
IS THERE ANY SUCH THING AS 'GLOBAL CORPORATE CITIZENSHIP'?

INTRODUCTION¹

This paper addresses a series of questions which reveal the assumptions behind the phrase 'global corporate citizenship'.

It is not the purpose of this paper to undermine the aspiration for companies to shoulder more of their responsibilities to society and the environment. That aspiration, which is often called CSR (corporate social responsibility), can be generally positive. But is 'corporate citizenship' just another name for CSR? If it is, it will need to address the many criticisms which have been levelled at CSR, that:

- it is unclear what it actually means or how to define it
- it is largely undertaken for PR purposes and has little ethical content
- its predominantly voluntary nature means that it typically achieves little in relation to the scale of social and environmental challenges.

If it is not just another name, and the phrase 'global corporate citizenship' suggests far more than simply shouldering responsibility, then there are further questions which need to be addressed. Most of these stem from the word 'citizenship' which, as applied to companies, suggests that:

- companies can be people
- companies can be members of society
- companies can be citizens.

In addition, the phrase 'global corporate citizenship' implies that there is a meaningful sense in which corporate citizenship operates on a global scale. The remainder of this paper addresses each of these issues in turn.

ARE COMPANIES PEOPLE?

Are companies people? This question whether companies are people has an interesting pedigree in the academic literature, which I have discussed elsewhere (Henriques 2005; Henriques 2007) and will summarize below. It is also a question which generates strong passions. For those who are interested in improving corporate performance and behaviour, one of its important implications is that if companies are people, they can be morally responsible. While that might seem helpful to their cause, their fear is that it will let the individuals running companies escape their particular responsibilities. From the point of view of corporate citizenship, the question is important since if companies cannot be expected to behave morally, the suggestion that they are treated as citizens will seem a very dangerous one.

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The ideal type moral relationship is between two 'perfectly ordinary persons' (POPs), that is, two individual biological human beings. (There will undoubtedly be some cultural relativism relating to the term 'perfectly ordinary person'; it is not clear how far such assumptions impact the arguments about morality founded upon it.) But what makes a POP a moral person? It has been argued that, for a POP to be a moral agent a variety of conditions, derived from criminal or civil law, must apply. Similarly, in the business ethics literature, before a company or other organisation can be judged a moral person, it has been held, analogous conditions must apply. Positions are then taken according to whether it is judged that organisations do or do not in fact satisfy such conditions.

To summarize the contributions of Peter French and Kevin Gibson, we can say that the following formal philosophical 'personality condition' should apply to a POP for it to be considered a moral person.

For a POP to be a moral person, they should be:

- *liable to be held responsible for their actions (French 1979), ie they are regarded as accountable for their acts AND*
- *EITHER:*
 - *they intended to commit an act (French 1979), and had the resources to do so (knowledge, physical capability, etc) OR*
 - *they omitted to act in a way which allowed an action to happen, eg acting negligently (Gibson 1995).*

French and Gibson believe that corporations can be moral persons. French's main philosophical argument hinges on his claim that descriptions of the acts of a corporation are not in general reducible to descriptions of the acts of its members or employees. He claims that corporations typically have an internal decision structure ('CID') which "licences the predication of corporate intentionality" and so enables moral agency.

Manuel Velasquez has argued that corporations are not moral persons. While he accepts that it makes sense to consider corporations "as a whole" to be causally responsible for an act, this does not hold for moral responsibility (Velasquez 1983). Taking a somewhat reductionist approach to corporations, he asserts that "saying that a corporation is morally responsible for some wrongful act is acceptable only if it is an elliptical way of claiming that there are some people in the corporation who are morally responsible for that act and who should therefore be blamed or punished." (Velasquez 1983, p13)

In contrast, POPs appear readily to fulfil these conditions. As a result, most of the debate regarding the moral nature of companies has taken for granted the moral nature of POPs. However it does seem that those who conclude that companies fail to meet the personality condition do not apply their arguments with the same rigour to POPs. So it is instructive to consider whether it is really possible to *prove* that *POPs* actually fulfil these conditions. If we do not assume that POPs have identities, memories, personalities, and intentions, just because this is already a discourse about ethics, then the same burden of proof regarding their 'moral personhood' would arise for POPs. In particular, we would need to question how we know that a given human animal actually had an intention.

