1 Introduction: corporate citizenship in a globalized world

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Corporate citizenship as a global challenge

In market societies economic exchange requires the existence and enforcement of rules that the market cannot generate itself. Although the dimensions and limits of state intervention have always been a matter of debate, it is indisputable that certain rules need to be implemented for an economy to function properly and contribute to the common good. Consequently, many theories of society assume that these rules will be created and enforced by national states. In this scenario the state determines formal regulations and delineates the sphere of private freedom within which individual citizens and private businesses are entitled to conclude contracts and pursue their private interests. Formal rules as embodied in the law are complemented by the informal norms of common decency which define the regulatory framework of business behavior in modern societies. With the help of this framework, modern society makes efficient use of available resources and entrepreneurial capacity. If this regulatory framework is properly defined and enforced, these governance structures will establish incentives so that the egoistic motives of business people in their consequences contribute to private profit as well as to the common good.

Current theorizing on corporate social responsibility (CSR) builds on the assumption of a more or less intact regulatory framework, in which national legislation and the values and expectations of social communities prescribe appropriate business behavior and define the responsibilities of business firms (Carroll 1991; Frederick 1998; Whetten et al. 2002; Schwartz and Carroll 2003). However, the pluralization and globalization of modern society results in a loss of cultural homogeneity and erodes the national context of governance (Beck 2000; Habermas 2001; Kobrin 2001). Today, multinational corporations (MNCs) operate in different environments with heterogeneous regulatory requirements and enforcement mechanisms. These business firms have to respond to contradictory expectations and often have to operate under conditions of state failure or situations where the rule of law is absent. Therefore, the synchronization of corporate behavior with societal demands through national regulatory regimes no
longer operates as smoothly as it once did (Palazzo and Scherer 2006; Scherer and Palazzo 2008).

During the last decade, the global regulatory deficit has been abused systematically by some business firms that got involved in ecological disasters, human rights violations such as child and slave labor, corruption, collaboration with repressive regimes, murder of union leaders and sweatshop conditions (see, for example, Mokhiber and Weissman 1999; Korten 2001). At the same time, big corporations are using their increasing power to influence decision-making processes in the political system by aggressive acts of lobbyism so that regulations get passed that are in favor of the interests of the firms (Schuler and Rehbein 1995; Siedel 2002; Shell 2004). On the other hand, some MNCs attempt to promote positive social change. As of 2007 about 4000 business firms and organizations have subscribed to the UN Global Compact and have voluntarily committed to the support of human rights, compliance with social and environmental standards and the fight against corruption in their sphere of influence (Williams 2004; www.unglobalcompact.org). Apparently this is not just an occasional phenomenon; rather it has become a general trend. Bies et al. (2007, p. 788) even hold: ‘[t]hat corporations do sometimes act as social change agents is not in dispute; it is an empirical reality around the world. Moreover it is becoming a political reality as well’.

Obviously, multinationals navigate in increasingly complex and unstable global environments and have started to play a more active role in the transnational attempt to define and enforce governance policies, institutions and processes. Anecdotal evidence shows that some corporations have already assumed responsibilities that once were regarded as belonging to government (Matten and Crane 2005). They engage in public health projects, education and protection of human rights while operating in countries with repressive regimes. They address social ills such as AIDS, malnutrition, homelessness and illiteracy (Margolis and Walsh 2003; Rosen et al. 2003). They engage in self-regulation to fill gaps in legal regulations (Scherer and Smid 2000; Cragg 2005) and to promote societal peace and stability (Fort and Schipani 2004). Therefore, some corporations are not simply complying with societal standards in legal and moral terms; they are engaging in discourses that aim to redefine those standards in a changing, globalized world (Palazzo and Scherer 2006; Scherer and Palazzo 2007).

In a globalized world, global governance, referring to rule making and enforcement on a global scale, is no longer the purview of governments alone (Braithwaite and Drahos 2000; Reinicke and Deng 2000). Today, MNCs as well as civil society groups participate in the formulation and implementation of regulations in policy areas that were once regarded as the sole responsibility of state agencies. These policy areas include protecting
human rights, implementing social standards, preserving the environment, fighting corruption and producing public goods (Kaul et al. 2003; Williams 2004). This development indicates a shift in global business regulation from a state-centric mode toward new multilateral non-territorial modes with the inclusion of private and non-governmental institutions as key actors (Parker and Braithwaite 2003). Chandler and Mazlish (2005) even call multinationals the new ‘Leviathans’ of our time.

