Corporate Citizenship : Contextual Issues, Trends and the Road Ahead

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With businesses becoming increasingly aware towards their responsibilities towards the society, over the last few decades the term "Corporate Citizenship" has garnered a lot of attention among all stakeholders including policy makers and practicing researchers all around the globe. However, till-date the term lacks any universal or formally accepted definition and subsequently a robust theoretical foundation is also conspicuous by its absence. This paper seeks to explore the concept of Corporate Citizenship relying upon an extensive review of literature on the subject and aims towards putting forward few crucial dimensions which upon exploring could lead to a theoretical foundation for the term in management literature.

Key Words : *Corporate Citizenship; Corporate Social Responsibility; Government; State; Corporations;*

Introduction

The social role of business in modern times has been a topic of immense interest among academicians, policy makers and practicing managers with businesses world-wide, becoming increasingly aware of their responsibilities towards society and other stakeholders (Kolk A, 2016; Loorbach, D., &Wijsman, K. 2013). In this scenario a new term "Corporate Citizenship" which originated in the 1980s in US has made quick inroads into the body of management literature that focuses upon the social role of businesses (Matten, D., & Crane, A. 2005). Despite the nomenclature of the term suggesting a strong linkage with the corporate sector, the academic world has observed growing interest towards the term with various research centers, publications and consultancies adopting the term to highlight the social and environmental policies of firms (Panapanaan, V. M. et al. 2003).

The broad objective of this present working paper is to critically examine and analyze the concept of Corporate Citizenship (CC) tracing its roots, evolution and usage in academia and businesses and subsequently explore the need for a proper conceptual model of the same. The paper seeks to bring about clarity in the context of what CC is and what it isn't through an extensive review of literature on the subject. It is expected that this paper will facilitate a clear understanding of CC and also pave the way for more informed and focused empirical research in the area.

Corporate Citizenship : The background

Research carried out in the area evidence that CC can be viewed as an extension of Corporate Social Responsibility (CSR) (Bradish, C., & Cronin, J. J. 2009; Pinkston, T. S., &

Carroll, A. B. 1996). One of the most widely cited CSR model in management literature looks into four major dimensions as far as responsibilities of an organization are concerned. The economic responsibility of any organization is to function profitably while the legal responsibility requires adherence to the laws and regulations within a given environment in which the organization functions. Further, the ethical and philanthropic responsibilities relate to an organization's commitment towards its activities being fair and making a positive contribution towards the society at large respectively (Carroll, A. B. 1999; Schwartz, M. S., & Carroll, A. B. 2003).

It should be noted that the above broad conceptualization of CSR model has been further developed across strategic dimensions through the concept of Corporate Social Responsiveness while the concept of Corporate Social Performance has explored the outcomes of CSR. Adding to the existing literature on the subject, the Stakeholder Theory has addressed the rather critical question regarding the groups in society that corporations should be responsible towards(Clarkson, M. E. 1995).The concept of CC has evolved and become a part of the present management literature over the last couple of decades triggered mainly by a noticeable number of corporate houses. It can be seen that the existing debate concerning the social role of businesses has one more concept namely CC to contend with but till-date the management literature lacks a universal definition of the term.

The subsequent sections focus upon the contemporary usage of the term.

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Corporate Citizenship: The "Particularistic" view point

A very common and widely prevailing view point of CC is that it is essentially a concept that is strongly rooted in corporate philanthropic activities. In more specific terms, it signifies that CC focuses strongly upon serving the communities where businesses operate. This emphasis upon philanthropy has been interpreted by researchers as having a strategic intent aimed towards greater profitability as serving the community in the long run leads to an environment that is more conducive towards doing business more effectively and profitably (Brønn, P. S., & Vidaver-Cohen, D. 2009; Carroll, A. B. 1991). This rather narrow view of CC suggests that focus upon serving the local communities is the core concept behind CC and it may be considered as an approach that has self-interest in the long run from the point of view of companies practicing CC. Further strengthening the above self-interest view point of CC are numerous studies that explore other dimensions of CC closely linked with a corporation being pro-active towards developing its social or reputational capital with the underlying objective of enhancing its economic performance in the long run(Juholin, E. 2004; Maignan, I., & Ferrell, O. C. 2001).

This leads to a very critical question that taking into account the above view of CC, which is very similar to the philanthropic dimension of CSR, is the new terminology really required? The absence of a standard definition of the term coupled with the fact that the narrow view of CC has focus upon the local community, the usage of the term "Citizenship" seems totally out of place. The narrow view of CC seems contradictory and lacking in evidence to justify the need for a new terminology.

