

# MAINSTREAM THEORIES ON NORMATIVE CORPORATE SOCIAL RESPONSIBILITY: ANALYSIS FROM CATHOLIC SOCIAL THOUGHT

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## Abstract

In spite of the variety and complexity of approaches related to Corporate Social Responsibility (CSR), there are some proposals which have become mainstream theories on normative in this field. Among them the following stand out: a) Corporate Social Performance Theory, b) Fiduciary Capitalism Theory, c) Stakeholder Theory, d) Corporate Citizenship Theory. Those theories generally include a certain vision of the human being and a philosophical concept of the firm and the society, although sometimes in an implicit manner. Catholic Social Teaching (CST) has also a vision of the human being, the firm and the society, which can be contrasted with those mainstream theories on CSR. The aim of this paper is to present the above-mentioned theories on CSR and to outline their philosophical bases, and evaluating them from the Catholic Social Teaching perspective.

## I. Introduction<sup>1</sup>

We can distinguish between instrumental or descriptive theories and normative or prescriptive theories (Donaldson and Preston, 1995). Instrumental CSR theories try to explain corporate social responsibility (CSR) phenomenon from different perspectives using empirical data. Thus, they help us to know, for instance, how companies are carried out their CSR policies, which is the correlation between CSR and economic performance, or which are the executive motivations for CSR, and so forth. Normative CSR theories give us the basic principles for CSR and reasons why firms ought to assume and implement certain responsibilities toward society.

It goes without to say, that not all theories which can be proposed are equally acceptable. While an instrumental theory is established as valid after a significant number of tests, a normative theory is accepted as a consequence of its rationality and internal consistency.

In order to consider normative CSR theories, the first difficulty is how to understand and organize a great variety of approaches on CSR (Garriga and Melé, 2004). On the other hand, some proposals of corporate social responsibility are presented as a vague notion or even as a belief. Others, however, respond to a more or less elaborate theory on the firm and the purpose of business in society, in which CSR is a part.

In spite of the variety and complexity of approaches related to CSR, there are some proposals which have become mainstream theories on normative Corporate Social Responsibility. Among them the following stand out:

- a) Corporate Social Performance Theory
- b) Fiduciary Capitalism Theory
- c) Stakeholder Theory
- d) Corporate Citizenship Theory

Those theories generally include, in a consistent manner, a certain vision of the human being, the firm and the society within a social philosophy framework, although sometimes in an implicit manner. Catholic Social Teaching (CST) has also a vision of the human being, the firm and the society which can be contrasted with those mainstream theories on CSR.

The aim of this paper is to present the above-mentioned theories on CSR and to outline their philosophical bases, and evaluating them from the Catholic Social Teaching perspective.

## **II. Corporate Social Performance**

Corporate Social Performance (CSP) theory has evolved from several previous notions and approaches. Its root can be found in Howard R. Bowen (1953), who explained that social responsibility of businessmen (at this time the presence of women in management was scarce) “it refers to the obligation of businessmen to pursue those policies, to make decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (1953, p. 6). In a more detailed and pragmatic way, the US Committee for Economic Development (1971) defined CSR as related to (i) products, jobs and economic growth, (ii) societal expectations, (iii) activities aimed at improving the social environment of the firm.

In the 1970s, new directions appeared in the field of business and society relationship. They were within a context of protests against capitalism and business and growing social concerns, which led to an increasing government regulatory procedures and formal requirements. One of these new directions was the concept of ‘corporate responsiveness’. It refers to the adaptation of corporate behavior to social needs and demands, even acting in a pro-active manner. In 1979, Carroll introduced the concept of “corporate social performance”, making a synthesis of basic principle of social responsibility, concrete issues for which social responsibility exists and the specific philosophy of response to social issues. Wartick and Cochran (1985) extended the Carroll approach suggesting that corporate social involvement rests on the principles of social responsibility, the process of social responsiveness and the policy of issues management. A new development came with Wood (1991), who gave the basic model of CSP currently applied. This CSP model includes: (i) principles of corporate social responsibility, expressed on three levels: institutional, organizational and individual; (ii) processes of corporate social responsiveness, and (iii) outcomes of corporate behavior.

