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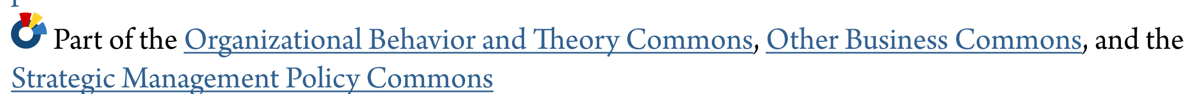
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5 Corporate citizenship and community stakeholders

Robert A. Phillips and R. Edward Freeman

Introduction

It is fair to say that the concept of corporate citizenship has witnessed a meteoric rise in terms of scholarly attention since Logsdon and Wood presented their original paper (Wood and Logsdon 2001, 2002; Logsdon and Wood 2002). Some elaborations and extensions of corporate citizenship make reference to earlier scholarship, others do not. Stipulating that work on corporate citizenship is intended to add to the conversation around the role of business in society, it is reasonable to assume that scholars adopting (and adapting) the language of corporate citizenship find something there that allows for better description, analysis and synthesis of this role. Though what 'better' may mean here remains an open question, a sensible place to begin considering the question is to compare and contrast corporate citizenship with more established ways of conceiving business's role in society such as, in the case of this chapter, stakeholder theory.

Among the challenges of comparing corporate citizenship and stakeholder theory is the fact that neither theory can currently claim a defining consensus regarding the content and limits of their respective domains. To differing degrees, both are less monolithic concepts than ways of conceiving of and arranging the complex relationships between business organizations and other social actors. A further difficulty shared by both corporate citizenship and stakeholder theory is that summarizing the literature may, or may not, include writings that unreflectively use the terminology of citizenship or stakeholders without reference to any particularly deep thoughtful or coherent conceptual foundations. Much of the heavy lifting in numerous treatises on corporate citizenship is done by merely inserting the word 'citizenship' and assuming that author and reader have the same understanding of what this denotes and implies. The identity of the citizens, the basis of this status, and the rights, duties and obligations of such status are only a few of the matters on which such agreement is assumed, but often not made explicit. Logsdon and Wood (2002) – pioneers in the area of corporate citizenship – recognize this ambiguity in the use of 'citizen' and briefly address it; though Moon et al. (2005) have criticized the sufficiency of these efforts and offer their own elaboration.

Similar to the unreflective use of citizenship terminology, discussions of corporate citizenship also employ the term 'stakeholder' with little or no reference to the now extensive literature on these relationships. To be fair, corporate citizenship is hardly alone in this failure to consider the deeper foundations and challenges of extant stakeholder scholarship, though perhaps we should expect more of a literature stream so closely related in subject matter to stakeholder theory. In many cases, studies of corporate citizenship employ the terminology of 'stakeholders' suggesting a conflation of the two theories. Our reading of the literature on corporate citizenship leads us to believe that the language of stakeholders is adopted nearly universally. This makes the failure to consider prior theorizing about stakeholder relationships still more troubling.

When used in this somewhat superficial fashion, corporate citizenship may be fairly described as a recapitulation of well-rehearsed corporate social responsibility (CSR) concepts – with the added benefits and *dangers* of importing central and implied, but underexamined concepts of citizenship from political theory. Others, both within this volume and elsewhere (Waddock 2001; Windsor 2001; Wood and Logsdon 2001; Moon et al. 2005) have examined the relationship between corporate citizenship and historical notions of both CSR and citizenship itself. We shall not repeat these efforts. Nor shall we undertake here to remedy the dearth of conceptual depth concerning the 'citizenship' within the corporate citizenship literature – others in this volume take on this question with greater expertise and focus.

Instead we shall focus on stakeholder theory. In particular, we shall focus on 'community' stakeholders. We discuss the source and limits of organizational obligations to communities and describe a typology of potential relationships that organizations may have with communities. While this discussion of community stakeholders may well be interpreted as a description of corporate citizenship obligations and how they can or should be discharged, we do not see this interpretation as necessary nor shall we attempt to fully render such an interpretation. The concept of citizenship is too complex to convincingly make such a case here. Our more humble goal is to discuss firm–community relationships as one potential lever in beginning this more complicated endeavor of reconciling and distinguishing corporate citizenship and stakeholder theories. And in the process, we hope to highlight challenges involved with the unreflective use of stakeholder terminology in discussions of corporate citizenship.

