

Working Draft

Philosophical Underpinnings and Basic concepts for a dialogue between CST and CSR on the “Good Company”

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If we are going to talk about the social responsibility of business, we need to have a clear idea of what a business *is*. Since we are talking about an organisation that is created for achieving certain goals, this is practically equivalent to asking what a business *does*. Both an understanding of what a business does and is will be important for understanding what its responsibilities might be.

Both CSR and CST have ways of doing this, and although they have different starting points and arrive at different explanations, nevertheless, they share a common interest in producing a more healthy business culture and this allows them to enter into dialogue with each other on the question of what makes the “good” business. Here, then we firstly outline briefly some of the philosophical underpinnings of the two literatures and their general ideas of what a business is. In this first part, the CST position will form the basic framework of the discussion, since CST is more explicit about its philosophical underpinnings and aims to be coherent in its approach. In the second part of the position paper, we synthesise thinking on some of the main basic concepts in the two literatures, and here we will focus more on four basic concepts from the CSR field:

- CSR itself,
- The idea of the stakeholder
- Corporate citizenship
- Sustainability

While discussing these, we will refer to basic concepts from CST, especially those of the common good and the human person.

In a short position paper, we cannot cover all the detail necessary for a full understanding of these concepts. This is especially so with regard to the CSR literature, where terms are less clearly defined and may be used in different ways by different authors. What we can do is create an outline and a general sense of the meaning of the terms as an aid to the dialogue that the conference is aimed to promote. Furthermore, in order to produce a paper of 10 pages (plus bibliography), we cannot give equal weight to the two literatures in both the parts of the paper. Thus, the CST literature is predominant in the first part, while CSR literature has that position in the second part. Thus, we aim to promote dialogue while being as brief as possible.

1. Philosophical Underpinnings: The nature of a business in CST and CSR

In synthesis, according to CST we can say that *Businesses are communities of human persons working together in a systematic way, making use of certain resources,*

*creating a product or service at a profit and thereby also reinforcing the form of community that is the business.*²

On the basis of this definition, we can say that businesses are not machines, made up of people and resources as if these were mechanical components. It may sound rather odd to suggest that a business could be thought of as a machine (except in the metaphorical sense, as developed by Gareth Morgan), but, hidden under another name, it is in fact a very widely-held view of the business, although most of the people holding this view do not realise this. That is because this view is usually expressed as the “shareholder model” of the firm, where the nature and purpose of a business is to do one thing only with as much precision as possible: maximise shareholder value. This view implies that the business is an instrument of the will of the shareholders, which is equivalent to saying that it is a machine made up of inert parts that, when functioning as the machine should, will produce the required output. More realistically, it is a goal to which the business should aspire to be as much like a machine as possible, following as faithfully as possible the production function that generates maximum shareholder wealth. It is important for our subject here (the responsibilities of business) to realise that a machine cannot have responsibilities, and thus we arrive at Milton Friedman’s statement that the social responsibility of business is to maximise profit. Machines cannot have any other “responsibility” than to do what they are set up to do.

Similarly, on the basis of the definition above, CST has difficulty in accepting *tout court* what has probably become the dominant model of the business in the CSR literature, the firm as a “nexus of (social) contracts”. This model suffers from philosophical individualism. Social living is problematic according to this model, and we are only able to live in peace with each other because we have negotiated a kind of contract that forms the basis of our relationships. CST does not want to deny that negotiating and contracting is a part of the life of a business. What it suggests, however, is that it is mistaken to see the business as no more than a nexus of contracts for the simple reason that it does not help us understand so many aspects of the way the business works. While it is obviously true that contracts are a part of the life of a business (employment contracts, sales contracts, supplier contracts . . .) it is not the case that the everyday functioning of the business itself requires the ongoing negotiation of contracts. People working together in the business do not help each other, work out problems together, grow in competence through shared experience and so on because they have negotiated contracts with each other where it is clear what is the nature of the exchange, what is due, how it is to be paid for, what are the sanctions if the contract is not fulfilled, what are the “get-out” clauses. Businesses would grind to a halt if people adopted this kind of attitude in practice towards their working together within the business. More fundamental than the negotiating and the contracting that goes on between individuals and groups with individuated interests, is the network of shared, interlocking goods and relationships that provide the foundation on which the negotiating may take place. These goods arise “naturally” out of the shared activity of the members of the business towards the achievement of desired goals.

