Corporate Citizenship:
Towards an extended theoretical conceptualization

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Abstract

Corporate citizenship (CC) has emerged as a prominent term in the management literature dealing with the social role of business. This paper critically examines the content of contemporary understandings of CC and locates them within the extant body of research dealing with business-society relations. Two conventional views of CC are catalogued – a limited view which largely equates CC with strategic philanthropy and an equivalent view which primarily conflates CC with CSR. Significant limits and redundancies are subsequently identified in these views, and the need for an extended theoretical conceptualization is highlighted. The main purpose of the paper is thus to realize a theoretically informed definition of CC that is descriptively robust and conceptually distinct from existing concepts in the literature. Specifically, the extended perspective on CC exposes the element of "citizenship" and conceptualizes CC as the administration of a bundle of individual citizenship rights – social, civil and political – conventionally granted and protected by governments. The implications of this view of CC for management theory and practice are suggested.

Keywords:

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THE EMERGENCE OF CORPORATE CITIZENSHIP

Corporate citizenship (in the following, CC) has emerged as a prominent term in the management literature dealing with the social role of business. This occurred, first of all, in the realm of management practice; having originated in US businesses in the 1980s (Altman & Vidaver-Cohen, 2000), it has since begun to enter the language of the global business community. A landmark in this process has been the joint statement on "Global Corporate Citizenship – The Leadership Challenge for CEOs and Boards", signed during the World Economic Forum in New York in January 2002 by CEOs from 34 of the world biggest multinational corporations (MNCs), including Coca-Cola Company, Deutsche Bank, Diageo, Merck & Co., McDonald's Corporation, Philips and UBS (World Economic Forum, 2002).

However, the proliferation of the term is not confined to the corporate sphere. There has been an escalating body of academic work specifically dedicated to CC issues (see Andriof & McIntosh, 2001a for an overview); there is now a dedicated Journal of Corporate Citizenship; and a number of research centers framed explicitly around CC have emerged, including those at Boston College in the US, Warwick University in the UK, Deakin University in Australia, and Eichstätt University in Germany. Likewise, many consultants and business publications have adopted the terminology of CC in reference to the firm's social and environmental policies (see Miller, 1998; Roberts, Keeble, & Brown, 2002; Wagner, 2001), and there is a growing number of government units, consultancies and think-tanks specifically dedicated to CC, such as the US Chamber of Commerce Center for Corporate Citizenship, the African Institute for Corporate Citizenship, The Copenhagen Center and the London-based Corporate Citizenship Company.

The aims of this note are to examine the current usage of CC in management literature, and to argue the case for a more theoretically robust conceptualization. In order to do this, we will draw back on the notion of citizenship as it is used in its originating discipline, political science. The benefits of taking this more considered interdisciplinary approach are that it not only exposes the misleading use of citizenship in most of the management literature, but also provides the basis for developing an extended theoretical conceptualization. We want to show that a more precise understanding of CC helps us to understand significant changes in the corporate role, and poses serious questions about the nature of these changes. Our purpose then is to sharpen our conception of what CC is, and what it is not. In so

doing, we hope to stimulate conceptual debate, as well as offer a more informed basis for empirical research.

CORPORATE CITIZENSHIP
AS A NEW CONCEPT IN BUSINESS-SOCIETY RELATIONS

According to Carroll (1999), CC is an extension to a lineage of work in conceptualizing the role of business in society in the management literature, a lineage most notably dominated by the notion of corporate social responsibility (CSR). Carroll's (1979) widely cited CSR model conceptualizes four types of responsibilities for the corporation: the *economic* responsibility to be profitable; the *legal* responsibility to abide by the laws of the respective society; the *ethical* responsibility to do what is right, just and fair; and the *philanthropic* responsibility to contribute to various kinds of social, educational, recreational or cultural purposes. The strategic and processual aspects of CSR have been further developed by the concept of corporate social responsiveness (Wartick & Cochran, 1985; Clarkson, 1995), while the debate on corporate social performance (Wood, 1991; Swanson, 1995) has focused on the outcomes of CSR. Stakeholder theory meanwhile has addressed the question of which groups in society corporations should be responsible to (Freeman 1984; Donaldson and Preston 1995).

