



*Research Article*

# **Corporate Citizenship: Toward an Extended Understanding of The Relationship Between Economic and Legal Citizenship**

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## **Abstract**

The concept of corporate citizenship has been growing progressively in the business field for decades. Our research has developed a structural equation model to examine the primary factors and their interactions that influence economically motivated administrators to observe legal citizenship as an essential element to exhibit an excellent social responsibility position in front of their stakeholders. The four-factor model of Corporate Citizenship (CC) proposed by Maignan, Ferrell and Hult, (1999) has been validated, supporting that profit-oriented managers should obey the country's legal system to create social acceptance. This study scrutinizes the influence of economic citizenship on legal citizenship utilizing ethical and discretionary citizenship as a mediator. The results demonstrate the direct and indirect positive effect of economic citizenship on legal citizenship. Structural model and regression-based approach by SPSS and PROCESS were used to analyze the mediation effect. Empirical testing using a survey of 319 college students in the area of International Business confirms the effects of the included hypotheses. This study discusses theoretical and managerial implications of its findings.

**Keywords:** Corporate Citizen, Economic Citizenship, Legal Citizenship.

## Introduction

Recently, CC has risen as a significant concept for understanding the effect of social factors on the success of corporations (Kanter, 2011; Lauriano, Spitzack, Bueno, 2014; Orlitzky, Schmidt, and Rynes, 2003). The correlation between CC activities and the corporation's financial performance has been discussed by many researchers (Evans and Davis, 2014; McWilliams and Siegel, 2000). It is widely known that companies can improve their reputation and acceptance rates from their targeted market when appealing CC activities (Cretu and Brodie, 2007; Gardberg and Fombrun, 2006; Godfrey, 2005).

Maignan and Ferrell (2000) based on the Carroll's (1979) four Corporate Social Responsibility (CSR) model, introduced the CC Scale as a tool for assessing employees' views on the social performance of their work. Carroll's pyramid (1998) is based on four categories: (1) Economic Responsibilities: The purpose of all business organizations is to produce goods and services that consumers need and want based on a beneficial relationship in which the enterprises make an acceptable profit; (2) Legal Responsibilities: Businesses must comply with the laws and regulations set by the law system which is a condition that cannot be avoided; (3) Ethical Responsibilities: Society has expectations from businesses related to moral and ethical standards that are not essentially linked to laws but are presumed to occur; and (4) Discretionary Responsibilities: Businesses should develop a philanthropic philosophy by which the corporation helps the society through acts of charity.

Maignan and Ferrell defines CC as "the extent to which businesses meet the economic, legal, ethical, and discretionary responsibilities imposed on them by their stakeholders" (2000: 284). In general, corporate citizenship incorporates the recognition of rights and duties, and the manner of responsibility that businesses

must act upon in their interactions with humanity to ensure that its rights are preserved (Crane and Matten, 2007).

Notwithstanding the increasing attention in assessing CC as a component of corporate strategy (Dawkins and Lewis, 2003; Jeremy, 2009) in which few studies have investigated strategic approaches to CC in the context of international business with special focus in developing countries where poverty, environmental issues, and institutional deregulations claim for CC activities (Egriand Ralston, 2008). Despite the fact that cultural differences and national political contexts lead to different interpretations about these principles, the thoughts about CC have started to form brand-new information about the function of corporations in society (Carroll and Buchholtz, 2009; Leisinger, 2009).

Previous research has overseen CC interrelated to stakeholders, social contract, employees' and consumers' perceptions among others. Only few studies in the field have sought a reasonable explanation for why and how profit-motivated corporations focused on economic responsibility, which might or might not pursue CC activities and follow the system that the law perceived by the society, especially in the international business. To date, no studies have looked specifically at the relationship between economic citizenship and legal citizenship. In order to bridge this research, this study was conducted to gain an understanding of how organizations can develop their profit-oriented practices and comply with legal responsibilities according to consumer perceptions.

Based on the Maignan and Ferrell (2000) theoretical framework, several hypotheses will be developed and tested. This paper is organized into four main parts. The first part provides a basic theoretical framework of CC. In the second part, the research methodology used will be discussed integrating the outcomes of the mediating process and interpretations. In the third part, the information collected is

analyzed and finally, in the fourth part, the discussion and conclusions are presented.

