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CHAPTER 1

CORPORATE SOCIAL RESPONSIBILITY: IN GLOBAL CONTEXT

In this chapter we will:

- Examine the recent rise to prominence of corporate social responsibility
- Analyse different definitions of corporate social responsibility
- Outline six core characteristics of corporate social responsibility
- Explore corporate social responsibility in different organizational contexts
- Explore corporate social responsibility in different national contexts
- Explain the approach to corporate social responsibility adopted in the rest of the book

Introduction: the recent rise of CSR

The role of corporations in society is clearly on the agenda. Hardly a day goes by without media reports on corporate misbehaviour and scandals or, more positively, on contributions from business to wider society. A quick stroll to the local cinema and films like 'Blood Diamond', 'The Constant Gardener' or 'Supersize Me' reflect a growing interest among the public in the impact of corporations on contemporary life.

Corporations have clearly started to take up this challenge. This began with 'the usual suspects' such as companies in the oil, chemical and tobacco industries. As a result of media pressure, major disasters, and sometimes governmental regulation, these companies realized that propping up oppressive regimes, being implicated in human rights violations, polluting the environment, or misinforming and deliberately harming their customers, just to give a few examples, were practices that had to be reconsidered if they wanted to survive in society at the end of the twentieth century. Today, however, there is virtually no industry, market, or business type that has not experienced growing demands to legitimate its practices to society at large. For instance,

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banking, retailing, tourism, food and beverages, entertainment, and healthcare industries – for long considered to be fairly 'clean' and uncontroversial – now all face increasing expectations that they institute more responsible practices.

Companies have responded to this agenda by advocating what is now a common term in business: corporate social responsibility. More often known simply as 'CSR', the concept of corporate social responsibility is a management idea that has risen to unprecedented popularity throughout the global business community during the last decade. Most large companies, and even some smaller ones now feature CSR reports, managers, departments or at least CSR projects, and the subject is more and more being promoted as a core area of management, next to marketing, accounting, or finance.

If we take a closer look at the recent rise of CSR, some might well argue that this 'new' management idea is little more that a recycled fashion, or as the old saying goes, 'old wine in new bottles'. And, in fact, one could certainly suggest that some of the practices that fall under the label of CSR have indeed been relevant business issues at least since the industrial revolution. Ensuring humane working conditions, providing decent housing or healthcare, and donating to charity are activities which many of the early industrialists in Europe and the US were involved in – without necessarily shouting out about them in annual reports, let alone calling them CSR. Even in a country like India, companies such as Tata can pride themselves on more than one hundred years of responsible business practices, including far-reaching philanthropic activities and community involvement (Elankumaran, Seal, & Hashmi, 2005). What we discover then in the area of CSR is that while many of the individual policies, practices, and programmes are not new as such, corporations today are addressing their role in society far more coherently, comprehensively, and professionally – an approach that is contemporarily summarized by CSR.

As well as the rise to prominence of CSR in particular companies, we can also observe the emergence of something like a CSR 'movement'. There is a mushrooming of dedicated CSR consultancies, all of which see a business opportunity in the growing popularity of the concept.

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At the same time, we are witnessing a burgeoning number of CSR standards, watchdogs, auditors and certifiers aiming at institutionalizing and harmonizing CSR practices globally. More and more industry associations and interest groups have been set up in order to coordinate and create synergies among individual business approaches to CSR. Meanwhile, a growing number of dedicated magazines, newsletters, email lists, and websites not only contribute to providing an identity to CSR as a management concept, but also help to build a worldwide network of CSR practitioners, academics, and activists.

Defining CSR: navigating through the jungle of definitions

In the context of such an inexorable rise to prominence of CSR, the literature on the subject, both academic and practitioner, is understandably large and expanding. There are now thousands of articles and reports on CSR from academics, corporations, consultancies, the media, NGOs, and government departments; there are numerous conferences, books, journals, and magazines on the subject; and last, but not least, there are literally millions of webpages dealing with the topic from every conceivable interest group with a stake in the debate.

How then to best make sense of this vast literature so as to construct a coherent account of what CSR actually is? After all, few subjects in management arouse as much controversy and contestation as CSR. For this reason, definitions of CSR abound, and there are as many definitions of CSR as there are disagreements over the appropriate role of the corporation in society. As McWilliams, Siegel, and Wright (2006) recently declared: ‘there is no strong consensus on a definition for CSR’. In February 2007, this lack of consensus blew up into something of a storm on the Wikipedia on-line encyclopaedia when the phrase ‘corporate social responsibility’ was nominated to be ‘checked for its neutrality’ following a series of disagreements about its meaning from supporters and critics (Ethical Performance, 2007).

Figure 1 gives just some examples of the different ways that CSR is described and defined by different organizations across the globe. As this clearly shows, there are some similarities in the way that different actors understand CSR, as well as considerable differences. Moreover, although we often look to academic research to provide clarity amongst so much ambiguity, this diversity is also reflected in scholarly definitions of CSR. For example, one early writer on CSR, Keith Davis described CSR as 'the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm'(Davis 1973 cited in Carroll, 1999), whilst a few years later Archie Carroll (1979) defined it much more broadly to include exactly those elements that Davis excluded: 'the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time'.