To some extent, however, these concepts have tended to attain a wider and more enthusiastic acceptance in the academic literature than in corporate thinking and practice (see Beaver, 1999; van Luijk, 2001). CC meanwhile has been introduced into the CSR discourse in the last few years primarily by corporate actors. Table 1 sets out a just a few of the many examples of corporations currently using CC terminology. It is evident, however, that despite the addition of the CC term to the debate surrounding the social role of business, its usage has been far from consistent, and we might suggest, not at all clear. Indeed, we would suggest that there has yet to be a clear, specific and widely-accepted definition of CC in the management literature. In the following sections, we shall therefore examine current usage of the term, and in so doing, delineate three different perspectives on CC evident in the literature. Of these, two are largely *conventional* views based on CSR and its derivatives, whilst one, we suggest, offers the possibility for an *extended* view that goes beyond existing conceptions of CSR.

TABLE 1
Commitments to Corporate Citizenship

Company	Corporate Citizenship Statement	Source
ExxonMobil	"We pledge to be a good corporate citizen in all the places we operate worldwide. We will maintain the highest ethical standards, comply with all applicable laws and regulations, and respect local and national cultures. We are dedicated to running safe and environmentally responsible operations."	http://www. exxonmobil.com
Ford	"Corporate citizenship has become an integral part of every decision and action we take. We believe corporate citizenship is demonstrated in who we are as a company, how we conduct our business and how we take care of our employees, as well as in how we interact with the world at large."	http://www.ford.com.
Nike	"Our vision is to be an innovative and inspirational global citizen in a world where our company participates. Every day we drive responsible business practices that contribute to profitable and sustainable growth."	http://www.nike.com
Nokia	"Our goal is to be a good corporate citizen wherever we operate, as a responsible and contributing member of society."	http://www.nokia.com
Toyota	"With the aim of becoming a corporate citizen respected by international society, Toyota is conducting a wide range of philanthropic activities throughout the world. Its activities cover five major areas: education, the environment, culture and the arts, international exchange and local communities.	http://www.toyota. co.jp

CONVENTIONAL VIEWS OF CORPORATE CITIZENSHIP

In the following we will critically analyze the conventional use of CC in the academic and practitioner management literature and thereby examine the content and potential implications of this new concept. We will start with what we will call the "limited view of CC", before proceeding to what we refer to as the "equivalent view of CC".

Limited View of Corporate Citizenship

In its early usage, and still very much in evidence today, CC is identified as charitable donations and other forms of corporate philanthropy undertaken in the local community. Carroll (1991) for example identifies "being a good corporate citizen" with a specific element of CSR, philanthropic responsibilities, his fourth level of CSR. CC is therefore a discretionary activity beyond that which is expected of business, a choice to "put something back" into the community. Since it is merely "desired" by the community, this form of citizenship activity is, according to Carroll (1991: 42), "less important than the other three categories".

This limited view tends to present the specifically new contribution of CC to the debate on corporate philanthropy as its *strategic* focus. As opposed to corporations engaging in charity simply for the sake of it, CC presents a case for *strategic philanthropy*. For the firm, CC is generally seen therefore as fuelled by issues of self-interest – including the insight that a stable social, environmental, and political environment ensures profitable business (Windsor, 2001; Wood & Logsdon, 2001). A typical example for this type of CC is represented by Texas Instruments which defines CC as "giving back to the communities where we operate" since this "makes them better places to live and work, in turn making them better places to do business" (Texas Instruments, 2002). This is typical for the limited view of CC insofar as it focuses mainly on the direct physical environment of the company, resulting in a strong focus on local communities (Altman, 1998). Following from this self-interested approach is a considerable amount of literature which discusses CC as manifest in specific investment decisions into the firm's social environment (Warhurst, 2001). Following the language of corporate finance, CC is rationalized in terms of "social investing" (Waddock, 2001) in order to build up "social capital" (Habisch, Meister, & Schmidpeter, 2001) or "reputational capital" (Fombrun, Gardberg, & Barnett, 2000), all of which ultimately help to improve the economic performance of the corporation. This approach ultimately sees the new contribution of CC to the debate on business-society relations in its economic character as an approach to long-term maximization of (enlightened) self-interest through corporate investment in the processes and rules of the corporation's social environment (Seitz, 2002: 61f.).

