

## NOTE

# CORPORATE CITIZENSHIP: TOWARD AN EXTENDED THEORETICAL CONCEPTUALIZATION

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We critically examine the content of contemporary understandings of corporate citizenship and locate them within the extant body of research dealing with business-society relations. Our main purpose is to realize a theoretically informed definition of corporate citizenship that is descriptively robust and conceptually distinct from existing concepts in the literature. Specifically, our extended perspective exposes the element of “citizenship” and conceptualizes corporate citizenship as the administration of a bundle of individual citizenship rights—social, civil, and political—conventionally granted and protected by governments.

### THE EMERGENCE OF CORPORATE CITIZENSHIP

*Corporate citizenship* (CC) has emerged as a prominent term in the management literature dealing with the social role of business. This initially occurred in the realm of management practice. Having originated in U.S. businesses in the 1980s (Altman & Vidaver-Cohen, 2000), the term 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” that was signed during the World Economic Forum in New York, in January 2002, by CEOs from thirty-four of the world’s largest multinational corporations (MNCs). These included 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 is a growing body of academic work specifically dedicated to CC issues (see Andriof & McIntosh,

2001a). There is also now a dedicated *Journal of Corporate Citizenship*, and a number of research centers explicitly concerned with CC have emerged, including those at Boston College in the United States, Warwick University in the United Kingdom, Deakin University in Australia, and Eichstätt University in Germany. Likewise, many consultants and business publications have adopted the terminology of CC in reference to firms’ social and environmental policies (see Miller, 1998; Roberts, Keeble, & Brown, 2002; Wagner, 2001). Finally, there is also a growing number of government units, consultancies, and think tanks specifically dedicated to CC, such as the U.S. Chamber of Commerce Center for Corporate Citizenship, the African Institute for Corporate Citizenship, The Copenhagen Center, and the London-based Corporate Citizenship Company.

Our aim in this paper is to examine the current usage of CC in management literature and to argue the case for a more robust conceptualization. In order to do this, we will draw 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 terminology in most of the management literature but also provides the

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We thank former editor Ed Conlon and the anonymous reviewers for their comments and suggestions to refine our argument. We are also grateful to Jeremy Moon for comments on earlier versions of the manuscript.

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—namely, to invigorate and inform a significant redirection in the development of theory about the social role of business. In so doing, we hope to stimulate conceptual debate, as well as offer a more informed basis for empirical research.

### CC AS A NEW CONCEPT IN BUSINESS-SOCIETY RELATIONS

According to Carroll (1999), CC is an extension of a lineage of work in the management literature that conceptualizes the role of business in society. This lineage has, most notably, been dominated by the notion of corporate social responsibility (CSR). Carroll's (1979) widely cited CSR model conceptualizes four types of responsibilities for the corporation: (1) the *economic* responsibility to be profitable; (2) the *legal* responsibility to abide by the laws of society; (3) the *ethical* responsibility to do what is right, just, and fair; and (4) the *philanthropic* respon-

sibility to contribute to various kinds of social, educational, recreational, or cultural purposes. The strategic and processual aspects of CSR have been further developed by means of the concept of corporate social responsiveness (Clarkson, 1995; Wartick & Cochran, 1985), while the debate on corporate social performance (Swanson, 1995; Wood, 1991) has focused on the outcomes of CSR. Stakeholder theory, meanwhile, has addressed the question of which groups in society corporations should be responsible to (Donaldson & Preston, 1995; Freeman, 1984).