Coming back to our definition of the business from CST, we argue that the business is not a machine and is not merely a nexus of contracts, though contracts are an important part of what make a business – it is rather a community of persons working

towards a common goal and a common good. A community is not just a group of people who happen to live or to be in the same place, or who happen all to be employees of the same company. It is a structured form of human organisation where *relationships* between people have their own value, where goods are shared between people through their relationships, work relationships in the case of the business, and through which (both the goods and the relationships) the human person can grow and develop. Human persons are naturally in relation with each other. Modern technologies can be used to help us create new forms of community – like an international community of scholars, the networks of civil society organisations and so on – even if the nature of community itself still resides in the ongoing relationships between its members and the goods they share between them as part of, and thanks to, these relationships.

We can also come to this position on the nature of the business from another direction, by asking the question: what do businesses *do*, or, what happens in a business every day? In a business, people work. The human activity which we call work is co-ordinated towards achieving the goals of the business as a whole – serving the customer, producing a good quality product, gaining sufficient profit – and this co-ordination is also achieved through human work, either of the same people or of people specialised in this co-ordinating role (usually known as managers). So the fundamental activity we are talking about when a business is operating is human work. We could put this the other way around: without human work, there is no such thing as a business (machines are not businesses, as we have already discussed).

What happens when people work? Basically, we can say that two things happen: there are both objective and subject outputs or results, and various goods are developed: instrumental and inherent, common and particular. When human beings work they produce some kind of output that can be seen and measured: they serve a customer: they mount the exhaust system on a car; they sow wheat or millet or rice; they write a piece of software; they make a trade on the money markets, and so on. *At the same time*, inescapably, they also “produce themselves” – as we all know from experience on an unreflective level, people with different kinds of jobs tend to have different traits (CEO’s tend to think they always have the right answers, since they are used to people agreeing with them!). Joking apart, what we do in our work helps to form our characters, as Adam Smith realised when he noted that the division of labour in factories tended to produce people who were “as stupid as it is possible for a human being to become”.³ This is why the design of jobs and the organisation of work is so important – one of the social responsibilities of business. Through their work, people have the chance to develop as human beings, to become more fully human in a genuine sense, or else they can be stunted and limited in their growth, and even regress, if their work is boring, pointless and stupid. Equally inescapably, during the course of its everyday operation, the business is developing both objective, instrumental goods (like products, services, and profit) and subjective, inherent goods, (like growth in virtue, growth in skill, and deeper, more genuine human relationships) – or their opposites, what we might call “bads”. If we see the firm only as a “nexus of contracts”, it is hard to find a way of explaining what happens as a result of human work in a way that keeps close to this experience of work; if, however, we think of the business as a community of work, we can begin to identify these important characteristics.

Once we have established what is the nature of a business on a general level, we can begin to think about what are the general social responsibilities of business. This then would need to be worked on further when we get to the level of particular types, sizes, competences of particular businesses (which we hope conference participants will start to do). A large multinational making a wide range of products is not going to have the same set of social responsibilities as an artisan producing furniture or shoes.

1.1. Some comments on what businesses do

As is pointed out in the book *Managing As If Faith Mattered*, the business produces different kinds of goods in an ordered way. It does this as part of the human community as a whole, and thus its ultimate purpose must be to contribute to the common good of that human community of which it is a part and on which it depends. It does this through providing particular services or goods at a profit, so that it can continue to exist through time and provide jobs to its employees and income to its owners (who may be the same people). The survival of a business is a relative good, not an absolute good, since it is not impossible for businesses to go out of existence (both for good and bad reasons). The great majority of small start-ups fail in the first two or three years of their existence, and this is not necessarily a bad thing since those who start up businesses may find in the process that they do not really have the talents or skills necessary for running them (though start-up failure may often be caused by inadequate sources of finance for small businesses, which more socially-responsible investing or government policy could address more effectively). At least we can say that when an established business fails, however, a human community (with its shared competences and goods held in common, that can only exist as held in common) is lost, and that is a real loss to the community as a whole. It may be compensated to some extent by the founding of new initiatives, but still, the goods they held together as a community of work remain lost.

