in very different ways. Political parties, for example, can expel members. Trade unions can require certain forms of industrial relations behaviour of their members. Equally, however, as noted for national and sub-national governments (above), these intermediary organizations are also ruled by their memberships. Indeed, they may be subject to various forms of mandate concerning their own rule over their members, as well as their participation in higher levels of governance.

In addition to combining the roles of governing and being governed by/representing their members, sub-national governments and civil society organizations also vividly illustrate a third governance role, that of constituting arenas for their members to play out their own citizenship roles. Local and state governments, political parties, trade unions, NGOs, and community organizations are not only bearers of power and subject to popular power, but they are also forums for interests and values to be articulated, aggregated, contested, and deliberated. A great deal of political participation in democracies is beyond the formal engagement in formal national processes, most obviously voting in elections or referendums. It is played out in the concomitants of membership of lower levels of government and civil society. This is not simply a matter of electing office-holders, but also engaging directly in policy making and self-administrative sub-systems.

Democratic politics is therefore not only comprised of a variety of types of actors (governments, citizens, intermediary actors, representative organizations, and movements). These actors themselves are also characterized not by a single or characteristic role, but by a variety of roles crucial to their own legitimacy and to the functioning of the wider systems.

What has all this got to do with corporations? Our point is simply that the argument that corporations play numerous and seemingly contradictory roles is no grounds for excluding them from the category of the political. Why? Because the more familiar institutions and actors, which inform our idea of what the political sphere is, also play a variety of, superficially contradictory, roles. In turning to corporations, we therefore see their multiple governance roles and responsibilities not as somehow exceptional, but as broadly characteristic of the design and operation of democratic politics.

Before turning to examining more closely how these relationships inform the role of corporations in new institutions of global governance, we introduce the broader theme of corporations and globalization.

CORPORATIONS AND GLOBALIZATION

In this section we move from the conceptualization of corporate–citizenship relationships in new governance to an examination of the broad roles of corporations and other actors in globalization.⁷

There is an apparent paradox that globalization not only challenges national government capacities, but it also informs opportunities for corporate ir/responsibility. Under globalization companies can access capital, labour, and raw materials relatively free from the regulation of its price and use. Thus for MNCs globalization is a strategy emphasizing self-interest, market reliance, competition, and economic liberalization. Although this has arguably made for greater rates of economic growth, wider distributions of resources and increased consumer, employee, and investor choice, these dynamics are also associated with increased corporate social *ir*responsibility (van Tulder, 2006).

However, globalization has also brought to light a new confluence of business, NGO, and governmental motivations. Individual companies and business associations have recognized certain imperatives for improved governance of international business. These in part derive from the risks for the MNCs epitomized by the reputational damage of sweat-shops, health and safety failures, and human rights abuses. These risks have extended to threats to shareholder confidence and value; increases in liability; imperatives for reputation management; and complex systems of labour management. These threats increase with the globalization of information critical of MNCs associated with new technologies available to media organizations and civil society movements (Castells, 1989, 1998, 2000).

NGOs, frustrated by continuing global governance deficits have looked to business, individually and collectively, to address a host of international issues (e.g. environment, human rights, labour rights, corruption—Bartley, 2003; Newell, 2000, 2002). Although many NGOs remain critical of corporations, others engage with MNCs through the medium of CSR in order to raise standards of business and the fabric of society, be it in fighting corruption (e.g. Transparency International), in more sustainable use of natural resources (e.g. World Wildlife Fund for Nature) or in respect of human rights (e.g. Amnesty International).

National and international governmental organizations now see CSR as an opportunity to encourage business responsibility across borders and to participate in improving global governance (Knill and Lehmkuhl, 2002). In addition to the national government initiatives for global business responsibility (e.g. the UK's Ethical Trade Initiative; the USA's Apparel Industry Partnership),

⁷ This section draws upon Crane, Matten, and Moon (2008) ch. 7; Moon and Vogel (2008).

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international governmental organizations including the United Nations, the World Bank, the OECD, the G8, Climate Change Summits, have done likewise. The power of international governmental organizations to mandate CSR is modest, and they often depend on national governments to monitor, censure, and even prosecute, companies (e.g. OECD Guidelines for Multinational Enterprises). However, they have increasingly recognized the opportunities which arise in bringing corporations into new arenas of global governance.

