The Political Role of the Business Firm: An Ordonomic Concept of Corporate Citizenship Developed in Comparison With the Aristotelian Idea of Individual Citizenship*

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Abstract
This article contributes to the debate about the political role of the business firm. The article clarifies what is meant by the “political” role of the firm and how this political role relates to its economic role. To this end, the authors present an ordonomic concept of corporate citizenship and illustrate the concept by way of comparison with the Aristotelian idea of individual citizenship for the antique polis. According to our concept, companies take a political role if they participate in rule-setting processes and rule-finding discourses. Though this political role of the corporation is in principle ambivalent, the authors conclude that in such processes of “new governance” the economic and political roles of the firm need not contradict each other but can follow the same win-win logic of individual self-perfection through cooperative social interactions.

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Keywords
Aristotle, corporate citizenship, ordonomics, self-perfection, value creation

He who has the power to take part in the deliberative or judicial administration of any state is said by us to be a citizen of that state.

Aristotle, Politics, 1275b

This is an essay in conceptual clarification. By way of comparison with the Aristotelian idea of individual citizenship for the antique polis, this article develops an ordonomic concept of corporate citizenship for the emerging global society. Ordonomics is a rational-choice conceptual framework for analyzing the interdependencies between institutions (formal or informal) and ideas. The authors develop the argument in five steps.

The first step looks at the current debate on corporate citizenship and identifies two open critical questions concerning the firm as a political actor. The first question addresses a problem of conceptual clarification and asks what we actually mean by a political role of the firm. The second question addresses the theoretical issue as to how such a political role of the firm relates to its traditional role as an economic actor in competitive markets. The remainder of this article then shows how an ordonomic concept of corporate citizenship helps answer both questions in a systematic way, revealing that there is, in principle, no conflict between the two roles.

To this end, the second step introduces the ordonomic distinction of three social arenas. The authors draw on this theoretical approach because the three-tiered ordonomic framework provides a fruitful analytical perspective for understanding the idea of citizenship in the context of different levels of societal governance.

The third step makes use of the ordonomic distinction of three social arenas to interpret the Aristotelian idea of citizenship: the idea of a polis citizen who becomes virtuous by self-perfection and habit. Applying an ordonomic interpretation of this key Aristotelian idea makes it possible to draw conclusions by analogy for a modern problem—how to conceptualize an ethics of organizations—that Aristotle himself did not address and for which he, therefore, could not provide a solution.

The fourth step spells out these conclusions in detail. Here, the authors show that the economic and the political roles of the business firm involve different arenas of societal governance. Our analysis thus provides a functional argument for distinguishing analytically between the role of a company acting as bourgeois in the basic game of business and the role of a corporation participating as citoyen (i.e., citizen) in the meta games of political rule-setting processes and rule-finding discourses.
The fifth step spells out conceptual benefits of our arguments and discusses important implications for the potential of corporate citizenship. In particular, the authors highlight the fundamental ambivalence of the political role of the company. Consequently, we claim that productive political participation by business firms requires an enabling environment created by government and civil society actors. We end our argument with a short summary and seven concluding points.

**The Debate on Corporate Citizenship: Two Open Questions Concerning the Political Role of the Business Firm**

Business firms are economic actors: they produce goods and services, allocate scarce resources, create jobs, and pay taxes. It is debated whether this perspective, while certainly true, is sufficient to capture fully the societal role of corporate actors. For decades, mainstream economic theory and the management literature have focused almost exclusively on firms as economic actors. Milton Friedman (1962), for instance, famously argued that corporations should concentrate on maximizing profits and should refrain from trying to take any further social or even political responsibility. Similarly, present-day scholars such as Henderson (2001, 2005), Jensen (2002), and Sundaram and Inkpen (2004) explicitly oppose the idea that business firms have a political responsibility to their community. For these authors, it is the exclusive task of the government to establish the rules of the societal game. Governments are seen as the only (legitimate) rule-makers, while companies are confined to their economic role as mere rule-takers.

Recently, however, this “separation thesis of economic theory” (Scherer, Palazzo, & Baumann, 2006, p. 508) has been called into question. Various scholars have pointed out that in actuality there are many instances when companies do participate in political processes of rule-setting (Hillman, Keim, & Schuler 2004; Kobrin, 2009). Consequently, there seems to be, as Hanlon (2008) argues, a pronounced need to overcome the “denial of politics” in the fields of business ethics and the theory of the firm.

And, indeed, the past decade has witnessed the emergence of a growing debate about the role of private firms as political actors (Barley, 2007; Detomasi, 2007; Kolk & Pinske, 2007; Mantere, Pajunen, & Lamberg, 2009; Norman & Néron, 2008; Scherer & Palazzo, 2008). A prominent concept that has surfaced in this debate is the notion of “corporate citizenship” (Crane, Matten, & Moon, 2008; Matten & Crane, 2005). This new metaphor of citizenship has been an important innovation in the fields of business ethics and management theory. As Crane and Matten (2008; p. 28) suggest, the
citizenship concept provides “a new perspective on the corporation” that “unveils the political nature of its involvement in society” and thus “helps to illuminate certain dimensions that might otherwise go unexamined.”

We agree that the citizenship concept is useful for shedding light on the political role of business firms. Yet the concept of corporate citizenship is hardly uncontested (Henderson, 2001, 2005; Jones & Haigh, 2007; van Oosterhout, 2005, 2008). In fact, while acknowledging a political role for companies has been an important step for theorizing business and society relations, this novel “political perspective” has also raised two critical questions that so far have remained largely unanswered.

The first question addresses an issue of conceptual clarification. What do we actually mean by a political role of the business firm? This question is highly relevant, for several reasons. In a way, it has much to do with what Néron (2010) recently called the “over-inclusion problem” as well as with the “differentiation problem” of the emerging political view of the firm. For Néron (2010, p. 348), the “over-inclusion problem” refers to the “risk, under a new paradigm, to label every issue of business ethics as ‘political’ ones without making any real theoretical improvement.” The overinclusion problem thus highlights the question of what is actually gained by looking at the business firm from this new catchall “political perspective.” Closely related is what Néron (2010, p. 346) calls the problem of “differentiation.” If we eagerly embrace a political concept of the firm, then such a “new” perspective would be of little value if it “simply leads to a reaffirmation of the set of ideas usually associated with CSR and stakeholder theory” (Néron, 2010, p. 346). Again, the question is “What do we mean by ‘political’ and how does this political view help us better understand the societal role of the firm?”

The second question brings up a far-reaching theoretical challenge: If there is such a thing as a political role of the firm, how does it relate to the economic role of a business corporation? Again, this question is anything but trivial. Scherer et al. (2006, p. 515) forcefully argue for a “political responsibility of the business firm.” Yet how does this “political responsibility” relate to a business firm’s economic role? Interestingly, Scherer et al. (2006, p. 524) see this question as a serious problem clearly in their own conceptualization. They admit that it “seems that the economic concept of the firm and the political role of the firm as advanced here are antagonists.” While Scherer et al. (2006, p. 524) hurry to add that their “case is not to abandon market society or to reject the economic objective of the firm,” an open question remains: If firms should follow their economic objectives and carry a political responsibility, how can the two be integrated in a theoretically sound framework?