To some extent, however, these concepts have attained a wider and more enthusiastic acceptance in the academic literature than in corporate thinking and practice (see Beaver, 1999, and van Luijk, 2001). CC, meanwhile, has been introduced into the CSR discourse in the last few years, mainly at the instigation of corporate actors. Table 1 sets out 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 not been consistent nor, we would suggest, particularly clear. Indeed, we contend that a clear, specific, and widely accepted definition of CC has yet to be developed in the management

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."	<a href="http://www.exxonmobil.com">http://www.exxonmobil.com</a>
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."	<a href="http://www.ford.com">http://www.ford.com</a>
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."	<a href="http://www.nike.com">http://www.nike.com</a>
Nokia	"Our goal is to be a good corporate citizen wherever we operate, as a responsible and contributing member of society."	<a href="http://www.nokia.com">http://www.nokia.com</a>
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."	<a href="http://www.toyota.co.jp">http://www.toyota.co.jp</a>

literature. In the following sections we examine current usage of the term and, in so doing, delineate three different perspectives on CC. Of these, two are largely *conventional* views based on CSR and its derivatives, whereas one, we suggest, offers the possibility for an *extended* view that goes beyond existing conceptions of CSR.

### CONVENTIONAL VIEWS OF CC

In this section we critically analyze the conventional use of CC in the academic and practitioner management literature, and we elucidate the potential implications of this new concept. We start with what we call the "limited view of CC" and then proceed to the "equivalent view of CC."

#### Limited View of CC

The identification of CC as charitable donations and other forms of community action was dominant in early usage of the term and is still very much in evidence today. Carroll (1991), for example, identifies "being a good corporate citizen" with philanthropic responsibility, which is his fourth level of CSR. CC is therefore a discretionary activity, beyond what is expected of business, making it 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, "less important than the other three categories" (1991: 42).

Proponents of this limited view tend to argue that the specifically new contribution of CC to the debate on corporate philanthropy is its *strategic* focus. In this view of CC, instead of engaging in charity simply through munificence, corporations engage in CC in terms of *strategic philanthropy*. For the firm, CC is therefore depicted as motivated by self-interest, including the insight that a stable social, environmental, and political environment ensures profitable business (Windsor, 2001; Wood & Logsdon, 2001).

A typical example of 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 characteristic of the limited view of CC

insofar as it focuses mainly on the direct physical environment of the company, resulting in a focus on local communities (Altman, 1998).

In line with this self-interested approach is a considerable body of literature in which CC is discussed as manifest in specific investments into the firm's social environment (Warhurst, 2001). Following the language of corporate finance, scholars rationalize CC 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), which ultimately help to improve the economic performance of the corporation. Proponents of this approach ultimately see the 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).

Does this limited view of CC really justify the invention of a new terminology? Self-interest in corporate philanthropy, the investment aspects of social engagement, and a focus on local communities are certainly not elements that are particularly 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 in this context—a problem that notions of "good" CC serve to confuse further. In addition, there is only limited reference to the fact that this new concept of business and society makes usage of the term *citizenship*, beyond perhaps occasional reference to being part of a common community. The limited view of CC has therefore not yet explained, let alone conceptualized, the notion of citizenship involved in philanthropy. Overall, the literature pertaining to this limited view does not provide convincing evidence for the necessity of a new terminology.

#### Equivalent View of CC

The second common understanding of CC is more general in scope and is essentially a conflation of CC with existing conceptions of CSR, without any new role for the corporation being defined. This is most evident in Carroll's (1998) article, "The Four Faces of Corporate Citizen-

ship," where the author defines CC in exactly the same way that 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" (2000: 284). This is almost synonymous with Carroll's (1991) definition of CSR, albeit with a slight refocusing of emphasis toward 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. In much of the CC literature, scholars currently use the concept in this sense, stressing various aspects of CSR, such as sustainability (Marsden, 2000) and the stewardship role of business (Reilly & Kyj, 1994), or drawing conceptual lines toward the stakeholder approach (Andriof & 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. For instance, Birch (2001) regards CC as an innovation to the CSR concept, in that CC suggests that business sees itself as part of the public culture, whereas CSR is—according to his view—more concerned with social responsibility as an external affair (see also Logan, Roy, & Regelbrugge, 1997, and McIntosh, Leipziger, Jones, & Coleman, 1998). CC, from this perspective, is an extension of 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.