Just as we said with regard to human work – that inescapably and simultaneously, there is both an objective and a subjective output to work – similarly, the goods that the business produces are simultaneously both foundational (or instrumental or extrinsic), like physical products, profits and return on investment, and excellent (or inherent or intrinsic), which are the various forms or aspects of human development, both of particular persons or of a community of persons. Similarly the business also produces goods that are inevitably, or that need to be, held in common (common or participated goods) and goods that are divided up between people or groups (particular or allocated goods). Finally, it must make a decision about what counts as a good (which may not be easy to make), especially as regard the products or services that it offers on the market. As we all know from human experience, it is possible to convince oneself that something is good, either for me or for others, when others can see that that is not the case.

1.2. CSR and the Common Good

In this scheme, then, we can specify what the responsibility of a business is at the theoretical level. This responsibility would be to promote the common good in a way that is faithful to the nature of the business – to do what it is set up to do. Clearly, the key term here is that of the common good and it is here that we have to keep working, because the common good is something worked out historically, even if all forms of the common good must respect the nature and dignity of the human person (which is already saying a great deal). Here the question of dialogue becomes important – we

need a way of finding out in particular concrete situations what the common good is and how each business (given its size, product offering, technical competence and so on, as we said at the opening of this chapter) can contribute to this. There is going to be conflict over what constitutes the common good, but the conflict can be creative if it is channelled into dialogue and towards coming to provisional agreement. The influence of unequal power-relationships in society make it likely that such a dialogue is never going to fully achieve its goal, but that does not mean that this is not the most realistic way to treat our situation and that it does not provide at least one of the most solid ways of approaching the social responsibility of business. We should not forget that we would never be able to maximise return to shareholders in a completely clear and unequivocal way either. It is better to be working towards a more realistic and human goal and making mistakes in doing that than making similar kinds of mistakes towards a mistaken and distorted goal.

2. Connecting basic concepts from the CST and CSR literatures

2.1 Corporate Social Responsibility

This is perhaps the most complicated of the ideas to analyse, since it has a long history and has been used in different ways throughout that history and in different geographical places. Carroll (1999) credits Bowen with initiating the modern period of thought on CSR. In a 1953 text, he describes CSR as “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (quoted in Carroll, 1999, p. 270). In the 60’s, Davies defined CSR as “business-men’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest” (quoted in Carroll 1999, p. 271). He comes up with the “Iron Law of Responsibility” where “social responsibilities of businessmen need to be commensurate with their social power” (ibid.). If not, the social power of businesses would start to be eroded. Walton, in a text published in the same year as Davis’ (1967), said that “the concept of social responsibility recognizes the intimacy of relationships between the corporation and society and realizes that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals” (quoted in Carroll 1999, p. 272). He saw CSR as essentially voluntarist, thus involving actions going beyond the law, and requiring at least the possibility of costs for which no economic return could be accurately measured.

In the early ‘70’s we arrive at the famous definition of the Committee for Social Development with its three concentric circles:

The *inner circle* includes the clear-cut basic responsibilities for the efficient execution of the economic function – products, jobs and economic growth.

The *intermediate circle* encompasses responsibility to exercise this economic function with a sensitive awareness of changing social values and priorities: for example, with respect to environmental conservation; hiring and relations with employees; and more rigorous expectations of customers for information, fair treatment and protection from injury.

The *outer circle* outlines newly emerging and still amorphous responsibilities that business should assume to become more broadly involved in actively improving the social environment. (For example, poverty and urban blight) (quoted in Carroll 1999, p.275).

