

## DIALOGUE

### Corporate Citizenship: An Idea Whose Time Has Not Yet Come

In a provocative contribution to *AMR*, Matten and Crane (2005) have sought to shed novel conceptual light on the notion of corporate citizenship (CC). They correctly observe that, to date, research and discussion on CC have consistently lacked conceptual rigor, often stretching the notion of CC to cover a broad array of phenomena that do not seem to be related in any systematic way. Consulting a long and respected tradition of thinking on citizenship in political theory, they propose conceiving of CC "as the administration of a bundle of . . . citizenship rights—social, civil, and political—conventionally granted and protected by governments" (2005: 166), but presently—at least in their view—increasingly becoming the domain of corporate rather than state activity. The authors' main purpose, to be sure, is descriptive rather than normative. It is to "sharpen our conception of what CC is, and what it is not," thereby offering "a more informed basis for empirical research." They also hope to "stimulate conceptual debate" (2005: 167). Have they succeeded?

#### AIMS AND DIMENSIONS OF CONCEPTUAL DEVELOPMENT

In order to assess their contribution, we must first distinguish two different ways in which concepts can be defined and two distinct aims conceptual development and theory building in general may have in the field of management and organization. A concept can be *extensionally* defined, first, by pointing out and describing the set of real-life phenomena the concept refers to. Alternatively, a concept can be *intensionally* defined by specifying the conjunction of general attributes that make up the concept.<sup>1</sup> The intension and extension of a concept are two different things. Although, for example, it

might very well be the case that the set of CEOs perfectly coincides with the set of intelligent and manipulative psychopaths as a matter of fact—that is, the two sets are coextensive—we really do mean different things—intensionally—when we describe someone either as a CEO or a manipulative psychopath. Of course, the extension and intension of a concept should be related as closely as possible, and one of the main functions of theory building is to explain how this may be so.

Concepts and theory building more generally, second, may have two distinctive aims. In positive theory building we aim to systematically describe and explain the world as encountered, whereas the *ultimate* aim of normative theory building is to justify actions, norms, values, principles, and institutions as they bear upon the world as encountered in a systematic manner. Since the authors claim that the purpose of their conceptualization is descriptive, we must first address the positive merits of their conceptualization of CC.

#### THE EXTENSION OF THE CONCEPT OF CC

Different concepts extensionally carve up reality in different ways. Conceptual progression in positive theory building exists when a novel conceptualization carves up reality in a way that is either descriptively more valid—that is, there is a better fit with the facts as we know them to be—or explanatorily more informing—for example, resulting in new testable propositions and hypotheses—than previous conceptualizations. Ideally, of course, both should be achieved simultaneously. It appears that the authors' claim to conceptual improvement is mainly of the latter kind, for they neither present nor cite any empirical evidence to support the former kind of claim. Given that they present their conceptualization of CC as an extension of and conceptual improvement on the concept of CSR, this is a conspicuous omission. In the absence of such evidence, however, the merits of their conceptualization must be assumed to be *explanatory* rather than descriptive. That is, there may be an explanation—rather than em-

<sup>1</sup> The distinction goes back to Frege (1892) and is firmly established in logic and epistemology. Sartori (1970) gives an accessible account for the social sciences.

pirical evidence—in support of the thesis that the concept of CC captures better what is presently denoted with the notion of CSR.

The explanatory merits of conceptualization, to be sure, may be more speculative than its descriptive qualities, since plausible explanations may not have been (completely) tested yet. There is progression in positive theory building precisely because scholars develop novel theoretical explanations that result in propositions and hypotheses that only subsequently are subjected to the facts (Popper, 1962).

It is clear that much of what the authors have to say in defense of their conceptualization is highly speculative indeed. Their main argument is that forces of globalization are changing the relative roles of governments and corporations in administering citizenship rights, with corporations increasingly assuming this role “(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” (2005: 172). Again, this sweeping claim is supported by neither facts nor references to empirical studies, nor do I know of any studies that would support it, so I take it that much of what the authors point out as the extension of CC has yet to take place.

But even this more speculative claim is mind-boggling, for why should corporations voluntarily assume the responsibility for administering citizenship rights that states and other intra- or international public bodies are increasingly declining? Two reasons make this extremely unlikely.

First, the existence of more powerful and more perfectly functioning mechanisms—that is, global competitive markets—than the one the authors present as being responsible for states’ increasingly declining their citizenship rights administering role—that is, global regulatory competition (see Murphy, 2004)—will also punish corporations who engage in activities that these markets are not willing to pay for. But, second, even if corporations could get away with such activities in global competitive markets, why should they assume such extensive responsibilities if there is nothing in it for them? Although it is well known that corporations can sometimes do certain things (e.g., contract enforcement, private adjudication) more efficiently

than states (Easterbrook & Fishel, 1991; Williamson, 1985, 1991), the authors offer no plausible reasons that would explain (1) why corporations would be more efficient administrators of citizenship rights than states or other intra- or international public entities, and (2) why they might choose to take up these responsibilities in the first place. This is particularly problematic given that most citizenship rights have a public goods character, making their administration by corporations result in vast collective action problems. Although the authors appear well aware of this (2005: 174–176), they offer no plausible explanations of how CC may emerge and be sustained nevertheless. Yet, in spite of this, CC is enthusiastically embraced in the corporate world, or so the authors report (2005: 167). How do we make sense of this anomaly?