The activities summarized above go beyond the widely accepted understanding of stakeholder management (Freeman and McVea 2001) and corporate social responsibility (Carroll 1991). The globalization of society is eroding established ideas about the division of labor between the political and economic spheres, and it calls for a fresh view concerning the role of business in society (Kobrin 2001; Dubbink 2004). These phenomena need to be embedded in a new concept of the business firm as an economic and political actor in society. As a consequence, we have recently discussed the politicization of the corporation and proposed a new theory of ‘political corporate social responsibility’ (Palazzo and Scherer 2006; Scherer et al. 2006; Scherer and Palazzo 2007). The Handbook builds on this concept. Given the discussions in political science, political philosophy, law and sociology that deal with the consequences of the postnational constellation, our impression is that outside the management literature the term ‘corporate citizenship’ (CC) is more common than CSR. Since this Handbook aims at a transdisciplinary view on the consequences of globalization for the role of business in society, we use the synonymous term of corporate citizenship instead of political CSR here.

The idea of corporate citizenship promises to contribute to this transdisciplinary discourse (Andriof and McIntosh 2001; Wood and Logsdon 2001). The notion that business firms have rights and responsibilities toward society similar to those of citizens is borrowed from the political sciences and has gained wide attention both in academic research and in business practice (Habisch et al. 2001; Maignan and Ferrell 2001; Matten et al. 2003; Logsdon and Wood 2005; Matten and Crane 2005). In the political sciences the citizen of the modern state is conceived as a bearer of private rights such as the right to own property, to enter into private contracts and to engage in market activities. Accompanying these private rights are the right to education and healthcare (social rights) and the right to participate in determining public rules and issues of common concern (political rights) (Marshall 1965). At the same time, the citizen has obligations such as solidarity with his/her fellow citizens and a concern with the common good.

However, the status of business firms with regard to these rights and obligations is not yet clear (Logsdon and Wood 2005; Matten and Crane 2005; Moon et al. 2005; von Oosterhout 2005; Norman and Néron 2008;
Wood and Logsdon 2008). While some scholars suggest that corporations and business firms should be considered equivalent to citizens (Carroll 1998), others hold that the citizenship concept cannot easily be transferred to corporations (Norman and Néron 2008). Rather, business firms should be regarded as state-like agencies and not so much as citizens (Matten and Crane 2005). This suggestion is based on the observation that often business firms adopt a state-like role and protect citizens’ rights in cases where governments are neither able nor willing to perform this function.

Corporate citizenship as an interdisciplinary topic
The task of this volume is to discuss the consequences of the social and political power and engagement of business firms and to examine the implications for the theory of the firm and the role of business firms in society. Various disciplines such as political philosophy, political science, sociology, legal studies, management studies and economics recently have begun to reconsider the role of business in society in light of the ongoing process of globalization.

In political philosophy, scholars have started to deconstruct the traditional nation-state-based concept of democracy (Habermas 1998, 2001), examining the challenges of the current erosion of political power over economic actors and processes. Others have proposed to reconceptualize the meaning of responsibility in a global context, drawing consequences for the power balance and interaction between governmental, business and civil society actors (for example, Dryzek 1999; Young 2004). In political science and international relations, globalization has provoked discussions on ‘policy networks’ (Kenis and Schneider 1991), ‘private–public partnerships’ (Grimsey and Lewis 2004), ‘global governance’ (Held 2004), the various forms of ‘governance without government’ (Zürn 2002) and the role and legitimacy of ‘private authority’ (Risse 2002; Fung 2003; Ruggie 2004; Frynas 2005; Wolf 2005). In sociology, students have studied the influence of globalization on topics such as nationhood, culture, identity, communication, industrial relations, and social and economic institutions (for an overview, see Cohen and Kennedy 2000). In particular, they have analyzed the changing role of politics, economics and civil society groups such as non-governmental organizations (NGOs) and social movements (Beck 2000; Davis et al. 2005). In legal studies, scholars have started to analyze the challenge of holding MNCs accountable for issues that take place beyond the territority of nation-states. They study, for example, the responsibilities of business firms for being involved in human rights violations abroad (Kinley and Tadaki 2004; Taylor 2004; Clapham 2006; Kinley and Chambers 2006). This is difficult within a framework of international law that is traditionally targeting nation-states only, but does not directly
include the legal responsibilities of non-state actors (see Kingsbury 2003). Therefore, the conditions of a direct application of international law are explored (Kinley and Tadaki 2004; Vagts 2003; Weissbrodt and Kruger 2003). Other legal scholars have analyzed the various forms of ‘soft law’ (Shelton 2000; Mörth 2004) and alternative forms of regulation (Parker and Braithwaite 2003). In management studies, some scholars have started to reflect upon the consequences of globalization for the conceptualization of corporate responsibility and corporate citizenship (Rowley and Moldoveanu 2003; Teegen et al. 2004; Matten and Crane 2005; den Hond and de Bakker 2007; Scherer and Palazzo 2007; Levy 2008). And some management scholars dedicated to microeconomic theory have started to explore this phenomenon with the help of economic methods (see, for example, McWilliams and Siegel 2001; Husted and Salazar 2006; McWilliams et al. 2006; Mackey et al. 2007), even though the majority of students of economics are still reluctant to acknowledge a political responsibility of business firms and watch the trend toward CSR with suspicion (for example, Friedman 1962, 1970; Baumol and Blackman 1991; Henderson 2001, 2004; Jensen 2002).