In 1972, in a book that resulted from a debate sponsored by the American Enterprise Institute for Public Policy Research, Manne defined CSR thus:

To qualify as social responsible corporate action, a business expenditure or activity must be one for which the marginal returns to the corporation are less than the returns available from some alternative expenditure, must be purely voluntary, and must be an actual corporate expenditure rather than a conduit for individual largesse.

More recently, writing on CSR has spent less effort on defining it than on operationalising and measuring CSR. The most important recent definition would come from the Green Paper of the European Commission on CSR, produced in 2001:

Most definitions of corporate social responsibility define it as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (p. 6).

Like much recent writing on CSR, it is built on the “business case” for CSR (what *The Economist* would call “good management” in its Jan 2005 survey of this subject) and thus comes out of the dominant liberal, neoclassical economic school, in contrast to earlier ideas about CSR and those we ourselves are interested in promoting. It is, however, useful in that it outlines fairly comprehensively what should be a part of CSR, firstly by looking both internally to the firm (with a focus on human resources and helping employees to deal with change) and externally (local communities, human rights, environmental protection) and then following this up with an “holistic” approach to CSR, including quality at work, socially responsible investment, auditing and socio and eco-labels, among other things).

2.2 Stakeholder

The classic definition, though not the earliest, is that of Freeman 1984: “a stakeholder in an organization is . . . any group or individual who can affect or is affected by the achievement of the activities of an organization”. Probably the most important definition after this one is that given in the final book to come out of the five year research project funded by the Alfred P. Sloan foundation on the stakeholder: “the stakeholders in a corporation are the individuals and constituencies that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities, and that are therefore its potential beneficiaries and/or risk bearers” (Post, Preston, Sachs 2002). Interestingly, these authors maintain that their proposal for “redefining the corporation” is very close to that of Chappell 1993. However, Chappell never uses the term “stakeholder”, although he does use one graphic which is rather like one used by Post et al. Chappell rather focuses his whole book around the idea of the common good, as the title suggests. Mitchell Agle and Wood (1997) give a useful summary of the various definitions put forward in the management literature regarding the stakeholder.

Clarkson 1995 maintains that the stakeholder idea has been useful for managers in dealing with social problems. Before the advent of the idea of the stakeholder, he argues that CSR was too vague at an operational level for managers to be able to grasp and to act on. However, the stakeholder idea has its own problems: is very generic, and there have been many studies that have tried to specify more precisely who are stakeholders. So far, however, there is no generally agreed solution (Mitchell et al 1997, Post et al 2002).

Another problem associated with the idea is that of how to “balance” the interests of the stakeholders (Evan and Freeman 1988). Dealing with the environment remains an open problem for the stakeholder approach, with various positions being taken on how to incorporate it.

From our point of view there is also the clearly individualistic philosophical basis for the idea of the stakeholder that its main proponent, R. Edward Freeman, gives it. In Evan and Freeman (1988), this philosophical underpinning is particularly clear. The authors argue that most strategic thinking is nothing more than forcing people to do what they would rather not do, by more or less aggressive means, and that the only truly ethical strategy is one that promotes the “personal projects” of each member of the business. There is really no idea here of the common good, or of the idea of the person as naturally in relation with others.

Argondona (1998) argues that stakeholder theory does not have a “solid foundation” and that such a foundation could be given to it by the concept of the common good. In trying to make this connection, he gives a general introduction both to the idea of the common good and to that of the stakeholder. In applying the idea of the common good to a business, he considers a “very simple enterprise: a group of farmers who agree to market their goods jointly, each contributing money (capital), ideas, labour and produce” (p. 1097). He asks what they all hope for from this common activity:

On the most basic level, better economic results than they could obtain on their own or be selling to a middleman. They also hope to guarantee the future of their business, to gain recognition for their worth, to acquire and improve their professional qualifications, to be able to provide for their family, to build a spirit of cooperation in their locality, to foster the prosperity of their region . . . And moving on to deeper motives, they hope that the enterprise will help them to achieve their aims in life: firstly, to satisfy their needs (better than by other means); and secondly, to develop as persons (or any other definition of this ultimate personal aim in life: saintliness, self-fulfilment, freedom, satisfaction, etc), all this in a long term perspective (p. 1097).

