

1 *Introducing corporations and citizenship*

As the world continues to integrate, reconciling the tensions between efficient global economics and local democratic politics will test everyone's imagination.

Financial Times, Leader comment, 13 June 2006

Introduction

The assumption that corporations have economic, legal and even social roles but, beyond these, no political role or significance, is becoming increasingly untenable. Although conventional economic theory continues to be based on a clear divide between economic and political domains, where the state sets the rules within which business must act, a blurring of boundaries between the two domains is clearly in evidence. Wittingly or otherwise, corporations are becoming much more part of politics. They are now more engaged in governmental and inter-governmental rule-making at one extreme, and in community level issue-resolution at the other. The social and economic fortunes of whole communities are subject to corporate discretion to invest or divest, and the power that corporations necessarily possess in these decisions has increasingly brought them into the political sphere. Indeed, global political debates about climate change, conflict, poverty, human rights, equality and social justice, among other things, rarely now take place without some consideration of, or input from, corporations or their representatives. They have even become embroiled in the expression or suppression of particular racial or cultural identities, not only among their workers and consumers, but also among other humans with no obvious interest in their products or services.

For some then, corporations should self-evidently be considered as political actors (see Scherer and Palazzo 2007 for a summary). In the language of politics, we mean by this that they are increasingly part of the authoritative allocation of values and resources. For example, if we

look to one aspect of this – the design and enforcement of rules that enable societies to achieve certain preferred outcomes – corporations are political actors when they are involved in the design and enforcement of these rules, or when they impact in some way upon the values that determine what the preferred outcomes of the rules might be. The question then arises as to how to make sense of these roles, both in themselves, but also in the contexts of changing global governance and of the economic roles and responsibilities of business.

In this book, we turn to the concept of citizenship in order to make sense of these political aspects of corporations. Citizenship is widely regarded as one of the key features of Western political thought. With the spread of liberal democratic ideas, the movement of people across national borders and the emergence of various inter-governmental institutions such as the United Nations and the European Union, it has also assumed a global currency. Citizenship offers a way of thinking about roles and responsibilities among members of polities and between these members and their governing institutions. It therefore offers an opportunity to evaluate certain aspects of the political roles and significance of corporations, both in terms of their strategies towards governments and communities, as well as in their consequences for policies and political aspirations of people and societies.

Of course, there are various other frameworks through which the political role of the corporation could be examined. In this introductory chapter, we will therefore set out in a little more detail why we believe citizenship is a useful heuristic for examining the political role of corporations, and also identify some of the challenges and limitations that we face in bringing together what are, on the face of it, relatively disparate fields of inquiry. Perhaps just as importantly, we will also discuss why we believe a focus on corporations helps to enrich our understanding of citizenship.

Why corporations and citizenship?

Corporations are widely regarded as the most prominent organizations of contemporary capitalism. Colloquially, the word corporation is generally used to denote any form of large, private sector business, characterised by private ownership and devoted to profit-making. However, the term is specifically reserved to denote a company recognized by law as a single body with its own powers and liabilities,

separate from those of the individual members¹. It is this identification of the corporation as a body separate in identity from its members that forms the basis for an account of the corporation as a political actor. After all, corporate members are already denoted as political agents by dint of being citizens who participate in politics through voting and other activities. That the corporation itself can act politically relies on it being separate and distinct from its constituents.

Traditionally, political debates about corporations have tended to focus on their role in the 'inner circle' of power elites (Useem 1984), and on their involvement in pressure group activity through business associations, lobbying and political donations (Grant 1987; Lord 2000). Surprisingly perhaps, the corporation has more recently become much more central in social and political analysis. This is evident among social critics, who point to corporations' responsibility for social and political ills concerning the pathologies of mass consumption, disparities in economic and social development, and environmental degradation. But it is also true of those who look to corporations as part of the solution to these same problems. For sections of the political left, whereas in the 1960s and 1970s the culprits were *capitalism* and/or government, today they are more likely to be *corporations*. As such, corporations also now feature in the non-business sections of mainstream newspapers and in popular books and films about social and environmental problems such as *Blood Diamond*, *The Constant Gardener*, *Fast Food Nation* and *Supersize Me*.

This rise in prominence within social and political debates is in part a function of the employment, production, investment and wealth that corporations account for, and in part a reflection of their sheer size and domination of certain markets. However, although there are some features of contemporary business that are certainly distinctive, the history of corporations has always been characterised by shifting balances between the desire to bestow them the freedom necessary to achieve large-scale economic tasks efficiently on the one hand, and the fear of their power and the concomitant need for protection of the public interest on the other. Thus, there has been talk about the proper roles and responsibilities of corporations for at least three hundred years.

