

# Corporate Citizens and Democratic Practice

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## INTRODUCTION

- Corporation X “views good governance and strong internal management of our issues as integral to our corporate social responsibility (CSR). Maintaining strong relationships with our various stakeholder groups is also essential.”
- Corporation X “strives to contribute positively to our communities—locally and globally—through various forms of giving and volunteerism. We also have a strong commitment to meeting the needs of our customers.”
- Corporation X “has a deep sense of responsibility to environmental stewardship and to ongoing evaluation of what this means in the context of our growing and increasingly more complex business.”<sup>1</sup>

What (or who) is Corporation X? It would be difficult to discern from these uplifting if anodyne statements. These sorts of statements and commitments could have been cut and pasted directly from almost any textbook on Corporate Social Responsibility and Corporate Citizenship practitioner literature; the tenor of these statements characterize ways in which many business firms (national and multinational), whether GE or ExxonMobil, Target or IKEA, express their way of engaging with their communities and stakeholders. Of course we usually think of corporations like these as profit generators, and no doubt they claim that for themselves. But all of these claim they are more than that?<sup>2</sup> Ask them and they say they are stewards who are responsible partners in communities, engaging not only with shareholders of their corporations but with the broader communities where they are located. They help build parks; they contribute to earthquake, drought, hurricane, and tsunami relief; they help build homes with Habitat for Humanity; they contribute to not-for-profits and NGOs locally and globally; they are committed to diversity, and this list goes on. What great neighbors! If only all members of the polity were so committed to the public good and the life of the community! If they are not the most humble members of our communities--“Contributing positively to our communities and environment,” boasts an accompanying brochure--then, at least they hold themselves to high public standards and regularly publish reports regarding how well they are meeting their goals; after all, how many citizens publically post and measure their citizenship goals for the year?<sup>3</sup>

Yet what are corporations doing and what are the political effects when they claim such the sorts of identity and agency of super citizens and excellent neighbors who persevere in striving on behalf of their communities? Below I examine such questions as well as examine the effects of these rhetorical strategies in masking exercises of power even while emphasizing their responsible actions as good citizens. This entails examining the concept of corporate citizenship, the increasingly common concept by which both scholars and practitioners characterize the social activities that corporations undertake locally and globally. This paper does not focus upon the explicitly political activities of corporations such as lobbying or the newly unleashed capacities to participate in campaigns; rather it considers the political implications of the set of social activities commonly associated with corporate citizenship.

## **CORPORATE CITIZENSHIP**

Corporate citizenship is an idea that in the last few decades has reached point of common usage and institutional success. Already over a decade ago Duane Windsor (2001, pg. 39) suggested that “corporate citizenship has become a practitioner based concept in recent years,” but it certainly has generated significant scholarly attention as well. Books and numerous research articles are published on the concept, and not only have there been special numbers of business ethics journals, but even an entire journal is dedicated to it, as well as research institutes and international conferences focused on its study and discussion.<sup>4</sup> Conversely, while opposition to corporate citizenship exists, it is limited and all but mute. The concept is a development of a century’s long set of reflections and debates about what social role, if any, corporations have. Neil Mitchell (1989) noted the formulation of the idea and practice of corporate social responsibility (CSR) can be found in the early 20<sup>th</sup> century American Progressive Era, and corporate citizenship is connected to that movement. There is significant disagreement in the literature about whether corporate citizenship is synonymous with CSR, a development of it, an improvement upon it, or a replacement of it; while acknowledging such debate, in this paper I will use these terms synonymously, noting any place where those differences matter. Such wide use does not mean there is agreement about what corporate citizenship means or what is implied by it. For a simple example, it is unclear whether corporate citizenship is meant as a metaphor to capture a set of intentions and activities or whether we are to understand corporations as actual members of a community with rights and responsibilities. Yet, while no single, universally accepted definition exists, a reasonable starting place for understanding corporate citizenship can be found in the introductory essay of an edited volume on the topic; there Jörg Andriof and Malcolm McIntosh suggest “Good corporate citizenship . . . can be defined as understanding and managing a company’s wider influence on society for the benefit of the company and society as a whole” (Andriof and McIntosh, 2001, pg. 14). Corporate citizenship, or at least “good corporate citizenship,” is almost always characterized as a win-win proposition in which the corporation develops and expends its resources in ways that benefit it and the society in which it finds itself. There are a growing number of critical voices which I will discuss below; first I will examine the concept as understood by its proponents.