Both questions are of fundamental importance not only for business practice but also for the scholarly study of the theory of the firm. Attempting to
answer these questions leads to reflection on the very notion of citizenship. A classic reference in this regard is Aristotle’s idea of individuals who by habit and self-perfection become virtuous citizens of the ancient Greek polis (Collins, 2006; Heater, 2004; Nichols, 1992). This concept of individual citizenship cannot, however, be easily transferred to the business firm as a corporate actor. Not only is Aristotle’s understanding of democracy different than that prevailing today but also his concept of democracy applies only to free men—not to women, not to slaves, not to outsiders such as barbarians (Lindsay, 1994; Rawls, 2000, pp. 3 ff.; for a critical discussion, see Levy, 1990). What is more, modern society differs dramatically from the social structure of the polis in that the polis was a community of natural persons, whereas modern society is what Etzioni (1964, p. 1) and Presthus (1962) call an “organizational society.” As has been pointed out by scholars from many different fields, the key actors in modern society are in many instances not individuals but organizations (Coleman, 1990; Luhmann, 1997; North, 2005; Simon, 1991). It is for this reason worthwhile to look from the perspective of citizenship at the role of organizations and, in particular, of business firms and civil society organizations. Aristotle, however, developed his concept of citizenship in the context of individuals within a small group, not for organizations in a global society (cf. Aristotle, NE 1170b).1

Given that Aristotle tailored his concept to a specific and, from today’s perspective, historical problem, it does not appear, at least at first glance, that much, if anything, can be taken from Aristotle to solve today’s problems. Indeed, learning from Aristotle requires, therefore, first interpreting his argument in a way that provides a useful analogy between the role of the individual citizen in the Aristotelian polis and the political role of corporate citizens in the current global society. Such an interpretation requires a particular lens. We claim that the “ordonomic” framework, as recently put forward in Pies, Hielscher, and Beckmann (2009) as well as in Pies, Beckmann, and Hielscher (2010, 2011), provides just such a lens. In fact, we show that a careful interpretation of key Aristotelian ideas can be used in the attempt to answer the conceptual questions raised above.

The Ordonomic Distinction of Three Social Arenas as an Interpretative Framework for Conceptualizing Citizenship

This section introduces a specific theory element of the ordonomic approach recently put forward by Pies et al. (2009, 2010, 2011). The ordonomic approach takes a rational-choice perspective on the analysis of interdependencies between institutions and ideas or, more specifically, on the analysis
of interdependencies between social structure and semantics. Under the ordonomic approach, “social structure” refers to the incentive properties of formal and informal rule arrangements (institutions), whereas “semantics” refers to the terminology of public and organizational discourse and the underlying thought categories (ideas) that determine how people perceive, describe, and evaluate social interactions and, in particular, social conflicts as well as their possible solutions.

The authors draw on the ordonomic approach because it provides a specific perspective for understanding the idea of citizenship at different levels of societal governance. Our definition of governance follows Williamson (2009, p. 456) who defined “governance [as . . .] the means by which to infuse order, thereby to mitigate conflict and realize mutual gains.” By “new governance” we denote trisectoral processes of collective rule-setting and public discussion that involve, in addition to state actors, civil society organizations as well as business firms. A specific contribution of the ordonomic perspective on governance is the distinction among three social arenas: the basic economic game of business, the meta game of political governance, and the meta-meta game of public discourse. Figure 1 is a graphical illustration of this analytical distinction, which we treat, in the words of Buchanan (1989), as a “relatively absolute absolute.” We discuss this three-tiered framework in detail because it provides an analytical perspective for interpreting Aristotle’s idea of individual citizenship in a way that illustrates our ordonomic concept of corporate citizenship for business firms in modern political processes.

When looking at the role of corporations in society, the first level of analysis is the basic business game of producing goods and services. It is in this basic game, alternatively called “the economy,” where business firms,
consumers, suppliers, employees, and other stakeholders interact with each other on a daily basis. Here, companies trade, cooperate with their exchange partners, create value, and realize profits. These complex interactions can lead to highly diverse social outcomes. Following a rational-choice perspective (Baumol, 2002, 2010; Becker, 1993; Coleman, 1990), these diverse results, however, do not flow directly from the intentions and objectives of the individual players. As the basic game of business unfolds with rational players pursuing their respective goals, interacting with each other, and responding to their individual incentives and opportunities, the unintended aggregate consequences of these interactions can be either socially desirable (as in the case of innovation and growth) or socially undesirable (as in the case of climate change, pollution, or corruption). From an ordonomic perspective, the important lesson to be learned here is that the quality of the economic basic game does not depend primarily on the individual motivations of the business actors. Rather, it is the institutional conditions—the structural incentive properties of the rules of the game (Buchanan, 1990)—that channel the individual moves within the game and thus define the situational “logic” (Olson, 1965; Popper, 1966) of business interactions. This context is why it is important to look not only at the basic game of business itself but also at those arenas of social interaction where the rules of the game are created, amended, or agreed on.

The second level of analysis is the meta game of political governance. While the basic game focuses on rule-following interactions, the meta game of political governance is about rule-setting processes. The meta game of political governance thus involves all those processes by which the players establish the rules that shape the logic of the basic game. Governance processes serve to form and reform institutions. As a political process, the governance meta game sets the incentives for the economic basic game, thus having the potential to amend and improve the social structure that channels the interactions in the basic game of business.

The third level of analysis is the meta-meta game of public discourse. While the meta game of political governance is about rule-setting decision processes, public discourse is about creative rule-finding deliberation. From an ordonomic perspective, discourse is far from being simply “cheap talk;” rather, rule-finding discourse is an important precondition for successful institutional reform. After all, to change the rules of business interactions, it is rarely enough that any individual actor, such as a single company, sees the desirability of doing so. In many instances, collective action, including a minimal consensus among the cooperating partners, is needed to (re-)form the institutional framework. Rational players, however, will be willing to cooperate in the meta game and consent to institutional reform only if they believe that such reform will benefit them individually. Collective action for
institutional reform therefore presupposes a shared awareness of common interests. From an ordonomic perspective, creating such awareness is a critical function of the meta-meta game of public discourse.

The three-tiered ordonomic framework is helpful because it not only provides the analytical distinction between the three levels of rule-following, rule-setting, and rule-finding processes but also shows how the ordonomic perspective conceptualizes the interplay between these levels and, more specifically, the interdependencies between ideas (semantics) and institutions (social structure). What is of particular interest for theorizing in the field of business and society is that ordonomics offers a rational-choice perspective that acknowledges the importance of semantics and discursive processes. Whether it is possible to play constructive meta games largely depends on how the players perceive the situation, each other, and their relationship, which is why semantics and, in particular, the normative categories of public discourse are so important. Put differently, the three-tiered ordonomic framework provides a powerful argument for why rational-choice analyses of social problems benefit from taking ethics and ethical theories into consideration. The following two sections now shift the focus toward the semantic legacy of Aristotelian thinking. We show that the ordonomic three-tiered framework can be used to interpret key ideas put forward by Aristotle such that they can be used to refine our understanding of the political role of the business firm.