Why then do we choose now to enframe an analysis of the changing political role of the corporation by means of the concept of citizenship? There are, after all, other approaches to corporations which have addressed their roles and responsibilities based on stakeholder relations

(Freeman 1984) or social contract theory (Donaldson and Dunfee 1999), for example. Even within political science, there are other alternative frameworks that we could have utilized in place of citizenship, such as power, governance, or democracy. While our analysis does most certainly incorporate some of these other analytical frameworks, we choose that of citizenship for four particular reasons.

First, the very fact that corporations, consultants, academics and others use the term ‘corporate citizenship’ as one of several synonyms for the social or community initiatives of business warrants taking seriously. The prospect of corporations claiming, or being assigned, a political or legal status analogous to individual citizens is, quite rightly, a cause of concern for some (e.g. Jones and Haigh 2007; Palacios 2004; Thompson 2006; van Oosterhout 2005). In Chapter 2, we will investigate the appropriateness of this label and consider what implications it might have. Further on, we will also explore ways in which corporations might be considered to be citizens of cultural groups (Chapter 5), ecological places (Chapter 6), or global communities (Chapter 7). In this way, we can, at the very least, evaluate corporations in part on their own terms by examining them through the lens of citizenship. After all, when ideas of citizenship are applied to the corporation it is not as if the concept is meaningless. Citizenship is arguably one of the most longstanding and highly developed fields of scholarship to have emerged from the social sciences and thus provides a wealth of intellectual insight that can be brought to bear on our analysis of the corporation.

Secondly, citizenship is a concept which is expressly concerned with roles and responsibilities. More specifically, citizenship is an organising principle for aligning roles and responsibilities *among* members of political communities (i.e. on a horizontal dimension) and *between* them and other institutions wielding power and responsibility (i.e. on a vertical dimension). This is important because current debates about the roles and responsibilities of corporations are specifically animated by concerns about who the corporation should be responsible to, why, and in which ways that responsibility should be discharged. Citizenship offers us a way of working through these relational issues using a set of ideas and frameworks that have been well established in theory and practice for many years, as we will see in Part A of the book in particular.

Thirdly, and more broadly, the concept of citizenship is at the heart of wider debates about societal governance of which corporations form a

key part. Thus, critiques of corporate power, for example, are often underpinned by a view that citizenship autonomy and choice are being directly structured by corporations and their agendas. Alternatively, there is the view that these citizenship pre-requisites are being undermined because the key institutional representatives of citizens, democratic governments, are being undermined or even superseded by corporate power (Ikeda 2004). Yet more broadly, there is concern that the contemporary forces of globalization and the undermining of national governments are also inimical to effective citizenship (Isin and Turner 2007; Schneiderman 2004). Although this latter point does not necessarily directly relate to corporations, by virtue of their role as agents of globalization they are implicated in broader political debates about citizenship.

Fourthly, the uniting of corporations with citizenship in this book is not intended to be a one-way street where citizenship is simply used to help us understand certain facets of the corporation. Rather, the corporation is also to be used to examine the theory and practice of citizenship. At a time when our ideas of citizenship are in flux, and where scholars of political science and sociology have become increasingly interested in the role of markets, multinationals and other economic factors in the transformation of citizenship (Isin and Turner 2002; 2007; Kymlicka and Norman 1994), the time is ripe for a focused examination of the nature and impacts of corporate actors on citizenship. At present, the literature offers only glimpses of how corporations fit into the contemporary apparatus of citizenship. This book represents the first attempt to provide a systematic examination of the various ways in which corporations and citizenship come together. Of course, to even begin this endeavour, we need to identify at least some starting points for what we mean by citizenship in this context, as we now discuss.

What is citizenship?

Ideas of citizenship form the bedrock of our political identity, yet the very concept of citizenship is both fluid and open to question (Kymlicka 1995; Lister 2003; Parker 1998; Vogel and Moran 1991). Indeed, the meaning of citizenship within political debates has been transformed in the space of the twentieth century alone. This has been due to, for example, women's enfranchisement, growth in multiculturalism and changes in political boundaries and institutions. Thus, as Parry

(1991: 168) notes, '[A] totally uncontested and uncontestable concept of citizenship appears to be particularly problematic'.

Within the debate on citizenship there are, however, some underlying themes that provide some common ground on what the subject of citizenship is about – even if there is disagreement about the various manifestations of these themes. For the purposes of this book, we refer to these themes as *status*, *entitlements* and *process*. These, we contend, are the main issues around which debates about citizenship take place. In Part A of the book, we mainly concentrate on a relatively traditional examination of these themes as they relate to the corporation. That is, we assume that the location of citizenship is the nation state, and the main basis for citizenship status (and, in turn, entitlements and process) is legal membership of that state. In Part B, we explore various reconfigurations of citizenship that identify the location and basis of citizenship elsewhere – either in cultural identities, ecological spaces or global communities. We will discuss these two approaches in a little more detail shortly. Before we do, though, let us look at what exactly we mean by the three themes of status, entitlement and process.