However, with a few exceptions, these various discussions on the government–business–civil society interaction under a postnational constellation (Habermas 2001), take place in disciplinary silos. Political philosophers discuss among themselves, hardly referring to the debate in political science, not to speak of sociology and law (for an exception see, for example, Habermas 1996, 2006). Political scientists focus on the role of private–public partnerships, society and NGOs, but they have mostly neglected the political function of private business firms until recently (as an exception, see Ruggie 2004; Wolf 2005). And many management scholars who work in the field of corporate responsibility still build upon the assumption of the intact nation-state (see, for example, Sundaram and Inkpen 2004), thereby neglecting the conceptual consequences of the analyzes of globalization advanced in other disciplines (see, critically, Scherer and Palazzo 2007).

The concept of corporate citizenship is an important anchor which may help to connect these various disciplinary discourses. This volume therefore seeks to identify and foster emerging research on corporate citizenship in various disciplines and to provide a framework for academic debate on the role of business in a global society. Our goal for this volume is to advance the discussion of managerial, economic, political and legal perspectives on the new role of business in a global society. We have invited renowned authors from various disciplines to leave their silos and to participate in this transdisciplinary analysis of corporate citizenship in a globalizing world. Many of the authors have already established bridges across disciplinary perspectives and now share their recent views on this topic, thereby advancing
theory and contributing to the most urgent questions that relate to corporate citizenship.

Structure of the book
This volume contains original contributions that help us to better understand global corporate citizenship and the role of business in world society. The chapters argue across relevant disciplines (for example, organization studies, business ethics and corporate social responsibility, legal studies, political theory and so on). The Handbook is structured in seven parts, dealing with the phenomenon of corporate citizenship along various topics or sub-dimensions and with the help of the involved disciplinary perspectives. After this introductory chapter, the book is structured as follows.

Part I  History and conceptual groundwork
This part deals with the history and conceptual grounding of corporate citizenship. The chapters also distinguish corporate citizenship from related concepts such as corporate responsibility, corporate social performance or corporate reputation and consider the similarities and differences between corporate citizenship and established theories such as stakeholder theory or business ethics. Chapters in Part I address questions such as the following: what does corporate citizenship mean in a postnational world? How did the concept emerge and what alternative perspectives are discussed in the literature? What are the future trends in corporate responsibility, corporate social responsibility, corporate social performance and corporate reputation? How is corporate citizenship related to these concepts? Do companies have a political responsibility and if so how can it be defined? How can economic rationality and political responsibility be reconciled in a globalized world? How are these issues treated in stakeholder theory or business ethics? How do these schools of thought relate to corporate citizenship?

Part II  Contemporary issues and challenges
This part deals with the contemporary challenges of global business regulation and the provision of global public goods. Each chapter addresses a particular issue and discusses how responsible corporate citizens might respond to the questions of regulation and production of public goods. Authors emphasize possible achievements and limitations of corporate citizenship. Topics include the following: what are the human rights controversies in global business today and how can corporate citizenship contribute to the resolution of these issues? What are the most important environmental challenges and how can corporate citizenship contribute to
the preservation of the physical environment? What are the challenges to the integrity of business and how can companies help fight corruption? What is the role of business in promoting democracy, peace, and social stability?

**Part III  Actors, institutions and global governance**
In this part, authors consider the roles of various actors and transnational institutions. Topics include the following: what actors are involved in global business regulation and how can the contributions of states, civil society and business be balanced? What part do NGOs play in global business regulation and what are the links to corporate citizenship? What are the consequences of the decline of national sovereignty and the increase in the political power of business?