Significantly, the UN Human Rights Commissioner, John Ruggie, recently concluded that it is not possible to set binding human rights norms for companies and that this responsibility belongs to governments (2008, 2009). Ruggie nevertheless sees a role for social regulation and self-regulation of companies as well as straight regulation. He employs the language of CSR when he recommends that they improve their due diligence and add grievance procedures to such business-led initiatives as the Voluntary Principles on Security and Human Rights. Notwithstanding these limitations, the symbolic power of international governmental organizations reinforces the significance of legitimacy as a motive for business global responsibility.

We now turn to investigating these forms of participation more closely.

RESPONSIBLE BUSINESS AND INSTITUTIONS FOR GLOBAL GOVERNANCE

As a result of the conjuncture of motivations for new forms of global governance discussed above, there has emerged a variety of new institutions for responsible global business and institutions for global governance which involve business (Table 10.1).⁸ These combine: self-regulation of companies, mutual regulation of companies, social regulation of companies, networked regulation of markets, society and government. They reflect the broader understanding of institutions under new governance which stress participation, consensus-seeking, and the development of norms (see Petschow *et al.*, 2005; Pierre, 2000; Rhodes, 1996).

We should note some overlap, mutual reference, and convergence among these different institutional forms. For example, the OECD Guidelines make explicit reference to the ILO, the UN Global Compact, the Equator Principles, the UN Principles for Responsible Investment, the Global Reporting Initiative, and the prospective ISO 26000 CSR standard.

⁸ This section draws upon Moon, Kang, and Gond (2010).

Table 10.1. Institutions for Global CSR

	Responsible business institutions (examples)
Responsible global business institutions within companies	The Nestlé Business Principles, Unilever’s Sustainable Agriculture Guidelines
Responsible global business institutions among companies	International business associations (e.g. the World Business Council for Sustainable Development, International Business Leaders’ Forum) Sector-based associations (e.g. the Electronics Industry Citizenship Coalition, the Equator Principles {finance}) Issue-based associations (e.g. Business Coalition on HIV Aids) Region-based associations (e.g. CSR Europe, European Alliance on CSR)
Multi-stakeholder institutions involving responsible global business	Global Reporting Initiative, Kimberly Process, Investment screens and indexes (e.g. FTSE4Good) Sector-specific institutions (e.g. Extractive Industries Transparency Initiative) Certification systems (e.g. Forestry Certification System, Marine Stewardship Council)
International government-led institutions for responsible business	OECD Guidelines for Multinational Enterprises, UN Global Compact, International Standards Organisation

Source: Based on Moon *et al.* (2010: Table 6)

CSR institutions within companies

There is a trend of more MNCs taking responsibility for their supply chains through self-government. This entails the creation of CSR institutions *within* companies. This might be reflected in combinations of the following: dedicated CSR staff or even organizational sections (these could be recruited from within their own organizations or specifically recruited from outside, including from NGOs); policies (including managerial targets and rewards); procedures (e.g. for evaluation, internal/external reporting); the adoption of codes (their own or imported); and reports (which can variously cover policies and procedures, outputs, outcomes, impacts, and trends, and in some cases are independently verified).

Thus, the Nestlé Business Principles claim to have the same environmental, safety, and health standards around the world as in Switzerland. These are devised to assist managers; to enable supply chains to be audited or evaluated; to assist in the regulation of suppliers; and to enable companies to report their performance.

A question is often raised about how civil society can rely on intra-company institutions to deliver responsible business. Hence some company systems are designed in partnership with civil society and governmental organizations.

Thus Unilever's tea sustainability policy is in partnership with the UK's Department of International Development and the Kenya Tea Development Agency. CSR as self-government can extend to CSR as government where governmental or civil society institutions are weak. Thus, UK MNC companies electing to adopt an international supply chain standard are likely to impose a set of requirements for behaviour and even investment on their suppliers. This may extend to imposing on working conditions, eligibility for employment, or health and safety at work, functions that would be regarded as governmental within the UK. This applies in the nature of many cross-border activities that are difficult for national governments to regulate. Likewise many companies use NGOs or consultants to evaluate their systems. In some cases this may be accompanied by some sort of certification.

CSR institutions within companies constitute a form of self-regulation that may also reflect social regulation and the anticipation of regulation. In these circumstances companies would be acting as if they were citizens as they take account of their impacts on communities. In some cases this may extend to corporations acting as governments where these systems impinge on the rights of those affected and on provision and distributions of public goods. This may also reflect the concept of corporations being arenas for human citizenship as a variety of stakeholders will inform the nature of such systems.