The Aristotelian Idea of Citizenship: An Ordonomic Interpretation

For almost 2,500 years, the writings of Aristotle have strongly influenced the intellectual tradition of diverse academic fields, ranging from rhetoric to physics, from biology to logic. One reason for this significant intellectual influence is that Aristotle’s writings are not an eclectic conglomeration of barely connected ideas; quite the opposite, as Aristotle was a highly systematic thinker (cf. Shields, 2007). This systematization becomes especially clear when looking at his writings about virtue ethics and at his political philosophy, which, as extensively discussed by others (Knight, 2007; MacIntyre, 2006; Salkever, 2007), are highly complementary. We suggest that the three-tiered ordonomic framework discussed above offers a fresh perspective from which to interpret Aristotle in a way that highlights this interdependence between ethics and politics. Our reading provides an interpretation that shows how Aristotle’s virtue ethics go hand in hand with key ideas on citizenship found in his political theory.
Interpreted from an ordonomic perspective, the basic game of the Aristotelian polis is about the day-to-day social interactions of individual citizens. In this game, each individual tries to realize his personal goals within the given setting of the polis. How does Aristotle’s perspective of virtue ethics relate to this level of the basic game?

According to many philosophers, the fundamental question of ethics is “What shall I do?” Yet the answer to this question is far from a one-size-fits-all one because people have very different notions of what is true, what is good, what is beautiful. It is against this backdrop that Aristotle suggests a different strategy. He tries to find a starting point for his argument that basically anybody could agree on (EN Book I, Chapters 3, 4, 6, and 7). To this end, he does not ask “what shall I do,” but “what do you want to be?” What is the ultimate end of our actions? Is there a “highest of all goods achievable by action” (EN 1095a) that we can all agree on? Aristotle’s answer to this question is straightforward. He argues that this final good is eudaimonia—happiness. He takes for granted that we all wish to be happy. Therefore, for Aristotle, “happiness is something final and self-sufficient, and is the end of action” (EN 1097b).

But how do you achieve happiness? Here, Aristotle’s answer is closely linked to the teleology that characterizes his thinking. His theory builds on the idea that all things and beings are designed for or directed toward a telos—an inherent purpose for all that exists. As Aristotle puts it in his Politics (Pol 1253a), “Nature, as we often say, makes nothing in vain.” Aristotle’s teleology thus assumes that all things and beings have an inherent potentiality that can be realized through self-perfection. For people, this self-perfection is important because it holds the key to happiness: one is happy if one realizes one’s potentiality as a person through a process of self-perfection.

So what does it mean to become a perfect person? Aristotle’s (cf. EN 1098a) answer sounds simple: to be virtuous. For him, virtue (aretê) is necessary if happiness is to be possible. In Aristotle’s view (EN 1101a), “he is happy who is active in accordance with complete virtue.” Note the importance of the adjective “complete” in this sentence. According to Aristotle, true happiness depends on one’s self-perfection as a person of perfect virtue. Aristotle (Pol 1332a) explicitly claims that “happiness is the realization and perfect exercise of virtue, and this is not conditional, but absolute.”

Aristotle’s virtue ethics thus rests on a theory of self-perfection. Yet how is self-perfection possible? How do people become virtuous? At this point, Aristotle makes it absolutely clear that virtue does not arise by “some divine providence” (EN 1099b), nor is any one “just or temperate by or through
chance” (Pol 1323b). Self-perfection is not a process that happens automatically or “by nature” (EN 1103a); rather, self-perfection requires action on the part of the individual. More specifically, according to Aristotle, habit is the key to self-perfection. For him (EN 1103a), “moral virtue comes about as a result of habit.” According to Aristotle (EN 1103a), “We are made perfect by habit.”

Following this idea, virtue—and, for that matter, happiness—is not a given, but something actively acquired through habituation (EN 1099b). From an ordonomic perspective, Aristotle thus puts forward a stunningly modern theory of human capital. Take the case of the virtue of temperance. Aristotle (EN1104a) argues that “by abstaining from pleasure we become temperate.” At first sight, acting virtuously may then seem to amount to something like a sacrifice of self-interest. Yet, in our ordonomic interpretation of Aristotle, acting as if one were virtuous is not a sacrifice but can be understood as an investment in the acquisition of virtue. As Aristotle (EN 1103a) argues, “we become just by doing just acts, temperate by doing temperate acts, brave by doing brave acts.” Put in the rational-choice language of ordonomics, the habit of virtue builds “virtue capital” as a kind of human capital. For Aristotle, the habit of virtue is, in effect, an active learning process. He (EN 1103a) maintains that “the things we have to learn before we can do them, we learn by doing them.”

In short, while not all habits are virtuous, all virtues are habits. And self-perfection requires active self-management. At first sight, Aristotle’s virtue ethics thus seems to focus exclusively on the individual and to ignore the polis in which the person lives. Yet, in fact, the self-perfection of the individual is only possible as part of a social process:

First, basically all moral virtues an individual wants to acquire for his happiness have a social dimension. Consequently, the habituation of these moral virtues is only possible through social interaction with other members of the polis. Take the case of justice. As Aristotle (EN 1103b) points out, “by doing the acts that we do in our transactions with other men we become just or unjust.” As a solitary actor outside the community, it would be simply impossible to be just, temperate, or generous toward others—and thus impossible to pursue one’s self-perfection.

Second, following Aristotle’s possibly most well-known idea (Pol 1253a), “man is by nature a zoon politikon—a political animal.” Note how this idea mirrors again Aristotle’s teleology. Given that “man is a political creature . . . whose nature is to live with others” (EN 1196b), Aristotle concludes that the individual’s self-perfection is only possible within the community of the polis. By this logic, Aristotle (Pol 1253a) argues that “he who is unable to live in society, or who has no need because he is sufficient for himself, must be
either a beast or a god.” Put differently, only creatures who either have no potential for perfection (beasts) or who are already perfect (gods) can live outside society. In contrast, human beings who are intent on self-perfection need to practice it as members of a community. To put it pointedly, the individualization of the person is a social process that requires interaction with other polis members.

Third, as self-perfection requires becoming a respected member of the polis, happiness depends on the social recognition of others. Aristotle emphasizes this idea in his reflections about the importance of friendship. For him (EN 1155a), “without friends no one would choose to live, though he had all other goods.” This is why he contends (EN 1169b) that “the happy man needs friends.” One reason friendship is so crucial is that friends are important for one’s self-perfection. Aristotle (EN 1155a) holds that friendship “stimulates” excellence “for with friends men are more able both to think and to act.” Cooperation and social recognition thus foster and reward the individual process of self-perfection.

Summarized from an ordonomic perspective, the process of self-perfection through the acquisition of virtue systematically links the interests of the individual with the interests of the polis in two ways.

On one hand, the individual achievement of happiness requires a process of habitual self-perfection that is only possible in the repeated day-to-day interaction with others. In this basic game of the polis, social recognition and cooperation both stimulate and reward the acquisition of virtue, thus making the community indispensable for individual self-perfection.