### Literature Review

The concept of CC as a managerial practice has been accepted and linked to understanding the proceeding as an exemplary organization to good business (Werther and Chandler, 2011; Wood, 2010). Nevertheless, researches have failed in establishing a positive association between socially responsible corporate behaviors and business financial performance (Lee and Jung, 2016). A good connection between corporate social performance and economic performance, when measuring and conceptualizing CC, has been found by many researchers (Carroll, 2015; Waddock, 2004).

According to Matten and Crane (2005), there are different approaches to visualize CC. (a) The limited view: which focuses on philanthropic responsibility and (b) The equivalent view: which adopts the existing conceptions of CSR (Matten and Crane, 2005: 168). Meanwhile, Carroll (1979, 1998), structured her view of CSR incorporating economic, legal, ethical and discretionary/philanthropic responsibilities. In the same time, Maignan et al. (1999) and Maignan and Ferrell (2000, 2001) embraced this equivalent view and defined CC as “the extent to which businesses meet the economic, legal, ethical and discretionary responsibilities placed on them by their various stakeholders” (Maignan et al., 1999: 457). Numerous scholars have conducted researches on CC focusing on the new and essential position of businesses as corporate citizens that interact in our society (Carroll, 2015; Crane, Matten and Moon, 2004; Matten and Crane, 2005; Matten et al., 2003). According to Crane and Matten (2007), CC focuses on the performance of corporations as contributing factors of citizenship rights to individuals. The authors discuss this concept integrating a political perspective stating that stakeholders should be seen beyond simple interest groups; they ought to be known in a broader political context as citizens in a democratic society. Thus,

stakeholders should be considered as citizens expecting a managerial involvement in some of their citizenship rights from corporations, or perhaps they are people that get involved in the administration of citizenship rights for other people (Crane, Matten and Moon, 2004: 108).

Crane et al. (2004) reconceptualized the relationship between the corporation and stakeholders utilizing the citizenship perspective. Nevertheless, society cannot observe corporations as people since they have the opportunity to have individual rights as real people do, however, they must also have the duty to value those citizen's rights in modern society (Crane et al., 2004). Therefore, Crane and Matten (2007:77) state that “corporate citizenship describes the corporate function for governing citizenship rights for individuals”.

Carroll (2000) pointed out that the legal responsibilities from the CSR purpose of the perspective imply that almost all businesses are required to fulfill their economic missions based on the legal requirements established by society and that interprets the law as law of right and wrong. The social obligation of corporations goes beyond their rigorous legal obligations and considers the effect that company operations have on stakeholders apart from its shareholders (Maignan and Ferrell, 2001).

In Carroll's (2000) other words, social obligation integrates the idea of profit, planet and people, which utilizes environmental, social and economic benchmarks to measure business performance. Therefore, all corporations must follow and obey the law system, observe societal laws and regulations and assume economic responsibilities while making a profit (Carroll, 2000). On the other hand, corporations can also be in charge of creating products and services which help in saving social development and environment to reply to their stakeholder's interests (Carroll, 2004).

Behavioral linkages are created between stakeholders and society based on the behavior of corporations related to legal issues (Bergami and Bagozzi, 2000), and when society becomes aware of illegal actions performed by companies, it causes a negative effect on their acceptance by the population (Eskridge, 2001). Carroll (2015) indicated that society expects corporations to achieve their mission within an agenda of legal requirements. Meanwhile, employees need to perceive that they are receiving fair treatment in law and contracts in order to maintain motivation and efficiency within the organizational environment (Frazier, Johnson, Gavin, Gooty and Snow, 2010). In a broader context, society tends to reprimand organizations that fail to preserve moral and ethical behaviors.

### **Conceptual Framework**

The idea and definition of CSR began within the early 1950s (Carroll, 1999) although the construct has been used with other labels along with CC (Carroll, 1998), sustainable development or accountability (Henderson, 2007). Additionally, it is to become a multiphase construct (Brammer, Millington and Rayton, 2007) and it is commonly taught in management and business contexts (Matten and Moon, 2005).