The ‘Institutional Principle’ is also called the ‘Principle of Legitimacy’. Basically it states that “Society grants legitimacy and power to business. In the long run, those who do not use power in

a manner which society considers responsible will tend to lose it.” In accordance with the ‘Organizational Principle’ business should adhere to the standards of performance in law and the existing public policy process. The ‘Individual Principle’ is ‘the Principle of Managerial Discretion’. Since managers are moral actors, they are obliged to exercise such discretion, within every domain of corporate social responsibility, within which they have influence in order to promote socially responsible outcomes.

More recently, social expectations that have been considered in this model, have become more specific in terms of actors, processes and contents. Actors have been multiplied. Immediate stakeholders, non governmental organizations (NGOs), activists (sometimes even ‘shareholders activists’) media, communities, governments, and other institutional forces asking for what they consider corporate responsible practices. Some companies are establishing processes of dialogue to stakeholders in order to determine what should be an appropriate corporate social behaviour. Furthermore, more and more corporations are being pro-active in publishing reports on economic, social, and environmental performance, following the idea of triple-bottom line (Elkington, 1998). The Global Initiative Report (GIR), which last version was made in 2006, has become more and more popular as well as certifications and reports, such as the UN Global Compact, the AA1000, SA8000 and others. All of this introduces more complexity in the corporate social performance models but, in essence, the conceptual foundations of this theory remain inalterable.

This approach, in spite of presenting a valuable social concern presents, contains at least two important limitations from CST perspective: The first limitation is the radical separation between business, which goal basically is economic, and social responsibility, which is seen as a constrain. It is not denied that business has a social impact, but its rational basically is economic rationality. Social impact is considered to protect business from social risks and/or enhance corporate reputation, and consequently for the sake of business long-term results. Contrasting within Catholic social teaching, business is seen as a human activity with economic, human and social dimensions which have to be pursued jointly, as points out the *Compendium of Social Doctrine of the Church* (CDSI) (n. 338) published by the Pontifical Commission of Justice and Peace.

The second limitation is that the normative foundation of CSP model is not ethics but social expectations. In this way, CSP model falls short in ethical relativism: ethical norms depend on each cultural context. Moral Catholic tradition makes clear that ethical relativism is not acceptable (John Paul II, *Encyclical Veritatis splendor*, VS). On the contrary, as Pope John Paul II wrote, “in every sphere of personal, family, social and political life, morality — founded upon truth and open in truth to authentic freedom — renders a primordial, indispensable and immensely valuable service not only for the individual person and his growth in the good, but also for society and its genuine development.” (VS, 101)

### **III. Fiduciary Capitalism Theory**

Fiduciary Capitalism Theory of CSR, which leads to shareholder value-oriented management, holds that the only social responsibility of businesses is to make a profit and, in the supreme goal, to increase the company’s economic value for its shareholders. Any social goals that companies could

engage would be acceptable only if they contributed to the maximization of shareholder share value. This is the theory that underlies traditional neoclassical economic theory, primarily concerned with shareholder utility maximization.

The Nobel laureate Milton Friedman is the paramount representative of this stream. He wrote, with his wife Rose Friedman:

“In such an economy, there is one and only one social responsibility of business- to use resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competitions, without deception or fraud.” (Friedman and Friedman, 1962, p. 133)

In a famous article published in the *New York Times Magazine* in 1970, Friedman repeated that the only responsibility of business towards the society is the maximization of profits to the shareholders, adding as constraints “within the legal framework and the ethical custom of the country.” (1970) He also stated that those who spread the idea of business are not concerned “merely” with profits, “are preaching pure and unadulterated socialism”. It is a doctrine—he said—that “harms the foundation of a free society.”