On the other hand, this pursuit of individual self-perfection is of vital importance for the community of the polis. For the polis, the virtues of individuals fulfill critical functions. Take the virtue of courage. Given the historical situation of the Aristotelian polis, courage and athletic skills were virtues needed to defend the interests of the polis against foreign enemies. Similarly, justice, temperance, or generosity created conditions that allowed others in the polis to thrive and to pursue their own self-perfection. In a way, the “self-perfection” of the polis as a community requires the virtuous self-perfection of its citizens, and vice versa.

There is an important lesson to be learned here. In light of the functional interdependence between the individual and the polis, we interpret Aristotle’s theory of self-perfection to mean that there can be a win-win logic in the basic game of social interaction. Just as John Rawls (1971, p. 4) characterizes society as “a cooperative venture for mutual advantage,” the ordonomic interpretation of Aristotle points out that the polis rests on and enables mutually advantageous cooperation. Along these lines, Aristotle (EN 1160a) remarks that
it is for the sake of advantage that the political community . . . seems to have come
together originally and to endure, for this is what legislators aim at, and they call
just that which is to the common advantage.

Interpreted from an ordonomic perspective, both Aristotle and Rawls thus
take the potentiality of win-win cooperation as the starting point or even as
the standard point of reference for their analysis. What is important from an
ordonomic perspective is that the ideas of self-perfection and of win-win
cooperation are thus complementary: my own personal self-perfection is only
possible if I interact cooperatively with others, thus helping them realize their
own self-perfection: do ut des (“I give that you might give”).

**Self-Perfection and Political Governance in the Aristotelian Polis**

The principal arena for the self-perfection of the individual is the basic game of
the polis. It is in these everyday interactions that citizens acquire happiness
through the repeated habituation of virtue as they move within the game. Viewed
from the perspective of ordonomics, however, Aristotle makes it very clear that
this is only possible if the basic game is guided by adequate rules of the game.
He even maintains that in the absence of adequate rules, human beings become
beasts. As he puts it (Pol 1253a), “man, when perfected, is the best of animals,
but when separated from law and justice, he is the worst of all.” Consequently,
individual self-perfection necessitates functional social institutions.

Aristotle’s focus on the importance of an adequate institutional order of
the state thus adds a new dimension to his idea that man is a *zoon politikon*
(“political animal”). Put in ordonomic terms, man needs the polis not only on
the level of the basic game for his social interactions but, to perfect himself
by playing this basic game, man also needs the polis as an arena that creates
functional rules, law, and justice. This order is what the *meta game of politi-
cal governance* is about. This meta game sets the rules and incentives that
govern how the individual citizens interact in the polis.

Interpreted within the three-tiered ordonomic framework, Aristotle leaves
no doubt that virtuous self-perfection in the basic game is not possible with-
out this rule-setting function of the polis. With regard to the virtue of justice,
for example, Aristotle (EN 1134a) maintains that “justice exists only between
men whose mutual relations are governed by law.” Adequate rules enable,
reward, and help the individual to know what is virtuous, to practice virtue
through actions, and thus to become virtuous by repeated habituation. For
Aristotle, this logic establishes the importance of the rule-setting process of
law and legislation. He maintains (EN 1103b) that “legislators make the citi-
zens good by forming habits in them.”
Following this idea that man cannot perfect himself without adequate rules (and thus without functional meta games), Aristotle has a clear definition of the raison d’être of the polis. For him (Pol 1280b), the polis “is a community . . . for the sake of perfect and self-sufficing life.” It exists “not only for the sake of living but rather primarily for the sake of living well” (Pol 1280b). Happiness is thus the ultimate end of the state. By this logic, Aristotle (Pol 1324a) maintains that “the form of government is best in which every man, whoever he is, can act best and live happily.” In light of Aristotle’s theory of virtue, this means that the ultimate end of the state is to facilitate the self-perfection of the citizen. Note, however, that the polis does not fulfill this function automatically. On the contrary, Aristotle underlines that not all forms of government are equally able to facilitate the happiness of their citizens. In fact, just as individual virtue does not come about by chance or by nature, good rules of the game are not automatically given; they need to be created in a social process.

Since for Aristotle (Pol 1326a) “law is order, and good law is good order,” the meta game of political governance thus aims at a continuous improvement of the rules of the basic game of everyday social interaction. In other words, just as the individual needs to perfect himself, the polis as a rule-integrated community needs to perfect itself so as to achieve its potential and to enable the good life. Viewed from an ordonomic perspective, Aristotle thus argues that the self-perfection of the individual requires the self-perfection of the polis. We suggest that our ordonomic interpretation of Aristotle’s concept of self-perfection provides a systematic link between the role of the citizen in the basic game and his political role in the meta games of rule-setting and rule-finding.

In the basic game, the pursuit of self-perfection is a matter of individual self-management. Here, the acquisition of virtue through habit requires individual self-commitment. These individual self-commitments, however, are only possible if they go hand in hand with collective self-commitments of the community. In a way, the meta game of political governance can be understood as a process of collective self-management.

Self-Perfection and Public Discourse in the Aristotelian Polis

The three-tiered ordonomic framework highlights that, to perfect itself, society must be able to play functional meta games of rule-setting and functional meta-meta games of rule-finding. One reason it is particularly interesting to apply this perspective to the Aristotelian polis lies in the historical background of the time. When he wrote, Aristotle was seeing a society in the midst of great change. Above all, the ancient myth that had provided
guidance for much of social life in the polis was fading away. In his writings on metaphysics, Aristotle (Met 1074b) characterizes this myth as ancient tradition: “Our forefathers in the most remote ages have handed down to their posterity a tradition, in the form of a myth.” Like many other thinkers of this time, Aristotle points out that the myth is clearly a social construction created by man himself, for the “rest of the tradition has been added later in mythical form” (Met 1074b). At the same time, however, he also understands that the mythical tradition played a functional role in society. Aristotle (Met 1074b) notes that the tradition of the myth was formed “with view to the persuasion of the multitude and to its legal and political expediency.” Put differently, tradition was an important focal point for the community and spelled out the rules according to which society should operate.

In the polis of Aristotle’s time, however, the myth was losing its authority and no longer provided the polis with a shared view of the world or with implicit rules for social conduct. Thus the polis faced a radically new situation. The citizens could no longer take the implicit rules and moral foundations of their social order for granted. Instead, as “the state is a community of freemen” (Pol 1279a), the citizens themselves needed to develop the legal and normative framework of their community.

Against this background, our ordonomic reading of Aristotle highlights that political citizenship in the polis does not mean only participating in the meta game of rule-setting governance processes but it also means engaging in the meta-meta game of political rule-finding discourse.

As the myth no longer provided a broadly accepted normative framework, public discourse was necessary to clarify which principles and goals should be implemented by the rules and how they should be administered in the meta game. It is against this background that Aristotle, when describing in his treatise on politics the features of an ideal state, claims that in the polis there “should be established an agora” from which “all trade should be excluded” (Pol 1331a) so that it provides a public space reserved for political deliberation. Such discourse is needed to foster the self-perfection of the polis and, consequently, to enable the self-perfection of the individual.