Does this limited view of CC really justify the invention of a new terminology? Neither the element of self-interest in corporate philanthropy, the investment aspect of social engagement, nor the focus on local communities are elements that are

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completely new, or that have not been discussed in the literature on CSR before (e.g. Burke & Logsdon, 1996; Stroup & Neubert, 1987). Moreover, there seems to be no common understanding about the precise definition of CC, and qualifications such as "good" CC further underline the elusive nature of this view. Furthermore, there is only very poor reference to the fact that this new concept of business and society makes usage of the term "citizenship", beyond occasional reference to being part of a common community. However, the limited view of CC has yet to explicitly explain, let alone conceptualize the notion of citizenship in this respect. Overall the literature pertaining to this limited view does not provide convincing evidence for the necessity of a new terminology.

Equivalent View of Corporate Citizenship

The second common understanding of CC is more general in scope, and is essentially a conflation of CC with existing conceptions of CSR, without attempting to define any new role for the corporation. This is most evident in Carroll's (1998) paper, "The four faces of corporate citizenship" where he defines CC exactly the same way as he initially defined CSR two decades ago – as four aspects: economic, legal, ethical and philanthropic.

Several authors have taken up this approach, although in some cases using slightly different phrasing. For example, Maignan and colleagues (Maignan & Ferrell, 2000, 2001; Maignan, Ferrell, & Hult, 1999) have defined CC as "the extent to which businesses meet the economic, legal, ethical and discretionary responsibilities imposed on them by their stakeholders". This is largely synonymous with Carroll's (1991) definition of CSR, albeit with a slight refocusing of emphasis towards the *meeting* of responsibilities as opposed to the responsibilities themselves. This is essentially a performance-oriented reconceptualization of CSR (similar to Davenport, 2000), perhaps reflecting the prominence of CC in practitioner discourse. Much of the CC literature currently uses the concept in this sense, stressing various aspects of CSR, such as sustainability (Marsden, 2000), the stewardship role of business (Reilly & Kyj, 1994) or drawing conceptual lines towards the stakeholder approach (Andriof and McIntosh, 2001b; Davenport, 2000). Thus, CC just functions as a new way of presenting existing concepts, but applied to a wider range, or perhaps a different set, of issues.

In the equivalent view of CC there again tends to be little, if any, serious reflection on the notion of "citizenship" and its potential for surfacing new meaning. So, for instance, Birch regards CC as a innovation to the CSR concept in that CC causes business to see itself as part of the public culture whereas CSR is – according to his perception – more concerned with social responsibility as an external affair (Birch, 2001; see also Logan, Roy, & Regelbrugge, 1997; McIntosh, Leipziger, Jones, & Coleman, 1998). CC, from the perspective of these authors, is an extension to a very selectively defined view of CSR, as exemplified in particular by Sundar from an Indian perspective (Sundar, 2000) and Ulrich in the German language literature (Ulrich, 2000). Here, the CC label is simply used to rebrand and relaunch existing ideas about business-society relations, probably to make them more accessible and attractive to business audiences. Whilst this marketing of academic ideas is, in many respects, an important task, it is also in danger of raising skepticism about CC as well as CSR if they are subsequently perceived as little more than ephemeral management fads and fashions. Furthermore, although in *our* interpretations, the authors referring to CC in this way appear to be conflating CC with CSR, this body of literature is notably lacking in a clear, direct and unambiguous definitions of CC. Again, the terminology of CC is also taken up without referring explicitly to the notion of "citizenship" and explaining the reasons for the usage of this phraseology in a business context.

TOWARDS AN EXTENDED THEORETICAL CONCEPTUALIZATION OF CORPORATE CITIZENSHIP

Whilst there has been only very limited discussion of the actual meaning of citizenship in the literature discussed so far, it has been alluded to in several recent articles (e.g. van Luijk, 2001; Wood and Logsdon, 2001; Windsor, 2001). In the following sections, we will therefore examine citizenship from its original political theory perspective, and apply this to management thought in order to set out an extended theoretical conceptualization of CC.