CSR institutions among companies

Business organizations also collaborate to create institutions that embody basic CSR principles and assist individual companies meeting these. *The World Business Council for Sustainable Development* is made up of over 200 CEOs from thirty-five countries and over twenty sectors, and is networked with over fifty national and regional business associations. It participates in policy debates, develops the business case for sustainable development, and focuses on projects in developing and emerging markets.

Other institutions have a regional-, issue- and sectoral-focus (Table 10.1) and membership of some of these entails more explicit conformance with certain indicators of responsible business behaviour. These institutions are mainly about self-government through collective means. As they have become more institutionalized, they have increasingly figured as interlocutors with international civil society and governmental organizations in wider institution building. These institutions bring companies into which they both rule and are ruled.

In addition to the citizenship relationships fleshed out above, here corporations are acting as fellow citizens vis-à-vis one another by addressing what otherwise might be seen as a collective action objection to mutual interest in social well-being (see Moon, 2001).

Multi-stakeholder CSR institutions

There are numerous multi-stakeholder institutions which develop standards for responsible business. The *Global Reporting Initiative* (GRI) consists of individuals and representatives of accounting, business, civil society and governmental organizations. It encourages reporting, particularly on sustainable development and transparency and over 1,500 corporations claim to report against GRI frameworks.

Systems designed for investor assurance such as the FTSE4Good address issues of responsible business behaviour globally. The criteria and indicators deployed by such organizations tend to emerge at least implicitly and often explicitly from engagement with investor representatives and NGOs.

Some multi-stakeholder institutions have emerged directly from business initiatives. The *Marine Stewardship Council* was formed by Unilever and the World Wildlife Council to address the depletion of world fish stocks. It became an independent institution in 1999 with members from business, charity, and governmental organisations. Its label guarantees to customers and wildlife activists alike that the respective fish have been caught from well-managed fisheries and do not contribute to environmental problems.

Most of these systems operate in the relative absence of governmental authority or effectiveness. They reflect an interest of human citizens and business stakeholders, as well as companies themselves in both pursuing their substantive policy objectives (e.g. against poverty, for rights, for conservation of species) and in governing corporations. They therefore reflect the corporations as ruling, being ruled, and as arenas for citizenship.

International government organization-led CSR institutions

International governmental organizations combine their powers to endorse, facilitate, and partner business and other organizations to build CSR institutions. The *UN Global Compact* (UNGC) provides a business framework of ten principles in the areas of human rights, labour rights, the environment, and anti-corruption. It numbers over 4,000 companies along with business associations, local and global NGOs, local and global trade unions, foundations, public sector organizations, and academic institutions. Whilst criticized for its lack of teeth (Capdevila, 2007), 400 signatories were recently de-listed for failed or inadequate reporting. The UNGC is also developing partnerships in the areas of advocacy; social investment and philanthropy; and core business, particularly around employment and entrepreneurship.

Likewise the OECD has developed a series of norms concerning responsible global business. It relies on national governments for jurisdiction that has

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been relatively absent. The stress instead is on norm agreement among actors, including business representatives. At the other end of the spectrum, the International Standards Organisation, an inter-governmental body, ~~is currently developing~~ a much more detailed CSR standard.

In these cases, the corporations are much more like citizens in their vertical relationship with the international governmental organizations—even though the IGO's authority is delegated and modest. Moreover, these systems function only in as much as the corporations aspire to a level of citizenship in the form of, or engagement in the development of, the norms and attention to their implementation. But again, these institutions also reflect the input of actors who are effectively using the arena of corporations to pursue substantive governance goals. Furthermore, corporations may need to act in neo-governmental ways in order to ensure that they conform to the standards expected under the respective IGO treaties.

CONCLUSIONS

The chapter has presented, justified, and illustrated a novel approach to analysing the role of the corporations in global governance: the corporations and citizenship framework. The framework itself marks a departure from conventional conceptualizations of corporations and citizenship. Rather than simply dwell on the ways in which corporations do, can, or should behave like human citizens, it presents three conceptually distinctive relationships between corporations and citizenship. These focus on: the ways in which corporations resemble or are aligned with human citizens; the ways in which corporations could be considered as like governments in relation to human citizens; and the ways in which corporations enable wider citizenship behaviour.