Why should a corporation act as a good corporate citizen, and not simply a good economic actor? “Because many corporations . . . have great wealth and access to enormous resources, sometimes in excess of that of entire smaller nations, they wield great power. It is this power that makes it imperative that firms operate with integrity with respect to all of their stakeholders and that there is a balance among the economic, political and civil sectors of society” (Waddock, 2002, pg. 3). With great power, the logic and popular saying goes, comes great responsibility. Because the power of a corporation often extends into society, to a variety of “stakeholders,” those who have an interest (variously defined) in what a corporate does and how it does what it does, it has responsibilities to society generally and groups of stakeholders more specifically. Andriof and McIntosh, using corporate social responsibility (CSR) as “synonymous” with corporate citizenship, suggest that this approach “embraces an understanding that everything a company does has some flow-on effect, either inside or outside the company, from customers and employees to communities and the natural environment” (Andriof and McIntosh, 2001, pg. 14-16).<sup>5</sup> Implicit in these arguments then is a moral approach that connotes corporations must be aware of and responsible for the “flow-on effects” of their actions upon others.

However, while there is some debate about this, corporate citizenship is seldom described simply as a moral responsibility, much less as altruism. Instead, the corporate citizenship literature often points to “research that strongly supports the idea that by living out values through constructive operating practices and positive stakeholder relations, companies also ‘do well’ for their owners financially over the long term” (Waddock, 2002, pg. 148). This ethic seems to encourage corporations to do good things for others, but they ought not to worry this will distract from the central corporate mission because happily such virtuous activity will result in doing well for the corporation too. One further explanation or argument for why corporations should act as effective ethical and social agents is that in doing so they serve to protect and justify capitalism itself, and the system of rights it relies upon. In the early 20<sup>th</sup> century, Mitchell (1989, pg. 7) observed, “Corporate social policies ... represented an attempt to legitimize [their] power in the eyes of government and other groups.” Logsdon and Wood (2002, pg. 175) argue that today “*conditions that threaten, distort or prevent the exercise of human rights are enemies of the business institution. Capitalism depends upon strong legal and moral conceptions of private property and free moral agency, i.e. individual liberty.*” Here we see a case made for businesses to advance individual rights as a defense of capitalism in general; the agenda is not hidden, their approach promotes acting in ways that protect and advance human rights, because this also serves to protect and advance business.

Again, disagreements exist about the exact content of the principles of corporate citizenship; still, some general themes predominate. The substantive elements are often expressed in lists of recommended actions and attitudes to corporations. Below are examples of a few such lists that capture some of the range of recommended principles. McIntosh, Leipziger, Jones and Coleman suggest that “Corporate citizenship, like individual citizenship, is an idea which has both practical and ethical dimensions. It includes basic business concerns, such as:

- Risk avoidance and protecting reputation;
- Insurance for the future;
- Developing increased business competence, through:
  - managing diversity and complexity in a global economy
  - stabilizing the relationships between business and society
  - creating partnerships that span boundaries
  - having an integrated and consistent approach to corporate strategy
  - applying new metrics and reporting progress in meeting objectives

It also includes:

- Doing the right thing;
- A reflection of many people’s beliefs that business organizations should express what is good in humanity, and be places where we can feel good about going to work” (McIntosh et al., 1998, pg. xxi).

Archie Carroll argues in an article titled “The Four Faces of Corporate Citizenship,” that “Each face, aspect or responsibility contributes to the whole. Just as private citizens are expected to fulfill these responsibilities, companies are as well. Corporate citizenship has an economic face, a legal face, an ethical face, and a philanthropic face. Stated differently good corporate citizens are expected to:

- Be profitable (carry their own weight or fulfill their economic responsibilities)
- Obey the law (fulfill their legal responsibilities)
- Engage in ethical behaviors (be responsible to their ethical responsibilities)

- Give back through philanthropy (engage in corporate contributions).” (Carroll, 1998, pg. 1-2)

Kim Davenport developed an empirical study of stakeholders, in which “the majority of the participants agreed on three things as indicative of good corporate citizenship:

1. Ethical business behavior. The company is guided by rigorous ethical standards in all of its business dealings.
2. Stakeholder commitment. The company is managed for the benefit of all stakeholders: community, consumers, employees, investors, and suppliers.
3. Environmental commitment. The company moderates its overall environmental impact through programs such as recycling, waste and emission abatement, and impact assessment via environmental audits” (Davenport 2000, pg. 216).<sup>6</sup>

These examples are not comprehensive; many other writers construe the content in their own and way and develop lists with varying content. Yet these three illustrate a few basic elements and disputes in the debate about corporate citizenship.

The common theme in all holds that corporations should act ethically. Little, however, is provided by way of the content of that ethical behavior or what are the standards of ethical behavior. Some theorists of corporate citizenship and CSR have gone further in this emphasis, seen for instance in the title as well as the substance of Michel Dion’s (2001) “Corporate Citizenship as an Ethic of Care: corporate values, codes of ethics and global governance.” Yet given how common it is to agree that ethical behavioral is central to corporate citizenship, its advocates seldom elaborate the character or content of such ethical behavior, as if the right thing of “doing the right thing” or what it means to “engage in ethical behaviors” were self-evident. As a way of understanding this ethical commitment, all three lists of attributes or principles above note the importance of corporations seeing themselves situated in a community and reflecting or engaging the ethical ideals of that community and its interests, in some cases characterized, again, as “stakeholders.”<sup>7</sup> Sometimes, the impression is given that what is advocated is good-neighborliness, but in all cases, it is contribution to the common welfare as a member of an ethical community that is central. Beyond neglecting the content of “ethics,” these discussions also avoid the question of whom or what is the ethical agent that is engaging in these types of “ethical behaviors.” Wood et al., in *Global Business Citizenship*, do often seem to address the manager of firm, and yet also in other places treat the whole business as a single ethical actor. Most others seem to presume the corporation is an agent capable of moral judgments and thus bearing moral responsibility.<sup>8</sup>

