"CC Theory Searching for a Political Home"

Corporations and Citizenship
(Cambridge, UK: Cambridge University Press, 2008)
By
Andrew Crane, Dirk Matten, Jeremy Moon

A Review by William C. Frederick, June 2009

This book is part of a promising new series on Business, Value Creation, and Society sponsored by Cambridge University Press and edited by R. Edward Freeman, Stuart L. Hart, and David Wheeler. The authors are credentialed, well known Business and Society scholars: Andrew Crane is Professor of Business Ethics at Canada's York University; his colleague there is Dirk Matten, Professor of Policy and Corporate Social Responsibility; and Jeremy Moon is Professor of CSR and Director of the International Centre for CSR at the UK's Nottingham University.

In spite of its suggestive title, this book is not really about "corporate citizenship" as a normative managerial concept and practice. It is about another, rather tangential matter altogether, of interest principally to students of politics and government. Throughout the book, the authors strive to examine, and then to legitimate, the role of the corporation as a political actor and whether it is proper to label business firms as "corporate citizens." Their doubt arises from applying to the business sphere a concept long accepted by students of government and politics in describing the reciprocal relationship of individuals and their governments concerning rights, duties, and obligations. In a word, do corporations act like "citizens" in the common meaning of that term? Their answer: yes . . . but . . . .

Yes, corporations are like citizens by having a legal status and a recognizable legal identity enabling the firm to act as do other citizens and entitling it to participate in public affairs and to be treated and to treat others as citizen entities with rights, duties, and obligations. Yes, business firms participate in political processes as citizens by affecting and helping to define the public good, although their unequal powers with other citizen groups raise well known questions about equity and social justice, most notably concerning public pressures, lobbying activities, and indirect influence exerted on government agencies and officials. In general, corporations are "*de facto*" "quasi citizens" by virtue of taking an active role in politics, governing, and joining in such deliberative democratic procedures as communitarian dialogue, discourse ethics, and stakeholder engagement. The match is not a perfect one due to the somewhat artificial non-human character of corporate organization, an unequal power balance between large companies and other stakeholder citizens, the sometime opposition of corporate economic interests and the public good, and the inadequacy of public accountability processes for corporate actions taken in the name of citizenship.

To their credit, the authors' intention is not so much to validate current usage of the corporate citizenship label as it is to expand the possibilities inherent in thinking about the corporation's potential for acting in citizen-like ways.

- Does the increasing power of corporations project them into acting as governments capable of defining, administering, and evaluating citizenship status for people falling within their sphere of influence? The answer is yes to a limited extent, primarily in providing government-like services or benefits to some citizens, but in general the metaphorical parallel of corporation and government is weak at best.

- Is it proper to think of the corporation as a polity governed in democratic fashion by its stakeholder citizenry? Of the considered range of stakeholders— shareholders, employees, consumers, suppliers, and civil society organizations— only employees maintain the kind of on-going relationship with the firm that enables that stakeholder group to enjoy a genuine, though limited, role in governance and protection of rights. Stakeholder theory in general lacks the specificity of classical citizenship theory in describing and proposing mechanisms of governance, rights protection, and full participation by stakeholder-citizens.

- Does the business corporation that discharges a market-based economic function simultaneously play a political role in conferring or denying citizenship status to its various stakeholders? The authors argue that various categories of "social identity" (race, ethnicity, gender, sexual orientation) constitute a basis for claiming citizenship standing, so that corporate policies and actions in these areas do indeed have political consequences. By granting—or denying—jobs to immigrants, women, gays, African-Americans, Asians, etc., business firms may either promote or make more difficult the efforts of such stakeholders to acquire full citizenship status.

- Is "ecological citizenship" a new responsibility—some firms might consider it a new burden—for corporations to accept? Yes, in the sense that Western corporate expansion and takeover of ecological spaces occupied by indigenous (economically underdeveloped) peoples creates conflicts between Western notions of citizenship rights and indigenous beliefs about the traditional use of those lands by the communities that have long occupied them. Yes, in the sense that the potential stakeholder base of a firm is vastly expanded to include future generations and nonhuman creatures affected by a company's ecological footprint. Yes, in the sense that citizenship can be realized as intimate local community relationships and/or as a much broadened responsibility to people wherever they may be who are affected by a firm's ecological impacts.