In discussing discretionary and ethical citizenship and their relationship with legal citizenship, CC describes transparent business practices grounded on ethical values, which help support the corporation in accomplishing community recognition and achievement. Maignan and Ferrell (2001) describe ethical and discretionary social responsibility as the moral obligation of an organization towards its stakeholders. In that sense, corporations should define their practices to broaden the relationship with their stakeholder while being recognized as a social responsibility and perceived as benefits from the consumers. Although the economic responsibility remains, these practices can be assessed from three non-economic standpoints: legal, ethical and discretionary (Carroll, 2015). Additionally,

Quester and Thompson (2001) establish that sociable objectives, in the long term, are successful, since the market forces the grant monetary incentives to socially responsible companies.

In order to reduce the negative impact of their business practices on society, local and federal governments have regulated corporations. These agencies use old and new legislation to control corporate social impacts on stakeholders in all senses, including product quality standardization, environmental protection, labor relations, equal opportunity practices and community responsibility (Carroll, 2004). Corporations are compelled to meet up with these authorized requirements and in case they fail to do it, legal consequences; like penalties and prosecution, might be applied on the business, or perhaps their executives, as a reaction to their actions (Seeger and Hipfel, 2007).

Seeger and Hipfel (2007) specify that the fulfillment of these legal requirements is the primary driver for achieving CC. Because of the inadequate definition and differences among cultural and legal systems, the line between voluntary and mandatory citizenship is thin and ambiguous. Thus, businesses can put discretionary citizenship activities into practice to integrate voluntary CC to operate within the 'spirit of the law' (Conrad and Abbot, 2007; Zerk, 2006). Based on the previous considerations, the following hypotheses can be derived:

*H1. Discretionary citizenship has a positive effect on legal Citizenship.*

*H2. Ethical citizenship has a positive effect on legal citizenship.*

### ***Economic citizenship and its relationship with legal citizenship***

The vital and primary social task of any business is economic; since a company form is a basic economic unit in our society (Carroll, 1979). Also, the organization has the function of taking care of its personnel due to their representation as noteworthy stakeholders (Maxfield, 2008; Turker, 2009). The company is accountable for

offering satisfactory working conditions, training, education and professional development while producing and selling goods for profit (Weyzig, 2009).

Economic goals and wealth creation dominate the minds of managers regarding responsibility. Numerous studies have shown that economic success has an essential impact on CC commitment (Amato and Amato, 2007). Researchers found a positive relation between corporate profitability, corporate social and environmental responsibility, proposing that a company that actively invests in CC, can anticipate relatively high profitability and corporate value (Jang and Choi, 2010; Kim and Lee, 2013).

Meanwhile, Porter and Kramer (2006) suggest that CC concepts are definitely more open amongst private companies when they complement the essential economic or legal/regulatory problems experienced by managers. According to Carroll (2015), companies with good profit and overall performance would participate in discretionary CSR activities when their profit goals are achieved. When these practices are implemented, corporations reduce the distance between stakeholder interests and social needs, creating a mutually satisfactory outcome for the business and society (Hart, 2005; Porter and Kramer, 2006).

Based on Carroll (1999), going after real financial responsibility at the cost of legal responsibility can be dangerous, as found in the damages brought on by corporate scandals. On the contrary, financial incentives are designed for the companies; they act responsibly, and they stay within the law so that the law shields and enforces the entitlements of all of the relevant parties. Thus, regulatory and legal requirements are imposed to reduce unwanted side effects or perhaps bad externalities on society.

Corporations are pushed by a social responsibility to use strategies, which should be perceived as morally correct when they demonstrate fairness and sympathy to others through their practices

and behaviors. In other words, there is an invisible hand which mitigates undesirable effects of the free market economic system, such as sustainable consumption, children labor, exploitation of cheap labor and slavery among others (Camacho, Salazar-Concha and Ramirez-Correa, 2020; Clark, 2008). Based on the above rationale, the following hypotheses are reached:

*H3. Economic citizenship has a positive direct effect on legal citizenship.*

*H4. Economic citizenship has a positive direct effect on discretionary citizenship.*

*H5. Economic citizenship has a positive direct effect on ethical citizenship.*

### **Methodology and Measurements**

Following statements by Dawkins and Lewis (2003) and Jeremy (2009), it is necessary to investigate CC in the context of international business focusing on developing countries. This study has been conducted in the Dominican Republic. The Dominican Republic exhibits vast experience in economic activities related to international business due to the importance of multinational enterprises in all economic areas such as tourism, communications, agroindustry, manufacture and services.