These three examples also reveal an important variation within the discourse of corporate citizenship: the relation of the activities of corporate citizenship to the profit-seeking actions of their behavior. Carroll places profitability as the first priority and not, it is important to note, as something that challenges or balances corporate citizenship, but as the primary component of it.<sup>9</sup> The set of “dimensions” discussed by McIntosh et al. includes practical business concerns as well as ethical concerns, but is able to separate them and lists the former first. Conversely, Davenport’s study excludes or neglects profit-seeking from the “elements of good corporate citizenship”; for her, these activities seem to act as modifiers of the profit-seeking activities. I will not undertake a review of the debate about whether seeking and protecting profits and CSR are a component of or a challenge to corporate citizenship. I draw attention to its existence because it reveals a feature of these debates that connects to arguments within politics and political theories about citizenship. For instance, recalling that United States “President

Theodore Roosevelt said ‘the first requisite of a good citizen is that he [or she] be able to pull his [or her] own weight,’” Carroll (1998, pg. 2) justifies this placing profit-earning first, stating “Good corporate citizens earn enough money that their investors receive a strong return on their investments . . .” Indeed, one prominent feature of debate in the history of political theorizing of about democracy revolves around whether citizenship should be restricted to those who have financial independence as a sign of their political independence, although it would be a mistake to view it as having been conclusively decided in favor of financial independence.<sup>10</sup>

One final element implied in most conceptions of corporate citizenship is accountability via publicity; that is, making public a record of what a corporation has done, usually by publishing a citizenship equivalent of the company’s annual fiscal reports. The quotes at the beginning of this paper are taken from a brochure that highlights the Corporate Social Report of the Starbuck’s corporation from 2006. The public intention is to make clear to stakeholders and any interested party what the corporation has done in serving its communities; the effect is to create a *persona* that features in stories of good deeds and noble actions undertaken. Good deeds undertaken; a public accounting of one’s citizenship activities; a citizen engaged in sharing its energy, expertise and resources with its community. Who could be critical of that? Well, it turns out a few different types of critics exist.

## **CRITICS OF CORPORATE CITIZENSHIP**

While there may be some conceptual ambiguity about the ideas of corporate citizenship, since the main thrust of the idea is to develop a set of practices and accompanying language for making corporations more responsible in their actions, who might be critical of that? Very few, it would seem. While both the applied and scholarly literature about corporate citizenship has ballooned and its advocates debate about the refinement of the concept, few have engaged in criticism of the idea of corporations taking up social responsibilities and acting as good citizens. At an earlier stage, free market theorists and economists did criticize the development of these notions. Mitchell points out that “Critics of corporate social responsibility . . . argue[d] that it is fundamentally opposed to the profit motive and, as a consequence, produces generally detrimental results. In the eyes of Theodore Levitt, Milton Friedman, Irving Kristol, or Friedrich Hayek (1989, pg. 4), corporate social responsibility is unbusinesslike, and thus not only threatens the survival of individual corporations but also undermines the vitality of capitalism.” Indeed, following the classical lines of capitalist thought, this critique argues that the best things a corporation can do for itself, (e.g., innovate, expand markets, increase profits, pay dividends to stockholders, increase share price) are the best things it can do for society as well. Because the activities of corporate social responsibility would need to be funded out of corporate revenues and detract from its primary work, Friedman (1970, pg. 178) claimed “I have called it [CSR] a fundamentally subversive doctrine in a free society, and have said that in such a society, ‘There is one and only one social responsibility of business--to use its resources and engage in activities designed to increase profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.’” In keeping with an individualist principle that rejects corporate entities as capable of moral (or immoral) action, these theorists see the individual investors who profit from their investments as the appropriate moral actors, best able to spend their earnings. However, thirty years later the advocates of CSR and corporate citizenship felt confident enough to claim, “Milton Friedman, the prime advocate of the position that the responsibility of business is exclusively to maximize profit for shareholders, has lost the debate” (Marlin, 1998, pg. xi).

