

# TOWARDS REFINING THE CONCEPT OF CORPORATE CITIZENSHIP

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## INTRODUCTION

Corporations have exerted great influences on society for centuries (Bakan, 2004; Klein, 2000; Nace, 2003; Reich, 2007) and have played important roles in the post-Westphalia order (Hettne, 2000; Palazzo & Scherer, 2008; Scherer & Palazzo, 2007; Scherer, Palazzo, & Baumann, 2006). Given this inordinate power that corporations possess today, it seems almost inevitable that students of corporate citizenship have paid greater attention to corporations' responsibilities and duties vis-à-vis their stakeholders and society. However, this well-justified focus on corporate social responsibility has unwittingly left the other integral component, corporate rights, unattended in the extant corporate citizenship literature. The lion's share of research has involved prescriptions about what corporations *should do* to demonstrate corporate social responsibility, but little attention has been given to corporate rights, what a corporation *can do*.

We argue that this paralysis in corporate citizenship research with a lopsided focus on corporate social responsibility is troublesome at least for two reasons. First, Correlative Axiom (Hohfeld, 1923) suggests that a right is created through the imposition of a duty or a responsibility, or vice versa (Kramer, 1998). Following this logic, corporate citizenship is to be best understood symmetrically as a more or less balanced bundle of rights and responsibilities (Van Oosterhout, 2005). Second, in some respects corporations appear to be "adolescents" that behave immaturely with respect to their rights and responsibilities. While corporations exercise their endowed rights (enfranchised) and fulfill their responsibilities/duties (responsible), they sometimes exercise rights that have not been granted to them (illicit) and do not always fulfill their socially-imposed responsibilities/duties (irresponsible). In addition, corporations assert new rights and responsibilities by expanding the scope of their citizenship beyond what the society has granted to or imposed on them (claimant).

These two observations suggest that to fully understand corporations as citizens, the analysis of corporate citizenship needs to be expanded to encompass not only corporate social responsibilities/duties but also corporate rights. Thus, in an attempt to fully capture this phenomenon, we propose a new working definition of corporate citizenship as *a dynamic process by which corporations implement and expand their respective corporate rights*.

## DEFINITIONS OF CORPORATE CITIZENSHIP

Corporate citizenship has been defined in various ways. In order to ensure clarity and effectiveness in scholarly communication, we introduce a unified lens based on the notion that citizenship is typically conceived of as being symmetrical (van Oosterhout, 2005). Using this scheme, the extant definitions of corporate citizenship can be classified into three groups under two big categories as shown in Table 1. The first category includes definitions of corporate citizenship that emphasize the duties (or responsibilities) side of citizenship of corporations with the rights side of citizenship implied. Within this category are two groups – one which defines corporate citizenship through the lens of instrumental stakeholder management and the other which weighs citizenship duties over rights in defining corporate citizenship. The second category is comprised of definitions of corporate citizenship that explicitly mention citizenship rights and duties of corporations.

{Insert Table 1 about here}

The notion of corporate citizenship entered scholarly discourse as long ago as the late 1950s (e.g., Gossett, 1957; Johnson, 1958). Johnson (1958: 285; emphasis added) stated that "one of the most important changes that have taken place in the current generation as a part of the American social-economic revolution is the development of a new role of *corporate citizenship* with the corporation recognizing its social and economic responsibility to the whole community." Responsibilities of the corporation to the community underlie many of its earliest definitions of corporate citizenship. For example, drawing upon his corporate social responsibility model (Carroll, 1979), Carroll (1998: 1-2) argued that just as for private citizens, companies are expected to fulfill economic, legal, ethical, and philanthropic responsibilities. Adopting Carroll's (1998) definition, Maignan and Ferrell (2001: 284; see also Post & Berman, 2001) defined corporate citizenship as "the extent to which businesses meet the economic, legal, ethical, and discretionary responsibilities imposed by their stakeholders."

Matten and Crane (2005: 169) labeled such definitions of corporate citizenship as an “equivalent view of corporate citizenship” by noting that much of the literature currently “uses the concept in this sense, stressing various aspects of corporate social responsibility, such as sustainability (Marsden, 2000), the stewardship role of business (Reilly & Kyj, 1994) or drawing conceptual lines towards the stakeholder approach (Davenport, 2000).” One of the key characteristics among definitions of corporate citizenship within the equivalent view is that the corporation’s responsibilities, duties, or obligations are articulated as definitional attributes, while the “citizenship rights” side of the corporation is not included in the definitions. However, some definitions, while not including “rights” attributes, recognize their importance in conceptualizing corporate citizenship (i.e., “corporate rights” elements are assumed in the definitions of corporate citizenship). Two examples are noteworthy (e.g., Gardberg & Fombrun, 2006; Marsden & Andriof, 1998).