Following Aristotle, the idea that the polis should enable the self-perfection and happiness of all citizens provides a systematic focal point for public discourse. Since the polis aims at enabling all citizens (excluding, of course, women and slaves) to pursue self-perfection, only those principles and rules should be adopted that can be considered just. In effect, for Aristotle, justice is the highest good of the political sphere. Note how Aristotle defines the concept of justice for the polis: justice is that which is for “the common interest” (Pol 1282b). Put differently, the polis can only perfect itself (and thus the individual) by finding, organizing, and realizing the benefits of mutually
advantageous cooperation. Interpreted from an ordonomic perspective, Aristotle thus endows the meta-meta game of discourse with a powerful potential for a win-win orientation.

Lessons to Be Learnt for the Political Role of the Citizen in the Aristotelian Polis

In light of our interpretation, the defining quality of Aristotle’s concept of political citizenship refers to the ability to participate in rule-setting processes and rule-finding discourses. In his political theory, Aristotle dedicates much attention to the question of who can be considered a citizen of the state (Pol, Book III, Chapters 1-2). He rejects the idea of defining a citizen as someone who simply lives within the geographic boundaries of the state (Pol 1275a) or whose parents had been citizens (Pol 1275b). Instead, Aristotle takes a different strategy. He proposes a functional definition of citizenship that looks at the roles of the individual in society. Aristotle (Pol 1275b) argues that “he who has the power to take part in the deliberative or judicial administration of any state is said by us to be a citizen of that state.” For Aristotle (Pol 1275b), citizenship is connected with “the right of deliberating” and conferred on a person who “legislates and judges.” From the ordonomic perspective, the functional definition of citizenship thus means to participate as an individual not only in the basic game of social interaction but also in the meta game of rule-setting (legislation and judicial administration) as well as in the meta-meta game of rule-finding (deliberation).

The authors argue that this ordonomic reading of Aristotle can help to formulate a precise answer to the two questions raised at the beginning of this article.

With regard to the first question, the ordonomic three-tiered framework allows clarifying what is meant by the “political” role of a citizen. Our analysis suggests that citizens of the polis interact at all three levels: they participate in the basic game of everyday social interaction, in the meta game of collective rule-setting, and in the meta-meta game of public discourse. There is, however, a fundamental difference between the basic game and the meta games. We argue that this difference illustrates the distinction between the nonpolitical “economic” role and the political role of the citizen. Drawing on a semantic distinction put forward by Rousseau (1762/1797, p. 32), we claim that the basic game is the social arena in which the citizens interact in their role as bourgeois. The basic game thus focuses on the daily interactions of private citizens who cooperate with each other so as to realize their individual self-perfection. As bourgeois, they are apolitical because they pursue their individual private interests within the given game of social
cooperation. In contrast, citizens who interact in the social arenas of political governance or public discourse are playing the role of citoyen. Such a participation in the societal meta games aims at playing a better game as a group. By analogy with Aristotle, we propose a functional definition of political citizenship that focuses on the ability of an actor to participate in rule-setting processes and rule-finding discourses. Consequently, that action is political that contributes to developing the shared ideational and institutional order of the polis.

This distinction between the citizen as a bourgeois and as a citoyen is not new. However, the ordonomic framework not only provides an alternative perspective for distinguishing between these two roles but also offers a conceptual perspective on the interdependent relationship between the role of the bourgeois and the role of the citoyen. With regard to the second question raised at the beginning of this article, we maintain that our ordonomic interpretation of the Aristotelian concept of self-perfection reveals that the role of the bourgeois and that of the citoyen do not contradict each other, but are complementary.

In his political theory, Aristotle argues that the ideal state should have two central places, the “agora from [which] all trade should be excluded” (Pol 1331a) and the “traders’ agora, distinct and apart from the other” (Pol 1331b). Interpreted from an ordonomic perspective, Aristotle’s description of the ideal polis means that the economic basic game and the political meta games take place in two fundamentally different social arenas. However, the people who interact in these arenas are the same citizens. People are equally bourgeois and citoyen. More importantly, our ordonomic interpretation suggests that in both arenas, they can follow the same win-win logic of individual self-perfection through social cooperation. In the basic game, the individual pursues self-perfection through day-to-day social interactions. In the meta games, the citizens can create the collective conditions that are needed to pursue individual self-perfection. When switching from the role as a bourgeois in the basic game to the political role as a citoyen in the meta games, the citizen can continue to pursue his own interest in happiness and self-perfection. Just as the acquisition of virtue through habit is an investment in fruitful cooperation and self-perfection, participating in rule-setting processes can be an investment in mutually advantageous cooperation and collective self-perfection in the polis. Our ordonomic interpretation of Aristotle’s theory of self-perfection thus provides a comprehensive concept of economic and political citizenship that builds on the potential of an integrative win-win logic. Going from the basic game to the arena of the meta games of deliberative or judicial administration does not disrupt this potential win-win logic: it can extend that logic.
The Ordonomic Concept of Corporate Citizenship: How to Answer the Two Open Questions

From our ordonomic perspective, we interpret Aristotle’s key ideas to mean that individual self-perfection requires a social process that builds on the win-win logic of cooperative social interaction. In this section, we apply this concept to the societal role of the business firm.

Self-Perfection of the Business Firm as a Societal Agent for Value Creation

How can the idea of self-perfection be applied to the business firm? For Aristotle, self-perfection meant realizing one’s potential, to fulfill one’s role or purpose. But what then, by analogy, is this telos of the business firm in a community? What is the purpose of corporate citizens in society?

With a nod to Milton Friedman (1970), a first answer to this question would be that the purpose of the business firm is to make a profit. From the perspective of ordonomics, however, such an argument misses the point of the question. Profit is important. But profit is a goal only from the viewpoint of the individual business firm.5 Just as, according to Aristotle, every natural person wishes to be happy, a corporate citizen wants to make a profit. For Aristotle, however, happiness is not the same as the self-perfection of the individual in his community. Rather, happiness is a gratification, a reward, or a signal that one has successfully achieved perfection of oneself and has become a virtuous zoon politikon—for happiness is the “prize and end of virtue” (EN 1099b).

By analogy, the ordonomic perspective argues that profits are important because they can signal that a company has attained self-perfection of fulfilling its social purpose—and reward it for doing so. For a corporate citizen, the societal purpose to be achieved by virtue of individual self-perfection is the creation of value. From an ordonomic perspective, companies have a societal mandate to create value. This idea is, of course, not new. Ludwig von Mises (1949/1996, p. 217) made the case that “the owners of the material factors of production and the entrepreneurs are virtually mandataries or trustees of the consumers, revocably appointed by an election daily repeated.” In ordonomic terms, the self-perfection of a business firm means realizing its potential as a societal agent for value creation not only for consumers but, in a substantial extension of von Mises’ s position, for other stakeholders, too.