Freidmanites may have lost that debate allowing the CSR movement and corporate citizenship to predominate; however, in the past decade there have been new and different critics of the idea. Unlike Friedman, these critics do not argue that corporations should only focus on profits; instead, they argue that the language of earlier corporate social responsibility and especially corporate citizenship actually may undermine some of the very social goals it claims to pursue. Critics have noted, for instance, that unlike the language of earlier corporate social responsibility that emphasized a set of moral duties, the newer corporate citizenship terminology indicates a balance of rights along with responsibilities. In this new framework, as with everyday citizens, most duties are characterized as voluntary actions instead of formal duties, while rights remain unassailable, legal claims. So while some advocates of corporate responsibility maintain that it is more than mere philanthropy, Windsor (2001, pg. 51) argues "Corporate citizenship is a managerial and philanthropic ideology: a strategic doctrine and movement evolved by practitioners .... Corporate citizenship [in this view] is consistent with volunteerism advocated by conservative government." Windsor proposes that the retreat from regulation and provision of government services in the 1980s allowed corporations to fill some of the void with their largess, but that ultimately this serves a strategic purpose of "value creation" by enhancing the image of the corporation. Windsor does not advocate a conspiracy theory; instead he merely points to the idea of "doing well by doing good" proposed by some of the advocates of corporate citizenship; here, the emphasis is on the "doing well" of the corporation, which is abetted by whatever "good" is returned to society. An advocate of corporate citizenship like Marlin, for instance, has no trouble recognizing "Business leaders who once gave only a recalcitrant response to the feisty demands of activists now have developed an enlightened appreciation of the value of corporate reputation as a competitive advantage" (1998, pg. xi). Enlightened or not, the difficulty here of course is that "corporate citizenship" is seen primarily as an activity of corporate public relations, the strategic approach that Windsor identifies. The leaves open the question of how vulnerable the public remains if the corporation decides its activity no longer does its bottom line "well." Beyond this, when corporations undertake some actions they may do so to prevent regulation and government policy-making in areas of their interests and thus further abet de-regulation. Looking at the early 20th century, Mitchell (1989, pg. 23) argues that corporate social policies "demonstrate how the private sector can successfully preempt the public sector in a policy area. By claiming they could successfully address social problems, business men [in the USA] allowed the federal government to defer making its own social policy until the Social Security Act was passed in 1935."

This observation has been updated as an explanation for the rise of corporate citizenship and CSR. Thus, one way to account for the increase of activities of corporations in regards to corporate social responsibility is to view it as a response to the decline of the capacity of the state in the second half of the 20<sup>th</sup> century. Wood, Logsdon, Lewellyn and Davenport, for instance, propose that "For the last two decades, there has been a trend in many industrialized democratic nations toward less government, fewer restrictions on business, and more reliance on markets to correct themselves. ... As governments worldwide are weakened, no other institution is able to step into the breach" (Wood et al, 2006, pg. 10 & 18). No other institution, they suggest, except the business corporation. Moon, Crane, and Matten make a similar argument, suggesting that corporations undertake such activities "where government regulation is weak, or where the welfare state is weak or in retreat" (Moon et al, 2005, pg. 440). The critics identify effectively that some corporations have taken on some tasks that modern states once held to be their responsibility. However, these discussions often neglect to examine the context in which the so-

called decline of the state has occurred or is maintained; in other words, they ignore the role that corporations played in the retreat of the state, the deregulation of the economy, and maintaining weak states where such would be to their advantage. Any narrative that poses the corporation in the role of savior would need as well to tell the story of how those conditions came about. These commentators often discuss the retreat of the state as if it was a natural process as opposed to one effect of the power of corporations and the ideological battles during the 60s and 70s as neo-liberals fought against a more expansive state, arguing against state regulation to protect the environment, and advocating for reduced funding for the state in Western industrial societies as well as globally through policies of the IMF and World Bank.

Moon, Crane and Matten elsewhere hint in this direction suggesting “Corporations can impact on *entitlements* through their leverage for ‘favorable’ conditions for foreign direct investment which can translate into low social standards, depressed wages and limited regulation of work conditions” (Moon et al 2006, pg. 90). In this case the discussion is not the role corporations have in a state already diminished, but their part in cramping the capacities and affecting the policies of weak states. This prior political activity of corporations needs greater attention because it reveals a narrative that complicates the good citizen/good neighbor accounts that corporations tell about themselves. Not only do corporations seek developing countries with low working/wage standards, but once there they also exert influence to maintain those conditions. Thus, what makes the maquiladora attractive, for instance, is that the Mexican government will continue to fight against unionization to the benefit of the corporations who want to manufacture at those sites.