Corporate citizenship and community stakeholders

When considered in terms of stakeholder theory, corporate citizenship focuses particular attention on the community as a stakeholder. It focuses managerial and scholarly attention toward consideration of the role of the

organization in its community, with a concomitant de-emphasizing of other core stakeholders. Although there are myriad ongoing debates about the scope and content of stakeholder theory – together with employees, financiers, suppliers and customers – local communities are universally counted among the archetypal five stakeholders (Phillips 2003). But this apparent agreement may itself mask ambiguities similar to those associated with the concepts of citizenship and stakeholder alluded to above. That is, stakeholder theorists may reasonably be accused of replacing 'citizen' with 'community member' and running foul of a similar imprecision as corporate citizenship scholars.

As with corporate citizenship, there has been some effort to better specify the content of 'community' within stakeholder theory (Dunham et al. 2001, 2006). According to Dunham et al. (2006, p. 24), 'community as a stakeholder has come to represent something of a default, a sort of error term containing all sorts of interests and externalities that fail to find home within customer, supplier, employee, or shareholder groups'. They suggest that communities can be subdivided into what they term 'communities of place', 'communities of interest', 'communities of practice' and 'virtual advocacy groups'. Communities of place are the shared geographic locations which most people associate, most of the time, with 'community'. Actors living in, more or less, close proximity to one another are, of necessity, mutually interdependent. At the very least these actors share the same natural environment (for example, water, air) and infrastructure (for example, roads, schools, police, retail establishments). And, typically, these actors share even deeper interdependencies such as local norms of behavior, dress, language and other necessary aspects of consistent, ongoing social interaction. These mutual interdependencies appear sufficient in the eyes of many stakeholder theorists to establish at least 'local' communities as organizational stakeholders. But, for any particular organizational issue, the intensity of the local community members' interest will vary.

This is not the case for what Dunham et al. (2006) call 'communities of interest'. Although they may be geographically local, the more relevant – indeed defining – characteristic of these groups is their interest in a specific topic. The stakeholder relevance of these groups is contingent upon the organization's actual or potential ability to affect – for better or worse – this interest. The coordination capacity of communities of interest has increased dramatically with the advent of new innovations in communication and information technology. These innovations have also improved the focal organization's ability to communicate and coordinate with these communities. Communities of interest are able to significantly aid or harm the focal organization's ability to achieve its goals. This ability to affect the achievement of the firm's objectives puts communities of interest squarely

within Freeman's (1984) original definition of a stakeholder (that is, those who can affect or are affected by the achievement of the firm's objectives).

While communities of interest are often willing and able to help the firm advance its goals, 'virtual advocacy groups' – according to Dunham et al.'s definition – are consistently hostile. Relying even more extensively on information technology, the ties among the members of these groups may be entirely confined to cyberspace. But, of course, this does not lessen their ability to harm the achievement of the focal firm's objectives. Dunham et al.'s identification of such virtual communities adds another layer of complexity to the already challenging elaboration of community stakeholders.

Finally, Dunham et al. invite readers to consider communities of practice as a new variant of community that has risen to prominence among practitioners. They write that conceiving of a business organization as a community of practice is:

> to see it as held together by a shared concern for both the outcomes it achieves for stakeholders (be they customers or shareholders) and the personal development and learning of its members. In fact, it sees these two as inseparable, in that increased capabilities at the organizational level flow from development at the individual level. (Dunham et al. 2006, p. 35)

A mirror image of virtual advocacy groups, Dunham et al.'s elaboration of communities of practice presents additional positive opportunities for managers to reciprocally advance firm/community objectives.

Of particular relevance to this chapter, Dunham et al. suggest the importance of the 'degree of symbiosis' between the various community types and the focal organization. The intensity and nature (that is, cooperative or hostile) of involvement between the organization and the community group in question are among the attributes a scholar or practitioner must consider in determining what manner and intensity of attention is due to a particular community stakeholder. That is, the manner and intensity of a community's interactions with an organization will tend to define and delimit the extent of an organization's stakeholder-based obligations toward, and responsibility for, that community.