There is a strong analogy between happiness and self-perfection as a virtuous citizen and profits and self-perfection as a societal agent for value creation. For Aristotle, happiness is an individual goal that can be achieved only
indirectly. According to Aristotle’s argument, happiness is the epiphenomenon of successful self-perfection as a virtuous citizen (EN 1099b “Happiness . . . comes as a result of virtue”). The same is true for profits. In a competitive market system with functional institutions, companies can realize profits only as an epiphenomenon of successful value creation. Here, a business firm can make a profit only if customers are voluntarily willing to pay more for its product than it costs to produce that product (cf. Jensen, 2002, p. 239; Mises, 1951/2008, pp. 7 ff.). Just as Aristotle sees happiness as a signal that someone has perfected himself as a virtuous citizen, making a profit can be evidence that a company is giving more to society than it is taking from it.6

How does a company perfect itself as a societal agent for value creation? For Aristotle, no one becomes virtuous by chance or nature; to become virtuous requires a process of active self-management. The same goes for the self-perfection of a corporation as an agent for value creation. To create value, a company first needs to actively constitute itself as a moral actor of integrity. This moral integrity is necessary because the formal institutions and private contracts in the marketplace are necessarily incomplete (Hart & Moore, 1996; Sacconi, 2007; Tirole, 1999). In an ideal world of costless, complete, and perfectly enforceable contracts, even anonymous players could cooperatively interact to create value. Yet in the “real” world, no stakeholder in the marketplace—including customers, employees, suppliers, creditors, and debtors—will cooperate with a company unless the stakeholder has reason to believe that the firm is trustworthy and reliable (Erhard, Jensen, & Zaffron, 2010; Hart, 2002; Schelling, 1960/1980, p. 43). In this sense, any company needs to be viewed as a “moral actor” to successfully perfect itself as a societal agent for mutually advantageous value creation.

From an ordonomic perspective, organizational integrity of a firm is what virtue is to the individual in the Aristotelian polis. So how do firms build up their integrity? Aristotle argues that individuals become virtuous by habit; we claim that organizations constitute themselves as actors of integrity by virtue of “moral commitments” (cf. Pies et al., 2009). Such commitments can be made credible via “specific investments” (Williamson, 1985) or guarantees, codes of conduct, informal rules, and thus through a strong “corporate culture” (Kreps, 1990). Such commitments can be prudent investments with a strong moral dimension. A self-commitment voluntarily restrains one’s own freedom. Such a constraint, however, can serve as a valuable factor of production by convincing a company’s stakeholders of its reliability, thus inducing the stakeholders into productive cooperation that would be impossible in the absence of such trust. In this sense, a functional commitment can be qualified as moral if it furthers mutually beneficial interactions which make other players better off, thus contributing to moral objectives such as fighting poverty,
raising living standards, improving the environmental quality, fostering productive innovations or providing attractive jobs. Just like the acquisition of virtues can link the individual and the community, moral commitments can create win-win opportunities. And just as forming one’s “character” by habit builds up valuable human capital in the Aristotelian citizen, moral commitments can start learning experiences that establish a corporate “character” of integrity, thus creating valuable social capital.

Value Creation, Self-Perfection, and the Need for Functional Governance

The idea of self-perfection offers a fresh way of looking at the economic role of the business firm in the basic game of the marketplace. In competitive markets, companies can realize their potential as corporate citizens if they fulfill their societal mandate to create value. However, just as Aristotle argues that the individual cannot perfect himself without adequate institutional rules, the same is true for the self-perfection of a company. In competitive markets, functional rules are needed to enable companies to create value by their profit-seeking activities. Such rules, however, are far from self-evident. In fact, companies often operate within a context where the institutional framework is deficient.

To illustrate, take the example of business firms that are stuck in a quagmire of corruption. If due to a deficient institutional framework corruption is endemic, companies are collectively trapped in a social dilemma. In this situation of collective self-damage, the individual company faces perverse incentives that make it hard, if not impossible to uphold individual corporate integrity. If a single company decides to fight against endemic corruption in its industry sector, it runs the risk of suffering severe competitive disadvantage without even coming close to solving the social dilemma of corruption at the group level. In other words, perverse incentives erode a company’s integrity and render self-perfection impossible. In the absence of adequate rules, companies will fall short of realizing their self-perfection as societal agents for value creation (cf. Baumol, 1975).

The self-perfection of a company thus critically hinges on the perfection of the institutional order. According to the traditional nation-state paradigm, this task is the exclusive domain of the government (Friedman, 1970; Henderson, 2001, 2005; Jensen, 2002). In the age of globalization, however, the conventional nation-state paradigm is increasingly challenged. Note the strong analogy to the historic background of Aristotle’s analysis. Just as the traditional myth lost its ability to provide regulatory guidance for the social interactions in the polis, the traditional mode of nation-state governance no
longer provides enough regulatory guidance to maintain an encompassing functional institutional framework for a globalizing economy.

In this situation, companies can realize self-perfection as societal agents for value creation only if they contribute to perfecting the shared institutional order. Put differently, if companies want to truly fulfill their economic role as bourgeois in the basic game of economic value creation, they need to be willing and capable of taking a political role as citoyen in the relevant meta game of governance. To illustrate, take again the case of corruption. If dysfunctional incentives drive a race-to-the-bottom competition in the basic game, companies can overcome this situation of collective self-damage and fulfill their societal mandate of value creation only by taking “ordo-responsibility” (cf. Beckmann & Pies, 2008), by contributing to reforming the rules of the game. This reformation is exactly what the Oslo, Norway-based Extractive Industries Transparency Initiative (EITI) is about. EITI aims to strengthen governance by improving transparency and accountability in the extractives sector. Acting as citoyens and collaborating with civil society groups, governments, and international organizations, corporate citizens have made an active contribution to setting a global standard under which companies publish what they pay and governments disclose what they receive, thus creating better rules for preventing corruption (Eigen, 2006; www.eiti.org).

Self-Perfection and Global Public Discourse

Companies can contribute to creating institutional conditions that foster their individual self-perfection if they learn to initiate or participate in constructive political meta games. Such collective rule-setting processes, however, are anything but easy. For example, mutually advantageous meta games often require that all actors share a constructive understanding of the situation. A shared awareness of common interests that will provide a mutual point of departure for institutional reform is needed.

Such awareness of common interests is often absent because perceived conflicts of interest in the basic games induce the players to perceive their relationship with each other as a zero-sum game. What results is a kind of tradeoff thinking which assumes that not only the basic game but also the higher meta games are characterized by an invariably given distributional conflict. As a consequence, any political activity of business firms in rule-setting processes appears to be illegitimate lobbying via rent-seeking to privilege the firm at the cost of the larger public. Consequently, corporate contributions to societal governance are viewed with suspicion and opposed.

As long as such tradeoff thinking persists, a company will find it impossible to foster its self-perfection by constructively participating in collective
rule-setting processes. This kind of zero-sum thinking is by no means limited to, say, civil society organizations (CSOs), which define themselves as being the watchdogs of business. Often, this tradeoff thinking is also found within companies themselves. Many business firms have therefore difficulty seeing, for example, that when it comes to overcoming dilemmatic problems in the basic game, they share a common interest with their rivals. Similarly, companies often fail to perceive CSOs not only as critical watchdogs but also as potential—and necessary—partners for overcoming unproductive conflicts.