### ***Development of Measurements and Research Design***

The research hypotheses described in this study were empirically tested utilizing the four-dimensional scale questionnaire developed by Maignan and Ferrell (2000). The questionnaire was divided into two sections, 1) Corporate Citizenship, and 2) demographics. In addition, 5-point Likert Scale from (1) *Strongly Disagree* to (5) *Strongly Agree* is applied to the questionnaire to evaluate measurement indicators. A pilot test with 50 respondents was conducted in order to eliminate mistakes and validate the translation of the questionnaire from English to Spanish.

### ***Sampling and Data Collection***

Business students from three large universities in the Dominican Republic

were selected to participate in this study. The campuses are located in Santo Domingo and Santiago; the two biggest cities in the country. The following criteria to select the participants in order to ensure consistency in the sample were implemented. To be selected, participants had to be employees, attending the

university's international business program and have taken Business Ethics course at an undergraduate or graduate level (Table 1). These criteria guaranteed that all answers provided by the participants were based on knowledge and experience.

**Table 1: Demographics**

Cross tabulation Age-Level of Education-Gender														
Gender		Level of Education										Total	Total	
		AD		BA		MA		DR		Other				
Male	Age	18-20	3	0.94%	1	0.31%	0	0.00%	0	0.00%	1	0.31%	5	1.57%
		21-29	24	7.52%	29	9.09%	0	0.00%	0	0.00%	1	0.31%	54	16.93%
		30-39	20	6.27%	27	8.46%	5	1.57%	5	1.57%	0	0.00%	57	17.87%
		40-49	1	0.31%	3	0.94%	2	0.63%	3	0.94%	0	0.00%	9	2.82%
		50-59	1	0.31%	1	0.31%	4	1.25%	1	0.31%	0	0.00%	7	2.19%
		60 or older	1	0.31%	1	0.31%	1	0.31%	1	0.31%	0	0.00%	4	1.25%
		Total	50	15.67%	62	19.44%	12	3.76%	10	3.13%	2	0.63%	136	42.63%
Female	Age	18-20	11	3.45%	1	0.31%	0	0.00%	0	0.00%	0	0.00%	12	3.76%
		21-29	25	7.84%	50	15.67%	0	0.00%	0	0.00%	3	0.94%	78	24.45%
		30-39	3	0.94%	50	15.67%	3	0.94%	24	7.52%	1	0.31%	81	25.39%
		40-49	0	0.00%	3	0.94%	1	0.31%	4	1.25%	0	0.00%	8	2.51%
		50-59	0	0.00%	2	0.63%	1	0.31%	0	0.00%	1	0.31%	4	1.25%
		Total	39	12.23%	106	33.23%	5	1.57%	28	8.78%	5	1.57%	183	57.37%
Total	Age	18-20	14	4.39%	2	0.63%	0	0.00%	0	0.00%	1	0.31%	17	5.33%
		21-29	49	15.36%	79	24.76%	0	0.00%	0	0.00%	4	1.25%	132	41.38%
		30-39	23	7.21%	77	24.14%	8	2.51%	29	9.09%	1	0.31%	138	43.26%
		40-49	1	0.31%	6	1.88%	3	0.94%	7	2.19%	0	0.00%	17	5.33%
		50-59	1	0.31%	3	0.94%	5	1.57%	1	0.31%	1	0.31%	11	3.45%
		60 or older	1	0.31%	1	0.31%	1	0.31%	1	0.31%	0	0.00%	4	1.25%
		Total	89	27.90%	168	52.66%	17	5.33%	38	11.91%	7	2.19%	319	100.00%

Note: AD: Associates Degree; BA: Bachelor's Degree; MA: Master's Degree; DR: Doctorate

Based on the above and with a permission from the program directors to access the student population, a list of all students participating in those programs was received. An email was sent explaining the scope of the study and requesting participation in an anonymous online survey through Survey Monkey. Every other week, a reminder email was sent to all potential participants.