This heterogeneity in CSR definitions has continued unabated. Whilst the Carroll definition given above is arguably the most commonly cited one, it remains contested, as we will see later in chapter 3. Therefore, others have taken a different route and rather than specify particular responsibilities, have offered more general definitions that seek to include the different opinions on CSR that are evident across the literature. For instance, Brown and Dacin (1997) define CSR as a company's 'status and activities with respect to its perceived societal or, at least, stakeholder obligations,' whilst Matten and Moon (2004a) offer the following: 'CSR is a cluster concept which overlaps with such concepts as business ethics, corporate philanthropy, corporate citizenship, sustainability, and environmental responsibility. It is a dynamic and contestable concept that is embedded in each social, political, economic and institutional context.'

In this book, we will not seek to simply follow one of these definitions, nor will we provide a new improved one that will simply add to the complex jungle of CSR definitions. In the contested world of CSR, it is virtually impossible to provide a definitive answer to the question of what CSR 'really' is. Therefore, our intention is to identify some core characteristics of the CSR concept, which we hope will help to delineate its essential qualities, and will provide a focus for the definitional debates that continue to surround the subject.

Figure 1 about here

Core characteristics of CSR

The core characteristics of CSR are the essential features of the concept that tend to get reproduced in some way in academic or practitioner definitions of CSR. Few, if any, existing definitions will include all of them, but these are the main aspects around which the definitional debates tend to centre. Six core characteristics are evident:

- **Voluntary.** Many definitions of CSR will typically see it as being about voluntary activities that go beyond those prescribed by the law. The views of the UK government and the EC as shown in figure 1 certainly emphasise this characteristic. Many companies are by now well-used to considering responsibilities beyond the legal minimum, and in fact the development of self-regulatory CSR initiatives from industry is often seen as a way of forestalling additional regulation through compliance with societal moral norms. The case of UK soft drinks companies introducing a code of responsible practice in 2006 (see Ethical Performance, 2006) is a good example of such a CSR initiative that has arguably been introduced to head off potential regulatory action. Critics of CSR, therefore, tend to see the element of voluntarism as CSR's major flaw, arguing that legally mandated accountability is where attention should really be focused, as the Christian Aid definition demonstrates[1].

- **Internalizing or managing externalities.** Externalities are the positive and negative side effects of economic behaviour that are borne by others, but are not taken into account in a firm's decision making process, and are not included in the market price for goods and services. Pollution is typically regarded as a classic example of an externality since local communities bear the costs of manufacturers' actions. Regulation can force firms to internalise the cost of the externalities, such as pollution fines, but CSR would represent a more voluntary approach to managing externalities, for example by a firm investing in clean technologies that prevent pollution in the first place. Much CSR activity deals with such

[1] See for example the Corporate Responsibility (CORE) Coalition, a collection of UK NGOs including WWF (UK), Amnesty International, Action Aid and Friends of the Earth, that 'work to make changes in UK company law to minimize companies negative impacts on people and the environment and to maximize companies contribution to sustainable societies' (www.corporate-responsibility.org).

externalities (Husted & Allen, 2006), including the management of human rights violations in the workforce, calculating the social and economic impacts of relocation or downsizing, or reducing the health impacts of ‘toxic’ or otherwise dangerous products, etc. For example, a recent example of CSR in Asia was Unilever’s collaboration with Oxfam to assess the positive and negative impacts of its business on the lives of poor people in Indonesia – this, in effect, was an attempt to account for one of the firm’s main externalities in the region (see Clay, 2005).

- **Multiple stakeholder orientation.** CSR involves considering a range of interests and impacts among a variety of different stakeholders other than just shareholders. The assumption that firms have responsibilities to shareholders is usually not contested, but the point is that because corporations rely on various other constituencies such as consumers, employers, suppliers, and local communities in order to survive and prosper, they do not *only* have responsibilities to shareholders. Whilst many disagree on how much emphasis should be given to shareholders in the CSR debate, and on the extent to which other stakeholders should be taken into account, it is the expanding of corporate responsibility to these other groups which characterises much of the essential character of CSR, as illustrated by the CSR Asia definition in Figure 1.

- **Alignment of social and economic responsibilities**. This balancing of different stakeholder interests leads to a fourth facet. Whilst CSR may be about going beyond a narrow focus on shareholders and profitability, many also believe that it should not, however, *conflict* with profitability. Although this is much debated, many definitions of CSR from business and government stress that it is about enlightened self-interest where social and economic responsibilities are aligned. See, for example, the definitions of the CBI, the UK government and HSBC. This feature has prompted much attention to the ‘business case for CSR’ – namely, how firms can benefit economically from being socially responsible.

- **Practices and values**. CSR is clearly about a particular set of business practices and strategies that deal with social issues, but for many people it is also about something more than that – namely a philosophy or set of values that underpins these practices. This perspective is evident in both the Gap and the Chinese Government definitions of CSR given in Figure 1. The values dimension of CSR is part of the reason why the subject raises so much disagreement– if it were just about what companies *did* in the social arena, it would not cause so much controversy as the debate about *why* they do it.