This approach is called “fiduciary capitalism”, since managers are seen as mere fiduciary agents of the owners of company’s capital, without any other obligation more than to fulfill their fiduciary duties in compliance with the law, and maybe the ethical customs of the country. Management is then ‘shareholder value-oriented’; and value maximization of the share is taken as the supreme reference for corporate governance and business management.

Generally, ‘shareholder value-oriented’ goes along with the Agency Theory (Ross, 1973; Jensen and Meckling, 1976), which has been dominant in many business schools in the last decades. In this theory, owners are the principal and managers are the agent. These later bear fiduciary duties towards the formers, and are generally subject to strong incentives in order to alienate their economic interests with those of the owners, and with the maximization of shareholder value.

Today, it is commonly accepted that under certain conditions the satisfaction of social interests contribute to maximizing the shareholder value and most large companies pay attention to CSR, particularly in considering the interests of people with a stake in the firm (stakeholders). In this respect, Jensen (2000) has proposed what he calls ‘enlightened value maximization’. This concept specifies long-term value maximization or value-seeking as the firm’s objective, which permits some trade-offs with relevant constituencies of the firm.

To distinguish profitable CSR from others which are not, Burke and Logsdon (1996) have proposed the concept of ‘Strategic Corporate Social Responsibility’ (SCSR) to refer to policies, programs and processes which yield “substantial business related benefits to the firm, in particular by supporting core business activities and thus contributing to the firm’s effectiveness in accomplishing its mission.” (p. 496). From this perspective, there is an ‘ideal’ level of CSR determinable by cost-benefit analysis and depending on several factors (McWilliams and Siegel, 2001). This requires a careful calculation of the optimal level of social output in each situation for maximizing shareholder value.

Contrastingly, CST proposed a different idea of business, which is neither socialism nor a danger for the foundation of a free society. In accordance with CST, profits are very important in a

business firm, but business is much more than profits. Pope John Paul II, in the Encyclical *Centesimus annus* (CA, 33) wrote clearly about this point:

“The Church acknowledges the legitimate *role of profit* as an indication that a business is functioning well (...) But, profitability is not the only indicator of a firm's condition. It is possible for the financial accounts to be in order, and yet for the people — who make up the firm's most valuable asset — to be humiliated and their dignity offended (...) In fact, the purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a *community of persons* who in various ways are endeavoring to satisfy their basic needs, and who form a particular group at the service of the whole of society.”

Pope John Paul II also warned about the risk of alienation when others responsibilities are not considered in business activity for the sake of profits. In his own words, alienation “happens in consumerism, when people are ensnared in a web of false and superficial gratifications rather than being helped to experience their personhood in an authentic and concrete way. Alienation is found also in work, when it is organized so as to ensure maximum returns and profits with no concern whether the worker, through his own labour, grows or diminishes as a person, either through increased sharing in a genuinely supportive community or through increased isolation in a maze of relationships marked by destructive competitiveness and estrangement, in which he is considered only a means and not an end.” (CA, 41)

Fiduciary Capitalism Theory contains several philosophical assumptions, some of which also present reservations from the CST perspective. Most of these assumptions have their roots in the seventeenth century, mainly through the British philosopher John Locke, who wrote extensively on rights and liberties of the individual, three of them are essential: the right to live, the right to private property and the right to freedom.

Fiduciary Capitalism Theory accepts as a matter of fact democracy, market economy and liberties included in economic activity, such as freedom of contract, freedom of association, freedom for starting up a business, for hiring labor, for choosing products and for trading. CST recognizes economic freedom as well, but, at the same time, CST remembers us that “economic freedom is only one element of human freedom. When it becomes autonomous, when man is seen more as a producer or consumer of goods than as a subject who produces and consumes in order to live, then economic freedom loses its necessary relationship to the human person and ends up by alienating and oppressing him.” (CA, 39)

Likewise, CST recognizes the role of market; it is an institution of social importance because its capacity to guaranty effective results and for attaining important objectives of justice (CDSI, 346; CA, 34). Nevertheless, it is added that “free market cannot be judged apart from the ends that it seeks to accomplish and from the values that it transmits on societal level.” (CDSI, 348) Thus, free market needs an ethical and legal framework and a responsible behavior of business.