First, Gardberg and Fombrun (2006: 330; emphasis added) acknowledged that “when businesses are granted *the legal and political rights* of individual citizens through incorporation, they also are ascribed, explicitly and implicitly, a set of responsibilities.” But Gardberg and Fombrun (2006: 330) delimited the boundaries of corporate citizenship in terms of duties only, defining corporate citizenship as “the portfolio of socioeconomic activities that companies often undertake to fulfill perceived duties as members of society (Etzioni, 1990; Fombrun, 1997; Wood, 1991).” A similar pattern is found in the definition of corporate citizenship, provided by Marsden and Andriof (1998: 329; emphasis added), who asserted that “citizenship concerns *the rights* and duties of a member of a country...companies can be thought of as corporate citizens with *legal rights*...citizenship is a political term.” Yet, not reflecting this important attribute in their definition, Marsden and Andriof (1998: 330) described corporate citizenship as being “about understanding and managing an organization’s influences on and relationships with the rest of society in a way that minimises the negative and maximises the positive.” In a nutshell, these definitions of corporate citizenship explicated citizenship responsibilities (or duties) of the corporation and at best implied citizenship rights of the corporation.

This equivalent view of corporate citizenship functions as a new way of presenting existing concepts concerning the social role of business (Matten & Crane, 2005:168-169), but does not provide a complete discussion of the actual meaning of citizenship. More recent definitions of corporate citizenship take the nature of the ‘citizenship’ concept more seriously (e.g., Logsdon & Wood, 2002; Matten & Crane, 2005; Moon, Crane, & Matten, 2005; Windsor, 2001, 2006; Wood & Logsdon, 2001, 2002; Wood, Logsdon, Lewellyn, & Davenport, 2006). They share an attempt to extend our existing understanding of business-society relations with recourse to political theory (Crane, Matten, & Moon, 2008: 22-23). Among the first to develop such an extended view of corporate citizenship were Donna Wood and Jeanne Logsdon. Wood and Logsdon (2002) argued that a more legitimate successor-term was needed because corporate citizenship had replaced corporate social responsibility as a predominant term in such a narrower, more strategic, firm-focused way that it threatened to abandon the essential connotation of corporate social responsibility based on the broad ethics-based and problem-solving norms of social reciprocity. In an attempt to fill this conceptual gap, Wood and Logsdon (2002: 90; emphasis added) proposed a new working theory of business citizenship – drawn from individual citizenship – that “will encompass the *citizenship rights and duties* of business organizations as secondary to and derivatives from those of human beings, and that will specify a common expectation that hold across national and cultural boundaries.” Further, they proposed “global business citizenship” by moving the “business citizenship” concept from the local polity to a global setting.

Explicating both “rights” and “duties” as definitional attributes, Wood et al. (2006: 35) defined a global business citizen as “a business enterprise (including its managers) that responsibly exercises its rights and implements its duties to individuals, stakeholders, and societies within and across national and cultural borders.” This definition is based on the universal principles perspective (see Logsdon & Wood, 2002; Wood & Logsdon, 2002; Wood et al., 2006), which emphasizes the moral assumption of rights as necessary for the achievement of human agency (Wood et al., 2006: 44). In this perspective, not only the state must protect negative rights of non-interference (e.g., protection of the right to free speech and assembly, and the right to vote), but also it must identify and protect positive rights that must be provided in order to achieve autonomous human actions (e.g., the right to education and the right to health care) (Wood et al., 2006: 44). Further, Logsdon and Wood (2002: 165-168; see also Wood & Logsdon, 2002; Wood et al., 2006) maintained that a corporation can be viewed as a business citizen, a distinguishable entity that is secondary in status to individuals and thus has derivative or weaker rights and duties

(e.g., organizations are not entitled to the same rights to noninterference and freedom from harm, although society may decide to grant *some* such rights to organizations). Wood and her colleagues played a pivotal role in advancing the corporate citizenship literature to the next level because their works made an explicit specification of “citizenship rights and duties” in conceptualizing citizenship of corporations. This seminal contribution, however, tends to receive relatively less attention in the literature because it is shadowed by the recent debate on how to capture, evaluate, and critically analyze a new political role of corporations (see Pies, Hielscher, & Beckmann, 2009; Scherer & Palazzo, 2008 for details), the so-called socialization of the corporate citizenship concept.