And here we may re-engage, more specifically, the question of the relationship between stakeholder theory and corporate citizenship. Stakeholder theory, as we conceive it, is more concerned with the 'core' functions of a firm than many elaborations of corporate citizenship with which we are familiar. That is, the threshold of relevance for inclusion in a stakeholder-theoretic analysis involves a greater degree of symbiosis and reciprocal impact between the community in question and the organization than appears necessary for consideration on many accounts of corporate citizenship. We take this up in greater detail in the next section.

Stakeholders and global citizenship

Elsewhere (Phillips et al. 2003), we have attempted to describe some of the limits to stakeholder theory that we believe render it more theoretically rigorous and managerially useful. Among the delimitations we claim that stakeholder theory does not apply to entire economies. We argue that, '"Stakeholder" is not synonymous with "citizen" or "moral agent" as some wish to interpret it. Rather, a particular and much closer relationship between an organization and a constituency group is required for stakeholder status. The theory is delimited and non-stakeholder should remain a meaningful category' (Phillips et al. 2003, p. 491). We believe that this delimitation of the stakeholder domain as organizational ethics rather than political philosophy is one point of distinction between stakeholder theory and much – though not all – elaboration of corporate citizenship.

We would further assert that stakeholder theory is, or should be, importantly distinct from broader conceptions of CSR. While there are myriad justifications for ascribing social responsibilities to business firms, such responsibilities often extend beyond core firm/stakeholder relationships. While recognizing that many (perhaps most) writers on the subject of business, ethics and society employ the language of stakeholders and CSR interchangeably, we maintain that stakeholder theory's focus on core business relationships entails significant differences between the two frameworks – theoretically and practically. The implications of this distinction are illustrated below using corporate philanthropy as an example.

As with CSR, the use of stakeholder terminology by the majority of corporate citizenship scholars suggests an implied synonymy between stakeholder theory and corporate citizenship. For example, Waddock (2001, p. 27) writes, 'Relationships with stakeholders constitute the essence of corporate citizenship'. Further, the similarities between CSR and corporate citizenship may lead one to believe that some see all three as merely a different language for discussing many of the same ideas. We believe that there are important and useful distinctions to be made. These distinctions return us to the topic of community stakeholders.

Figure 5.1 suggests a possible source of confusion and ambiguity both in stakeholder theory itself as well as in corporate citizenship's use of stakeholder concepts. As the figure indicates, it is difficult if not impossible to draw a bright line distinguishing stakeholders from non-stakeholders. More typically there are gradations. That is, there are groups who obviously contribute to or threaten the value-creation activities of the firm. These most intensive relationships are represented by the darkest areas of the ovals. There are also groups whose relevance and connection to the firm is tenuous or even nonexistent. The white space in Figure 5.1 is filled with

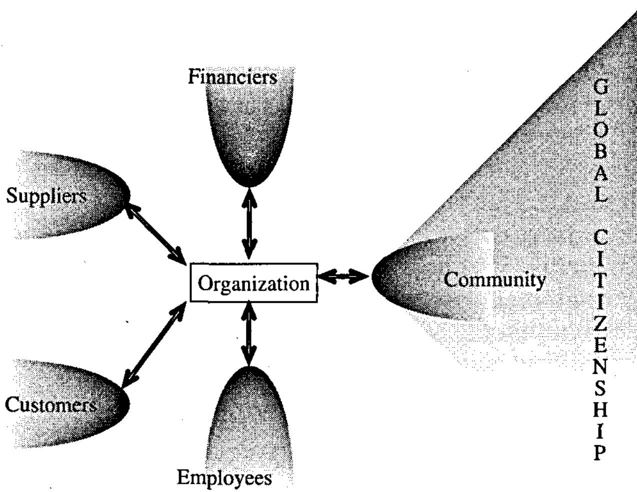

Figure 5.1 Community stakeholders as transition between stakeholder theory and corporate citizenship

such non-stakeholder groups. The challenge and difficulty arises in the darker and lighter gray areas within the ovals. Within each stakeholder group, there are 'names and faces' whose relevance, power and bases of moral obligation are vague, perhaps even indeterminate. 'Potential' stakeholders – potential employees, potential suppliers, potential financiers and so on – may reside in this gray area.