Fiduciary Capitalist Theory presents an atomistic vision of society, and the necessity of social contracts for living together, as buyers and sellers. Society is then no more than the sum of the individual and the good of the society is only the agreement on individual interests. Within the society, business is a private and autonomous activity only restricted by the regulations of the government, with no other responsibility than to make a profit and create wealth. This mono-functional view leads to the rejection of responsibilities for consequences of business activities.

Again this view is not in accordance with CST, which understands person both as an individual and a social being, with individual and social duties and rights. Because human sociability, social life should not be based exclusively on a list of duties and right and on linked only with a hypothetic social contract. CST states that “a society is a group of persons bound together organically by a principle of unity that goes beyond each one of them” (CCC, 1880), adding that “the profound meaning of civil and political life does not arise immediately from a list of personal rights and duties. Life in society take on its significance when it is based on civil friendship and on fraternity” (CDSI, 390). Regarding economic activity, CST defends the right to economic initiative (CDSI, 336-337), and the autonomy of business included in the principle of subsidiarity (CDSI, 351), but not autonomy understood as independence of the common good: “Business should be characterized by their capacity to serve the common good of society through the production of useful goods and services.” (CDSI, 338) Business has both an economic and social function, not only an economic one. “A business’ objective must be met in economic terms and according to economic criteria, but the authentic values that bring about the concrete development of the person and society should not be neglected.” (CDSI, 338)

Private property is considered practically as an absolute right, only limited by a few legal restrictions to avoid abuses. Private property is crucial in this theory, since it is considered the best guarantee of individual rights. The right of property is traditionally seen as a concept that assures individual freedom from predatory powers of sovereign. Sternberg (2000), who strongly defends property rights, and argues that owners are legally entitled to the (residual) fruits of their financial investment, adding that any other use of gains has to be considered as unjust.

As a consequence of property rights, those who own means of production hire managers, who have to defend the owners’ interests. Thus arises a crucial point: corporate management has fiduciary duties towards the owners. These fiduciary duties, as Friedman (1970) stated, come from considering that “a corporate executive is an employee of the owners of the business.” Consequently, “he (or she) has direct responsibility to his employers.”

Christian tradition recognizes the right to private property, but not as an absolute and untouchable right. Moreover, calls for recognition of the social function of any form of private ownership (CDSI 177-178). This social function of property has to be kept for owners but also for management. CST points out that “business owners and management must not limit themselves to taking into account only the economic objectives of the company, the criteria for economic efficiency and the proper care of ‘capital’ as the sum of means of production. It is also their precise duty to respect concretely the human dignity of those who work within the company.” (CDSI 344, CCC, 2432)

Regarding the concept of firm, this theory generally accepts that “a corporation is an artificial person”, that is to say, a creation of the law (Friedman, 1970) which establishes duties and rights for the corporation. Frequently, the firm is also seen “a nexus of contracts”, especially in the economic neoclassical literature (Williamson and Winter, 1991). In the agency theory, contracts adopt a relation of principal-agent (Jensen and Meckling, 1976).

On this point, we also find a discrepancy between the theory considered and CST. While the former is an individualistic vision, the latter is personalistic and communitarian. Rather than a ‘set of contracts, “a business enterprise must be a community of solidarity” (CDSI, 340; CA, 43). A firm is not an ‘artificial person’ or a mere ‘society of capital goods”, as usually is considered in legal terms, but a community of persons (CA, 43; CDSI, 338).

To sum up, philosophical foundations of Fiduciary Capitalist Theory present a strong disagreement with CST.

#### **IV. Stakeholder Theory**

Stakeholder Theory of CSR is related to the belief that “corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law or union contact.” (Jones, 1980, pp. 59-60). Thus, stakeholder theory takes into account individuals or groups with a ‘stake’ in, or claim on, the company, including shareholders, employees, customers, supplier and local community.