Here then the common good of the company is:

Not the volume of sales, nor profits, nor job creation, nor the prestige of its directors, although all this can be part of the company’s common good. The common good of the company is the fulfilment of the company’s purpose as a company: namely, to create the conditions that will enable its members (that is to say, all those that have a part in the company) to achieve their personal goals. And yet this common good is a good in its own right: it is the goal of the company and, as such, can be distinguished from the goals of the company’s members. It is not the sum of the individual goals of the members: firstly because these individual goals include many more things than the company can possibly provide; and secondly because the company facilitates the achievement of personal goals indirectly, through the achievement of its own goals (p.1097).

Argondona goes on to recognise that different groups within the company have different hopes and goals, but all must contribute to the good of the firm as a whole in order to achieve their goals. There will always be some conflict between groups with different personal goals, but these are conflicts between the interests of these various groups and not between the interests of each or all groups and the common good of the firm. This is so “because, to the extent that the company develops its common

good, all will have a share in it (although in different ways and in different proportions)” (p. 1098).

Argondona thus tries to marry the idea of the stakeholder with that of the common good. He does this, we think, by allowing the idea of the stakeholder to operate on two levels, or else by introducing a certain ambiguity into the idea of the stakeholder. He suggests that it can both relate to the bearer of (at least potentially) conflicting interests as well as the participant in the process of creating value, or contributing to the common good of the firm and, through that good, to the general common good. Although Freeman would not put it this way, his 1994 definition of the stakeholder also seems to allow for these two levels, or this ambiguity.

Corporate Citizenship (CC)

The idea of corporate citizenship originated in US business parlance in the 1980s, becoming a major theme in 90s⁴. In many ways, it could be seen as a rival term to CSR, but though the use of CC in the by theorists and practitioners grows exponentially today⁵, the slogan “CSR is dead, long live CC!” is still far away from becoming a reality.

At the beginning of this period, proponents of CC justified the entrance of the new term by the failure of proponents of CSR to establish a universally accepted definition and the normative grounding necessary for its effective regulation. They argued that CC instead had all the potential to generate a normative framework by applying consensual schemes that integrate business, state and civil society institutions (Whitehouse, 2003). Those who considered CSR to be rooted in left-wing ideology underlined the more radical and exacting aspect of CSR, insisting that CC is based on a clearer role for business in society and “concerns a much smaller group of stakeholders, making it easier to measure the concept and to evaluate company performance” (Wood & Logsdon, 2001 cited in Whitehouse, 2003). Later attempts to underline the differences between CSR and CC emphasised the communitarian aspect of CC, drawing on the concept of the “public work” of the whole community (Post, 2002). While there is still discussion as to the voluntaristic nature of CSR, CC is said to be univocally voluntaristic, and thus more attractive and acceptable to practitioners (Boyle, 2004). While it does not seem to us that the idea of CC has any more power to generate a normative framework than that of CSR, nor that it gives a clearer role to business, the term does perhaps highlight more strongly the place of the business as part of a community than CSR has done, and the need for a good citizen (corporate or not) to participate in society beyond the basic requirements of the law.

Having said this, the definition of CC is as probably as fluid as that of CSR. We can group its various meanings into the four following areas:

- *Conflation of terms*
CC is equivalent to CSR or, perhaps more accurately, CC is confused with CSR (Dawkins 2002, Maignan et al 1999, Post 2002, Zappalà 2004, Zadek 2003). Perhaps the best way to see this confusion, which is the most widely found version of CC in the literature, is “the absence of a position” on the relation between CSR and CC, since the authors use the terms interchangeably without even raising a question about their differences.
- *CC as philanthropic activities*

The “historical” definition viewed CC as a particular domain of corporate social responsibility (the fourth, after economic, legal and ethical domains), equivalent to discretionary/philanthropic activities (Carroll 1999). The company uses discretion in determining its actions in this domain, unlike in the ethical domain, where social expectations and norms are already determined. Discretionary responsibilities get business actively involved in reciprocal relationships with the community in which it operates.