- Does corporate globalization transform the very meaning of citizenship based in the territorial nation state into a more complex kind of deterritorialized worldwide cosmopolitan citizenship? And is the corporation not only responsible for this transformation but also subject to its new demands for citizenship-like behavior? The authors' affirmative answers are illustrated by reviewing corporate actions through the lenses of legal cosmopolitanism, political cosmopolitanism, transnational communities, and Habermasian post-nationalism—each one showing how citizenship is being reconfigured in the corporate push for globalization.

So, readers willing to struggle through the book's turgid prolixity and repetitiveness will find a well-concealed set of theoretical observations about the corporation's newish political roles. But therein lies the problem. Through what might be called crossed disciplinary wiring, the authors have put the political cart before the corporation's managerial horse. The book's design is premised on the assumed legitimacy and primacy of a civic, republican government concept of citizenship, which is then used to discover whether it is proper for corporations to be considered legitimate holders of such citizenship status. Are they truly citizens? Do they govern the citizenry, as do governments? Do they both possess and protect various rights of citizens? Can global corporations conducting business across boundaries in numerous nations be citizens of each separately or all simultaneously? Lacking a sole tie to a single territorial base, to what political (or other) entity can today's global corporations hitch their citizenship? Etcetera, etcetera? Sometimes yes, other times no, readers are told. Such issues are presumably of greater interest to students of politics than to those pondering questions of the modern corporation's impact on society, its values, and planetary ecological integrity. One senses a bit of disciplinary indignation that advocates of "corporate citizenship" should dare use, for fear of misapplying, the political language of citizenship.

Reinforcing this disciplinary bias is a dismissive attitude toward—and in some cases, a failure to draw upon—the major literature of the corporate citizenship field: "the CC label [is used] simply to rebrand existing ideas about business and society"; "CC has no particular political significance or meaning"; "Current conceptions of stakeholders as citizens are largely fragmented, often sketchy, and rather narrowly situated, both practically and theoretically." The Logsdon and Wood concept of global business citizenship is "rather limited" and "vaguely linked" to the authors' own grander concepts. Archie Carroll's well-known pyramid of CSR levels is acknowledged but falls short, and the authors overlook his later extension of the pyramid to include corporate citizenship. Sandra Waddock's authoritative foundational works, including two editions (and a forthcoming third) of *Leading Corporate Citizens*, are not cited or listed in the bibliography; nor is there acknowledgment of Waddock's *The Difference Makers*, a virtual history of how the corporate citizenship movement originated through the actions of Malcolm McIntosh, David Logan, George Kell, John Elkington, Allen White, and others, including Waddock herself.

Normative analysis—the core trait of corporate citizenship scholarship and practice—gets only minimal attention in *Corporations and Citizenship*, which seems at first glance to be puzzling and a bit odd, as well as disappointing. About the most claimed is that "our analysis has also *exposed* the normative dimensions of corporations being involved in the governing of citizenship" and "offers a variety of normative *questions* regarding the ability, desirability or even feasibility of corporations becoming political actors in contemporary society" [emphasis added]. But the authors only indirectly and rather timidly actually address the modern corporation's normative impacts on society and the polity. By focusing so exclusively on the political-actor dimensions of the corporation—rather than on the normatively-saturated managerial component of the

global corporation—the authors forfeit an opportunity to bring greater normative clarity to the role of "citizen corporations" pursuing an agenda of economic, social, and environmental actions respectful of the needs and rights of the world's citizenry.

However, by issuing a concluding challenge that "we need more insight into practical avenues of how to 'use' corporations or exploit their political roles for positive social change," they happily align their more recent views with the long normative traditions of the CSR-CC movement. An example of one of those early CSR scholars is Edwin M. Epstein, who as a student of business, politics, and society, did not hesitate to label his 1969 book, *The Corporation in American Politics,* as "patently normative." At a recent conference, I heard David Vogel, whose studies of business and politics are widely known, insist that all CSR-CC concerns—including the corporation's societal/political role—are cyclical, as successive generations encounter the same problems and issues over and over again. If he is right, then *Corporations and Citizenship* may be seen as part of the current generation's "discovery" of old CSR-CC truths. "*Plus ca change . . . .*"