This marketing of academic ideas is, in many respects, an important task. However, it can also contribute to increased skepticism about both

CC and CSR, especially if they are subsequently perceived as little more than ephemeral management fads or fashions. Furthermore, although in our interpretations the authors referring to CC in this way appear to be conflating CC with CSR, this literature is notably lacking a clear, direct, and unambiguous definition of CC. Again, the terminology of CC is also taken up without referring explicitly to the notion of citizenship and explaining the reasons for this phraseology in a business context.

### TOWARD AN EXTENDED THEORETICAL CONCEPTUALIZATION OF CC

There has been only very limited discussion of the actual meaning of citizenship in the literature examined so far. It has, however, been alluded to in several recent articles (e.g., van Luijk, 2001; Wood, & Logsdon, 2001; Windsor, 2001). In this section we 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.

This conceptualization is based on a particular school of thought in political science—namely, liberal citizenship. While we are aware of other conceptualizations of citizenship that may allow for a slightly richer view of CC than the one developed here (Moon, Crane, & Matten, *in press*), we base our analysis on this model of citizenship because it is the principal template for Western democracy.

#### What Is "Citizenship"?

Of the very limited number of management authors who specifically conceptualize the notion of citizenship, few, if any, move beyond a superficial idea of citizenship that "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 which 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 European unification, have raised issues about the collective embeddedness of individuals and institutions in societies

(Beiner, 1995). Nevertheless, the one-dimensional and direct application to corporations appears to be inappropriate.

Therefore, before applying the term *citizenship* to corporations, it is useful to have a closer look at and better understanding of this concept. The superficiality of the current treatment 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, provided that their assimilation is not indiscriminate, careless, or obtuse (Knights & Willmott, 1997; Watson, 1997). In order to examine citizenship effectively, we need a more carefully applied interdisciplinary approach that considers the criteria for the legitimate application of the concept.

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, social, and political rights (Marshall, 1965).

**Social rights** consist of those rights that provide the individual with the *freedom to* participate in society, such as the right to education, health care, or various aspects of welfare. **Civil rights** consist of those rights that provide *freedom from* abuses and interference by third parties (most notably governments), among the most important of which are the rights to own property, exercise freedom of speech, and engage in “free” markets.

Both types of rights clearly focus on the position of the individual in society and help protect his or her status (Eriksen & Weigård, 2000). As such, civil and social rights are, to some extent, extremes on the same continuum: civil rights (sometimes called “negative” rights) protect the individual against the interference of stronger powers; social (“positive”) rights are entitlements toward third parties. The key actor here is government, which 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 government as respecter or active facilitator of

the rights), **political rights** move beyond the mere protection of the individual’s private sphere and toward 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.

There is, in principle, broad agreement across countries regarding the nature of the fundamental rights that should be enjoyed by a nation’s citizens. This is evident in international agreements, such as the universal declaration of human rights (signed by nearly 200 countries), and some forty other declarations and conventions on human rights since 1948, including the international covenant on civil and political rights (Morais, 2000). Of course, there is considerable divergence when it comes to defining what these rights might constitute in practice and how they might be realized within specific contexts, but that does not detract from the notion that the dominant view of citizenship is based on shared understandings of basic rights.

At first glance, it is somewhat hard to make 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, rather, as powerful public actors that have a responsibility to respect individual citizen’s rights.

This loosened concept of citizenship offers an important point of departure, although in Wood and Logsdon’s (2001) treatment, this 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 to 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 relationship of corporations to citizenship in the context of recent shifts in business-society relations where corporations take over many of the roles and actions previously associated with government (Hertz, 2001a). By this, we want to show that CC is not simply about corporate social policies and programs that might (or might not) be

adopted in the same vein as CSR. Rather, we 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" a largely unavoidable occurrence—and one that clearly justifies a shift toward 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, provides welfare to protect social rights, and constitutes the main arena in which political rights are exercised and collective decisions are taken. Hence, citizenship would appear to be 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 raising the prospect of corporate involvement in citizenship rights is the failure of nation-states to be the sole guarantor of these rights any longer. 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, however, is the progressive *detritorialization* of social, political, and economic interaction (Scholte, 2000). This means that a growing number of social activities are now taking place beyond the power and influence of the nation-state. The disempowerment of states through globalization is nonetheless 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 (1) nation-states are exposed to economic, social, and political action beyond their own control and (2) actors within their own territories face increasingly lower obstacles for dislocating activities into territories beyond the control of their original government.