While a source of some vexation in delimiting stakeholders of all sorts, the gradation of stakeholder obligation and responsibility presents particular difficulties in sorting out prospective community stakeholders. As indicated in Figure 5.1, many writers have a tendency to use 'community' far too expansively – a catch-all category for groups, individuals and causes that do not fit in one of the other categories, but which the author ardently desires to be a stakeholder. Such treatment is represented by the conical shape extending well outside the community oval. This way of engaging the language of stakeholder theory subjects it to precisely the sort of criticism from which we have tried elsewhere to rescue it. Specifically, this conception of community makes stakeholder theory once more susceptible to accusations that it is little more than warmed-over CSR and that such excessive breadth threatens theoretical rigor ('if everyone's a stakeholder, what value is added by use of the term?').

This difficulty is more pronounced still when stakeholder concepts are unreflectively employed in the context of corporate citizenship. It is our

contention here that corporate citizenship begins to diverge from stakeholder theory as it begins to move into the conical extension of community. Indeed, much of the writing on corporate citizenship we would place well into the space labeled 'global citizenship'. At this point, we argue that corporate citizenship bears little overlap with stakeholder theory and begins to more closely resemble its CSR predecessors. Employing the language of stakeholder theory to defend the idea of 'global citizenship' runs contrary to our understanding of stakeholder theory as limited to the core value-adding functions of the organization.

Corporate citizenship, stakeholder theory and philanthropy

As with the predecessor literature on CSR, corporate citizenship scholarship makes extensive reference to a firm's charitable activities – often as a gauge of the quality of a firm's citizenship behaviors. While in many cases a laudable endeavor, we believe that philanthropy not related to the firm's core value-adding function lies outside the sphere of stakeholder theory's concern. We should point out that philanthropy related to the firm's core business is more amenable to stakeholder analysis. When a pharmaceutical company faces a decision regarding the provision of free or discounted medicines which such companies may be specifically or uniquely qualified to provide (Hsieh 2004; Dunfee 2006), or if a microprocessor company conducts research on how to make a $100 laptop computer, stakeholder theory may yield insight; or when a business working in a lesser developed area provides social services for employees and local citizens (Matten and Crane 2005, p. 166); or when philanthropy relates directly to core stakeholder interests (for example, donation matching programs, time off for employee charitable work, and so on), stakeholder theory may be of some assistance. However, in the normal course of events, corporate donations to groups lying outside of such core firm–stakeholder obligations are supererogatory – that is, potentially praiseworthy, but not obligatory.

That said, such donations are not always particularly praiseworthy. Often such donations also have little impact on the nature and quality of relationships between the firm and its stakeholders. Philanthropy unrelated to the core business often has a limited, even negligible, impact on the culture and character of the firm making such donations (we discuss in more detail below the issue of who and what an organization would like to be). Here we are talking about what we shall call 'checkbook citizenship'. Cash donations to some or other unrelated philanthropy have little effect on the firm or its core stakeholders – such donations generally have only a tangential impact. It is tantamount to organizational values as an afterthought – an appendage tacked on to what the firm *really* does.

A second danger associated with philanthropy unrelated to the firm's core value-adding functions is that, in all too many cases, it amounts to an attempt to whitewash (or greenwash in the case of the natural environment or bluewash in the case of efforts related to the United Nations) otherwise harmful or dangerous firm activities. Such a company, 'thinks that singin' on Sunday's gonna' save his soul, now that Saturday's gone' (Johnson 2003). These efforts appear to little influence the firm, its stakeholders or its core activities.