Yet to doubt the moral personhood of POPs is absurd; as we have noted, the ideal type moral relationship is between POPs. When we talk about POPs in everyday life, we assume, I believe quite validly, that they are moral persons. It is just part of what we mean by 'POP'. One discourse, other than the everyday, in which this is also well established, is the language of the law, which as we have noted is one of the main places in which the very concept of a 'person' was first developed.

It therefore appears that both POPs and companies fare equally poorly: while the strict applicability of the formal condition to each can be questioned, common discourses simply assume that both have a moral personality.

As is well known, the law also talks about companies as legal persons having rights and duties to other such persons. In the language of business ethics, these other persons would typically be called 'stakeholders'. There has also been debate as to whether stakeholders are moral persons (Gibson 2000). I believe that the same appeal to ordinary languages (including that of the law) is sufficient grounding to treat them as moral persons.

I believe it is important to ground this discussion in common practice. We all frequently and normally talk about companies as people. In fact it can be difficult to distinguish between companies and people in many respects. It is easy to imagine a situation, perhaps that of a refusal to pay compensation or acknowledge obvious fault, in which it would not be possible for someone to make a distinction. Consider the actions of an individual sole trader against those of a limited company of similar turnover engaged in the same activities. If it is not always practically possible to tell whether or not an actor is a company or an individual and they are behaving as a moral (or immoral) person would, then it is at least unclear what it means to hold that no corporations can be moral persons.

So companies are people; they **might** therefore be citizens. But do we want any person to be a citizen, with full rights? We do not grant full rights to children or as in some countries such as the USA, to those who have committed criminal acts. Should companies be treated as full members of society?

ARE COMPANIES MEMBERS OF SOCIETY?

Unfortunately the phrase 'member of society' has no very clearly defined sense. It is usually used of individual people and to refer to some kind of constructive or useful contribution which they are making to society. Companies, as I have just argued can qualify as people. To determine whether they are also members of society, a key question is whether they are making a constructive contribution.

There is no doubt that there are companies that make things which are useful to individual members of society. Food, housing and tools are some obvious examples. It is however a different question as to whether the contribution of a given company is **on the whole** constructive. That is, do the good effects outweigh the bad? There are those who might argue that the contribution of some companies, perhaps arms manufacturers, make it very difficult to argue that their overall contribution can possibly be positive. On this argument some companies would not be members of society, but some other kind of thing which interacts with society, but which should not be considered as a 'member', with any of the rights that might bring.

Even if companies are not considered members of society, they clearly have many effects and impacts on society and interact with it in many ways. Indeed the whole process of understanding and mapping the impact an organisation has on its stakeholders is nothing more than analysing this social impact and set of relationships in some detail.

On the whole, I am inclined to give companies the benefit of the doubt: companies can be members of society. However we must bear in mind that companies, while they may be persons, are definitely not human individuals. If they are members of society, it will have to be in the same kind of sense that animals are. A well-disciplined dog, for example, is a definite asset to society as a pet. But when dogs are ill-controlled and become vicious, they are a nuisance or worse. If they wantonly attack other people, far from being given rights, they are put down.

ARE COMPANIES CITIZENS?

Citizenship implies a state with which a human individual has some kind of contract or planned relationship. This relationship is normally expressed in terms of the rights and duties of citizens. There are of course numerous theories of political philosophy, such as those of Rousseau and Locke, which attempt to justify and explain what this relationship should be. I do not believe that any of them consider companies as a central feature of society, much less as citizens on a par with human individuals.

Nevertheless, in a number of areas, companies do enjoy exactly the same rights as human individuals. One example is provided by the legal framework within which States work – at least in Europe. Under Article 17 of the Treaty of Rome (Rome 1958), “every person holding the nationality of a Member State shall be a citizen of the Union. Citizenship of the Union shall complement and not replace national citizenship. Citizens of the Union shall enjoy the rights conferred by this Treaty and shall be subject to the duties imposed thereby.” As you would expect, the Treaty provides a number of rights to its citizens, including non-discrimination and voting.

However the right to freedom of establishment of business throughout the Union is granted to companies using the following language “Companies... having their registered office, central administration or principal place of business within the Community shall... be treated in the same way as natural persons who are nationals of Member States”. In addition to this the national legal framework of most countries puts corporate persons on a par with human individuals in relation to the rights, including Human Rights, which companies enjoy, see (Henriques 2007, chapter5).

Article 194 of the Treaty provides that “any citizen of the Union, and any natural or legal person residing or having its registered office in a Member State, shall have the right to address, individually or in association with other citizens or persons, a petition to the European Parliament on a matter which comes within the Community's fields of activity and which affects him, her or it directly.” This grants companies the right to petition the European Parliament. The practice of lobbying is one very widespread and practical extension of this.