This is not only a reflection of the recent debate in political theory (Turner, 2000) but, significantly, globalization also seems to be one of the triggers for the heightened attention to the CC discourse in the business community. For example, the joint statement on global CC that emerged from the 2002 World Economic Forum identifies 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 (Global Compact, 2002).

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 in circumstances where traditional governmental actors fail to be the "counterpart" of citizenship. As one element of the group of actors most central to globalization, and indeed one of its principal drivers (Scholte, 2000), corporations have tended to partly take over (or are expected to take over) certain functions with regard to the protection, facilitation, and enabling of citizens' rights—formerly an expectation placed solely on governments. We thus contend that "corporations" and "citizenship" come together in modern society at the point where the state ceases to be the only guarantor of citizenship—and that a term such as

corporate citizenship is a legitimate way of characterizing this situation.

We posit three different ways in which governmental and corporate roles in administering citizenship are changing: (1) where government ceases to administer citizenship rights, (2) where government has not as yet administered citizenship rights, and (3) where the administration of citizenship rights may be beyond the reach of the nation-state government. Each of these contexts brings forth a range of mechanisms through which corporations might take over the administration of citizenship rights. These contexts and mechanisms apply to all three categories of rights.

Where government ceases to administer citizenship, this leaves open space for corporations to enter (or not enter) the arena as administrators of citizenship. This may happen in two ways: (1) either corporations have the opportunity (or are encouraged) to step in where once only governments acted, or (2) corporations are already active in the territory concerned and, therefore, their role becomes more pronounced as governments retreat.

In the area of social rights, it is apparent from numerous instances of corporate action in the community that the majority of activity called CC by the business community occurs where corporations have been encouraged to step in to attend to those "positive" rights that governmental actors have retreated from, either through the mechanism of privatization or welfare reform. Many so-called CC initiatives are targeted at reinvigorating (or replacing) the welfare state, such as improving deprived schools and neighborhoods (see David, 2000).

In the area of civil rights, most developed countries arguably provide their citizens with reasonable protection of their civil rights. Governmental failure, however, becomes visible in developing or transforming countries. In Nigeria, for example, Shell was implicated in the failure of the state to maintain the protection of the civil rights of the Ogoni people (see Wheeler, Fabig, & Boele, 2002). Suggestions that corporations should "step in" when civil rights are threatened indicate that, where corporations are already active in some way in a territory, government retraction of protection might conceivably be partially offset by corporate action.

In the area of political rights, the corporate role is actually rather more indirect. Corpora-

tions might help to facilitate, enable, or block certain political processes in society, rather than directly take over former governmental prerogatives. At one level, corporate influence through lobbying and party funding has established corporations as more or less officially accepted players in the arena of political rights (see Reich, 1998). More significant, we can see that voter apathy in national elections in many industrialized countries has increasingly weakened the government's role as the sole conduit through which political choices and demands have been channeled. In contrast, there appears to be a growing willingness on the part of individuals to participate in political action *aimed at corporations rather than at governments* (Hertz, 2001b). Whether through anticorporate protests, consumer boycotts, or other forms of action outside the usual political arena, individual citizens have increasingly sought to effect political change by leveraging the power (or vulnerability) of corporations. Hence, rather than replace governments, corporations here could be said to have provided an additional conduit (or another node in an existing conduit) through which citizens could exercise their political rights.

Corporations also enter the arena of citizenship where government has not as yet administered citizenship rights. This is particularly the case in developing countries. Globalization raises awareness of these "vacuums" and exposes western MNCs in particular to charges that they are "responsible" in some way for administering citizenship rights in such situations. This is because, in the absence of viable governmental protection, corporations become a kind of "default option" for administering citizenship rights.