What is "Citizenship"?

Of the very few authors who deliberately conceptualize the notion of citizenship few if any move beyond a superficial idea of citizenship which "implies membership in a bounded political (normally national) community" (Hettne, 2000: 35).

CC, following this idea, implies that corporations are "legal entities with rights and duties, in effect, 'citizens' of states within they operate" (Marsden, 2000: 11; see also Seitz, 2002). This superficial reference to citizenship might reflect a current debate in society where recent changes in various political domains, such as the fall of communism or growing European unification, have raised issues of collective embeddedness of individuals and institutions in societies (Beiner, 1995). Nevertheless, the one-dimensional and direct application to corporations appears to be more than odd.

In applying the term "citizenship" to corporations it is therefore useful to have a closer look at this concept. The superficiality of the current reception of the notion of "citizenship" in the management literature on CC appears to be largely a result of an impercipient importing of terminology from political theory, without consideration for its theoretical underpinnings. However, other disciplines such as political science clearly have much to offer management theory, providing that their application is neither indiscriminate, careless nor obtuse (Knights and Wilmott, 1997; Watson, 1997). In order to examine citizenship effectively then, a more carefully applied interdisciplinary approach – which considers the legitimate criteria for the application of the concept – is called for.

The dominant understanding of citizenship in most industrialized societies is located in the liberal tradition, where citizenship is defined as a set of individual rights (Faulks, 2000: 55-82). Following the widely accepted categorization by T.H. Marshall, liberal citizenship comprises three different aspects of entitlement: civil rights, social rights and political rights (Marshall, 1965). **Civil rights** consist of those rights that provide *freedom from* abuses and interference by third parties (most notably the government); among the most important of which are the right to own property, to engage in "free" markets or freedom of speech. **Social rights** consist of those rights that provide the individual with the *freedom to* participate in society, such as the right to education, healthcare or various aspects of welfare. Both types of rights are clearly focusing on the position of the individual in society and help to protect its status (Eriksen & Weigård, 2000). As such, civil and social rights are to some extent extremes on the same continuum: civil, sometimes called "negative" rights, protect the individual against the interference of stronger powers; social "positive" rights are entitlements towards third parties. The key actor here is the government, which on the one hand respects and grants the civil rights of "citizens" and – generally by the

institutions of the welfare state – cares for the fulfillment and protection of social rights. In contrast to these more passive rights (with the government as active respecter or facilitator) the third category of **political rights** moves beyond the mere protection of the individual's private sphere towards his or her active participation in society. This includes the right to vote or the right to hold office and, generally speaking, entitles the individual to take part in the process of collective will formation in the public sphere.

At first glance, it is somewhat hard to make any sense of something like "corporate citizenship" from this perspective, particularly since social and political rights cannot be regarded as an entitlement for a corporation. Wood and Logsdon (2001), however, suggest that corporations enter the picture – not because they have an entitlement to certain rights as an individual citizen would – but as powerful public actors which have a responsibility to respect those individual citizen's rights.

This loosened concept of citizenship offers an important point of departure, although in Wood and Logsdon's (2001) treatment, this inevitably collapses back into more conventional perspectives of CC based on CSR, albeit by referring to a new *normative* concept of citizenship such as the communitarian approach. It is our intention, however, to proceed differently and analyze these changes from a *descriptive* perspective. Clinging to the liberal view of citizenship, which at least officially dominates most modern societies (Hindess, 1993), we want to establish the relation of corporations to citizenship in the context of recent shifts in business-society relations which have seen corporations take over many of the roles and actions previously expected of governments (Hertz, 2001a). By this we want to show that CC is not simply about corporate social policies and programs which might (or might not) be adopted in the same vein as CSR (and related concepts). Rather, we will argue that the effective functioning of liberal citizenship has been sufficiently affected by the corporate uptake of government functions to render corporate involvement in "citizenship" as a largely unavoidable occurrence – and one that clearly behooves a shift towards the terminology of CC.