When unrelated charity and philanthropy are central to discussions of corporate citizenship, such discussions diverge from our understanding of stakeholder theory. Checkbook citizenship is not stakeholder theory; such donations are outside the purview of core stakeholder responsibilities and obligations. Although a complete discussion of what these stakeholder responsibilities and obligations are is beyond the scope of this chapter (see, for example, Phillips 2003), we shall spend the remainder of our space elaborating on the obligations and responsibilities to *community* stakeholders. In so doing, we hope to show how a stakeholder-theoretic consideration of communities – delimited to discussion of core value-adding activities – can address a limited set of questions pertaining to corporate citizenship. We shall consider a firm relationship with community stakeholders from two overlapping perspectives. We shall first discuss Phillips's obligations of stakeholder fairness as a means of ascertaining the (necessarily imprecise) limits of firm obligations to community stakeholders. We follow this discussion with an elaboration of possible postures a firm might take toward community stakeholders thus delimited.

Obligations of stakeholder fairness

We have argued here that the concept of corporate citizenship – as we understand it – bears a much larger footprint than stakeholder theory. Figure 5.1 suggests that corporate citizenship (and the notion of 'global corporate citizenship' in particular) extends well beyond a firm's obligatory stakeholder concerns. Obligations extending indefinitely and universally are of limited use in managerial (or personal or political) decision making. This leads us to inquire as to the source of such stakeholder obligations and their limits. This is the question taken up by Phillips (2003) in his discussion of obligations of stakeholder fairness.

Obligations of stakeholder fairness make stakeholder status largely a matter of reciprocity. Reciprocity is a widely – perhaps universally – recognized moral norm. Leaders since Odysseus[1] (Donlan 1998) ignore the demands of reciprocity at their own peril. Reciprocity is not only normatively ubiquitous, it is also a deeply and powerfully embedded feature of human psychology (Cialdini 1984). One means, therefore, of establishing

obligations to stakeholders is through application of a principle of stakeholder fairness. That is,

> whenever persons or groups of persons voluntarily accept the benefits of a mutually beneficial scheme of co-operation requiring sacrifice or contribution on the parts of the participants and there exists the possibility of free-riding, obligations of fairness are created among the participants in the co-operative scheme in proportion to the benefits accepted. (Phillips 1997, p. 57)

By voluntarily joining with groups of suppliers, customers, employees, shareholders, communities and others for mutual social and economic benefit, reciprocity-based obligations of fairness are created within such networks. Those particular groups and individuals to whom such obligations are owed are stakeholders.

This understanding of reciprocal stakeholder obligations allows scholars and practitioners to place a limit on the extension of stakeholder-specific responsibility of firms to communities. As a matter of stakeholder theory, firms bear no *additional* responsibility for groups outside the cooperative endeavor – subject to the caveat below. One implication of this is that using stakeholder terminology to describe responsibilities of 'global' citizenship is spurious. Such usage renders stakeholder theory a morass of 'everyone is a stakeholder of everyone else'. Such ambiguity is neither helpful nor useful to corporate citizenship, stakeholder theory or managerial practice.

There are two important caveats that bear mention regarding the limits of stakeholder-based obligations. The first is that a group or individual may be a stakeholder even without being the subject of a direct reciprocal stakeholder obligation. In addition to this *direct* moral stakeholder legitimacy, a group may also bear an *indirect* legitimacy derived from a relationship with the focal organization or its stakeholders. For example, if a group has the power to aid or hinder the achievement of the firm's core activities – even though not engaged in a reciprocal relationship with the firm – that group may be a 'derivative' stakeholder. Dunham et al.'s 'virtual advocacy' groups discussed above fit this description. The group's power makes it a legitimate object of managerial attention, even if the firm owes it no particular obligation beyond mitigating (in the case of hostile power) or embracing (in the case of productive power) these potential effects.

In cases relevant to corporate citizenship, for example, philanthropy related to the core value-adding activities of the firm may positively influence employee or community stakeholder relations. Or, such charity may allay the harmful criticism of a particularly powerful activist group. Donations are made, in these cases, due to the actual or potential effects on other stakeholders, not due to any stakeholder obligation owed to the charity itself or any obligation to the powerful, but hostile activist group.

Reciprocity between the firm and charity recipients or between the firm and hostile activists is, at best, attenuated.