Stakeholder theory was first presented as managerial theory. “The stakeholder concept –wrote Freeman in 1984– provides a new way of thinking about strategic management – that is, how a corporation can and should set and implement direction. By paying attention to strategic management executives can begin to put a corporation back on the road to success.” (p. vi) However, it is also a normative theory which requires management to have a moral duty in order to protect the corporation as a whole and, connected with this aim, the legitimate interests of all stakeholders (Freeman, 1997). In Evan and Freeman’s words: “management, especially top management, must look after the health of the corporation, and this involves balancing the multiple claims of conflicting stakeholders.” (1988, p. 151)

The term ‘stakeholder’, closely related to stockholder, was meant by Freeman “to generalize the notion of stockholder as the only group to whom management need to be responsible.” (1984, p. 31). ‘Stakeholder’ can be taken in two senses: in a narrow sense, the term stockholder includes those groups who are vital to the survival and success of the corporation; in a wide sense includes any group or individual who can affect or is affected by the corporation (Freeman and Reed, 1983; Freeman, 1984). Thus, “stakeholders are identified by their interests in the affairs of the corporation” and it is assumed that “the interests of all stakeholders have intrinsic value” (Donaldson and Preston, 1995, p. 81).

In the stakeholder theory, the purpose of the firm is to create wealth or value for its stakeholders by converting their stakes into goods and services” (Clarkson, 1995), or “to serve as a vehicle for coordinating stakeholder interests” (Evan and Freeman, 1988, p. 151). Accordingly, the corporation ought to be managed for the benefit of its stakeholders: its customers, suppliers, owners, employees and local communities and maintaining the survival of the firm (Evan and Freeman, 1988). The decision-making structure is based on the discretion of the top management and corporate governance, and frequently it is stated such governance should incorporate stakeholder representatives.

They base legitimacy of the stakeholder theory on two ethical principles, respectively called by these authors: “Principle of Corporate Rights” and “Principle of Corporate Effects”. Both principles take into account the Kant’s dictum respect for persons. The former establishes that “the corporation and its managers may not violate the legitimate rights of others to determine their future.” The latter focused on the responsibility for consequences by stating that “the corporation and its managers are responsible for the effects of their actions on others.”

Two more principles come to give guideline for managerial decision-making. Evans and Freeman (1988) called them P1 and P2 ‘Stakeholder Management Principles.’ Their respective enunciate id the following:

P1: “The corporation ought to be managed for the benefit of its stakeholders: its customers, suppliers, owners, employees and local communities. The rights of these groups must be ensured, and, further the groups must participate, in some sense, in decisions that substantially affect their welfare.”

P2: “Management bears a fiduciary relationship to stakeholders and to the corporation as an abstract entity. It must act in the interests of the stakeholders as their agent, and it must act in the interest of corporation to ensure the survival of the firm, safeguarding the long-term stakes of each group.”

While shareholder value theory is grounded on the utilitarianism principle of the greatest good and on property rights, stakeholder theory, as has been said, is Kantian in its roots. Regarding property rights, Donaldson and Preston (1995) have defended that those rights must be based upon an underlying principle of distributive justice. They also contend that all the critical characteristics underlying the classical theories of distributive justice are present in stakeholder theories. They conclude that the normative principles which support the contemporary pluralistic theory of property rights provide the foundation for stakeholder theory.

Stakeholder theory rightly takes into consideration stakeholder rights and their legitimate interests and not only what is strictly required by law. Consequently, the managerial duties are seen as wider than management fiduciary duties to the shareholders, although it is questionable that management has fiduciary duties to every stakeholder. As Carson (1993, p. 174), pointed out, “business executives have positive duties to promote the interests of all stakeholders. (These are *prima facie* duties.) But the duties to some stakeholders are more important than the duties to other stakeholders. Thus, sometimes lesser interests of more important stakeholders take precedence over the greater interests of less important stakeholders. Positive duties to stakeholders are constrained by negative duties not to lie or break the law, etc.”