Liberal Citizenship, the State and Globalization

The pivotal actor within the liberal view of citizenship is the state, or more precisely, the governmental institutions of the nation state (Hettne, 2000). According to this view, the state protects civil rights, the state provides welfare to protect social

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rights, and the nation state is the arena in which political rights are exercised and collective decisions are taken within the legitimate procedural framework. Hence, citizenship is inseparably linked to a certain (national) territory, which is governed by a sovereign state as guarantor of those citizenship rights.

Probably the most important transition that has raised the prospect of corporate involvement in citizenship rights is the failure of nation states to any longer be the sole guarantor of these rights. According to Falk (2000), the main reason for this reshaping of citizenship (at least in the sense of the liberal view commonly shared by most western democracies) lies in the process of globalization. The rights embodied in the traditional concept of citizenship are linked to a state that is sovereign in its own territory. The central characteristic of globalization though consists in the *deterritorialization* of social, political and economic interaction (Scholte, 2000). This means that a growing number of social activities are taking place beyond the power and influence of the nation state. The disempowerment of states through globalization, however is a rather subtle process (Beck 1998: 19-25). Nation states still have governments with full sovereignty in their own territories. The crucial changes effected by globalization are that: (a) nation states are exposed to economic, social and political action beyond their own control; and (b) actors within their own territories face increasingly lower obstacles for dislocating activities into territories beyond the control of their original government. For the notion of citizenship this has significant consequences.

For example, in the realm of *civil rights*, we might suggest that in a world which is economically interlinked by global financial markets, nation states have only limited ability to protect certain aspects of their citizens' property (one of their civil rights). With pension funds and life insurance being linked to international capital markets, American pensioners rely on these markets to protect their property, yet they are beyond the full control of the US government.

In terms of *social rights*, it is evident that in a global economy, the welfare state is under constant threat, and state regulation of social and environmental standards, particularly in less developed countries, is increasingly shaped by the FDI decisions of MNCs. It has been argued that only if governments can offer "favorable" conditions to corporations in terms of low social standards, depressed wages, and limited regulation of working conditions are they able to survive the "race to the bottom" and attract much desired foreign investment (Scherer & Smid, 2000).

Finally, where *political rights* are concerned, it is particularly the right to take part in political decisions and the right to hold office which are increasingly taken in arenas beyond the nation state, such as in the European Union, World Bank, IMF, or the United Nations. In order to participate in these decisions, or to hold office in the relevant institutions, the nation state is no longer the only institution to guarantee access to the exertion of these rights.

What we see in all these three facets of citizenship is that globalization undermines the capacity of the state as the sole guarantor of these rights. This is not only a reflection of the recent debate in political theory (Turner, 2000), but crucially, globalization also seems to be one of the triggers for the heightened attention to CC in the business community. For example, the joint statement on Global Corporate Citizenship which emerged from the 2002 World Economic Forum identified inequalities from "the forces of economic globalization" and "political transition" as key progenitors (World Economic Forum, 2002). Similarly, the preamble to the UN Global Compact makes explicit reference to the role of globalization in focusing action on CC:

> "Amid a backdrop of rising concerns about the effects of globalization, the Secretary-General called on business leaders to join an international initiative - the Global Compact - that would bring companies together with UN agencies, labour, non-governmental organizations and other civil-society actors to foster action and partnerships in the pursuit of good corporate citizenship."
>
> (www.unglobalcompact.org)

As we have already made clear, such references to CC do not tend to relate to anything substantially different from CSR. However, the widespread recognition here that globalization has reshaped the demands being placed on corporations is significant. Although the signatories of these statements do not themselves address the issue, globalization has helped to shift some of the responsibility for protecting citizenship rights away from governments. Corporations, we would argue, have increasingly filled that gap.

Corporations and Liberal Citizenship

Our premise is that corporations enter the arena of citizenship at the point where traditional governmental actors fail to be the "counterpart" of citizenship. As

one of the actors most central to globalization, and indeed one of its principal drivers (Scholte, 2000: 98), corporations have tended to partly take over certain functions with regard to the protection, facilitation and enabling of citizen's rights – formerly an expectation placed solely on the government. We thus contend that if a term such as "corporate citizenship" makes any sense in the proper meaning of the term, "corporations" and "citizenship" in modern society come together at the point where the state ceases to be the only guarantor of citizenship any longer. Let us consider some empirical examples.