The data collection process lasted for fourteen weeks. The initial sample consisted of 765 graduate students. The sampling method used was convenience sampling. Out of the 765 questionnaires sent, the researcher received 345 and after an exhaustive review, 26 were eliminated due to the lack of essential information for this study. Three-hundred-nineteen surveys were accepted, resulting in a response rate of 41.7%. The minimum age of the participants was 18 years old.

42.17% reported were in the range of 21-29 and 43.13% between 30-39 years old. Regarding gender, 57.51% of participants were female and 42.49% male.

## Results

### *Preliminary Analyses*

Regression analysis was conducted prior to hypothesis testing in order to determine the existence of multicollinearity. The model was tested and Table 2 shows that no conditions of multicollinearity were found.

**Table 2: Test for Multicollinearity**

Model	T	Sig.	Collinearity Statistics	
			Tolerance	VIF
EC	7.26	.000	0.38	2.65
DC	8.6	.000	0.25	4.1
EC	5.08	.000	0.21	4.75
Dependent variable: Legal citizenship				

Table 3 summarizes the results of a correlation matrix calculated for all constructs in this study, reports means, standard deviations and correlations. Correlation among all constructs has a

positive and statistically significant correlation, oscillating between .74\*\* to .86\*\*. Data analysis was performed using SPSS.

**Table 3: Correlation matrix**

	Mean	SD	EC	LC	ETHC	DC
EC	14.92	3.27	1			
LC	14.60	3.52	0.80**	1		
ETHC	18.31	4.21	0.78**	0.85**	1	
DC	18.19	4.64	0.74**	0.86**	0.86**	1
**Correlation is significant at the 0.01 level (2-tailed). All correlations are significant. EC = economic citizenship; LC = legal citizenship; ETHC = ethical citizenship; DC = discretionary citizenship.						

### *Structural Model*

Path and regression analyses were conducted in order to evaluate the model. To test the relationships proposed in all five hypotheses, a structural equation modeling was used SPSS 25. A mediation model where the effect of the exogenous variable and Economic Citizenship on Legal

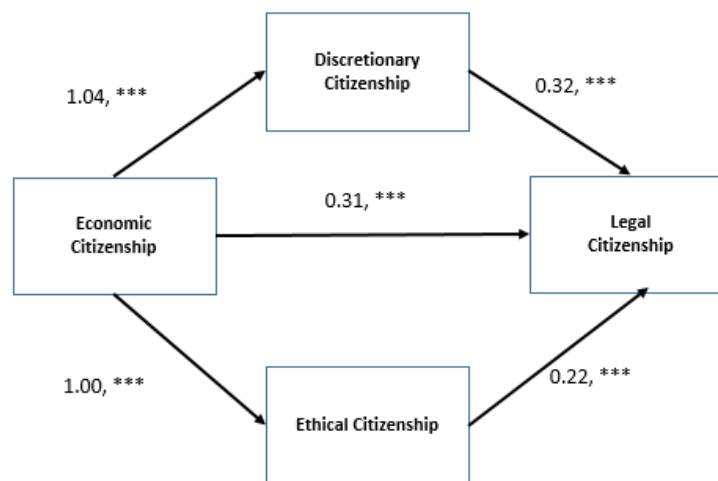
Citizenship flows through Ethical Citizenship and Discretionary Citizenship has been specified, which are the mediating variables. A direct effect of the exogenous variables on Legal Citizenship has also been specified. Table 4 demonstrates that the model was statistically significant,  $F(5,315) = 468.19$ ,  $p=.000$  (adjusted  $R^2 = .82$ ).

**Table 4: Complete model testing: regression weights and fit indices**

Anova	Model summary
F= 468.19; df=5, 315; p= .000 Dependent variable LC	R= .90 R Square= .82 Adjusted R Square= .82 Standard Error of Estimate= 1.51 p= .000

A Path model was created to test the hypothesis. Figure 1 depicts the hypothesized model and related path coefficients between the exogenous

variable and legal citizenship. Also, the model suggests that this relationship was mediated by discretionary citizenship and ethical citizenship.