Status is the basic defining characteristic of what it means to be a citizen. The matter of who is or is not a citizen, or what it takes to become a citizen, are essentially questions about how the status of citizenship is acquired and by whom. As Turner (2001: 192) argues, citizenship is both an 'inclusionary process' and an 'exclusionary process' that confers a privileged status on some and excludes others 'on the basis of a common or imagined solidarity'. In its traditional manifestation, citizenship is regarded as a formal legal status within a specified political community (historically the nation state) that in turn provides the basis for various rights for individuals, and presumes upon them appropriate civic duties. In its various contemporary reconfigurations, citizenship status may be based on other, often more informal, characteristics such as membership of a particular cultural group or ethnicity. However, status based on nationality is still very much the dominant mode, and is the touchstone around which alternative versions of citizenship are evaluated.

This brings us to the second main theme of citizenship, entitlements. The citizenship 'paradigm' that has been more or less dominant over the past half century (Turner 2001) – the Marshallian concept of citizenship – is essentially a citizenship of entitlements. These entitlements consist of three types – civil, political and social rights – which include among them

freedom of speech, rights to vote and welfare entitlements respectively (Marshall 1964). The importance of entitlements to theories of citizenship is clear – they are the benefits we receive in lieu of our submission to a sovereign authority. However, entitlements are not just a matter for vertical arrangements between members of a political community and their governors: battles over the distribution of entitlements among members of the community – the haves and the have-nots – give rise to investigation of horizontal arrangements and allocations too. Indeed, even in contemporary theories of citizenship (which mainly emphasize horizontal relationships) entitlements remain to the fore, with Marshall's three types of rights augmented with additional rights such as cultural rights, human rights and ecological rights (Turner 2001).

The third theme through which we characterize citizenship is process – or more precisely, processes of political participation. This provides an active component to citizenship that is absent in the status and entitlement components. Acknowledging criticisms that the dominant, rights-based paradigm of citizenship puts too much emphasis on entitlements at the expense of duties, we include here some of the thicker elements of citizenship, including obligations to participate in democratic governance. By bringing in the Aristotelian assumption about duties of citizenship, to each other and to the polity as a whole, we understand the citizen's participation in politics not simply as a right to vote or hold office, but also as a contribution to personal development and to societal flourishing. Again, in Part A, this participation is primarily examined in the light of traditional ideas of participation in national politics, whereas in Part B, a looser framing is employed to take account of our three reconfigurations.

So these are the three themes of citizenship that we will use to orient our examination of how corporations and citizenship come together. But the coming together of corporations and citizenship is not, it would appear, a straightforward task. In this book we join the two in a variety of ways for a variety of purposes. Let us look, then, at ways in which we shall be connecting the two.

Connecting citizenship with corporations: the metaphorical, the material and the normative

In part, the introduction of 'citizenship' terminology from politics and its application to the notion of the economic form of the 'corporation'

represents a move to the metaphorical. The very word corporation is metaphorical, referring to the idea of a body (from the Latin ‘corpus’).² Terms such as ‘corporate citizen’ are yet more metaphorical. Thus, when claims about corporations’ roles and responsibilities are made in terms of citizenship, it does not necessarily mean that corporations literally *are* citizens or *have* citizenship. Rather it is implied that their identity or actions can or should be understood as being in some meaningful way *similar to* that of citizens. Like the term ‘legal person’, that of ‘corporate citizen’ is designed to draw our attention to thinking about corporations in other ways than simply as a nexus of contracts, intermediaries between demand and supply, and makers of profits and losses and so on.

In this book, we apply citizenship metaphors in a range of ways to the corporation. This is most evident in our analysis of the terms ‘corporate citizenship’ (Chapter 2) and ‘global corporate citizenship’ (Chapter 7). However, we also examine corporations as if they were governments (Chapter 3) and explore the corporation as though it were a political arena (Chapter 4). Again, this is not to suggest that corporations have become global citizens, governments or political arenas, but that they are appearing to undertake similar tasks and relationships.

This brings us to the material conceptions of citizenship. Although our study is in part concerned with the appropriateness and implications of metaphors of citizenship for corporations, it is also concerned with the material relationships between corporations and other actors, most notably human citizens and governments. Beyond the metaphorical, corporations have real impacts on citizens and governments that can be analysed and evaluated with reference to theories of citizenship.