In the area of *social rights*, it is apparent from numerous instances of corporate action in the community that the majority of CC targets those "positive" rights that governmental actors have retreated from. Many of the corporate initiatives currently being rolled out under the banner of CC are targeted at reinvigorating (or replacing) the welfare state or relevant parts of it: feeding homeless people, helping headmasters in managing school budgets, or improving deprived neighbourhoods (see David, 2000), are all activities where corporations have focused on protecting social rights which originally would have been the task of government. Ironically, this role of corporations is a direct consequence of the neo-liberal revolution of the 1980s, where the welfare state was decisively cut back and government drew back from many of its economic functions in order to facilitate a greater variety and intensity of civil rights, most notably the "free" market and other individual freedoms to participate in all sorts of economic activities (King, 1991). In a certain sense, in the industrialized world, CC consists of a partial attempt, motivated by self-interest, to take over those unattended governmental functions which were the result of a cutback in social rights two decades ago (Hertz, 2001a: 170-184).

The situation looks significantly different in developing countries where governments simply cannot (though very often do not want to) afford a welfare state. Improving working conditions in sweatshops, ensuring employees a living wage, providing schools, medical centers and roads, or even providing financial support for the schooling of child laborers are all activities in which corporations such as Shell, Nike, Levi Strauss and others have engaged under the label of CC. In fact, citizenship again means here that corporations take over those functions that are clearly governmental functions in the framework of liberal citizenship.

Second, in the area of *civil* rights, most developed countries provide their citizens with a fairly reasonable protection of their civil rights. Governmental failure
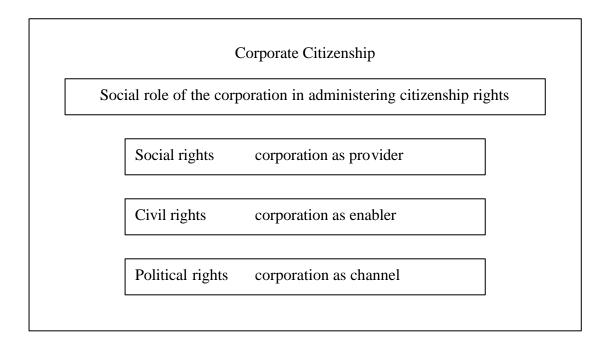
however again becomes visible in developing or transforming countries. Drastic examples, such as the role of Shell in Nigeria and its apparent role in the restriction of civil rights of the Ogoni people (see Boele, Fabig, & Wheeler, 2000), show that corporations might play a crucial role in either discouraging (as Shell) or encouraging governments to live up to their responsibility in this arena of citizenship. Questions about the presence of multinationals in South Africa during the apartheid era illustrated that arguments could be made both for and against corporations having a more positive role in promoting civil rights, for example through accordance with the Sullivan Principles (De George, 1999: 542-548). Similar discussions have since arisen over the presence of multinationals in Burma.

Thirdly, in the area of *political* rights, the aforementioned argument already seems to suggest that corporations themselves *assume* some political rights if they take in such a pivotal role in granting and facilitating major rights linked to citizenship. This is certainly true, yet another aspect of a growing political role becomes evident if one analyses current changes in legislative processes. With increasing privatization of regulation, through programs such as the Chemical Industry's Responsible Care and the Apparel Industry Partnership, corporations step in and take over an increasingly active role in the political arena (Ronit & Schneider, 1999; Schneidewind, 1998). Furthermore, corporate influence through lobbying, party funding and other activities to influence the political process has grown increasingly, and has put corporations as a more or less officially accepted player in the arena of political rights (see Reich, 1998).