**Figure 1: The structural model**

Numerous steps were performed to assess the mediating effect of ethical citizenship and discretionary citizenship on the relationship between economic citizenship and legal citizenship. Regression analysis, by using the PROCESS macro for SPSS (Hayes, 2013), was used following the recommendations from Hayes (2018). The regression analysis performed allows the study of all paths to examine the direct and indirect effects and the integrated analytical model simultaneously. 5000 resampling bootstraps and 95% confidence were used to estimate effect sizes of each path (Preacher and Hayes, 2008). If the 95% confidence interval for the path coefficient includes zero, it means its path is not significant.

According to Kenny (2008), the following conditions had to be met for the mediating variable (i.e., ethical citizenship and discretionary citizenship) to intercede the relationship between the independent variable (Economic Citizenship) and the dependent variable (legal citizenship): (a) the independent variable significantly contributed to the variance in the dependent variable; (b) the independent variable significantly contributed to the variance in the presumed mediating variable; (c) the presumed mediating variable significantly contributed to the dependent variable; and (d) a previously significant relationship between the independent variable and the dependent variable was no longer significant when controlling the presumed mediating variable.



Table 5 presents the summary of the total direct and indirect effects of economic citizenship on legal citizenship through ethical and discretionary citizenship. H1 predicted a positive direct effect between the discretionary citizenship and the legal citizenship and it was proved. In other words, participants in this study perceived that corporations including discretionary citizenship actions comply with the law ( $\beta = .32, p < .000$ ).

H2 predicted a positive direct effect of ethical citizenship and legal citizenship and was proved as well. Thus, participants in this study also perceived that ethical corporations comply with the law ( $\beta = .22, p < .000$ ). In general, the community perceived that a positive significant relationship exists between those corporations committed to ethical and discretionary citizenship and those that conform to the laws.

**Table 5: Results of mediation analysis**

	Effects	SE	t	p	LowCI	UpperCI
Ethical citizenship ← Economic citizenship	1.00	0.05	22.07	0.000	0.91	1.10
Discretionary citizenship ← Economic citizenship	1.04	0.05	19.41	0.000	0.94	1.15
Ethical citizenship ← Legal citizenship	0.22	0.04	5.08	0.000	0.14	0.31
Discretionary citizenship ← Legal citizenship	0.32	0.04	8.61	0.000	0.25	0.39
Economic citizenship ← Legal citizenship	0.31	0.04	7.26	0.000	0.22	0.39

Dependent variable legal Citizenship. Independent Variable: Economic Citizenship. Mediators: Ethical Citizenship and Discretionary Citizenship. BootLLCI = Lower limit confidential interval; BootULCI = upper limit confidential interval. Bootstrapping: 5,000; CI 95%.

H1 predicted a positive direct effect between economic citizenship and legal citizenship and has been proved ( $\beta = .31, p < .000$ ). This means that participants perceived that the more solid the corporation's economic situation is, the more committed they are to fulfill the law requirements. H4 and H5 predicted the positive direct effect between discretionary ( $\beta = 1.04, p < .000$ ), ethical citizenship ( $\beta = 1.00, p < .000$ ) and economic citizenship and both were proved. Therefore, the population perceives that corporations with economic stability put ethical standards and discretionary activities into practice to benefit the community.

In order to estimate the direct and indirect effects of the independent variable, a regression analysis using SPSS and process was executed utilizing model 4 (Hayes, 2018). Economic citizenship mediated by discretionary citizenship presented a

positive mediated effect to legal citizenship ( $\beta = .033, CI: .22, .43$ ) and it also presented a positive mediated effect ( $\beta = .22, CI: .09, .036$ ) when mediated by ethical citizenship.

### Discussion and Implications for Managers

The purpose of this study was to test the positive direct and indirect influences of economic citizenship on legal citizenship in a model where ethical and discretionary citizenship act as mediators. This study is a pioneer, bridging the gap of understanding how the community perceives legal commitment from corporations, considering economic citizenship as the independent variable.

Researchers have visualized CC based on different views that go from the limited to the equivalent one in order to define and determine the constructs that support CC

(Matten and Crane, 2005; Carroll, 1979; 1998; Maignan et al., 1999; Maignan and Ferrell, 2000; 2001). Meanwhile, other scholars have studied the role of how corporate citizens interact in our society, mainly how they assume rights and obligations to be socially accepted (Carroll, 1998; Crane et al. 2004; 2007; Matten and Crane, 2005; Matten et al. 2003).