**Part IV  Disciplinary perspectives on corporate citizenship**
Here the phenomenon of corporate citizenship is discussed through the lens of various disciplinary perspectives. Topics include the following: how can corporate citizenship be conceived of from an economic point of view? What is the international law perspective on corporate citizenship? What is the international business research perspective on corporate citizenship and what is the contribution of positive organizational scholarship to our understanding of corporate citizenship?

**Part V  Implications for management theory building**
The aim of this part is to discuss the role of various management structures and functions in the implementation of corporate citizenship. In addition, further aspects such as corporate governance and the democratization of the business firm, and the development of a new theory of the firm are discussed. Topics include the following: what are the relationships between organizational structures, politics, identity building and corporate citizenship? What structural consequences are produced by the responsibility toward external constituencies? What are the consequences for the political economy and the balance of power between business and politics? What is the role of leadership in a societal context that emphasizes corporate citizenship? What does the future of democratic governance look like and what is the corporate role therein? Can the activities of companies be controlled democratically?

**Part VI  Critical perspectives**
This part provides critical perspectives on corporate citizenship from various schools of thought such as postmodernism, poststructuralism, postcolonialism and systems theory.
Part VII The future of global corporate citizenship

In the final chapter, the editors attempt a synopsis of the discussion and emphasize some future trends in corporate citizenship research.

Overview of the book chapters

The purpose of the chapter by Andrew Crane, Dirk Matten and Jeremy Moon (Chapter 2) is to map out the territory of management research on corporate citizenship, to analyze the various debates and to assess the potential of using citizenship as a metaphor for business–society relationships. After providing a brief historical overview about how corporate citizenship entered the agenda in business and academia, Crane et al. critically analyze the extant use of the terminology. Based on this literature survey, they discuss the potential for using the citizenship metaphor to provide a more expansive analysis of the political role of the corporation. The authors suggest that there are three fundamental approaches to applying citizenship to corporations. However, they hold that one has to be aware of the facts that citizenship in itself is a dynamic concept and, moreover, that corporations play quite a substantial role in transforming contemporary notions of citizenship. Crane et al. conclude with a discussion of these themes and an outlook on future perspectives.

Sandra Waddock (Chapter 3) illustrates the evolution of the terminology that is used to describe corporate citizenship or corporate responsibility. She highlights some of the conceptual confusion and briefly assesses the current state of thinking as it relates to practice. The forces of globalization and growth of corporate power lead to shifting centers of power and influence in the world. In some cases, this shift has created a context in which MNCs have begun to participate actively in the production of public goods such as education, healthcare, poverty alleviation and standards setting. These business firms assume tasks that were formerly reserved for governments. Simultaneously, the activism and influence of NGOs and civil society organizations has changed dramatically. Today these organizations are able to safeguard corporate activities and to put pressure on corporations, thus compensating for the failure of state agencies and deficits in public regulation. As a reaction to these developments, scholarly thinking about corporate citizenship, corporate social responsibility, corporate responsibility, corporate social performance, business citizenship, business ethics, stakeholders and corporate reputation has virtually exploded in the past decade. Therefore, this chapter provides an overview of the available concepts and helps to create some order in this rapidly growing field.

It has been suggested that corporations can do well by doing good and that good ethics is good business. However, Prakash Sethi (Chapter 4) argues that while socially responsible behavior is important and desirable,
it plays rather a small role in motivating good corporate conduct. Instead, it is the economic competitive conditions that define the parameters and opportunities for good corporate conduct and influence the values and traditions of the corporations and their managers to exploit these opportunities. Sethi presents a framework that helps to analyze the competitive conditions under which business firms operate and allows us to predict the extent to which corporations may engage in ethical or unethical behavior. The author suggests that from a societal perspective it would be more desirable to move away from the concept of corporate social responsibility towards a notion of corporate social accountability. Under the widespread conditions of market imperfections and the growth of corporate power, information imbalance, bargaining power imbalance, and remedy and relief imbalance are obstacles in holding corporations accountable. These are the crucial factors that need to be changed so that society can enhance the likelihood of corporate ethical conduct.

Robert Phillips and Edward Freeman (Chapter 5) discuss the relationship between corporate citizenship and stakeholder theory. In particular, they focus on the role of ‘community stakeholders’. They hold that in the literature on corporate citizenship and corporate responsibilities there is too much unreflective use of stakeholder terminology. The authors emphasize the limits of organizational obligations to communities and suggest a typology of potential relationships that organizations may have with communities. While Phillips and Freeman admit that their discussion of community stakeholders could be interpreted as a description of corporate citizenship obligations, at the same time they are very skeptical of this use of terminology. They hold that the concept of citizenship is too complex to convincingly make such a case. Instead, Phillips and Freeman suggest that firm–community relationships may be a potential lever in the complicated matter of reconciling and distinguishing corporate citizenship and stakeholder theories.