The second caveat to the limits on stakeholder obligation that bears mention here is that stakeholder-based obligations are not the sole source of moral obligation a firm may have. That is, actors may have non-reciprocal obligations, duties and responsibilities of many sorts. These could be based on, for example, familial relations, human rights, and even direct duties of charity and citizenship. The language of stakeholders implies a particular sort of relationship characterized by an obligation arising from an intentional exchange between actors as opposed to duties arising from such unintentional characteristics as being human, a member of a clan or a citizen of a state. The absence of a reciprocal stakeholder relationship does not give a firm license, for example, to violate the human rights of a group or individual. It merely means that this particular form of actor-generated moral relation is absent.

Thus, there may exist more general duties of philanthropy that a firm must meet as a powerful social actor. But this does not make the donations obligatory from a stakeholder perspective, nor does it make those in need stakeholders. As an analogy, let us say that I agreed to write a book chapter for you and thereby incurred an obligation to you. It may also be the case that I have a generalized duty of charity that may be (partially) fulfilled by helping rebuild post-hurricane Katrina New Orleans or going to Africa to help with HIV–AIDS missions. While all would be excellent uses of my time, only one of these counts as an obligation I have voluntarily undertaken. Similarly, we would reserve the term 'stakeholder' for those core actors to whom the organization has a certain sort of reciprocal obligation and those whose relevance can be derived from these specific stakeholder relationships.

Relevant to corporate citizenship, this implies that there may be any number of other moral relations between a firm and its fellow social actors. For example, there may be a general duty of charity that may apply to firms as repositories of enormous resources. There may also be more specific duties of charity or assistance (Hsieh 2004; Dunfee 2006) between firms with particular – even unique – capacity to help. Corporate citizenship scholars may well appeal to these sources of duty, obligation and responsibility in advancing their claims. But these are distinct from reciprocity-based stakeholder obligations.

While we hope that the distinctions and clarifications above add a measure of increased precision to discussions of community stakeholders and corporate citizenship, difficult cases remain. The case of second- and third-tier suppliers in a network of nested supplier relationships continue to defy easy placement within a stakeholder framework (Phillips and

Caldwell 2005). One widely discussed variant of this challenge is a firm that contracts a portion – perhaps all – of its manufacturing to another, ostensibly independent firm. This subcontractor, in turn, may further outsource some or all of this work to still another firm, and so on (for example, Nike, Mattel, Wal-Mart, YUM! Brands, and so on *ad infinitum*). What sort of stakeholder obligations does the first firm have *vis-à-vis* the second-, third- and fourth-tier firm? Or the fourth-order firm's employees and local community? Although we shall not attempt to systematically resolve this ambiguity at the nexus between community stakeholder obligations and duties of corporate citizenship, its relevance as an increasingly prominent borderline case merits a few comments.

One reasonable question to ask when assessing the stakeholder-based moral obligations of firms to second- and third-level suppliers is the actual level of independence between the organizations. Independence within such nested and networked value chains is a function of – among other criteria perhaps – the exclusivity of interaction. Briefly, claims of independence between firm and supplier are attenuated to the degree that the firm is the sole (or even super-majority) customer of that supplier. And so on down the value chain. If a firm buys all, or nearly all, of a supplier's output and this supplier itself buys all, or nearly all, of the output of its own suppliers, this value chain begins to more closely resemble a hierarchy – or at a minimum, a network organization (Powell 1990). Arguments for stakeholder obligations to such value chain members are strengthened as the degree of transactional exclusivity rises. The frequency of firm/supplier transactions and the duration and history of the relationship may also contribute to a general notion of the 'intensity' of the value chain relationships and hence the power of fairness-based stakeholder obligations.

Beyond claims to the normative stakeholder legitimacy of putatively independent members of a firm's value chain, there are also increasingly prevalent and prominent attributions of value chain responsibility from powerful stakeholders. When arising from powerful or otherwise morally legitimate stakeholders, these attributions of value chain responsibility can give rise to derivative stakeholder legitimacy. Issues relating to outsourced manufacturing by Nike and Mattel are among the more prominent examples of companies that were compelled by stakeholder pressure to take greater responsibility for actions occurring deep within their value chains. But they are hardly alone.