Corporate Citizenship : The "Generalistic" view point

The other view point on CC as evident in existing management literature is more general in scope and views CC along the same lines as CSR across the four well-known and widely documented dimensions: economic, legal, ethical and philanthropic. The only differences observed are in the phrasing of words but the essence of the term remains almost the same as that of CSR focusing upon issues such as sustainability, stakeholders' welfare, socially responsible role of business and some others. The inference to be drawn from the Generalistic view point is that CC is at best a new approach to present the existing concepts related to the social role of businesses but a clear definition of the term remains elusive. The concept of "Citizenship" is not taken up at all leading to a pertinent thought that the use of the term is yet to be justified clearly in management literature as well as in a business context.

Citizenship : Exploring the underlying concepts

So far it has been demonstrated that the major criticism of the concept and usage of CC in management literature is the absence of a clear and specific definition of the term which subsequently puts a question mark over the justification of its usage and does not look into the notion of "Citizenship" even indirectly. In this context it is interesting to note that some of the works carried out on the subject have looked into the concept of citizenship and their views are briefly discussed in the subsequent sections.

The concept of citizenship in context of corporations has been viewed by some researchers as corporations being legal entities having specified rights and duties towards the state they operate in leads to the idea of corporations being citizens of the respective states in which they function(Néron, P. Y., & Norman, W. 2008; Phillips, O. L., & Christenson, A. S. 1962). This approach justifying corporations as citizens seems very one-dimensional with little or no attention towards globally changing political dynamics. It is therefore strongly felt that such a simplistic interpretation of the term is not comprehensive and is strongly lacking in theoretical foundations. The understanding of the term citizenship in the right perspective is most important in facilitating and critically analyzing its now prevalent usage in management literature and also among corporate actors. The most general view of citizenship is that of a set of well specified rights for an individual residing in a given country. The three major categories of rights or entitlements are civil rights, social rights and political rights. Civil rights aim towards empowering citizens across various dimensions ranging from freedom of speech to rights of owning property and also to protest and seek redressal in cases of perceived injustice.

Social rights strive to provide an individual with freedom to be an active participant of the society he resides in which includes right to education, health services and other related aspects. Political rights empower citizens to have their say in choosing governments or deciding who should hold office and this right enables citizens to be an active participant in the public sphere. The above view of citizenship in the individual context does not fit with the term "corporate citizenship" because social and political rights as discussed above can under no circumstances be regarded as entitlements for corporations.

CC, Globalization and the changing Citizenship Dynamics

If anyone phenomenon over the last few decades influenced and reshaped the concept of citizenship in a very significant way, it is undoubtedly Globalization. The process of globalization has led to an environment where international money and capital markets are linked world-wide with citizen's property being under the purview of Global Financial markets and the state's ability to provide protection to the property of its citizens being diluted owing to the fact that global financial markets are only partially controlled by the respective Nation's government (Scherer, A. G., & Palazzo, G. 2008; Pies, I., Beckmann, M., &Hielscher, S. 2010). In context of social

rights for citizens it can be said that it is very much under threat in the globalization era especially in case of developing economies where social and environmental dimensions of welfare of citizens are influenced, shaped and re-shaped by decisions of MNCs in context of their business growth and survival. The rising concerns over the adverse impacts of Globalization upon welfare of state has triggered an increase in attention towards CC among the stakeholders largely led forward by the business community. It can be inferred that globalization and its impacts (especially the ones that endanger the welfare of state and citizens) have been instrumental in shifting some of the responsibilities for protecting citizenship rights away from government to corporations and thereby underlining the importance and relevance of CC in the present environment.

However, the contextual importance, role and significance of CC do not in any way appear too different from that of CSR.

The modern day contemporary society is characterized by an environment where the citizenship rights of persons are not looked after and nurtured by the respective governments alone but corporations have been increasingly active towards doing their part in context of protecting, facilitating and nurturing citizenship rights. The dynamics of the government and corporations working together to protect citizen's rights differ in contexts of developed and developing countries. In developing countries, the governments in most cases are unable to satisfactorily provide for the welfare of its citizens and subsequently corporations have taken over some of those responsibilities which conceptually come under CC. However, in developed economies the role of government is more active (Visser, W. 2008).

Corporate Citizenship: The way ahead

Taking into account the various dimensions that have been explored so far and realizing that CC seems very close to CSR in terms of its meaning and role but it still lacks a formal definition and subsequently an adequate theoretical foundation, this paper points out towards the following salient aspects which could be explored upon further by fellow researchers:

i.   Corporations have stepped in for administering and protecting rights of citizens where the state has been unable to do so.

ii. The adverse impacts of Globalization have escalated the importance and relevance of corporations to look after citizen rights in the modern times.

It is earnestly hoped that a thorough exploration of the above in context of different environments across diverse economies may lead to greater conceptual clarity, a robust theoretical foundation and subsequently a universally accepted definition of Corporate Citizenship in the times to come.

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