In his critical analysis of the role of business in society, Robert Solomon (Chapter 6) criticizes the atomic conceptualization of CC, CSR and stakeholder management in the current discussion. Building upon Aristotelian philosophy, he emphasizes the relevance of a communitarian and virtue-based approach that perceives the individual as a part of the (corporate) community and the latter as being embedded in a broader societal context of values, traditions and responsibilities. Solomon criticizes the disembedding logic of an overstretched interpretation of the profit motive that separates the business role from the other societal obligations of individual actors and business operations from society as a whole.

Iris Young (Chapter 7) attempts to clarify the status of political claims about global justice and injustice that are increasingly discussed. Such
claims present a problem for political philosophy because until recently most philosophical approaches to justice assumed that obligations of justice hold only between those living under a common constitution within a single political community. Young argues that obligations of justice arise between persons by virtue of the social processes that connect them. Political institutions are only the response to these obligations rather than their basis. Today, for some issues, obligations of justice extend globally. They are grounded in the fact that some structural social processes connect people across the world without regard to political boundaries. The second contribution of this chapter is to theorize the responsibilities that moral agents may have in relation to such global social processes. How ought moral agents, whether individual or institutional, conceptualize their responsibilities in relation to global injustice? Young proposes a model of responsibility from social connection as an interpretation of obligations of justice arising from structural social processes. In order to illustrate their case she advances the example of justice in transnational production and supply chains in the clothing industry.

Paul Shrivastava (Chapter 8) focuses on contemporary challenges of global business regulation and the provision of global environmental public goods. The author suggests that the concept of citizenship cannot be easily transferred to corporations that are considered as legal persons. Therefore, he offers a more comprehensive understanding with the help of an ‘embodied concept’ of corporate citizenship and corporate environmental responsibilities. His approach extends the idea of corporations as purely legal with economic purposes and centers the human body and the physicality of nature as central in corporate social analysis. Shrivastava articulates the new corporate responsibilities toward nature, the whole person, natural and fabricated spaces, and the community. He articulates some suggestions for practical implementation of these responsibilities, and identifies several issues that deserve further research.

Gary Weaver and Vilmos Misangyi (Chapter 9) review the concepts of corruption and corporate citizenship. They summarize conventional approaches to corruption and emphasize their limits. As an alternative, they present a more expansive understanding of corruption and treat it as embedded in the cognitive and behavioral components of an overarching institutional logic. This institutional logic can be sustained or changed by social actors in possession of economic, social and symbolic resources. Based on this account of corruption, they discuss how corporations might engage in anti-corruption efforts even though these spread beyond their own boundaries. Weaver and Misangyi suggest that corporations can function as citizens in the sense of taking on social and political responsibilities and as entrepreneurs in changing an institutional framework that enables
corrupt behavior. The authors highlight certain potential corruption-disabling roles for corporations. However, they also consider various obstacles that may dampen optimism that many corporations would engage in wide-ranging citizen-like behavior against corruption.

Charles Koerber and Timothy Fort (Chapter 10) discuss some of the possible contributions and potential limitations of corporate citizenship to peace through commerce. The notions of ‘peace through commerce’ and corporate citizenship are relatively new concepts which are distinct but related. They both try to address the changing world in which we live and highlight the various and complex shifts in global commerce and societal interaction, including the decrease in power of nation-states and the increase in power of MNCs. These concepts, as used in the business literature, are a reflection of the struggle that practitioners and academics are having with the changing relationships and interactions among businesses, communities, governments and NGOs. These are not the only attempts by academics and the business community to deal with our changing world but they are both promising conceptions that deserve further thought and research. Koerber and Fort, therefore, explore possible areas for future research into the relationship between these two concepts.