In this environment, companies can pursue self-perfection only if they learn to participate as *citoyens* in processes of deliberation that help create a shared awareness of the common interest. The critical relevance of such rule-finding discourse can again be underlined by analogy with Aristotle. Just as the citizens of the polis can no longer take the normative guidance of the traditional myth as a given consensus, the modern society is characterized by what Rawls (1993, p. xvii) calls the “fact of pluralism.” Today, there is a plurality of worldviews and conceptions of the good. This plurality is particularly true of the global arena. Multinational corporations operate in overlapping ethnic, cultural, and religious contexts. In this situation, shared perceptions cannot be taken for granted; discursive processes are needed for mutual learning.

To pursue self-perfection, business firms not only have a special need for such learning processes but they also have a special capacity to contribute to rule-finding discourse in the global arena. First, with regard to many very complex problems, companies can share their specific expertise and how-to knowledge. Second, many problems in the global arena are by nature highly international. Multinational companies are among the few actors that have internationalized to a similar extent. Third, a key challenge for collective action lies in prohibitively high transaction costs. Multinational corporations and business networks provide options for reducing these transaction costs. Fourth, business firms can sometimes be held accountable more easily than, for example, government actors in corrupt or nondemocratic states. Consequently, a transparent involvement of corporate citizens in political discourse that is responsive to criticism could improve what Scharpf (1999) has termed the “output legitimacy” of governance.

In sum, corporations can contribute to creating institutional conditions that favor their individual self-perfection if they participate as *citoyens* in the meta-meta game of (global) public discourse. Increasingly, corporate actors play an important political role in discursive processes. The ancient Greek *agora* was an assembly of persons—that is, natural citizens; the global agora will be, to a large extent, an assembly of organizations—that is, corporate citizens—including companies as well as civil society actors.
Two Ordonomic Answers to the Open Questions

The ordonomic perspective provides an interpretative framework for reading Aristotle in such a way that we can establish fruitful analogies between the idea of individual citizenship in the Greek polis and the idea of corporate citizenship in the age of globalization. Our interpretation of Aristotle illustrates an ordonomic concept of corporate citizenship that allows addressing and answering the two questions currently under debate in the literature. First, what is actually meant by a “political” role of the company and by the idea of “corporate citizenship?” Second, how does the political role of a corporate citizen relate to its economic role as a business actor?

With regard to the first question, we argue that there is an important lesson to be learned from Aristotle’s functional definition of citizenship. From an ordonomic point of view, Aristotle’s concept of political citizenship focuses on the ability of an actor to play a constructive role in rule-setting processes and in rule-finding discourse. Accordingly, we claim that companies can and do take a political role as soon as they not only act as bourgeois in the given basic game of business but also participate as citoyens in discursive and regulatory new-governance processes.

With regard to the second question, we claim that the Aristotelian idea of self-perfection holds the key to linking the economic and political roles of the business firm. By analogy with Aristotle’s argument, companies operating in functioning markets can make a profit only if they successfully pursue self-perfection as societal agents for value creation. In their capacity as economic actors, this self-perfection is what companies do as bourgeois in their everyday cooperation with stakeholders in the basic game of business. If, however, a company cannot realize self-perfection within a given game, it needs to move to the next higher level of the meta game. In other words, if the institutional rules in the basic game of business fail to enable a company to create value, it can foster its self-perfection as an agent for value creation by contributing as a citoyen to the meta game of political governance and, if necessary, by joining in the meta-meta game of political deliberation. When changing from the basic game of business to the level of political new-governance processes in the meta games, a business firm follows the same logic. Both as a bourgeois and as a citoyen, it pursues its individual interests in processes of social interaction. In light of deficient institutional rules, companies need to take a political role if they wish to pursue self-perfection as economic agents for value creation. According to this logic, by taking on a political role, the firm is not expected to abstain from or restrict its economic interests. On the contrary, in processes of new governance, the economic role and the political role of the business firm can follow the same win-win logic.
of self-perfection through cooperative social interactions. As a consequence, the ordonomic perspective suggests that a “political theory of the firm” does not need to be developed as a corrective or even substitute of the economic theory of the firm. Rather, a political theory of the firm can be understood as an extension of the economic theory of the firm under the conditions of new-governance processes in a globalized world.

Lessons (to Be) Learned: The Potential of Corporate Citizenship

The basic idea of this article is to clarify the societal role of companies in modern political processes. A key claim of our concept is that citizens do not follow different logics or rationalities when acting in varying social arenas or, in ordonomic terms, in different social “games.” According to the rational-choice perspective employed here, individual as well as corporate citizens acting as bourgeois in the basic game of the economy do not follow a specific “strategic rationality” that they have to give up for some sort of “communicative rationality” when acting as citoyens in the political meta games of societal governance (Palazzo & Scherer, 2006). To the contrary, our ordonomic perspective models all citizens as acting according to their self-interest—whether as bourgeois or as citoyen.

The authors see a number of benefits in conceptualizing corporate citizenship within such a rational-choice paradigm. First, our model introduces the political role of the business firm as a concept that is not alien to or even incommensurable with existing economic theories of the firm. Second, our approach does not put forward the normative request that companies should take a political role but instead explains corporate citizenship as a rational strategy of self-interested companies. It thus addresses the criticism of the corporate citizenship concept put forward by van Oosterhout (2005, p. 678). Instead of taking recourse to a normative duty, we identify a spectrum of constructive actions that are prudent both from the actor’s as well as from society’s point of view. Third, and arguably most important, the framework developed here is useful for prompting more constructive research questions. As Heinz von Foerster (1971/2003, p. 215) put it, “The way in which a question is asked determines the way in which an answer may be found.” To illustrate: a common perspective in business ethics models strategic rationality as different from communicative rationality and then asks whether a company’s strategic self-interest is weak or strong. If the self-interest is perceived as too strong, this perspective suggests taming or curbing it. In sharp contrast, the ordonomic perspective does not ask whether self-interest is weak or strong; rather, the concept prompts the question of whether the self-interest of an actor is in accord with or at the expense of the public interest. Putting the
question this way shifts the focus to the institutional framework that determines whether the intentional behavior of actors leads to desirable or undesirable results on the social level, where “desirable” is to be understood in terms of societal “consensus” (Brennan & Buchanan, 1985/2000). In this sense, we employ a concept of weak normativity. Fourth, in contrast to other rational-choice approaches such as public choice, which focus primarily on analyzing the social structure and thus the incentive properties of institutional arrangements, the ordonomic perspective put forward here also looks at the otherwise neglected aspect of semantics: the ideas, thought categories, and mental models as well as the metaphorical language that frame the public perception of social interactions and, in particular, social conflicts and their possible solutions. That aspect is why theories and conceptual clarifications are so important: a clear notion of corporate citizenship can help accelerate societal learning processes and rationalize business practice. Fifth, orthodox rational-choice approaches such as public choice have a blind spot in that they do not see that business firms can play a constructive role in politics. A typical tendency is to assume that firms enter politics only to search privileges at the expense of the common good (i.e., rent-seeking). Although this assumption has a long tradition dating back to Adam Smith (1776/1991, p. 137), such a perspective is one-sided in that it tends to overlook the potential of solving societal problems through corporate citizenship. Sixth, the ordonomic perspective leads to an important insight: just as the economic behavior of firms requires a functional institutional framework of competition, the same is true with regard to the political behavior of firms.