A version of this argument is developed by Matten, Crane and Chapple, who suggest “that the face of current conceptions of [corporate citizenship] as found in the literature and expressed by corporations and consultants, may actually serve to obscure [a] new role for the corporation, and in so far as new arrangements are masked by this terminology, preclude a critical examination of business-society relations” (Matten et al., 2003, pg. 109). They argue that rather than citizens, corporations are actually more akin to governments because “corporations are compensating or correcting for government failure. . . . [and] some of the more philanthropic activities, such as employee volunteering, and charitable acts such as feeding homeless people, helping headmasters in managing school budgets, or improving deprived neighborhoods, are all activities where business has focused on protecting social rights which originally would have been the task of government” (Matten et al. 2003, pg. 116). A significant limitation, from their perspective, is that because this is volunteer activity, “‘corporate citizens’ normally assume their role only if it is in their self-interest to do so” (Matten et al., pg. 118). A problem with these endeavors, then is that the activities may be undertaken primarily to serve the corporate interest, but just as importantly, these institutions and actors leave their benefactors exposed to market forces, absent political accountability structures. A democratic state, at least, lays a claim to legitimacy based in some part upon its accountability to its citizens; its failure is something open to debate and public procedures exist to change the policies, institutions and even the personnel of its government. Matten et al. argue “if corporations take over the vital functions of governments, they should take over to the same degree exactly the type of accountability which modern societies demand from a government as a facilitator of citizen rights” (Matten et al., pg. 118). Corporate citizenship, however, they suggest is a discourse about business-society relations that masks this real political function that corporations have taken and also masks the need for public accountability.

## POLITICS AND CORPORATE CITIZENSHIP

Matten et al. begin to introduce a topic to the discussion that has been noticeably absent: politics. This absence of politics from most presentations of corporate citizenship is odd given that the concept of citizenship has a political pedigree. The political character of citizenship, and thus the appropriateness of thinking in terms of corporate citizenship, is much more the focus of Donna Wood and Jeanne Logsdon.<sup>11</sup> Wood and Logsdon's primary goal is to offer "business citizenship" as a concept they suggest that can offer a more careful balance than "corporate citizenship" of the rights and duties of corporations on both a national and a global scale. Numbers of writers have spoken of the need for global corporate citizenship, but Wood and Logsdon, through an analysis of the historical developments and theoretical debates about citizenship, consider the problems of extending a category meant for individual humans within particular polities to economic organizations with global reach and presence.<sup>12</sup> Reviewing a three part framework adopted from Geraint Parry (1991), they present minimal (or libertarian), communitarian and universal models of citizenship (Wood & Logsdon, 2002). Rejecting the minimal model because, in part, it cannot view organizations as entities, they are attracted to the communitarian vision of citizenship. They appreciate its recovery of the idea of and renewed emphasis upon a citizen's duties as opposed to the exclusive focus upon rights found in the libertarian model. Further, they value the communitarian recognition that when situated in a community, a citizen develops an understanding of what the community offers by way of identity and enabling rights and what it requires of citizens as duties to protect and preserve that community. Yet they also suggest that this model of citizenship is limited because the citizen is usually conceived as grounded in a single, geographically and historically unique--often idealized--local community, which so many corporations are not. Instead, then, Wood and Logsdon advocate a conception of universal citizenship that is grounded upon an idea of universal human rights. While they have difficulty identifying the political, moral or philosophical ground for such a conception, they still are among the few writers who understand the political element of any conception of citizenship. While cautious about corporate citizenship, they do, however, accept that business organizations may be viewed as citizens, but under their rubric of "a *business* citizen, a distinguishable entity with rights and duties, but one that is secondary in status to individuals and thus has derivative or weaker rights and duties" (Wood & Logsdon, 2002, pg. 89). The idea of the secondary status of corporations as citizens they derive from Mark Bovens.

Mark Bovens covers similar ground as Wood and Logsdon, but he transverses it in a way that leaves him more deeply skeptical about corporate citizenship. While the point of his essay is to advocate for citizenship *in* corporations over and above citizenship *for* corporations, he first considers the possibilities and limitations of the latter. Bovens, like Wood and Logsdon, is attracted to a communitarian or, more precisely, a "(neo-) republican, humanistic notion of citizenship. By that, I understand a notion of citizenship in which a political community of independent free citizens is central" (Bovens, 1998, pg. 159). This does not forsake the importance of individual rights, but "[c]oupled with this is a strong emphasis on the public interest and the participation of the citizen in public affairs and in the political debate. The republican view rests on the basic premise that citizens administer themselves." Following sociologist James Coleman's analysis (1982), Bovens posits the idea that we live in an asymmetric society he then asks if this republican model is even possible when "Modern society is ... as much a republic of corporate bodies as it is a republic of citizens?" Using T. H. Marshall's (1950) famous three part categorization of civil, political and social citizenship,

Bovens surprisingly suggests that major technical or practical hurdles do not exist to granting corporations citizenship rights.<sup>13</sup> In fact, observing trends in European states, he suggests “The introduction of citizenship for organizations is thus quite feasible and is already taking place in some areas” (Bovens, 1998, pg.162). Importantly he is not here speaking of a moral discourse of corporate ethics that uses citizenship as a metaphor, but actual citizenship rights granted within states. But then immediately he asks “Should we continue along in such a path” (Bovens, 1998, pg.162)? No, he argues, offering three objections to doing so.