### THE INTENSION OF THE CONCEPT OF CC

Although the authors consult a long and respectable tradition of thinking on citizenship in political theory, they do so rather selectively. They not only ignore certain recent contributions highly relevant to their project (e.g., Dagger, 1997; Jacobson, 1996; Janoski, 1998; Kymlicka, 1995) but also, and clearly more important, some critical features in the conjunction of general attributes—that is, the *intension*—that make up the concept of citizenship in this literature. One of these features is that citizenship is typically conceived of as being, more or less, symmetrical (for a recent survey see Kymlicka & Norman, 1994). Thus, whereas the perspective that emerges from political theory is one where citizenship is conceived of as a (more or less) balanced bundle of obligations *and* rights, Matten and Crane focus exclusively on corporate responsibilities—these being the consequentialist equivalent of obligations (Goodin, 1986)—thereby ignoring rights that have been part and parcel of the political institution of citizenship.

The symmetry between rights and obligations is not just a central feature of the concept of citizenship because of aesthetic or linguistic considerations. Two kinds of reasons justify its centrality. The first is that it helps us to explain how it may have happened that the political institution of citizenship has *actually* washed up on the beaches of human civilization. In this positive explanatory sense, it may be fruitful to conceive of citizenship as a robust and resilient

exchange equilibrium between government that grants and administers certain fundamental rights, on the one hand, and the citizens who enjoy them, on the other, with taxes and political obligation serving as the currency of exchange (cf. Sened, 1997).

The symmetry between rights and obligations is central to citizenship, second, because it seems only just and fair that the advantages one derives from citizenship are mirrored by at least an obligation to contribute whatever is necessary to realize the same for others in the cooperative venture of the state (cf. Dagger, 1997). Hence, in both positive and normative connotations of the concept, the symmetry between rights and responsibilities is a central—often even defining—feature of citizenship. The question we should be asking, then, is can CC be fitted in this understanding of citizenship and, if so, how?

One particularly fruitful starting point in answering this question would be to conceive of CC in terms of a tripartite symmetrical exchange equilibrium among government, citizens, and corporations, since this perspective enables us to formulate some rather specific questions for further analysis and research. These are, first, what, precisely, do corporations have to contribute in this exchange, and how does this relate to activities that corporations *actually* engage in under the flag of CC or CSR? Second, what makes corporations relatively the most efficient providers of the goods and rights they may contribute, and what are the local and global mechanisms that drive them to take up the role of provider? Third, how can corporations overcome the vast collective action problems that burden the provision of these goods and rights, or at least how can they do better than states or other intra- or international public entities in this regard? Fourth, what do corporations want in return, and are states and citizens willing and able to give what corporations desire? These are all important questions that any account of CC must address, yet Matten and Crane hardly begin to deal with them.

#### CC AND THE CONUNDRUM OF CORPORATE RIGHTS

The most serious omission in the article, in my view, is that the authors completely ignore the question concerning what corporations may

want in return for assuming the kind of responsibilities that presumably are denoted by the concept of CC. Yet it seems to me that much of the lure that CC has exercised on the corporate world pertains precisely to the connotation of rights that has been central to our understanding of political citizenship. I take it that when corporate executives dream of CC, they do not desire common or garden-variety civil rights, such as the right to own property, the right to enter into contractual obligations, or the right to sue. Although such rights must be accounted for in any positive explanation of CC, they are already extended to corporations and other legal personalities in virtually all advanced jurisdictions (Kraakman, 2004) and, hence, are not what corporate executives may presently desire at the margin.

The rights that corporations currently lack and may seek to acquire under the flag of CC are more the fundamental human rights of natural persons, on the one hand, and the rights that give states and other intra- and international entities a privileged status under national or international law, on the other. An example of the former involves the rights that protect against arbitrary interference and expropriation by governments. An example of the latter concerns the status and legal subjectivity of corporations under international law, which is presently drafted mainly after the image of the nation state. It seems quite clear that the question of which bundle of rights and responsibilities should make up the intension of the concept of CC is at least partly a normative issue. This is most clear in the case of corporate rights.