- *Universal approach*

Logsdon and Wood (2002) claim that in the era of globalization the narrow, voluntaristic and localized concept of CC should be replaced by a global one – “business citizenship” (BC). They argue that while corporate citizenship, that consists in focusing on the concerns and well-being of the specific community, is consistent with the communitarian perspective of political life, business citizenship presumes the Universal Declaration of Human Rights as the grounding for a company’s contribution to global welfare. According to this approach the highest criteria for a company’s actions is considered human liberty. While being aware of the problems with this new concept (among which is the absence of clear mechanisms for governing relationships among different levels of citizenship – local, national, supranational, global), they maintain that BC “represents a pathway to a collective good”.

- *Civic participation approach*

This attempt to reshape the notion of CC, by the scholars of Nottingham University Centre for CSR, does not start from the legal or political status of the business but from the social role of business in upholding citizenship rights (Matten and Crane 2003, Moon, Crane and Matten 2003). Such a definition makes a shift from the notion of the corporation as a citizen possessing rights and duties to the conception of the corporation as provider of the social rights, enabler of civic ones, and channel of the political rights of the citizens. The company’s participation in processes of governance becomes a key criterion of its citizenship.

2.4 Sustainability

The idea of sustainability grew out of an ecological concern with the finite nature of at least some natural resources and of their continued exploitation, leading to the questioning of the whole idea of growth and development. Instead of identifying development more or less unqualifiedly with economic growth, as measured by employment rates, gross national product or GDP per head, sustainable development came to be seen more as a way of expanding and realising potential, and as moving towards a better, fuller state of affairs in a balanced and ordered way. Since there will always be more to realise, a better state at which to arrive, sustainable development is seen less as arriving at a predefined state than as a process of change in which the use of resources, the direction of investment and the changes in institutions are compatible with future needs over and above those of the present.

The concept of sustainability draws attention to two points in particular:

- a) the need for every human being to establish relationships with his/her context, at the biological, ecological and social levels;
- b) the growing awareness that the world is a closed system, with practical and theoretical limits in space and time.

The idea of sustainability, thus, aims to create a bridge between ecological, economic and social systems in the context of modern societies and economies where there is a need for the balanced development of all these three aspects together.

The classic definition given by the Brundtland report, that is, that sustainable development is such that it «meets the needs of the present without compromising the ability of future generations to meet their own needs» is still referred to as the basic definition, although some more specific ways of operationalising it have been proposed, such as that by Daly, 1991. In 1994, John Elkington publicised the idea of the *triple bottom line*, where to the classic economic “bottom line” is added another regarding the effect of the business on social equity and a third regarding its effects (the balance of positive and negative) on the environment.⁶ Here the business is seen as a place where business value in the widest sense is created, and either cared for or destroyed (cfr Wheeler, Colbert, Freeman 2003). The sustainability of a business organisation involves making concrete responses to the call for sustainable development, where the latter is seen as an integrated system of quality/health/social equity/ economic development (see diagram above).

The term “sustainability” is sometimes used as a synonym of CSR and sometimes as an alternative to it. It can also be seen as having a wider significance, containing CSR within it but taking this concept further. As well as drawing attention to the environment, it also implies a unity between the ecological, social and economic systems, and between the members of the human community, both those living today and those yet to be born. In this sense, the underlying ethical component in this term is closer to that of the Aristotelian-Thomistic tradition than it is perhaps in the other terms we have discussed. With a focus on human needs, it lends itself to a critical analysis of true and apparent (or artificial) needs and goods, and to the way in which businesses may contribute to the formation of (un)sustainable preferences in consumers.