The first objection is philosophically grounded in the idea that the rights vested in citizenship serve to protect the dignity and autonomy of human individuals. “That autonomy is due them above all on the grounds of their humanity. For that reason, we often speak of ‘human rights’” (Bovens, 1998, pg. 162). Bovens’s second objection is more explicitly political and returns him to his starting concern, the power inequalities of an asymmetric society. Continuing along the path of granting citizenship rights would only exacerbate such inequality: “The individual [human] citizen would be completely outflanked if complex organizations with their wealth of information and resources and their repeat-playing skills and stamina, were to participate on a formally equal footing in the political arena” (Bovens, 1998, pg. 163).<sup>14</sup> Even though Bovens has accepted the practical possibility of corporate citizenship, his third objection begins, in fact, with more practical concerns. Considering the staggering variety of complex organizations--unions, churches, universities, for-profit corporations, not-for-profit corporations, think-tanks, etc.--he asks, “Which organizations are admitted to citizenship” (Bovens, 1998, pg. 163)? This question is certainly complicated by the ease of incorporation which would seem to allow for the proliferation of citizenship, and is complicated yet further by the proliferation of “multinational and transnational organizations” (Bovens, 1998 pg. 164). Should these get citizenship rights only where their corporate headquarters are located? Wherever they have a presence? In this objection, Bovens also moves to a more principled concern that returns to the core element of the traditional view of corporate citizenship, “And what about the orientation toward the public interest in the case of actors whose principle concern is profit and who operate in a competitive situation” (Bovens, 1998 pg. 164)? It is unfortunate that he spends so little time with this part of the objection because it reveals a central conflict with the republican model of citizenship for which he advocates and it calls for further elaboration. Similarly it shows how the language of corporate citizenship draws upon this communitarian or republican ideal that is not much in keeping with the central profit-orientation of corporations when understood in their primary persona as economic actors.

From his critical review of corporate citizenship Bovens concludes: “there is thus little reason to accord direct primary citizenship to corporations and other private organizations. The most they can be is secondary citizens” (Bovens, 1998 pg. 164). Regrettably, Bovens does not here provide a detailed accounting of this secondary status, neither does he elaborate what more limited conglomeration of rights and duties would be appropriate. This neglect is especially problematic because it leaves unclear whether he thinks the existing balance of rights and duties of corporations should stay more or less as it is, with no more (or fewer) accorded to large organizations, or if they should be scaled back or increased. He does provide some clue suggesting that “Their place is in the private sphere, the sphere of contract, torts and property. Political rights and political freedoms are reserved for natural persons, the authentic political beings” (Bovens, 1998 pg. 164). The rights to own property, to sue and be sued, these are appropriate “civil” rights to grant to corporations and other large organizations; whereas a

political rights like the voting franchise--the only political right as such Bovens discusses--should not be granted them.

The advocates of corporate citizenship understand the approach as a means to draw powerful business organizations into a more healthy relationship with society, one that recognizes the immense power of corporations and aligns it more appropriately with duties that match the rights that have allowed that power to grow. For some, this will at least serve to legitimize the liberal capitalist system and secure the place of corporations in that system; for many others, if being a good member of the community also redounds to the benefit a given corporation's bottom line, so much the better for all. However, with a critic like Windsor, we see a concern that the use of a concept like corporate citizenship obscures the public relations purposes that it can serve, allowing corporations to direct attention to their voluntary good works, while diverting attention from more problematic parts of their activities and potentially avoiding scrutiny, even regulation. Further, critics have worked to illustrate some of the problematic political implications of corporate citizenship. Matten et al. point to the unaccountable governing activities that take place under the guise of citizenship while Wood and Logsdon point to the need for a sharper understanding of the ideas of citizenship behind the corporate adoption of this concept and the need to extend it to a global scale that reflects international human rights. Finally, Bovens reveals principled and practical difficulties of fitting large organizations, like corporations, into the identity of citizen that was built for individual humans.

### **CRITIZING THE CRITICS—BUT NOT TOO MUCH**

These various critics differ in a number of ways, but one theme they all seem to share is an outright dismissal of the idea that corporations can be real citizens because they are not real humans with a claim to real rights; as Bovens had put it, "Political rights and political freedoms are reserved for natural persons, the authentic political beings." Theorists in jurisprudence and philosophy have debated for centuries issues regarding the legal and metaphysical status of corporations: are they real or fictitious, artificial or natural persons? Without rehearsing those debates here, it is worth noting that the range of those theoretical considerations is neglected in most of these discussions, just as the reflection on capacity for corporations to be able to act as moral agents is mostly ignored as well.<sup>15</sup> Moon et al. simply assert it to be the case that corporations can at best be understood on the analogy to citizens since they are not humans, "Alluding to corporations in terms of citizenship does not literally mean that corporations *are* citizens or *have* citizenship, but that their substance or their actions can be understood as being in somewhat *similar* to that of citizens or citizenship. (Moon et al. 423, 2005) Yet it is unclear if this is a legal objection, a metaphysical objection or something else.