This is particularly striking, however, when we look at how the individual citizen seeks to exercise their political rights. Voter apathy in national elections has been widely identified in many industrialized countries, yet there appears to be a growing willingness on the part individuals to participate in political action *aimed at corporations rather than at governments* (Hertz, 2001b)*.* Whether through single-issue campaigns, anti-corporate protests, consumer boycotts or other forms of sub-political action, individual citizens increasingly seek to effect political change by leveraging the power, and to some extent vulnerability, of corporations eager to protect their zealously guarded reputations. For example, when the French peasant farm union leader Jose Bové, or the London Greenpeace activists Helen Steel and Dave Morris (the McLibel Two) sought to draw attention to various political issues such as import tariffs, cultural homogenization, environmental protection and union

rights, they achieved international coverage for their efforts not by tackling the French or the UK governments, but by attacking the McDonald's corporation.

FIGURE 1

An Extended Theoretical Conceptualization of Corporate Citizenship

Corporate Citizenship

Social role of the corporation in administering citizenship rights

Social rights	corporation as provider

Civil rights	corporation as enabler

Political rights	corporation as channel

Defining Corporate Citizenship

In the light of the argument developed so far we can now suggest a tentative definition of CC as follows: corporate citizenship describes the role of the corporation in administering citizenship rights for individuals. Such a definition reframes CC away from the notion that the corporation *is* a citizen in itself (as individuals are), and towards the acknowledgement that the corporation administers certain aspects of citizenship for those individuals. We do not wish suggest that corporations are the *only* actors administering these rights, but they have taken over considerable responsibility for such administration from governments. By *administration* of rights we mean a number of different roles and actions (see Figure 1). With regard to social rights, the corporation basically either supplies or does not supply individuals with social services and hence administers rights by taking on a ***providing role***. In the case of civil rights, corporations either capacitate or constrain citizens' civil rights,

and so can be viewed as effecting administration through more of an **enabling role**. Finally, in the realm of political rights, the corporation is essentially an additional conduit for the exercise of individuals' political rights – hence the corporation primarily assumes administration through a **channelling role**.

In presenting this initial conceptualization of CC, however, it is important to recognize that CC in these terms may be the result either of a voluntary, self-interest driven corporate initiative, *or* of a compulsory, public pressure driven corporate reaction. The point is that CC so defined is essentially a *descriptive* conceptualization of what does happen, rather than a *normative* conceptualization of what should happen. Indeed, as we shall elucidate in the concluding section, there are considerable problems and dangers associated with the role described by this extended view of CC.

IMPLICATIONS AND CONCLUSIONS

The change in terminology within the debate on business-society relations to embrace the notion of CC is certainly significant, but from our perspective, problematic. On the one hand, CC as understood within the two conventional perspectives appears to provide little of substance to the debate on CSR – and insofar as it contributes to conceptual confusion, may even be counter-productive. The usage of the term "citizenship" here seems to be at least stretched, if not an outright misnomer. On the other hand, as conceived in our extended conceptualization, CC is more theoretically grounded, and more descriptively accurate of a particular role that some corporations are playing. As such, it surfaces several important implications.

First, the extended view of CC rests on substantially different notions of "citizenship" than are implied by the majority of the published work in the relevant management literature. Rather than being on the same level with other "private" citizens, "corporate" citizenship as we have defined it implies that corporations have gradually amounted to replace some of the functions of the most powerful institution in the traditional concept of citizenship. Therefore, one might suggest that in applying the more robust conception of citizenship from political theory, we have simply imported a different view of the role of private enterprise. This, however, would be a misapprehension. The citizenship concept in political theory has focused on the

relation of the individual to the state, with only very limited, if any, attention to the role of corporations. Our intention has been to argue that the notion of citizenship can be most appropriately introduced to management theory as a way of *descriptively* framing the empirical relation of the individual to the corporation, regardless of one's *normative* assumptions about what role corporations should play.