There is, we have claimed, a point at which relationships with other value chain members become so tenuous and distant from a business's core value-adding activities that the framework of 'global citizenship' becomes more applicable than that of stakeholder theory. While exclusivity and duration of relationships as well as other sources of derivative stakeholder obligations

are all suggestive of where the line between stakeholder obligation and global corporate citizenship may be drawn in networked value chains, the line is neither a bright nor a static one. The standards applied by local communities and other stakeholders create a line that moves around in the gray area, often dramatically. Work remains for scholars and managers in better defining these obligations and community expectations. With these points in mind, we turn now to a discussion of the possible ways an organization might engage with its relevant stakeholder communities.

A typology of community engagement

If the above is correct, there are many ways for companies to engage their communities. We propose five strategic postures that a company may take with respect to a community. A 'strategic posture' is like Porter's (1980) notion of 'generic strategy'. It is a predisposition to act in a particular way (Freeman and Gilbert 1987).

Companies may deal with communities as:

1. community creators;
2. community builders;
3. community good citizens;
4. community apathetic citizens; and
5. community exploiters or destroyers.

This typology is merely a beginning way to conceptualize firm–community relationships and should not be taken as definitive, mutually exclusive or collectively exhaustive of such relationships. Obviously, in large complex corporations, there may well be elements of several generic strategies, or different postures may exist at different times. Just as clearly, a company may intend to be a community builder, but in fact be a community exploiter. These strategic postures work as follows.

Community creators

There are many examples of how companies have been community creators. The most obvious and direct are so-called 'company towns'. While there are fewer companies intending to create 'company towns' in today's global marketplace, company towns, in fact, still exist. Disney's planned community of Celebration, Florida adjacent to its theme park near Orlando is a more recent example of a company creating a community of place (Ross 2000). Disney attempted, with mixed success, to institute a number of particularly progressive ideals in education, community and urban planning. Communities of place can also be created by companies in conjunction with local governments; Levittown, PA is among the better-known historical examples of this.

More often today companies create communities of interest and communities of practice (recall the earlier discussion of Dunham et al.'s (2006) taxonomy of communities). Silicon Valley companies have created a community of interest around computer technology. Particular companies contribute to that community in a way that all may benefit. Particular companies such as eBay in effect create communities of interest by the very nature of their services. A person can use eBay to find other like-minded actors to trade with. Of course, internet service providers, as well as companies such as YouTube, FaceBook and MySpace, create communities of interest. Wikipedia creates a community of practice where stakeholders are all engaged in a common task. Likewise, Linux and others create communities of practice where the lines between traditional stakeholder roles become radically ambiguous.

Community builders

Community builders are like community creators. Perhaps they did not have the original idea of creating the community, but their strategic posture is to try to maintain and improve the communities that they find. Community builders see healthy communities as places where their employees, customers and other stakeholders live. Vibrant communities are good for the company and its stakeholders. Community builders ask, 'what can we do to make this community better for its citizens, and therefore ultimately, better for our company and its stakeholders as well?'.

Community of practice builders try to find places where stakeholder interests are joint, where there is unrealized value to be created. They try to find places where the interests of employees, customers, suppliers and communities go in the same direction but this fact has gone unrecognized or underemphasized. A classic example here is the Ronald McDonald House. Here, McDonald's supports the administrative costs of taking donations from customers and creating facilities to help families dealing with illness, especially children. The actual funding comes from McDonald's customers. McDonald's is helping their customers build better communities through this coordination function. McDonald's facilitation role is an example aligning the interests of local communities and customers. This activity bears similarity to the better-known example of companies who match employee contributions to charity. With such a strategy they work with their employees to contribute to areas that the employees believe will build a better community.

Community good citizens

Being a good citizen means obeying the law and doing what one is asked to do if it is reasonable. However, community good citizens would take a

reactive rather than proactive approach. If the community builder is always asking how to make the community better, the community good citizen is usually willing to abide by community rules, contribute its share, but rarely takes the lead in making the community better.