In the area of social rights, we have seen that improving working conditions in sweatshops, ensuring employees a living wage, and financing the schooling of child laborers are all activities in which corporations such as Nike, Levi Strauss, and others have engaged under the label of CC. Here, involvement in citizenship arises from MNC outsourcing policies or from foreign direct investment decisions.

In the area of civil rights, corporations might play a crucial role in encouraging (or discouraging) oppressive regimes to provide protection because their very presence in the country already assumes some form of enabling relation-

ship with the government. 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.

Similarly, in the area of political rights, corporations can be seen as a default option in the face of governmental inability (or unwillingness) to protect basic rights. Thus, lobbying of MNCs has sometimes been a potential, though more indirect, option open to those dispossessed of democratic rights to vote. As the South African case shows, a common pattern for how these relatively powerful actors could become a conduit for political rights lies in their role in creating and sustaining background institutions aimed at strengthening citizenship rights in general.

A third scenario is emerging on the global level where *the administration of citizenship rights may be beyond the reach of the nation-state government*. This is because such rights are associated with supranational or *detrterritorialized* entities, such as global markets or the ozone layer. Here, corporations may (or may not) take on a role in reforming or creating transnational institutions that administer rights where national governments cannot act effectively.

In the area of social rights, for instance, the global market for foreign direct investment can put considerable pressure on state regulation of social and environmental standards. It has been argued that only if governments can offer “favorable” conditions to MNCs in terms of low social standards, depressed wages, and limited regulation of working conditions can they survive the “race to the bottom” and attract much desired foreign investment (Scherer & Smid, 2000). Accordingly, it can become incumbent on MNCs rather than governments to protect (or not protect) social rights, such as through the introduction of global codes of conduct.

In terms of civil rights, we might suggest that in a world that 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, U.S. or

French pensioners rely on these markets to protect their property, yet they are beyond the full control of the U.S. or French governments. Again, since corporations are the main global organizations active in world financial markets, they might be said to be one of the few actors able to reform them to improve protection of property rights.

In the area of political rights, the aforementioned arguments already seem to suggest that corporations themselves *assume* some indirect political rights if they adopt such a pivotal role in granting and facilitating major rights linked to citizenship. This becomes especially evident if one analyzes current changes in global governance. With increasing privatization of regulation, through programs such as the Chemical Industry's Responsible Care or the Apparel Industry Partnership, corporations have stepped in and taken an increasingly active role in the global political arena (Ronit & Schneider, 1999; Schneidewind, 1998).

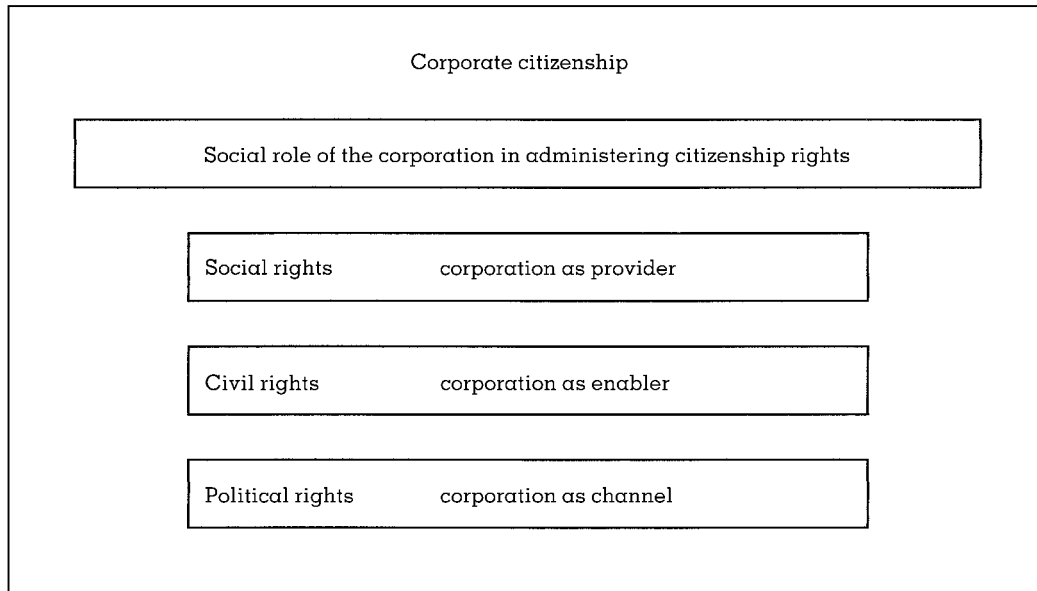
We refrain from discussing here the motivations that might lead (or not lead) corporations to take on some responsibility for administering these rights. We suggest a range of motivations might be evident, from altruism to enlightened self-interest or plain self-interest. We also do not discuss why citizens might choose to exercise their rights through corporations. It is sufficient for our argument simply to make the case that this shift in role for the corporation can and has occurred and to set out, as we have done in the preceding section, the contexts and mechanisms through which this shift can and has taken place.