Secondly, the chapter has provided evidence that corporations participate in a diversity of new institutions for global governance. These institutions reflect a range of purposes between, and often intersecting, two alternative conceptual poles: governance of corporations themselves and governance of societies. Within these institutions we can identify a range of corporate governance that we describe in terms of the corporate–citizenship type relationships adumbrated above. These institutions clearly vary in their design and ambition, as well as in the nature of corporate and other actors' roles therein. However, the key conclusion for our purposes is that in these institutions we can observe that corporations can act as citizens, as governments, and as arenas of citizenship. Often multiple corporate–citizenship relationships are evident within a single institution. Our conclusion is therefore that our corporate–citizenship framework provides valuable insights into the depiction and

evaluation of corporate roles in new global governance. Our final section reflects more widely on the significance of these contributions.

DISCUSSION

The significance of corporations in global governance is easily overlooked, either because the focus is upon governments and inter-governmentalism, or because the focus is upon corporate irresponsibility.

Individually and through the institutions of responsible business, corporations are able *to connect*: consumers, investors, employees, supply chains, communities; in addition to their values and their interests. Moreover, in so doing they are able *to connect*: capital holders/needers; un/democratic governments; international and local NGOs. These connections are across national borders, precisely where national governments are often reticent (understandably) and ineffective.

Some critics may be anxious that by describing responsible cross-border behaviour as global corporate citizenship, corporations are making a claim about the trans-national reach of their citizenship, which human beings do not enjoy and may well not endorse: global human citizenship. We have some sympathy with this objection, but note that responsible cross-border behaviour may be more of a reflection of multiple citizenships (that many humans also enjoy) rather than a claim about global status. Moreover, as Delanty (2000) notes, there are competing conceptions of cosmopolitan citizenship in the case of humans: a Kantian legal cosmopolitanism; membership of transnational communities; Habermasian post-nationalism; and global civil society (e.g. Held *et al.*, 1999). Whilst there may be something to be said for applying any of these conceptions to corporate participation in new global governance, Held *et al.*'s (1999) image of a set of multiple and overlapping partnerships of governments, civil society, and business, with general disparities of power, representation, and accountability, and an absence of mandates, seems compelling. Thus the unevenness of reach and resources is part and parcel of the system rather than simply a corporate–human distinction.

There may be other grounds for anxiety about the role of corporations in global governance institutions. One fear could reasonably be that if corporations' prime responsibility is for its market behaviour, how dependable would they be as actors in global governance? This reminds us that corporations' commitments may be reasonably fleeting and that their priorities will tend to be where governance challenges intersect with their business activities. This also qualifies any expectations that single corporations can undertake responsibility for long-term and equitable policies. However, we should also note, with Tom Paine (1791/1984) that democracy presumes that no one

government with legislative and constitutional capacity is bound by the decisions of its predecessors. Moreover, NGO agendas also vary according to perceived responses of their members and their resources, this can be at the cost of stable governance contributions.

Even if our framework were broadly accepted, there may be anxieties about the intersection of the corporate–citizenship relationships outlined. One might imagine corporations being presented with tensions between their alignment with governments (e.g. in a non-democratic country) who license the company's activities and its solidarity or neighbourliness with human citizens who live around and work with the company's extractive activities who, in turn, have no democratic or even rights-based leverage over the same government. These disenfranchised people may well depend upon other humans campaigning for international justice citizens to either act as citizens regarding the corporation as government and bring its legitimacy into question, or to use the corporation as an arena in which to criticize the non-democratic government—and thereby entail the corporation in this criticism.

Another fear would be of the corporatization of global governance (e.g. Hertz, 2001). However, as Held *et al.* (1999) note, the roles of corporations, like other actors, are attenuated by virtue of the multi-stakeholder nature of these institutions and the different types of citizenship relationships therein that act as counterweights to any particular exploitative relationship. As a result, the involvement of corporations in global governance is a contested one (Levy and Kaplan, 2008) in a positive sense and much like those of other actors in governance systems. Fears about corporatization may therefore be more seriously addressed to those corporations that do not participate in such institutions.

Scherer and Palazzo (2008) enjoin corporations to take a greater role in global governance. Our findings suggest that many are so engaged. This is usually in systems in which their roles are attenuated by the multi-actor network character of the institutions we have examined, rather than exclusively reflecting the 'corporations as government' citizenship relationship. In as much as they do exercise governmental type power, they do so in a system in which stakeholder citizens are active.

