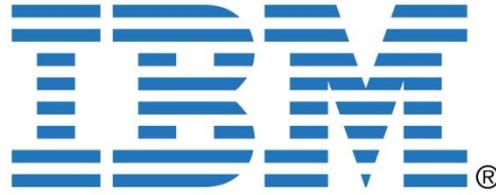


Corporate Citizenship: Theoretical Introduction

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The primary focus of our corporate citizenship activities is on developing initiatives to address specific societal issues, such as the environment, community economic development, education, health, literacy, language and culture. We employ IBM's most valuable resources, our technology and talent, in order to create innovative programs in these areas to assist communities around the world.

For example, our Corporate Service Corps program annually deploys teams of selected high potential employees to emerging regions to work with government, nonprofit and non-governmental organizations on critical local projects. Teams have completed projects in Ghana, Romania, Tanzania, the Philippines and Vietnam around water quality, disaster preparedness and project management.



We are a good corporate citizen in all of the countries in which we do business.

We are at home in 190 countries, and in all of them we form part of the social fabric – as an employer and client, as an investor, and as a supplier of products, solutions and services. As a good corporate citizen, we play an active role in sustaining society’s development while safeguarding our future as a company. We take our responsibilities toward society seriously, engaging in extensive international education, community aid, as well as arts and culture. These are implemented on a continuous basis in many different ways through donations, partnerships, projects in cooperation with other organizations and company foundations.

Microsoft is putting in place a range of services and resources to support relief efforts in Japan including:

- *Reaching out to customers, local government, inter-government and nonprofit agencies to support relief efforts.*
- *Working with customers and partners to conduct impact assessments.*
- *Providing free incident support to help customers and partners impacted by the earthquake get their operations back up and running.*
- *Offering free temporary software licenses to all impacted customers and partners as well as lead governments, nonprofit partners and institutions involved in disaster response efforts.*
- *Making a cloud-based disaster response communications portal, based on Windows Azure, available to governments and nonprofits to enable them to communicate between agencies and directly with citizens.*

Agenda

- Definition of Corporate Citizenship
- Differences between CSR and CC
- Interpretation of CC in practice
- Definition of globalization
- The challenges of globalization
- The firm as a political actor
- The impacts on CSR research
- Discussion

Definition

Short:

Corporate Citizenship as

„The social role of business“

Matten & Crane, 2003

Definition

Longer:

„At a minimum, corporate citizenship means adherence to laws, regulations, and accepted business practices in the places where a company operates. A more expansive interpretation is the conduct of business in ways that reflect proactive, responsible behaviour in business and in dealings with all constituents and with respect to communities, society, and natural environment more generally.“

Logan et al, 1997, p.7

Definition

Longer:

„Corporate citizenship describes the role of the corporation in administering citizenship rights for individuals. Such a definition reframes CC away from the notion that the corporation is a citizen in itself (as individuals are), and towards the acknowledgement that the corporation administers certain aspects of citizenship for those individuals. We do not wish suggest that corporations are the only actors administering these rights, but they have taken over considerable responsibility for such administration from governments.“

Matten & Crane, 2005

Differences between CSR and CC

Definition of Corporate Social Responsibility:

4 aspects of responsibilities

- Economic Responsibility → To be profitable
- Legal Responsibility → Respect laws
- Ethical Responsibility → Do what is right
- Philanthropic Responsibility → Contribute to various kinds of social, educational, recreational, cultural purposes

Carroll, 1979

Differences between CSR and CC

- Corporate Citizenship as the philanthropic part of CSR, especially in terms of a positive influence on society. (Corporate Giving, Corporate Volunteering, Corporate Community Investment)
- CSR and CC as interchangeable terms, especially in practice.
- CC as a democratic concept: the company acts as active citizens in society and has a political role and the rights and obligations to organize things in the society

Interpretation of CC in practice

Ford:

“Corporate citizenship has become an integral part of every decision and action we take. We believe corporate citizenship is demonstrated in who we are as a company, how we conduct our business and how we take care of our employees, as well as in how we interact with the world at large.”

Matten & Crane, 2005

Interpretation of CC in practice

Nike:

“Our vision is to be an innovative and inspirational global citizen in a world where our company participates. Every day we drive responsible business practices that contribute to profitable and sustainable growth.”

Matten & Crane, 2005

Interpretation of CC in practice

Nokia:

“Our goal is to be a good corporate citizen wherever we operate, as a responsible and contributing member of society.”

Matten & Crane, 2005

Interpretation of CC in practice

Toyota:

“With the aim of becoming a corporate citizen respected by international society, Toyota is conducting a wide range of philanthropic activities throughout the world. Its activities cover five major areas: education, the environment, culture and the arts, international exchange and local communities.”

Matten & Crane, 2005

Globalization

Definition:

Globalization can be defined as a process of intensification of cross-border social interactions due to declining costs of connecting distant locations through communication and the transfer of capital, goods, and people.