### Defining CC

In light of the argument developed so far, we can now suggest a tentative definition of CC, as follows: CC 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 toward the acknowledgement that the corporation administers certain aspects of citizenship for other constituencies. These include traditional stakeholders, such as employees, customers, or shareholders, but also include wider constituencies with no direct transactional relationship to the company.



**FIGURE 1**  
**An Extended Theoretical Conceptualization of Corporate Citizenship**



We do not wish to suggest that corporations are the *only* actors administering these rights—merely that they have taken over considerable responsibility 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, the corporation either capacitates or constrains citizens' civil rights and, so, can be viewed as administering 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 *channeling role*.

In presenting this initial conceptualization of CC, however, it is important to recognize 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 elucidate in the next section, there are considerable problems and dangers associated with the role described in 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 counterproductive. 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 descriptive 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 those implied in the majority of the published work in the management literature. Rather than being on the same level with other "private" citizens, "corporate" citizenship as we have defined it implies that corporations have replaced some of the functions of the institution deemed the most powerful in the traditional concept of citizenship. Therefore, one might suggest that in applying the more robust conception of citizen-

ship from political theory, we have simply imported a different view of the role of private enterprise. This would be a misapprehension. The citizenship concept in political theory has focused on the relationship 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 relationship 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 conceptualization, this social role should be given a new (extended) conceptual label, such as *corporate administration of citizenship* (as it were, "CAC"). Such a development could, in some respects, be appropriate, but we prefer at this juncture to seek greater clarity and precision in the use of CC terminology. While this serves to avoid further multiplying the use of new conceptual labels in the area of CSR, the main reason to retain the terminology of CC for our conceptualization is as follows. We have identified citizenship as an arena where two parties are involved: (1) the state (originally) as the party administering rights of citizenship and (2) the private citizen as the receiver of those rights. We have then argued that corporations have become major actors in this arena. Our extended conceptualization locates CC in the administration of citizenship rights, which, in the liberal view, is clearly an aspect of citizenship. Of course, this does not mean that corporations "are" citizens, or that they "have" citizenship, but they are certainly active *in* citizenship and exhibit citizenship *behaviors*. The terminology *corporate citizenship* is an appropriate description—albeit in contrast to the way it has been used so far in the literature.