Klaus Dieter Wolf (Chapter 11) deals with the emergence of the new political forms of public–private governance patterns beyond the state. In many ways the new interplay between the state, business and civil society in global governance resembles the process of political modernization changes which could be observed in the domestic sphere and is associated with terms such as ‘de-hierarchization’ or ‘de-governmentalization’ that are discussed in the political sciences. Wolf analyzes the implications of the new modes of governance on the actors involved. Compared to its predecessors such as treaty-based intergovernmentalism, global governance is a patchwork of different modes of governance, consisting of actors from different environments who are equipped with very different resources, and who are used to quite different compliance mechanisms. Wolf discusses some of these mechanisms which presume that actors follow the interest-based logic of consequences. He also points to alternative mechanisms that are based on the assumption that political actors follow the logic of appropriateness. In order to achieve a better understanding of these new modes of governance, the author explores the various conditions under which these different modes will emerge. Finally, Wolf covers some of the normative problems of the privatization of world politics and points to the regulatory potential as well as limits of the new governing relations.

Stephen Kobrin (Chapter 12) suggests that we are in the midst of a transition from an international to a post-Westphalian political–economic system. He holds that we have not yet developed the modes of cooperation,
institutions or even the language necessary to govern an integrated world economy effectively. This leads to a governance gap as politics lags behind markets which extend beyond the reach of nation-states. Kobrin focuses on the implications of this asymmetry and the problems of economic governance. He suggests a framework to analyze the various new modes of governance along two dimensions: the fragmentation of authority and changes in the nature of space (territoriality). The author considers the implications for multinational business firms and suggests that in a globalized world, private political authority becomes a widespread phenomenon. Conclusively, the separation between public and private spheres as it was assumed in classical liberal theories of political economy is called in question as business firms are both governed and governor. This, however, leads to problems of legitimacy and democracy that need to be addressed in future research.

Jonathan Doh (Chapter 13) explores two primary mechanisms by which NGOs influence corporate citizenship. The first might be termed ‘NGO activism’ when NGOs target private business firms or public authorities and advocate for changes in corporate behavior and of laws regulating corporations by protesting, boycotting, targeting and otherwise communicating their concern. More recently, some NGOs have taken a different strategy. Rather than targeting companies through advocacy campaigns, these NGOs have developed cooperative relationships with companies through which they collaborate on the resolution of the negative consequences of corporate behavior and assist companies in developing corporate citizenship initiatives. Doh discusses the history and the emerging role of NGOs as important institutional actors in global business–society relationships and corporate citizenship. He provides some basic definitions and classifications to position NGOs among the other institutional actors in business citizenship. Doh focuses the relationship between business firms and NGOs and explores both the confrontational and collaborative modes of engagement. However, he suggests that cooperative interactions appear to have the potential to substantially influence corporate citizenship behaviors. The chapter concludes with some questions and future research directions.

Michael Zürn (Chapter 14) explores the changing nature of the relationship between market and nation-state politics. He holds that under the condition of globalization and in the specific context of post-industrial society, the hierarchically organized nation-state loses some of its political steering power to successfully intervene in market processes. As a consequence, new regulatory instruments have gained in significance. These instruments include incentive systems created by the state, private–public partnerships, and corporate social responsibility. At the same time, a strong trend toward international regulations can be observed. In the course of these developments hierarchical governance is gradually replaced by market-compatible
governance frequently implemented by non-state actors. The outcome of this process leads neither to a powerless state nor to de-politicization. The state remains an integral and necessary component of almost all new arrangements. In the course of this process, however, both international institutions and the actions of large corporations are becoming increasingly politicized. Therefore, Zürn argues that ‘governance with and without government’ is subject to the same normative claims as ‘governance by government’.

Jessica Ludescher, Abagail McWilliams and Donald Siegel (Chapter 15) develop an economic view on corporate citizenship. They hold that there is growing interest in the economic consequences of CSR and CC, especially for executives at multinational, multidivisional companies. These corporate leaders are mindful of the fact that business norms and standards, regulatory frameworks and stakeholder demand for social contributions can vary substantially across nations, regions and lines of business. Globalization raises concerns for managers of MNCs because differing, and sometimes competing, ethical expectations result in unpredictable and non-uniform payoffs for social contributions. There is also growing awareness that some issues, such as water and air pollution, cannot effectively be addressed within national borders, and therefore, expectations for responsible activities are broader. Obviously, there are numerous antecedents and consequences of CSR and CC, which require managers to conceptualize and estimate the economic returns to engagement with stakeholders and civil society. The authors discuss the variety of economic theories and their contribution to the explanation of corporate citizenship and corporate social responsibility. These theories may help us to better understand the complex drivers of social engagement of business firms. The chapter concludes with an agenda for theoretical and empirical research on the economic implications of CC.