To illustrate their point that corporate citizenship is only a metaphor, Moon et al. suggest that while corporations can undertake some of the tasks of citizenship they cannot undertake others, thus "Although corporations *cannot* share in the obligations of jury service, obedience to the law and paying taxes are clearly criteria of citizenship they *can* fulfill" (Moon et al. 2005, 436 emphasis added). Yet these varying duties are legal and political artifacts with specific histories; they are not unimportant but also not necessary or natural barriers. In British and American jurisprudence, a primary purpose to creating the "person" of the corporations was to create the capacity for corporations to sue and be sued which required a legal entity<sup>16</sup>; if the capacity to be a litigant can accrue to this entity then nothing prevents it from serving as jury member or taking up other citizenship duties or exercising other citizenship rights. Bovens,

Wood and Logsdon, and Moon at al. seem to share this concern and thus assert or assume corporations to be only secondary citizens. What are the most significant elements of formal citizenship that corporations do not have? The franchise? The right to give money directly to candidates for office? Rights against self-incrimination? Corporations indeed claim only a mix of formal legal and political rights of embodied human persons that can successfully claim citizenship, and are currently strictly prohibited from some. Further, as the recent US Supreme Court decisions *Citizens United v. Federal Election Commission* (08-205: 2010) and *Burwell v. Hobby Lobby Stores, Inc.* (13-354: 2014) make clear, there is no single and set group of rights and responsibilities by which a state defines a corporation and its rights, but it is a shifting legal and political terrain. Further, of course, corporations also exercise rights that they share with the more traditionally conceived citizen, and further they possess and exercise rights that individuals cannot (i.e. limited liability) and powers and authorities that go beyond those of the human individual as well.

This is not the place to debate the issues of the real or artificial status of corporations and the basis of claims to citizenship, but I do wish briefly to examine this central proposition of these critics.<sup>17</sup> These critics seem to assume or assert that there is one citizen identity, and at its core is a single human being around which is wrapped certain rights, especially as guaranteed by a state. I share with these critics the concern about admitting corporations as citizens into the polity, especially because of the normative weight associated with the status. That is, at least part of the anxiety about granting the identity “citizen” to a corporation generates from the positive connotations of the term, as Moon et al. state: “The concept of citizenship is appraisive in that no one covets a reputation for being uncitizenly or a poor corporate citizen. Thus a [Corporate Citizen] would not be a value-free description” (Moon et al. 2005, pg. 434).<sup>18</sup> The adoption of the language of citizenship by corporations should indeed raise just such concerns and drawing attention to that rhetorical strategy is the appropriate role for critics of corporate power. Still, simply to deny corporations can be citizens in some real sense because they are not singularly embodied humans might blind us to the exercises of power they do undertake. Further it may well show a limitation of the term citizenship as an analytic concept because of how poorly it captures the power of various agents, whether humans, corporations or others.

It should not be controversial to note that whoever (or whatever) can claim the status of citizen and what this status entails in terms of rights and duties changes dramatically from time to time and place to place. Citizenship is informed not only by a set formal legal rights and responsibilities, but also by the actual practices that empower some agents’ citizenship identities and those that weaken or limit others’. However, the critics’ discussions of citizenship assume that there is one basic natural substrate below each citizen and on top of it only one model for citizenship; yet a state like the United States has experienced changes over time that can expand citizenship rights (e.g. for African-Americans and women) and that can narrow them as well (e.g. in the increasing restriction of rights of convicted felons). Citizenship is one contested way of understanding agent and state power and authority, but only one significant way. Consider other “persons” in the USA: visa holders, green card holders, illegal immigrants, etc.; each of these is subject to the power of the state and each has a varying set of rights in relationship to the state and to each other. Interestingly the practices of incorporation might be useful for thinking through the variety of identities; in the USA, for example, there are some many formal varieties of corporation, such as general corporations, S-Corps, various 501 Cs, LLCs, etc. A single concept of corporation may or may not be helpful for understanding all these forms; similarly the concept of citizenship may or may not be useful for understanding the varying empowerment of

recognized agents in relation to a state because of its assumed formal regularity hides so many variations. Once we begin to think of the array of identities, agents, powers and authorities, then corporations (publically traded corporations, trade associations, non-profits, et al) are just more variations; instead of odd or unexpected and not very well working metaphors, they are agents of power and subjects of power. The important question then regarding corporate citizenship is not primarily whether or not corporations should be allowed citizenship status; instead, the critical question asks what the power effects are when they employ narrative or rhetorical strategies that allow them to successfully claim it?