Any extension of rights to nonhuman, organizational actors must address the question of whether these actors can indeed be the appropriate bearers of rights in the first place. Conventional moral wisdom has it that although granting such rights to organizational actors may be justified instrumentally, there is no sense in doing so in the absence of considerations that would justify it from the perspective of individual *human* beings (e.g., Hamlin & Pettit, 1989). The problematic nature of organizational or institutional rights becomes particularly manifest when such rights are invoked against individual human beings (Dan-Cohen, 1986), for why should we grant any claim by an organizational actor against a natural person if, in the end, it benefits not a single man? Thus, when

confronted with a demand for an extension of corporate rights in return for an extension of corporate responsibilities and obligations, our default position must be one of moderate skepticism on account of the presumption of *moral individualism* (McMahon, 1994) or *personalism* (Pettit, 1993) that constitutes the moral bottom line in our thinking about institutions and organizations. This presumption speaks against granting any rights to organizations unless a clear case can be made that we humans profit from it instrumentally.

On the one hand, this presumption does not preclude all extensions of corporate rights on the current "corporate condition." It does not speak against changing the relative status of the corporation and the state under international law, for example, because both corporations and states are organizational actors, with neither having a privileged moral status over human beings. Nor does it preclude any instrumentalist case in favor of granting rights to corporations over and above the rights they already have. In my view, both kinds of issues belong to the core of our discipline, and we have only recently begun to explore them.

Taking this presumption seriously, on the other hand, may get in the way of clarifying the concept of CC to the extent that would be desirable from the perspective of social science because of the inescapable normative puzzles associated with the question concerning if, and to what degree, corporate rights are part of the *intension* of CC. Such unavoidable normative issues are all too familiar in the literature on the political institution of citizenship. On account of such issues, Van Gunsteren (1978) even went so far as to qualify the concept of citizenship as an "essentially contested concept"—that is, a concept whose meaning will never be clear precisely because of normative discussions over general features that make up (the intension of) that concept (Connolly, 1974; Gallie, 1956). So where does this leave us in our thinking on CC?

## THE CONCEPT AND FUTURE OF CC

We often take for granted, in the field of management and organization, that both the object of our study and our own understanding of it are, in an important sense, part of the history of ideas. It remains to be seen, however, whether the concept of CC will be part of the field's

future history. This is only marginally up to us. Our modest role as academics is to develop sound conceptualizations and theories and to conduct solid research on the causes and consequences of what these concepts and theories denote. Yet it is precisely regarding this (self-proclaimed) aim that Matten and Crane's paper is unconvincing. They fail to make clear, first, why the concept of CC does a better job in descriptively capturing what is presently denoted by the concept of CSR. Second, by ignoring the question of what corporations may want in return for assuming responsibility for administering citizenship rights, they also fail to give a plausible explanation of how CC may nevertheless materialize in the global order.

I have argued that whenever we do address that question, we will inevitably stumble on the issue of whether CC is to be understood symmetrically as a more or less balanced bundle of rights and responsibilities, and that because we may never cease to disagree on whether and to what degree corporate rights should be part of this bundle, the kind of conceptual clarification of the meaning of CC we typically desire to achieve in social science may not be forthcoming in the immediate future. But this does not mean that we can sit back and wait until the conceptual confusion clears. More than ever before, management and organization scholars are equipped and ready to tackle the normative issues in our field (Donaldson, 2003). The least we can do is focus more closely on how we can stake out the normative and positive connotations of CC in a way that makes room for both positive and normative theory building. Although they have explicitly denied any normative ambition (2005: 174), Matten and Crane have opened up a much-needed conceptual debate on the meaning of CC in what is, at present, an underconceptualized field. And although I remain very critical of their paper, my reaction to it demonstrates that they have succeeded in at least one of their aims.

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### Corporate Citizenship: Missing the Point or Missing the Boat? A Reply to van Oosterhout<sup>1</sup>

We are delighted to take this opportunity to respond to Hans van Oosterhout's comments on our note, "Corporate Citizenship: Toward an Extended Theoretical Conceptualization" (Matten & Crane, 2005). As he correctly observes, one of the main aims of our deliberately provocative article was to stimulate conceptual debate and development around the notion of corporate citizenship (CC). For too long, the CC concept has been wielded by members of the Academy with little sense of what it might or might not contribute to our understanding of business-society relations—and usually at the cost of simply adding to conceptual confusion for the sake of gaining a little more exposure for its academic progenitors. That we have prompted van Oosterhout to join us in breaking out of this conceptual cul de sac is exactly the kind of outcome we were hoping for. And that he does so by apparently disagreeing with almost all of what we say just goes to show what an intellectually rich, but also challenging, debate we have opened up!

In essence, we would contend that van Oosterhout does not disagree with us nearly as much as his gut reaction led him to believe. Moreover, one of the main reasons he thinks our extended theoretical conceptualization of corporate citizenship is "an idea whose time has not yet come" is that he is actually already trying to extend and build on our core concept rather than deal with its central propositions. Quite simply, he is attempting to run before we've even started walking. So, let's get this back to basics with two brief clarifications (where van Oosterhout is missing the point) and then three major

<sup>1</sup> We thank the participants of the seminar Corporate Citizenship: Fact, Fad or Fiction, hosted by the Erasmus Research Institute in Management (ERIM) at Rotterdam School of Management, Erasmus University, for their comments and suggestions on this dialogue.

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