David Kinley and Justine Nolan (Chapter 16) explore the interrelationship of human rights with business from an international law perspective. They discuss the central role played by corporations in the global economy and report on the growing concern of legal scholars and the fundamental changes in corporate accountability that are discussed in their discipline. The authors examine three points of intersection between human rights and business: transnational commerce, trade and investment, and development aid. In many countries in the past decades the influence of transnational business firms on their economic and political environment has grown significantly. At the same time, international law has barely responded to the growing imbalance of power. Neither nation-states nor international institutions have yet created efficient rules and mechanism of enforcement. This results in a regulatory gap in global governance with
corporate related human rights abuses as an issue of particular concern. The authors describe the key theoretical, practical and institutional features of the intersection with international human rights standards and the global economy. Kinley and Nolan stress the growing importance of corporations in international law and the attendant international legal responsibilities and expectations that are now made of corporations in the quest to better protect and promote human rights.

Nancy Adler (Chapter 17) comments on the relationship between global business and society from an international business studies perspective. She maintains that business’s search for mutually beneficial advances that address the world’s most pressing needs has become one of the defining issues of the 21st century. Adler reminds us about the various projects and initiatives throughout the world, where immense entrepreneurial energy is finding expression, energy whose converging force is in direct proportion to the turbulence, crises and the call of our times. ‘Doing well by doing good’ has become a viable option and calls into question the false dichotomy embedded in what she calls ‘the great trade-off illusion’ that is the belief that firms must sacrifice outstanding financial performance if they choose to strategically address societal challenges. The author builds upon recent research on positive organizational scholarship and the role of business firms as possible social change agents. Adler develops the vision of creating a sustainable society and planet with a global perspective and the right mix of innovative leadership and scholarship. This vision she maintains could become the international business opportunity of the 21st century.

Peter Edward and Hugh Willmott (Chapter 18) focus on the identification of notions of corporate citizenship as they relate to two issues: the meanings attributed to corporate citizenship and the importance of processes of identification for the realization of corporate citizenship. The rationale for this approach is that any concern, or claim, to bring corporate citizenship into the corporation requires some explication of the meaning(s) of the term which ranges from forms of corporate philanthropy and paternalism to radically democratic forms of collective self-determination within organizations. The authors consider whether these meanings resonate with identities of individuals within organizations and hence whether they gain or lose ‘grip’. For corporate citizenship to become established in corporations, these meanings must gain broad acceptance by employees. Edward and Willmott suggest that corporate citizenship is not equivalent to the adoption of specific policies, formal procedures and/or reportable metrics but, rather, is present within or absent from routine, skillful processes of reproducing and transforming organizing practice.

Much work on corporate citizenship is dedicated to organizational structures within and outside the corporation, while the role of individuals and
leaders is widely neglected. Therefore, Thomas Maak and Nicola Pless (Chapter 19) want to develop an understanding of the role of responsible leaders as cosmopolitan citizens in a globalized business environment. They argue that being responsible, that is, responding to the call of stakeholders (and the market), is a necessary but not a sufficient condition for responsible leadership. This endeavor ultimately requires responsible global leaders who think and act as cosmopolitan citizens, as leaders with responsible mindsets who are aware of the pressing problems in the world, care for the needs of others and in particular for the distant needy, aspire to make this world a better place and act in words and deeds as global and responsible citizens. The authors contend that responsible leadership in a globalized world requires business leaders who have a cosmopolitan mindset, live and enact cosmopolitan ethics and fulfill their cosmopolitan role. Maak and Pless explore the concept of cosmopolitan leadership and conclude with practical implications of a cosmopolitan approach to responsible leadership for both business practice and future research.

Bobby Banerjee (Chapter 20) offers a critical analysis of the political economy of the multinational enterprise (MNE). Drawing from theoretical perspectives in economic sociology and political economics, he discusses how power relationships between governments and MNEs discursively produce particular forms of social arrangements of various actors, institutions and networks. Banerjee examines the inclusions and exclusions that result from these dynamics. He argues that power relations between the political, economic and social spheres produce a particular form of corporate rationality that determine the boundary conditions of CSR. Based on institutional political economic theories, the author develops a ‘political cultural approach’ to conceive of the corporation as a discursive formation that is embedded within an environment of institutional, economic and discursive power.