The socialization of the corporate citizenship concept was sparked off by Matten and Crane (2005: 166), who described CC as “the administration of a bundle of individual citizenship rights – social, civil, and political – conventionally granted and protected by governments.” This definition is based on the liberal tradition of citizenship, where citizenship is defined as a set of individual rights (Faulks, 2000: 55-82), comprising three different aspects of entitlement: civil, social, and political rights (Marshall, 1965). According to this liberal tradition of citizenship, citizenship is about reciprocal rights and responsibilities, but the focus is primarily on the rights of citizens and the responsibilities of the state (Kymlicka & Norman, 1994: 285-286; Schuck, 2002: 136). Against this backdrop, Matten and Crane (2005: 172-173) posited three ways in which corporations may take governmental roles: (1) where government ceases to administer citizenship, (2) where government has not as yet administered citizenship rights, (3) where the administration of citizenship rights may be beyond the reach of the nation-state government. In light of the argument above, Matten and Crane (2005) suggested a definition of corporate citizenship focused on the citizenship responsibilities of the corporation (as if it were a government), but didn’t include the citizenship rights of the corporation (as if it were a citizen) in that definition. Matten and Crane’s (2005) definition of corporate citizenship was criticized by Oosterhout (2005: 678), who maintained that in the political theory literature, citizenship is typically conceived of as being, more or less, symmetrical.

Another direction of corporate citizenship research has been pointed to by Lewellyn (2007), who argued that corporations, if pressured upon to perform more responsibilities, may expand their citizenship rights. She asserted that this can be explained by Hohfeld’s (1923) Correlative Axiom (see also Kramer, 1998). Hohfeld (1923) distinguished four sets of legal relations, including rights and duties, and is interpreted to argue that a right is created through the imposition of a duty or a responsibility, and vice versa (see also Kramer, 1998 for details). This work indicates that the concept of corporate citizenship may include an additional element of expansion of corporate rights, and therefore is of growing importance in the research dialogue.

## CORPORATE CITIZENSHIP REFINED

Given the current literature and logic on corporate citizenship (Hohfeld, 1923; Lewellyn, 2007; Matten & Crane, 2005; van Oosterhout, 2005; Wood et al., 2006), we have therefore defined corporate citizenship to be a *dynamic process by which corporations implement and expand their respective corporate rights and duties*. Using this definition of corporate citizenship establishes certain boundary conditions for use of this construct in this model. First, this construct of corporate citizenship conceives corporate citizenship as a balanced bundle of rights and duties. This means that discussions solely focused on the duties of corporations will not be considered. Second, unlike previous notions of corporate citizenship, it includes expansion of corporate rights and duties as a definitional attribute. Lastly, our definition of corporate citizenship views corporations as social actors (King, Felin, & Whetten, 2009), capable of influencing their environment, but not in a reflexive-intentional manner. As such, the corporation may act deliberately, but in response to external pressures. This implies that an understanding of the corporation as “legal fiction” (Fama, 1980) or “nexus of contracts” (Alchian & Demsetz, 1972), or “corporate citizenship as a metaphor” (Moon et al., 2005: 432-433) will be avoided.

TABLE

Table 1. Definitions of Corporate Citizenship by Right-Duty Symmetry

Responsibilities (Rights Implied)					Rights and Duties (Explicit)
Instrumental Group	Partial Paralysis Group (Rights < Duties)				Wholesome Group (Rights = Duties)
Stakeholder Management	Philanthropy	CSR (CSP)	Business Ethics	Corporate Citizenship	Corporate Citizenship (or Business Citizenship)
Fombrun, Gardberg, & Barnett (2000)	Carroll (1998)	Carroll (1998)	Jeurissen (2004)	Matten & Crane (2005)	Marsden & Andriof (1998)
Gardberg & Fombrun (2006)	Maignan & Ferrell (2001)	Post (2000)			Wood & Logsdon (2002)
Waddock (2001)	Gardberg & Fombrun (2006)	Post & Berman (2001)			Logsdon & Wood (2002)
		Dawkins (2002)			Wood, Logsdon, Lewellyn, & Davenport (2006)

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