The consideration of property rights of this theory fits better with justice than those theories that defend a quasi absolute property rights. In addition, it seems also in agreement with CST which points out the business “in seeking to produce goods and services according to plans aimed at efficient and in satisfying the interests of the different parties involved, business create wealth for all society, not just for owners but also for the other subjects involved in their activity.” (CDSI, 338) However, in practice, stakeholder theory basically concerns only on economic interests. CST goes beyond this function, stressing that “businesses also perform a social function, creating opportunities for meeting, cooperating and the enhancement the abilities of the people involved.” (CDSI, 338).

Along with these positive aspects, stakeholder theory includes a certain aspects which are not in accordance with the Catholic tradition. One is the consideration of the human person underlying this theory. It is assumed man is an autonomous being, with interests and legitimate rights with an intrinsic value. This is a wider view than fiduciary capitalism, in which implicitly is assumed a model of human being reduce to *homo economicus*, a being with interests, preferences and desires

to maximizing them. However, the view of man is still narrow. Sociability, capacity of cooperation and necessity of human flourishing, in contrast with CST, is not considered at all.

Another point is the concept of firm. In Stakeholder Theory, the firm is seen as an “abstract entity” where these interests converge. An entity made up by different individuals or groups with interests in the affairs of the corporation. In other words, a corporation is considered as a constellation of cooperative and competitive interests possessing an intrinsic value. This view of the firm is, at least incomplete, if one compares it with the notion of community of solidarity given in CST.

As currently stakeholder theory is presented, it is also quite problematic its philosophical and ethical bases. It has its roots in Kantian philosophy, as has been said, and in agreement with Libertarian political theories (Freeman and Phillips, 2002), both of which include a particular epistemology doubtfully compatibility with Christian ethics.

In addition, there is the problem of solving conflicting interests between stakeholders. Several authors, accepting the basic stakeholder framework, have used different ethical theories to elaborate different approaches to the stakeholder theory, and specifically to solve conflicts stakeholder demands. It has been proposed, among others, the following theories: Feminist Ethics (Wicks, *et al.*, 1994; Burton and Dunn, 1996), the Common Good Theory (Argandoña, 1998), the Integrative Social Contracts Theory (Donaldson and Dunfee, 1999) and the Doctrine of the fair Contracts (Freeman, 1994). Freeman accepted those pluralistic ethical approaches by presenting stakeholder model as a metaphor where different ethical theories find room (Freeman, 1994). This proposal is far to be consistent with a sincere searching for the moral truth as has been taught by Pope John Paul II in the Encyclical *Veritatis splendor*.

To sum up, stakeholder theory contains interesting aspects but needs important modifications to be in agreement with CST.

## **V. Corporate Citizenship**

The term ‘corporate citizenship’ was introduced in the 80’s into the business and society relationship mainly through practitioners (Altman and Vidaver-Cohen, 2000; Windsor, 2001a). However, the idea of the firm as citizen already had appeared in several pioneers in the CSR field, including McGuire (1963) and Davis (1973). The latter, for instance, wrote that “social responsibly begins where the law ends. A firm is not socially responsible if it merely complies with the minimum required of the law, because this is what a good citizen would do.” (1973, p. 313). Eilbert and Parket, already in the 70’s, turned to language for a better understanding what social responsibility really meant, using the expression “good neighborliness”, which is not too far from being a ‘good citizen’. Eilbert and Parket explained that ‘good neighborliness’ entails two meaning. First, “not doing things that spoil the neighborhood” and, second, “the commitment of business, or Business, in general, to an active role in the solution of board social problems, such as racial discrimination, pollution, transportation, or urban decay.” (1973, p. 7).