Second, there is of course a case for arguing that given our extended reconceptualization, rather than using the terminology of CC, this social role should be given a new (extended) conceptual label, such as "corporate administration of citizenship" (CAC). Such a development may in some respects be appropriate, but in order to avoid simply multiplying further the use of new conceptual labels in the area of CSR, we prefer at this juncture to seek greater clarity and precision in the use of CC terminology. Indeed, it is notable that CC, in the way it has mostly been used so far, suggests a much more modest role for corporations than the underlying reality – and our extended conceptualization – might suggest. As Livesey (2002) has shown, corporations such as Shell – which have been under pressure to assume political responsibilities beyond those traditionally expected of corporations – have frequently sought to downplay this extended role and elucidate to the public the "proper" (i.e. more limited) role of business. Such distinctions however are virtually impossible for such corporations to make, as Livesey's (2002: 335) analysis of Shell's 1998 Report to Society illustrates: "While explicitly rejecting a role for Shell as 'government stand-in … and nanny'" (p.26), the report also noted that Shell had provided public services (hospitals, schools, and roads) in certain poor countries where governments did not. Whilst at one level, we could put this down to simple hypocrisy, on another level it serves to mask, or at least obfuscate, a climacteric process of social change. This clearly calls for more research: first to examine the true extent to which corporations have undertaken such practices; second to reveal whether corporate managers have, or feel that they have, a mandate for such action; and third to understand more clearly how to resolve the tensions created by the apparently contradictory demands placed on management in this respect.

This leads to a third observation: corporate "citizens" normally assume their roles only if it is in their self-interest to do so. This leads to activities of CC which are, in the majority, for the benefit of society and praiseworthy. If governments fail in their responsibility to facilitate citizenship, society can only be happy if corporations fill this gap. But should society really be happy about this? The immediate question is: if

corporations have assumed such a pivotal role in society, what happens if CC – in its extended sense – is not in their self-interest? The example of the role of Shell in Nigeria shows that these problems are by no means academic. Again, although much research has focused on the question of whether social action is in the *firm's* interest (Griffin & Mahon, 1997), our reconceptualization of CC suggests that research efforts should be redirected towards assessing whether corporate actions are in *society's* interests.

The leads to a more general, and in fact more fundamental problem connected to CC: if corporations take over vital functions of governments, one could argue that they should also take over exactly the type of accountability which modern societies demand from government as a facilitator of citizen rights. Governments are accountable to their citizens and, in principle, could be approved or discharged of their responsibilities through the electoral process. Similar mechanisms however do not exist with regard to corporations. When Levi Strauss & Co closed down three of its four plants in El Paso, Texas – a city where the company was the largest single employer – they were only accountable to the Haas family who own the company despite the severe effects on the social rights of their employees and on the region. Similarly, companies such as Enron can administer huge pension funds without any substantial accountability to their employees about the way they (dis)respect their civil right to own property. And when ExxonMobil lobbies the US Government to pull out of the Kyoto global warming protocols, it is not answerable to the law to disclose such actions to the voting public.

Such a demand would, however, of course represent an importation of a normative assumption from political theory – that the administration of citizenship should be balanced with a degree of accountability. However, in recent years the question of corporate accountability has been rapidly rising up the social, political and economic agenda, and is one which management theory and practice is increasingly having to take seriously (Zadek, Pruzan and Evans, 1997). Clearly this is an area where much more research is needed. However, one important emerging stream of literature here has examined the possibility for corporations to audit and report on their social, ethical and environmental performance through new accounting procedures (e.g. Gray, Dey, Owen, Evans, & Zadek, 1997; Livesey, 2002; Zadek, Pruzan, & Evans, 1997). Another new stream of literature has looked at broader issues of communication with stakeholders, and development of stakeholder

dialogue and stakeholder partnerships (e.g. Bendell, 2000; Crane & Livesey, 2002). These are immensely valuable developments. However, from these perspectives, rather than being, as many have claimed, the *solution* to urgent problems (e.g. Habisch, Meister, & Schmidpeter, 2001: 1), CC in its more meaningful sense, is in fact just as much the problem itself. Management research has yet to fully get to grips with the question of how (or whether) stakeholder engagement, reporting – and more broadly even "stakeholder democracy" – can play a role in managing the relationship between us as citizens, and corporations as administrators of our citizenship. Similarly, since corporations have emerged as active players in the administration of citizenship, we might question how their role could and should interlock with that of governmental and non-governmental actors.

It is our hope that by presenting here an extended theoretical conceptualization of CC, greater clarity about the nature of these problems can be discerned, and appropriate solutions can ultimately be devised.

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