In other ways our use of the term citizenship is normative. Clearly, most adult people do not enjoy basic political power and responsibility that would be envisaged in the conceptions of citizenship in any humanistic political treatise from Aristotle to Rawls, even in the more minimal conceptions of Bentham and Schumpeter. The reason is that most humans live in political systems that are variously unrepresentative, unresponsive, illiberal or centralized where there is no rule of law or independent judiciary. Authority, which citizens are conventionally assumed to possess in some shape or form, is exercised on the basis of power premised on family, religion or ideology, and is often backed up by the threat of force against humans who challenge this. Thus our attribution of the citizenship label to all people is normative: we assume

that it ought to be the case. Although we do not assume that corporations are responsible for all people's citizenship deficits, our evaluation of the ways in which corporations deploy their power and responsibility assumes that all people affected *should* be treated as bearers of rights and responsibilities, or, *as if* they were citizens.

Corporations and citizenship relationships

As will already be apparent, the changing roles of corporations in business–society relations are complex and multi-faceted. Rather than cram all of these relationships into a single framework, we present three distinct ways in which the concept of citizenship illuminates business–society relations. In each of these conceptions, we distinguish different roles and relations for *corporations*, for *governments* and for *citizens*, the latter also including what others describe as the third sector, or societal non-governmental organizations (NGOs).³

The first relationship we explore focuses on corporations as citizens (Chapter 2). Here, we examine the ways in which corporations, like other citizens in democracies, are members of communities, claim entitlements based on their status, and participate with other members in political processes. Like other citizens, corporations periodically bring their interests and values to the formal governmental processes of law-making, implementation and adjudication within their political community. As Figure 1.1 indicates, in this conception corporations are on a similar horizontal relationship with other corporate citizens and human citizens. Like human citizens, corporate citizens are also in a vertical

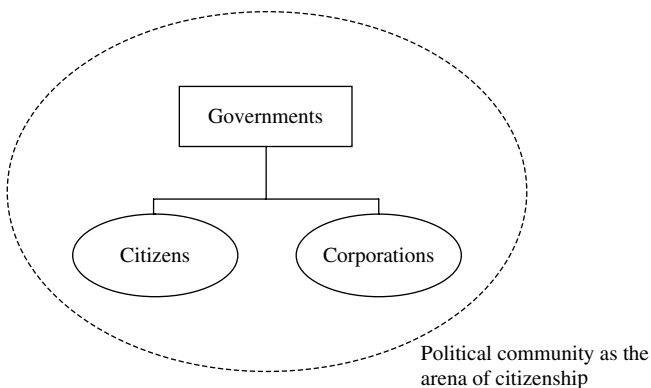


Figure 1.1 Corporations as citizens

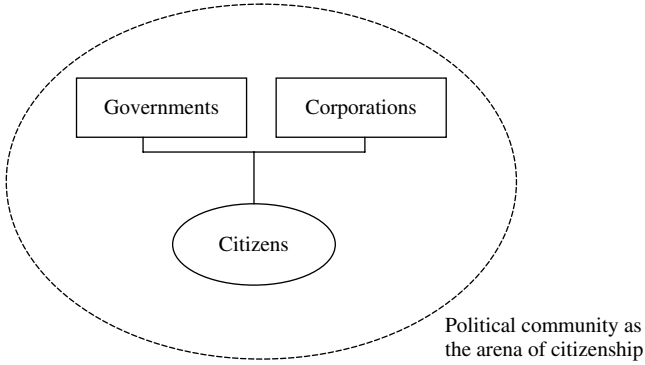


Figure 1.2 Corporations as governments

relationship of power with government in which the citizens ‘author’ the authority of government, most obviously through elections.

In our second relationship between corporations and citizenship, we consider the ways in which corporations are acting as if they were governments and are responsible for the delivery of public goods and for the allocation, definition and administration of rights (Chapter 3). This could either be in the absence of government, in substitution for government or to complement government. As Figure 1.2 indicates, in such a conception the corporation shares a horizontal dimension with government and is vertically aligned with human citizens within a political community. The focus here, then, is how corporations inform the status, processes and entitlements of people as citizens.

Our third relationship between corporations and citizenship introduces a rather different perspective upon corporations as it envisages circumstances whereby corporate activity itself can shape opportunities for corporations’ stakeholders to act as if they were citizens in relation to the corporation (Chapter 4). Thus Figure 1.3 presents vertical relations within the context not of governing the political community (as in Figures 1.1 and 1.2) but of the corporation. The focus here, then, is on how corporations constitute an arena in which people can engage in citizenship processes, which may include engagement concerning the definitions of their status and entitlements.

It could be argued that our threefold distinctions are rather artificial. We would concede that, from the perspective of Aristotle they might seem otiose. Aristotle would regard these as mutually reinforcing facets of citizenship. However, for the purposes of evaluating corporations