Scherer & Palazzo, 2011

Globalization

«Westphalian world order»

- Homogeneous national cultures
- State has the monopoly on the use of force on their territory

Habermas, 2001

«Post-westphalian world order»

- Fragmentation of authority
- Increasing ambiguity of borders and judisdictions
- Blurring of the lines between the public and the private sphere

Kobrin, 2009

Post-national constellation

- The weakening of democratic control and the rule of law
- Growing heterogeneity of national cultures and the pluralism of values and life-styles as further challenges for the democratic political order

Habermas, 2001

Challenges of Globalisation

Traditional view:

Business firms → Economic actors

Government → Political actors

Scholars in management and economics widely share the assumption that business firms focus on profits only, while it is the task of the state system to provide public goods

Scherer & Palazzo, 2011

Challenges of Globalization

Examples of activities in which Multinational Corporations are involved because of globalization.

- Public wealth
- Education
- Social security
- Protection of human rights
- Define ethics codes
- Protect the natural environment
- Engage in self-regulation to fill global gaps in legal regulation and moral orientation

Scherer & Palazzo, 2011

The firm as a political actor

- Some business firms have begun to assume a state-like role
- Companies fulfill the functions of protecting, enabling and implementing citizenship rights
- Often occurs in cases where the state system fails (e.g. when the state has not yet implemented basic citizenship rights)
- Conclusion: business firms have become important political actors in the global society

Matten & Crane, 2005

Boddeyn & Lundan, 2010

The firm as a political actor

On the global level:

- Nation states
- International institutions

} Unable to sufficiently regulate the global economy alone

Kaul et al., 2003

Global governance as a poly-centric process of defining and implementing global rules:

- Governments
- International institutions
- Civil society groups
- Business firms

} Contribute knowledge and resources

Braithwaite & Drahos, 2000

The firm as a political actor

- Current CSR literature has not yet sufficiently integrated this new political role of private business
- Scherer & Palazzo: Propose a new perspective called «political CSR»

Scherer & Palazzo, 2011

Instrumental vs. political CSR

	Instrumental CSR	Political CSR
main political actor	state	state, civil society, and corporations
Role of law	formal rules and “hard law”	informal rules and “soft law”
Responsibility	Legal liability	Social Connectedness
Legitimacy	Pragmatic & cognitive legitimacy	Moral legitimacy
Democracy	Liberal democracy	Deliberate democracy

Scherer & Palazzo, 2011

The impacts on CSR research

1. Emerging global insitutional context for CSR: from national to global governance
2. CSR as self-regulation: From hard to soft law
3. The expanding scope of CSR: From liability to social connectedness
4. The changing conditions of corporate legitimacy: From cognitive and pragmatic legitimacy to moral legitimacy
5. The changing societal foundation of CSR: From liberal democracy to deliberative democracy

Scherer & Palazzo, 2011

1. From national to global Governance

- Process of Globalization is changing the context in which CSR research should take place: domestic → global
- Regulatory gap: Governance initiatives launched on the global, national and local level by private and public actors
- Decentralized deliberation: NGOs/Companies/Workers..

2. CSR as self-regulation

- From hard law to soft law
- Business firms engage in processes of self-regulation through soft law where the state is unable or unwilling to regulate

3. From Liability to Connectedness

- Legal liability: responsibility just for the immediate acts
- Social Connectedness model: actors bear responsibility for problems of structural injustice from which they themselves benefit

4. Corporate Legitimacy

- CSR in a domestic context: nationally defined rules
- Global context: stable framework of law and moral custom is eroding
- Cognitive legitimacy: shared taken-for-granted assumptions
- Pragmatic legitimacy: self-interests
- Moral legitimacy: exchange of arguments, socially accepted

5. From liberal to deliberative democracy

- The growing engagement of business firms in public policy leads to concerns of democratic deficit
- (democratically elected) Governments are partly losing their regulatory influence
- Liberal democracy: arenas of governmental decision making
- Deliberative democracy: public will-formation

Discussion

- What do you think of the Corporate Citizenship-Programs of Siemens, Microsoft and IBM?
- Are these programs good examples for Corporate Citizenship?
- Do these firms really operate as political actors?

Discussion



How you can **#SupportJapan** -
<http://binged.it/fEh7iT>. For every retweet,
@bing will give \$1 to Japan quake victims,
up to \$100K.

12 Mar via CoTweet ☆ Favorite ↻ Retweet ↩ Reply



We apologize the tweet was negatively
perceived. Intent was to provide an easy
way for people to help Japan. We have
donated \$100K.

12 Mar via CoTweet ☆ Favorite ↻ Retweet ↩ Reply

Discussion

- Example: Chocolate industry
- If social connectedness creates the responsibility for corporations to reduce social and environmental harm, where do these demands end?
- How far can a Corporation go in being a good corporate citizen?