Put differently, the ordonomic perspective calls attention to the fact that—given a functional definition—both the “economic” and the “political” role of the business firm are as a matter of principle ambivalent. The business firm’s role when acting in the basic game of the economy is ambivalent. Given a functional institutional framework of competition, profit-maximizing companies act in favor of the public interest if they strive to serve the needs of their customers, thus following the “mutualistic” (Hazlitt, 1964/1994, Chapter 13) cooperative logic of win-win interaction. Yet in the opposite case, characterized by the absence of functional rules, the same profit-maximizing behavior may operate at the expense of the public interests if, for example, business firms pollute the environment and externalize the social cost of their production, thus leading to a “tragedy of the commons” (Hardin, 1968) or a social dilemma (Bowles, 2004, Chapter 1). Given such a dysfunctional institutional framework, it is of vital importance to improve the rules of the game to protect moral actors against competitive disadvantage. Such improved rules can be brought about by government or civil society organizations, but corporate actors may also play an active part here.
By analogy, the political role of companies is also highly ambivalent. Companies that participate in political processes can do so in a way that is either at the expense of the public interest or in a way that furthers it. With regard to the former, dubious lobbying is a case point. Companies may try to influence political rule-setting processes with the intent of creating cartels or monopolies, thereby destroying societal rents (Baumol, 1990, 2010; Bhagwati, 1982; Tullock, 1989). With regard to the latter, however, companies can cooperate with state actors and other civil society organizations to organize collective action among diverse industry members and other market players. For example, such collective political action may be the only feasible way of overcoming endemic corruption. In this case, companies engage in a type of lobbying that aims not at destroying, but instead creating, societal rents. Therefore, the question of whether the political activity of corporate citizens operates in accord with or at the expense of the public interest can be answered in strict analogy to the firms’ profit-maximizing activities in the economy: it depends on the institutional framework for political activity.

Understanding the ambivalence of both the economic and the political role of companies is important because it directs the research focus toward analyzing the institutional conditions that channel this ambivalence for better or for worse. We hold that this field is important for future research. From a normative perspective, understanding these institutional conditions is important because they are not invariably given but can be changed. This change potential is true for the economic basic game as well as for the political meta games. As a consequence, it is not only an important task for all societal actors to provide a functional competitive order for economic activity (Baumol, 1975) but also to contribute to the establishment of a functional competitive order for political activity (Pies, von Winning, Sardison, & Girlich, 2010). Here, the basic idea is to provide corporate citizens and other civil society actors with open and transparent (i.e., not privilege-driven) access to the competitive process of political rule-setting to turn the political activity of corporate actors into a productive undertaking for society (Albareda, 2008).

Conclusion: Seven Points

In this article, the authors interpreted the Aristotelian concept of individual citizenship in a way that helped us draw analogies to the ordonomic concept of corporate citizenship. We showed that Aristotle provides a sophisticated semantics of self-perfection and citizenship for the social structure of the ancient Greek polis. Using the ordonomic distinction of three social arenas, we discussed how the Aristotelian semantics of self-perfection and
citizenship can be interpreted and applied to the social structure of an emerging global society. Figure 2 illustrates our comparison of individual and corporate citizenship.

By thus drawing basic analogies to Aristotle’s notion of individual citizenship, this article laid out an ordonomic concept of corporate citizenship. The following 7 points summarize key ideas and implications of our argument.

1. Modern society is a society of organizations. This social structure poses a challenge at the semantic level—whether with regard to the idea of citizenship or with regard to other concepts such as integrity or (corporate) responsibility.

2. Aristotle’s idea of citizenship does not encompass organizations. Applying his ideas to corporate citizenship thus requires a perspective that reveals (or even constructs) important similarities between the role of the individual citizen in the Aristotelian polis and the political role of corporate citizens in the emerging global society.

3. The ordonomic approach provides just such a perspective because it does not focus on the personal characteristics of the individual but instead looks at the functional features of societal self-organization.

Figure 2. The Analogy Between Natural and Corporate Citizens.
4. By analogy with Aristotle, we make the case for a functional definition of citizenship, according to which citizenship means participating in not only the basic game of social interaction but also the meta game of rule-setting and the meta-meta game of rule-finding. Such a functional definition allows answering the two open questions in the literature on corporate citizenship.

5. With regard to the first question, we argue that companies can and do take a political role as soon as they not only act as bourgeois in the given basic game of business but also participate as citoyens in rule-setting processes and in rule-finding discourses (i.e., in discursive and regulatory new-governance processes).

6. With regard to the second question, we hold that the Aristotelian concept of self-perfection reveals that the roles of the bourgeois and of the citoyen do not need to contradict each other but can be complementary. Both as a bourgeois and as a citoyen, citizens can pursue their self-interest in processes of social cooperation. In both roles, citizens can follow the same win-win logic of self-perfection through cooperative social interactions.

7. Our functional definition of citizenship calls attention to the fact that the political role of corporate citizenship is normatively ambivalent. Consequently, we highlight the importance of establishing an institutional framework for political activity by corporate citizens that discourages rent-seeking and dysfunctional lobbying and encourages constructive contributions to societal learning processes. Put differently, the win-win logic of individual and collective self-perfection discussed here does not promote a naïve teleology that assumes that there are no conflicts in the real world. There is no magic to win-win solutions; rather, they need to be worked out, which is often a complex and demanding challenge. This challenge is why the authors believe it is fruitful to have a theory that highlights the potential of win-win-solutions as a crucial quality of social interdependence.

Authors’ Note

The numbers in the citation of Aristotle’s works refer to the corresponding lines of the Greek text in the great modern edition of Aristotle’s work published between 1831 and 1870 by the Berlin Academy. The pagination of the Berlin edition has become the customary means by which to locate a passage in Aristotle. The English quotations are taken from the following translations:

Acknowledgments

We thank the editors of this special issue and three anonymous reviewers for their very helpful and valuable comments.

Declaration of Conflicting Interests

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

Notes

1. Aristotle’s idea of citizenship is closely linked to the role of the individual in the polis. The polis, however, is for him a rather small community. Indeed, in the Nichomachean Ethics (NE 1170b), Aristotle leaves no doubt that his idea of the polis is not applicable to the global community of a world society when he claims that “ten people would not make a city, and with a hundred thousand it is a city no longer.”


3. Consequently, less than perfect virtue results in less than perfect happiness. By this logic, Aristotle (Pol 1323b) holds that “each one has just so much happiness as he has virtue and wisdom, and of virtuous and wise action.”

4. Similarly, Aristotle (EN 1134b) maintains that citizens are “people who have an equal share in ruling [meta games] and being ruled [basic game].”

5. Following the advice of an anonymous referee we would like to elucidate our ordonomic distinction as follows. From the point of view of the firm as a corporate actor, to earn a profit is a goal, while providing mutual benefits through value
creation is a means. However, from the point of view of society, the relationship is exactly the other way around. Corporate profit is a means that is employed to incentivize companies to contribute to the societal goal of value creation.

6. Following a hint by an anonymous referee, we would like to point not only at an analogy but also at a difference, too. For Aristotle, it is impossible to experience happiness without virtue. Given dysfunctional rules, however, it is possible to realize profit without value creation, for example, by fraud or cheating.

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