Indeed, existing conceptualizations of CC actually suggest a much more modest role for corporations than the underlying reality—and our extended conceptualization—indicates. As Livesey (2002) has shown, corporations such as Shell, which have been under pressure to assume political responsibilities beyond those traditionally expected of corporations, frequently have 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 these corporations to make. Livesey's analysis of Shell's 1998 Report to Society illustrates this vividly: "While explicitly rejecting a role for Shell as 'government stand-in . . . and nanny'" (2002; 26), Livesey shows that the report also notes Shell had provided public services (hospitals, schools, and roads) in certain poor countries where governments did not. While at one level we could put this down to simple hypocrisy, on another level it serves to obfuscate processes of social change. This clearly calls for more research: first, to examine the actual 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: regardless of the motivation, corporations enter the arena of citizenship on a discretionary basis. There is no specific political or legal framework that institutionalizes a corporate responsibility for administering citizenship rights. Even so, we can observe numerous activities of CC that 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 positive about this? The immediate question is if corporations have assumed such a pivotal role in society, what happens if, or when, they decide not to be involved in CC? If CC simply remains in the realm of corporate discretion, society is not readily able to claim these citizenship rights as "inalienable" in the usual sense. Corporations might be unaware of the issues, public pressure might direct their attention elsewhere, or it might not be in their self-interest to get involved. If CC involves corporations in areas of such importance as citizenship rights, it is problematic if the administration of these rights is a nonmandatory (and, currently, even unacknowledged) aspect of managerial discretion.

This 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 assume exactly the type of accountability that

modern societies demand from government as a facilitator of citizens' 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 closed down three of its four plants in El Paso, Texas—a city where the company was the largest single employer—it was only accountable to the Haas family who owns the company, despite the severe effects on the social rights of 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 U.S. government to pull out of the Kyoto global warming protocols, it is not answerable in 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 that management theorists and practitioners increasingly have to take seriously (Zadek, Pruzan, & Evans, 1997). Clearly, this is an area where much more research in a number of new areas is needed.

### PERSPECTIVES FOR FUTURE RESEARCH

The preceding discussion raises a number of important implications that require further research. These research perspectives can be categorized into three main areas.

First, we have established a broad conceptual framework for understanding CC. Further research is required to delineate the exact nature of the corporate administration of citizenship rights. Researchers might, for instance, explore in more detail the extent to which corporations have taken over this role from governments in each of the three contexts, as well as the antecedents and influences on the different mechanisms likely to be evident across companies, industries, and countries. Similarly, researchers might examine which managerial processes and systems have been used and how the qual-

ity and performance of corporate administration can be assessed and compared with traditional government administration.

A second important area of research centers on new constituencies of stakeholders. While extant notions of CC consider chiefly traditional stakeholder groups, an extended notion of CC, based on citizenship rights, enlarges the scope of potential constituencies to "citizens" in a broader sense (Crane, Matten, & Moon, 2004). This broadened constituency could be analogous to those of governments, which are responsible to society as a whole and are linked to their constituencies by a shared territorial basis. However, in the context of MNCs this is more complex, since there is no clear territorial delimitation. Typical questions here would be who are these constituencies? What expectations do they have? And how can corporations prioritize and balance their presumed rights?

Research in these two areas would be a necessary prerequisite for answering questions in a third and possibly the most critical area of research: what are the consequences in terms of corporate accountability for the administration of citizenship rights? We might, for example, seek to investigate the effectiveness and quality of different mechanisms through which citizens could express their expectations and assess the performance of corporations in meeting those expectations. This links to an emerging stream of literature examining the possibility for corporations to audit and report on their social, ethical, and environmental performance through new accounting procedures (e.g., Livesey, 2002; Zadek et al., 1997). In a similar vein, in another recent stream of literature, researchers have looked at broader issues of communication with stakeholders, as well as development of stakeholder dialogue and stakeholder partnerships (e.g., Bendell, 2000; Crane & Livesey, 2003). However, when corporations become involved in functions formerly attributed to governments, the issue of accountability clearly moves beyond the level of accounting and communication. In further research, therefore, scholars might seek to investigate the relative quality, effectiveness, and desirability of the mechanisms through which citizens can participate in and even control corporations to ensure that their rights are adequately protected.

Thus, from the perspective developed here, rather than being, as many have claimed, the

solution to urgent problems (e.g., Habisch et al., 2001; 1), CC in its more meaningful sense is, in fact, just as much the *problem* itself. Management researchers have yet to fully come to grips with the question of how (or whether) stakeholder engagement and 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 nongovernmental actors. It is our hope that by presenting this 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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