The concern for communities where companies operate has extended progressively to a global concern due to intense protests against globalization, mainly since the end of the 90’s. Facing this challenge, 34 CEOs of the world largest multinational corporations signed a document during the *World Economic Forum* in New York in 2002. The title of this document was quite

eloquent: “Global Corporate Citizenship – the Leadership Challenge for CEOs and Boards”. For *World Economic Forum*, “*Corporate citizenship* is about the contribution a company makes to society through its core business activities, its social investment and philanthropy programs, and its engagement in public policy.”<sup>2</sup>

Although, the concept of corporate citizenship has been understood as synonymous of corporate philanthropy, now is frequently used as equivalent of corporate social responsibility in the last few years, some scholars have undertaken the task of developing normative theories of corporate citizenship or similar concepts as something different than other concepts of corporate social responsibility. Although a full theory of ‘corporate citizenship’ is not still available, some valuable academic work has been done (Andriof and McIntosh, 2001; Wood and Logsdon, 2002, Logsdon and Wood, 2002, Wood et al., 2006, among others). Many of those approaches emphasize that businesses are part of the society and should participate in social life, respecting universal human rights and contributing in different ways to the social well-being, both in local and global arena. It is not a deep vision of human being and society but is much more than other approaches.

The term ‘citizenship’, taken from political science, is at the core of the ‘corporate citizenship’ notion. The notion of citizen evokes individual duties and rights within a political community. However, it also contains the more general idea of being part of a community. In the Aristotelian tradition, business firms are seen as an integral part of the society and for this reason they ought to contribute to the common good of such society, first of all to the community in which they operate, as ‘a good citizen’. In this tradition, the key concept is ‘participation’ rather than individual rights, as occurs in the current liberal state.

Business organizations are vehicles for manifesting human creativity. They permit the creation of surplus value, allowing people and societies to do more with resources. The interests of the firm and their actions span multiple locales and cannot be completely captured in contracts. Each firm is seen as a participant in a network of stakeholder relationships. Because business firms can be considered as citizens, although of a secondary status to individuals, they have derivative or weaker rights and duties.

Since, the concept of corporate or business citizenship is increasingly associated with a global sense of business and with a notion of citizenship which go beyond national boundaries, Wood and Logsdon (2001) suggested using the expression ‘business citizenship’ and ‘global business citizenship’ instead of ‘corporate citizenship’ to make clear that this term is not limited to corporate involvement and philanthropy and to present a global sense for citizenship. Under this idea, Logsdon and Wood are developing the Global Business Citizenship Theory, which seems especially relevant in the globalization age.

CST also stresses the role of companies, probably referring the largest ones, in the current global context: “Business today move in economic contexts that are becoming ever boarder and in which natural States show limits in their capacity to govern the rapid processes of change that effect international economic and financial situations. This situation leads business to take on new and great responsibilities with respect to the past. Never has their role been so decisive with regards to the authentic integral development of humanity in solidarity.” (CDSI, 342).

From an economic perspective, it is emphasized the profitability of certain citizenship activities. Gardberg and Fombrun (2006) argue that citizenship programs are strategic investments

comparable to R&D and advertising. Under certain conditions, citizenship programs can help globalizing companies neutralize their lack of involvement in a host country by strengthening community ties and by enhancing their reputation with potential local employees, customers and regulators. It can be argued that these arguments use corporate citizenship instrumentally. However, the existence of benefits does not eliminate a notion of business in society which can be enriched the vision of business in society and even in a global world.

This theory needs further development in order to become more robust and overcome some current concerns and criticisms. In my opinion however, it has potential and can lead to a CSR approach more in accordance of CST than the previous theories.

## VI. Conclusion

Although this paper only has tried to outline the mainstream theories on CSR and to scheme an evaluation them from CST, we can conclude with, at least, three points:

First, all these theories present the necessity to pay attention to social impact of business, although some of them only for long-term economic reasons.

Second, most of the philosophical assumptions of the analyzed theories, regarding the human being, nature and purpose of the firm in society and even the notion of society are not always in accordance with CST.

Third, further research is necessary to develop news theories of CSR rooted in some basics concepts provided by CST.

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<sup>2</sup> See <http://www.weforum.org/site/homepublic.nsf/Content/Global+Corporate+Citizenship+Initiative> Accessed on July 1, 2006.