The findings of this research should enable multinational enterprises and expatriated managers to reinforce and bond all operational and managerial activities for the country's legal system in order to be accepted by the locals and be recognized as a role model in the society. The results support Maignan and Ferrell's construct and the critical finding that economically responsible corporations comply with the law according to the community's perception. It confirms that stable economic corporations are more plausible to intensively implement ethical and discretionary actions that benefit the broader community. In Carroll (1979) words, all corporations must fulfill their economic missions and follow the legal requirements imposed by the government and institutions.

This study demonstrates what was stated by Maignan and Ferrell (2000), that stakeholders improve their perception and social recognition toward corporations, if the discretionary and ethical citizenship impulse transparent business practices that align with all legal aspects of the firm. When there is an unmistakable causal connection between CC execution and firm performance, a conscientious economic agent is justified in engaging voluntary CC activities. However, all corporations are obligated to conform to the laws, make profit and meet economic responsibilities (Carroll, 2000).

From a theoretical viewpoint, this research demonstrated that mechanisms created by economic outcomes could support voluntary social responsibilities and legal obligations that should be essential for corporations. They should also implement learning activities to improve the knowledge of economic, legal, ethical and

discretionary citizenship among their managers and employees to let them know of the importance of this topic for the business' success. CC impulses corporations in developing and implementing strategies that are perceived as ethically appropriate mitigating undesirable consequences (Clark, 2008).

Given that voluntary CC is an essential social objective, it is important to orient managers who concentrate mainly on economic responsibility to take into consideration their legal and ethical responsibilities. Managers that happen to be doing an integrated approach are putting stress not just on financial responsibility but also on ethical and legal responsibilities. Consequently, a greater level of voluntary social and environmental responsibilities is fulfilled by them. Our study outcomes unveil that managers can be directed to take part in progressively willful CC exercises to obtain more social goodness when suitable legal and ethical controls are set up.

### **Conclusion and Limitations**

Although the aim of all corporations is profit, great economic outcomes are not enough to create a good relationship with all stakeholders. Corporations are required to build social wellness through ethical and discretionary activities and follow the law to be treated as an ordinary citizen in the community.

In order to create social goodness as well as acceptance, profit-oriented managers should demonstrate how they create company activities bonded on the legal process and how to increase and interact with much more socially and environmentally responsible tasks, as a part of operational and corporate strategies. In fact, corporations that are reticent to comply with the legal system, can be fully rejected by society, especially by institutions that control and supervise the business environment.

Managers are compelled to demonstrate voluntary CC because this is the best way whereby to promote mechanisms for

creating wellness in the community and satisfy all of the economic, environmental and social responsibilities simultaneously. Though research in CC is quickly growing, business implications and reality have to be further improved to encourage companies to follow CC voluntarily. In order to enhance it, this research has created an empirical structural model to determine the crucial factors which influence economically motivated supervisors to undertake voluntary CC and verify Maignan's construct.

The results of this study highlight key theoretical effects of CC. First, an in-depth understanding of how economic citizenship influences ethical and discretionary activities that are essential in order to create and maintain a good relationship with the stakeholders. The findings of this study demonstrate that discretionary and ethical citizenship mediate the relationship between economic and legal citizenship, establishing a direct positive effect among these variables and improving CC in the community.

Access to education in developing countries has given consciousness to the population to evaluate and react in front of negative behavior of corporations. Findings of this research are meaningful for multinational corporations, especially when they are planning activities to serve the community and creating codes of conduct that support their organizational culture and structures.

There are limitations to this study. This study was carried out in a single culture; this can create bias when interpreting the results. On the other hand, employees in different cultures understand, interpret, support and appreciate the various CC dimensions (Carroll, 2004) differently; therefore, the results may not be generalizable to stakeholders from other cultures.

Another limitation of this study was that the sample was drawn from three universities. Further research may be applied to a more diverse population to bring a lot more viewpoints into enriching

the product as well as boosting its appropriate capacity to generalize to wider contexts.

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