Considering the different identities available and employed returns us to issues of corporate citizenship and to other and different important questions the critics of corporate citizenship have considered. Bovens along with Moon, Matten, Crane and Chappel identify problems in viewing corporations as citizens not simply because they are not singly-embodied, human beings, but because they have a significant role in governance as well—and here what is meant is not the mutual and participatory self-governing of the democratic citizens, but the exercising of authority and power over others' lives. In this case the appropriate analogy is not to citizenship but to the state or some other form of governance. This recognition reveals a difficult bind with corporations, because they participate in great variety of identities. Like Rousseau's citizens ruling and being ruled, they are subjects relative to the rules of states and yet they are also agents within those states (and between states) exercising political power to influence those rules. But further they are institutions of governance internally to their employees and also externally to stakeholders in their localities and potentially globally. A significant difficulty with corporate citizenship, then, is that the supposed equality implied in citizenship acts as a scrim, obscuring the extraordinary greater powers that a corporation has in affecting policies of the state and in exercising power directly over other agents. The problem when a corporation presents itself as a super-citizen or as a one more member of society acting in neighborly ways is not that a corporation cannot be a citizen because it is not human, but that a corporation has such a significantly broader array of powers and capacities than a single human person; these rhetorical strategies serve to conceal these other exercises of power. More than just public relations, although surely that, these narrative presentations create a landscape populated with characters that take on traits of the good neighbor and the charitable citizen. The task of the democratic theorist and critically engaged citizen is to explore below these narratives and beyond this rhetoric in order to examine the powers exercised by corporations and consider the different types of agency deployed throughout a polity.

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## Notes:

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<sup>1</sup> From "Social Responsibility: How My Starbucks Doing its Part" a brochure of highlights of Starbucks Corporate Social Responsibility Fiscal 2006 Annual Report, available at your local Starbucks, or also at <http://www.starbucks.com/aboutus/csrannualreport.asp>.

<sup>2</sup> For the purposes of this paper, when I the term "corporation" will be used primarily to connote a privately held firm or company organized under a state authorized charter for making profit for the company and its investors.

<sup>3</sup> from "Starbucks in Our Communities."

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<sup>4</sup>See for instance *Business and Society Review*, (Spring 2000) 105:1, or *The Journal of Corporate Citizenship*, founded in 2001.

<sup>5</sup> Actually Andriof and McIntosh first suggest the term “‘corporate *societal* responsibility’ . . . to avoid the limited interpretation of the term ‘social responsibility’, when translated into a European context” (15). But they quickly abandon the use of this term, and so will I.

<sup>6</sup> Davenport further breaks these three “aspects” into twenty principles in her index. (217)

<sup>7</sup> Some theorists who have tackled the idea of global corporate citizenship have noted the struggles of knowing if a transnational a corporation should be more beholden to the standards of the community in which it is doing work, those of its home office, or some set of international standards and principles, I briefly discuss such theorists, but this will not be my focus.

<sup>8</sup> Indeed very little attention is given to question of how and whether it is possible to think of corporations as, moral actors with moral responsibilities. Some philosophers, however, have undertaken such studies; for instance starting with a provocative article in the 1979, and refining his position subsequent articles and books, Peter French maintains the position that “In short, corporations can be full-fledged moral persons and have whatever privileges, rights, and duties as are, in the normal course of affairs, accorded to moral persons.” (French 1979, 207) A more recent and thorough discussion can be found in Holzer’s *Moralizing the Corporation.*” (2010)

<sup>9</sup> Andriof and McIntosh suggest that “one of the most important socially responsible things a business can do is be profitable. By being profitable a business can provide sustainable jobs for its employees, good returns for investors and prosperity for the communities in which it operates.” (16)

<sup>10</sup> Of course also it should be noted that such restrictions were historically used to exclude from citizenship those who did not or could not own property.

<sup>11</sup> As co-authors, Wood and Logsdon published two different but related essays in 2002 with almost identical titles, but alternating the order of the authors’ names. So, instead of Wood and Logsdon 2002a and 2002b, I refer to Wood and Logsdon 2002 (“Business Citizenship: from individuals to organizations,” in *Ethics and Entrepreneurship* 2002) and Logsdon and Wood 2002 (*Business Ethics Quarterly* 12:2, 155-187).

<sup>12</sup> The global element of the discourse of corporate citizenship raises further interesting questions worthy of study. In acknowledging the global character of the corporate economy this discourse raises the questions of a type of global governance that stresses traditional notions of citizenship. For the purposes of this paper I will not pursue this issue except to the extent that it motivates the thinking of Wood and Logsdon

<sup>13</sup> Wood and Logsdon also rely a bit on Marshall, but it is less central to their organizing framework than their discussion of Parry.

<sup>14</sup> Windsor also suggests that by using the term citizenship, and equating with individual human citizens, the concept reduces the amount of responsibility of a corporation to merely that of any individual human, even though their resources are so much greater (50).

<sup>15</sup> Wood and Logsdon are some of few who have looked into the extensive discussions in jurisprudential writings about the status of the corporation as a legal persons as a way to explore the capacity of corporations to act as citizens.

<sup>16</sup> Many histories of the corporate form exist. One brief but helpful review that stands well over time can be found in Part I of Stone *Where the Law Ends: the social control of corporate behavior*, 1975: 1-25.

<sup>17</sup> Reference to author removed by editor

<sup>18</sup> Of course by adopting this language it does open a corporation to the claim by critics that it is acting as a poor citizen, the very normative power that some advocates of the terms hope to draw upon.