Another, historical, example is provided by the UK in which until 1969 businesses had the power to vote in elections. Moreover this right is retained to this day within the City of London. In the City almost all businesses have the right to nominate a number of voters based on the number of their employees. Whatever the formal justification of this, it remains anomalous and is widely regarded as undemocratic, particularly since the business vote considerably outweighs the local residential vote.

So at least in some regions and for some important areas of their activity, companies are as a matter of fact treated as citizens. Yet as the last example suggested, this is problematic for democracy, however convenient it may be for companies. What it means is that human individuals are sharing power with companies. It is possible to argue that companies are proxies for their stakeholders who are human individuals. Yet they are clearly not proxies for all those individuals, but only for those whose interests may coincide with that of the company. Their actions, such as lobbying, will almost by definition work against those whose interests are opposed to those of the company.

If you think that companies can be reduced to (some of) the individuals working within them, you might also argue that companies are proxies for their staff, and so work in the interests their staff. But even if this were true, it would still entail a very partial match to the needs of a society as a whole. Whatever view you take of the nature of companies, this must mean that the power of human individuals is diluted and distorted.

IF THERE IS CORPORATE CITIZENSHIP, IS IT GLOBAL?

If we have to concede that there is indeed such a thing as corporate citizenship, in what sense is it global?

One way to look at that is to consider whether multinational companies maintain a consistent policy across all their areas of operation. There are in practice numerous difficulties in implementing policies consistently across

a global organisation, see (Pestre 2006) for example. These include cultural differences, economic pressures and other, operational, factors. And in some areas, the implementation of consistent policies may not even be attempted. This may be for 'good' reasons: how far can Shell implement its non-discrimination policies effectively in Saudi Arabia, where some discrimination appears to be built in to the legal system for example? Or it may be for perhaps less justifiable reasons: the rate of pay for outsourced services is likely to be considerably lower than when the same activity was carried out in-house.

Another way to look at the global nature of large companies is to review their performance against specific issues. In relation to the particular issue of transparency, global practice is very mixed. Companies typically produce a single, 'global' sustainability report. But what this usually means is that where their headquarters are located, or where they are listed, they produce a report intended to cover the entire world in some sense - but oriented to opinion formers local to their headquarters. However it is not at all clear that the level of detail which it is possible to deliver in a 30 or 40 page report is at all appropriate to the scale and complexity of a global company. Many such 'global reports are inadequate to the task. Johnson & Johnson's corporate reports have typically fallen into this category. Diageo, by contrast, cycles through its subsidiaries, such that in most years it reports on the work of some countries in more detail. In 2007 it covered Greece and Thailand, for example.

Further evidence is provided by reviewing actual environmental performance across the globe. Shell's environmental performance in its operations in Scotland is very good. However its performance in Nigeria is very much poorer. Taking figures from Shell's own website, only in Nigeria has the volume of oil spills risen against a falling global trend (Shell 2007).

Finally, it is possible to examine the legal constitution of companies for evidence of an integrated, cross-border nature. Shell is an interesting company to consider in this context. Firstly, as with any other multinational, Shell consists of a large number of subsidiaries each established as different companies, which are technically separate entities. Secondly it has for a number of years actually been run as two entities: one based in The Netherlands and one in London. Thirdly it has been listed in a number of different countries, such as the UK and the USA. All of this makes it very difficult to pin down exactly 'where' Shell is. So while there may be different bits of Shell in different countries, it is very fragmented and not at all clear what it would mean to say that Shell was a 'global' company. It is hard then to maintain that Shell is a *global* corporate citizen. And Shell, other than in being run as two entities, is fairly typical of many multinationals.

CONCLUSION

I have answered the first three questions posed in the introduction above in the affirmative. That is, companies can be treated as 'people', they are members of society and they are, in some cases, citizens. However it is also clear that treating companies as people, members of society and citizens can actually be detrimental to society and the environment. In other words, while they may in practice be citizens, they should not be.

The last question, 'is the nature of corporate citizenship global?', I have answered negatively. That is, to the extent that companies take responsibility for their impacts, this is not typically done consistently on a global basis.

In practice of course, we are in a position in which multinational companies are not only widely treated as citizens, but as very important ones with great government influence. Since that is the case, there is a strong moral argument that such companies should act as good citizens – and on a global basis.

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