Sustainability and the CST tradition

The idea of sustainability, defined as it is with a focus on the human community, is perhaps the term that comes closest to that of the common good within CST. We can note a number of similarities between these terms, only two of which are given here:

- The idea of the common good focuses our minds on a good to be realised by achieving certain goals (we could say the term has a “strong teleological connotation”) As such, it is an end or goal of the society of human persons that at the same time flows back to them as a whole, providing the necessary conditions for the full realisation of each human person. This “quasi-eschatological” dimension of the common good – in realizing it we are caught between the “already” and the “not yet” – is also characteristic of the concept of sustainability. In the literature, there is a growing tendency to understand business sustainability as both the end-point and the way to that point (J. Crawford) or, simultaneously as both stock and flow (Zadek).
- Since the concept of sustainability comes out of ecology, it implies a dynamic and systemic equilibrium that embraces all the spheres of human life involved in business processes, and does this with an eye to the future. This emphasis on the unity of the human race and its shared destiny again reminds us of the common good, which “Belonging to everyone and to each person, . . . is and remains “common”, because it is indivisible and because only together is it

possible to attain it, increase it and safeguard its effectiveness, with regard also to the future” (Compendium 164). Although we may note that sometimes a kind of New Age admiration of the system of life in general as sacrosanct clashes with CST, on the other hand, its very emphasis on a naturalistic framework underlines the importance of interdependence in society, and helps to counteract the contractualistic and individualistic philosophical influences which are dominant in the concepts of CSR, the stakeholder, and, to a lesser extent, in the idea of citizenship.

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NOTES

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² It may seem that this definition is somewhat dated, with the idea of the “virtual business” and the “hollow corporation”, where networks and outsourcing separate people into very small groups working in different places. Still, however, the business is set up and run by people, at least some of whom have on-going relationships with each other. More on this will be given in an appendix to this paper.

³ The context of this statement from Smith is the following: "In the progress of the division of labour, the employment of the far greater part of those who live by labour, that is, of the great body of the people, comes to be confined to a few very simple operations, frequently to one or two. But the understandings of the greater part of men are necessarily formed by their ordinary employments. The man whose whole life is spent in performing a few simple operations, of which the effects are perhaps always the same, or very nearly the same, has no occasion to exert his understanding or to exercise his invention in finding out expedients for removing difficulties which never occur. He naturally loses, therefore, the habit of such exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become. The torpor of his mind renders him not only incapable of relishing or bearing a part in any rational conversation, but of conceiving any generous, noble, or tender sentiment, and consequently of forming any just judgment concerning many even of the ordinary duties of private life. Of the great and extensive interests of his country he is altogether incapable of judging, and unless very particular pains have been taken to render him otherwise, he is equally incapable of defending his country in war. The uniformity of his stationary life naturally corrupts the courage of his mind, and makes him regard with abhorrence the irregular, uncertain, and adventurous life of a soldier. It corrupts even the activity of his body, and renders him incapable of exerting his strength with vigour and perseverance in any other employment than that to which he has been bred. His dexterity at his own particular trade seems, in this manner, to be acquired at the expense of his intellectual, social, and martial virtues. But in every improved and civilized society this is the state into which the labouring poor, that is, the great body of the people, must necessarily fall, unless government takes some pains to prevent it." *An Inquiry into the Nature of the Wealth of Nations*, Book 5, chapter 1, part 3, article II.

⁴ It would be interesting to analyse why the term emerged and spread in that very period. One of the possible reasons could be the fall of the Berlin wall and the collapse of the Soviet Union that caused the revival of the concept “citizen” and of the rights inherent to a citizen, along with a revitalization of civil society. On the other hand, the geographic place of birth of this term could suggest a certain “incompatibility” between the Anglo-American culture, centred on the individual and his freedom, with the idea of “social” incorporated in the notion of corporate social responsibility.

⁵ The idea of citizenship is used in such companies as Ford, Nokia, Toyota and Nike, as well as in the statement of the World Economic Forum and the UN’s Global Compact.

⁶ There are also other ways of analysing sustainability, such as the 4 “e’s”: economy, ethics, environment, engineering, or the 5 “e’s”: ethics, equity, environment, economy, empowerment (The Earth Council). From a Christian point of view, we could also add a spiritual dimension.