In this respect, the role of corporations is symptomatic of wider developments in new governance. Business has assumed a far more mainstream and explicit role, but this is often in the form of partnerships with civil society and/or governmental institutions rather than being unilateral. There is, therefore, much more stress on the processes of securing the agreement of a range of parties than on imposing solutions on problems. This new form of participation reflects both some new interest from civil society and from government for greater business involvement and a combination of firm-level motivation, as well as a wider business re-appraisal of the relationships between economic, social, and environmental well-being (Moon, 2002).

Ruggie (2004: 499) describes the emergence of these developments as a fundamental shift from the idea of the 'public' in the international sphere being exclusively associated with sovereign states to one in which the very system of states 'is becoming embedded in a broader and deepening transnational arena concerned with the production of global public goods' (see also Rosenau, 2005). Ruggie regards the role of corporations seeking to integrate CSR and globalization as contributing to a 'learning networks' model of governance that he illustrates with reference to the UN Global Compact (Ruggie, 2002). He sees CSR as 'between' MNCs and civil society actors as an alternative to state-dominated solutions to searching for global public goods (Ruggie, 2004).

The system of new governance in which there is scope for corporate participation is uneven in terms of the actors. Governmental interest varies enormously; NGO capacity is very unequally distributed; many companies don't participate. It is also uneven in terms of issues covered. Moreover, the enforcement of agreed standards relies almost entirely on social and self-government. Even where governments have assumed some formal monitoring responsibility, they are reluctant to sanction business (e.g. OECD Anti-Bribery Convention). Conversely, their multi-stakeholder nature requires agreement over standards and their mobilization and enforcement to be deliberative and consensus-based. The emphasis on 'soft' law means that their effectiveness depends on the extent to which the inherent norms are understood and spread among businesses. There is evidence that corporations that operate across borders are more likely to be signed up, at least, to standards of responsible business than those which are confined to a single country (Chapple and Moon, 2005).

The system is also uneven in terms of the institutional forms that are emerging. Thus, the UN Global Compact is bold in global reach, but weak in detail, implementation, and assurance. Firm-level codes that are designed to integrate firm practices to definable objectives and criteria for successful implementation, may be less useful for sectoral or collective bench-marking.

Whilst conformance with most of these institutions brings only the sanction of reputational damage, this may extend into threats of loss of investment or custom for companies which drop out of certain governance systems. This is reminiscent of the costs to humans of being outside social arrangements for addressing collective action or governance problems captured in the literature on social capital (Coleman, 1990; Ostrom, 1994).

Another characteristic of new global governance broadly conceived is the lack of direct accountability in, for example, the method of representative politics. In this respect, then, corporations' lack of societal accountability simply reflects wider accountability shortfalls. Indeed, by some measures it could be argued that corporations, by virtue of being arenas for human citizenship, bring greater opportunities for stakeholder accountability than

do most national governments and NGOs. It bears pointing out that although there is no equivalent of a mandate operating upon MNCs, they have nonetheless been at the forefront of accountability innovations, particularly through corporate reporting and stakeholder engagement.

What implications do our framework of corporations and citizenship and our findings of corporate roles in new institutions for global governance have for human citizens, particularly in weak states with poor accountability systems? Again, there is no clear answer. It does emerge that corporations are no longer solely attentive to the voice of power, but can also be attentive to the voice of legitimacy. This has recently been apparent in the case of US IT companies' reluctance to simply comply with the expectations of the Chinese government concerning the reporting of information about dissidents' use of their systems.

It is instructive that theorists of citizenship and governance very rarely recognize the role of corporations in shaping, enacting, and transforming citizenship status, entitlement, and participation, though some might refer to the effects of 'the market' on citizenship and governance. In the light of our findings, this seems to be a major oversight. Corporations are fully engaged in and are even transformative in and of political arenas. As a result corporations could be considered as part of the emerging global civil society that Held (2004) identifies and which he construes in citizenship terms.

What are the implications of our findings for corporations? What is a responsible corporation to do having recognized these different citizenship relationships that they are engaged in? Perhaps most importantly, there is a requirement that corporations acknowledge, manage, and make transparent their political roles, particularly concerning their impacts upon the rights and basic welfare of human citizens, and their contributions to governance and democracy. Corporations may indeed find it helpful to think through and understand their roles as *governing organizations* by distinguishing the ways in which they participate as 'citizens'; actively govern in some respects as 'governments'; and organize and collaborate in governance for stakeholders as 'arenas of citizenship'.

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