Many companies take a good citizen corporate posture to communities. They often have a corporate philanthropy program to respond to community requests. They pay attention to obeying the letter and spirit of local laws and customs. Companies that apply this approach to communities of interest, pay special attention to obeying internet privacy laws, copyright procedures and the like. They realize that by getting these issues wrong, they can easily create and motivate the ire of virtual advocacy groups and see community relations as a way to avoid conflict and only secondarily as a means of building positive value.

Community apathetic citizens

Apathetic postures yield doing the very minimum necessary. An analogy can be drawn to the individual citizen who obeys the law, but does not vote, lobby, give to charity or contribute to the conversation about how to improve or maintain the community. The apathetic citizen is not intentionally destructive or exploitative of communities *per se*; nor is he/she actively concerned about community. There is apathy in the defenses occasionally offered by companies doing business in developing nations prone to conflict or systematic human rights violations. Such a defense would say something akin to, 'the harm to the community is independent of our presence or activities here. If we weren't the ones engaged here, someone else would be. We comply with the law, but cannot be expected to solve local community difficulties'. Companies doing business in such nations have been known to disavow responsibility for these effects so long as they are within the letter of the local laws. Nor is this limited to developing nations. In the context of advanced industrial societies, casinos, bars, landfills and effluent-generating firms of all kinds provide only a snapshot of industries, some members of which have shown apathy toward the negative externalities of their operations.

Community exploiters or destroyers

There is a sense in which apathy – in the sense described above – can serve to destroy communities. Beyond a minimalist, geographic sense, a community is an institution that requires active participation in order to flourish. An organization that occupies a central, prominent role in a community may have a destructive effect on that community through mere apathy.

Beyond this apathy, however, companies occasionally exploit communities more actively as a resource. Often these companies pit one community

against another for the best regulatory environment, tax breaks or the one willing to make the biggest investment in infrastructure. These companies are not content to live within the letter of the law, but actively lobby to change the laws in order to make their exploitation more effective.

If the firm–community relationship always favors the company and exploits the community, it is likely that (in a relatively free society) the community will turn against the company. Indeed, independent of the presence of actual destruction or exploitation, in today's world it is enough for there to be the perception of exploitation to negatively affect a company's bottom line. Companies such as Wal-Mart have been charged (with wide disparities in the power and persuasiveness of the arguments presented) with exploiting communities and have incurred massive costs to reduce that perception.

Environmental issues are another area where many companies are seen as community exploiters or destroyers. Although not unique to them, firms in extractive industries in lesser developed countries are especially susceptible to such perceptions (again, with better and worse underlying bases for such perceptions).

Often, being a community exploiter or destroyer is a logical devolution from being a good citizen or apathetic citizen. Each of these postures views the community stakeholder as secondary to the process of value creation. And, when this happens, customers and employees, and those groups who see themselves as advocates, often non-governmental organizations, rise to 'speak for the community'. Firms perceiving of the community in this 'afterthought' fashion are missing the reciprocal, value-adding possibilities of closer community relationships such as those found among community creator and community builder companies. Furthermore, we submit, the failure to delimit core stakeholder relationships from concepts like 'global corporate citizenship' catalyze this perception of the community as secondary by overextending managerial and organizational decision-making resources.

Conclusion

We have suggested that some aspects of corporate citizenship are part and parcel of a nuanced view of stakeholder theory, with particular emphasis on community stakeholders. Obviously our analysis does not do full justice to the idea. It focuses only on the managerial aspect of corporate citizenship, especially in the private sector. While the United Nations may well be able to delve into the meaning of 'global citizenship' and its implications, most managers simply want to understand how to deal with specific communities in the value-creation process. By thinking about creating, building, exploiting and so on, communities, they can begin to see communities

as vital stakeholders, and be explicit about the specific understanding of community that they have, as well as their own posture. Such is not a recipe for success (a 'rule for riches'), but it is a way to stop the process of self-deception and get on with the important task of value creation.

Note

1. 'The rule of reciprocity, that one gives of one's own accord, with the expectation that a suitable return will follow, was a powerful regulator of social behaviour at every stage of Greece's history. The Homeric epics provide our earliest observation of its operation' (Donlan 1998, p. 51).

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