The development of internationalized companies poses new problems for both their internal corporate governance and their external regulation. Grahame Thompson (Chapter 21) analyzes the relationship between internal governance and stakeholding. The argument is that companies are legal subjects in their own right, ones that, in fact, ‘own’ themselves. Once this is recognized, other than a simple shareholder interest in respect to the governance becomes apparent. The pressures put upon companies through the CSR movement lead to the expansion of stakeholder interests within company governance structures and call for a new view on corporate governance. However, there are many problems associated with stakeholding, particularly as companies have internationalized. Thompson then moves on to discuss the external governance context in which companies are placed as they have become multinational. MNCs are subject to various
forms of scrutiny, monitoring and regulation at the international level, all designed in one way or another to encourage a sense of social responsibility by business firms. And many firms themselves have responded to these developments by claiming to be ‘global corporate citizens’. In this chapter the characteristics of the global governance regime for companies are explored and their impact assessed. Finally, Thompson deals with the difficult issue of the ‘democratization’ of the internationalized firm and explores how to extend the scope of corporate governance to encourage the objective of greater democratic transparency and accountability.

In their critical analysis, Frits Schipper and David Bojé (Chapter 22) do not address corporate citizenship and corporate social responsibility per se; rather, they consider the notions of transparency, integrity and openness which they think are relevant to achieve some kind of ‘meta understanding’ about the role of business in society. They hold that the relationships between these terms are far from clear. For instance, transparency can function as an instrument of power, seriously damaging integrity. Demanding, for example, transparency of incomes of CEOs can have an increasing effect, thereby putting the integrity of these people and of the companies they work for in jeopardy. Schipper and Bojé want to develop a general understanding of these relationships and dynamics. The authors build upon concepts from the French philosopher Gilles Deleuze and the psychiatrist Pierre-Félix Guattari who worked together in Paris in the 1970s. Schipper and Bojé relate these concepts to entrepreneurship and images in the case of branding and company identity. Against the background of these terminological conceptualizations, the case of Nike, a major US company that labeled its own governance in terms of transparency (see its Transparency 101 program), is analyzed.

Raza Mir, Richard Marens and Ali Mir (Chapter 23) explore the ways in which organizational theory has been deployed to naturalize the process of colonialism and imperialism. The authors focus on the concept of corporate citizenship, which they think is nebulous and ill-articulated, even though it has intrigued corporations as well as researchers over the past two decades as a possible tool to legitimize corporate presence in an increasingly de-territorialized economic space. They hold that any hegemonic definition of corporate citizenship is predicated upon an antecedent homogenization of the concept of the corporation itself. Such an interlocked set of definitions of firm and firm behavior leaves out a variety of actors in the shadows of theoretical debates on corporate behavior. Mir et al. term these actors the ‘fragments’ of the corporation and seek to provide a voice to those fragments whose concerns are left unaddressed. The authors analyze the theoretical debates around CSR in the United States and identify the ideological context around which the concept of
corporate citizenship has emerged. Finally, they highlight ways in which the marginalized actors in this debate around corporate citizenship can make their presence felt in the political as well as in the theoretical realm.

Helmut Willke and Gerhard Willke (Chapter 24) advance a rigorous critique of CC and CSR and emphasize the relations between economy and politics. They hold that the debate on corporate citizenship features a new type of ‘imbrication’ between the two spheres by trying to transplant ethical and political obligations (‘responsibilities’) into the mentalities of economic actors. The authors focus on the separation of nation-state politics and private economy as it has developed during the process of modernization. Willke and Willke suggest that in the discourse on corporate citizenship there is a fundamental misunderstanding of this process and the architecture of modern democratic societies. They argue that the CSR/CC approach is fundamentally mistaken about the role of enterprise in modern market societies. Their argument is based on the distinction between the goals of individual actors and the systemic outcomes of their actions. Finally, the authors offer some insights into a system-theoretical approach to global governance and what they claim is a more complex coupling of economy and politics. This leads to a model of governance that is related to the knowledge society.

In the concluding chapter, Guido Palazzo and Andreas George Scherer point to future research directions on corporate citizenship. They outline topics that emerge from the discussions in the handbook and address the open questions that are still to be solved. For example, the meaning and the limits of responsibility for the corporation, the questions evolving around a new concept of corporate politics, or the self-regulation of the corporation as seen in the debate on ‘governance without government’. Further, the future debate on corporate citizenship needs to address the role of leadership in this context, as well as the question of the dark sides of responsibility. In this chapter, the authors summarize new challenges and point to interesting directions for future research.

Notes
1. See also the volume edited by Goldstein et al. (2001) which enhances dialogue between political scientists and legal scholars but does not consider the political role of business firms.
2. The chapters of this volume are original contributions with two exceptions – the papers by Sandra Waddock and by Iris Young are modifications of texts that have been published elsewhere.

References
Andriof, J. and M. McIntosh (eds) (2001), Perspectives on Corporate Citizenship, Sheffield: Greenleaf.