- **Beyond philanthropy**. In some regions of the world, CSR is mainly about philanthropy – i.e. corporate largesse towards the less fortunate. But the current debate on CSR has tended to emphatically claim that 'real' CSR is about more than just philanthropy and community projects, but about how the entire operations of the firm – i.e. its core business functions – impact upon society. Core business functions include production, marketing, procurement, human resource management, logistics, finance, etc. This debate rests on the assumption that CSR needs to be mainstreamed into normal business practice rather than being left simply to discretionary activity. The attempt to consider how CSR might be 'built in' to the core business of firms as opposed to 'bolted on' as an added extra has become a major theme in the CSR practitioner world (Grayson & Hodges, 2004). Even the then UK Minister for Corporate Social Responsibility, Nigel Griffiths MP, noted in 2004 that 'corporate responsibility must be ingrained into the ethos of every business, built in, not bolted on.'

These six core characteristics, we would suggest, capture the main thrust of CSR. However, as we will now discuss, the meaning and relevance of CSR will vary according to organizational and national context.

CSR in different organizational contexts

The variety of definitions and perspectives on CSR discussed in the previous section is partly credited to the fact that CSR is practiced in a broad range of different organizational contexts. In the following we will explore these contexts by analyzing the role and relevance of CSR in all three main sectors of modern economies, i.e. the private sector, the public sector, and the civil society sector (non-governmental organizations, or NGOs).

CSR and the private sector

The main arena of CSR, as indicated by the 'corporate' in CSR, is the business world. Within that arena, however, we have a plethora of different types, industries and organizational forms. In the following, we will have a look at one of the main distinctions, namely between large corporations and small and medium-sized enterprises (SMEs).

Arguably, the language of *corporate* social responsibility indicates that CSR is predominantly a concept that applies to large corporations, typically owned by shareholders and run by employed managers. Certainly the seminal contributions on CSR, as discussed in Chapters 2 and 3 of this book, conceive CSR against the backdrop of these large corporations. Therefore, as entities in which ownership and control is separated (Berle & Means, 1932), one of the prominent issues for thinking about CSR in the context of large corporations is the question of whose interest the company should be run on behalf of by managers: just the interests of the owners or also the interests of society at large, represented by different groups such as customers, employees or local communities?

One could also argue that large corporations are far more visible and thus far more vulnerable to criticism from the public than smaller firms. A large company that wants to behave socially responsibly therefore may well have formal policies on its responsibilities, and how these are managed. On the whole, then, CSR in large corporations typically results in a fairly structured and formalized approach. CSR policies will be translated into codes of conducts for employees or suppliers; there will normally be committees and managers responsible for CSR; and many large companies involved in CSR will document their engagement in a dedicated annual report. In such a report, the corporation discharges accountability for how exactly they have dealt with different interests and expectations of society.

If we turn to SMEs, however, we will find a rather different picture. In a recent study in the Netherlands, only 20% of SMEs reported on their CSR as opposed to 62% of large businesses, and similar differences were found with regard to the implementation of codes of conduct or CSR committees (Graafland, Van de Ven, & Stoffele, 2003). There are a number of reasons that account for these differences (see Spence, 1999). First, SMEs are normally managed by their owner(s), who delegate decisions on CSR to a small number of people or often just to one person. This will make the approach to CSR rather informal and ad-hoc as opposed to the structured approach of large corporations.

Second, unlike large corporations – who due to size and branding are often quite visible and vulnerable to criticism – SMEs are generally rather small and go under the radar of wider society. Their key relationships with society are the personal relations developed between the owner/manager and, for instance, his or her employees, suppliers, customers, or neighbours. These personal relations, however, are of crucial importance to the SME and therefore much of what we could identify as CSR in this context is targeted at building good personal relations, networks, and trust (Spence & Schmidpeter, 2002).

Overall, it is probably fair to say that given the importance of SMEs, which in much of the world account for the majority of private sector employment and GDP in their countries, the CSR literature has so far paid disproportionate attention to larger organizations (Spence & Rutherford, 2003).

CSR and the public sector

At first sight, one would not necessarily expect CSR to be an issue for public sector organizations, such as government ministries, agencies or local administrative bodies. After all, it is ‘corporate’ social responsibility. However, in most industrialized countries, governments still supply a large amount of all goods and services, somewhere between 40-50% of the GDP in many countries. Consequently, the same claims laid upon corporations to conduct their operations in a socially responsible fashion are increasingly laid on public sector organizations as well. For example, public sector organizations face the similar environmental demands, similar claims for equal opportunities for employees, and similar expectations for responsible sourcing as do private companies. Consequently, we increasingly find public sector organization adopting CSR policies, practices and tools very similar to the private sector.

In some ways, these demands for CSR in the public sector could be even considered as more pronounced (Seitanidi, 2004). Public organizations, such as schools, hospitals or universities, by definition have social aims and are mostly run on a not-for profit basis. This establishes the social dimension of their responsibility at the core of their operations. Furthermore, given the size of many public bodies and agencies, as well as their quasi-monopolistic position in many areas of services, they are likely to have an impact on society which is often far beyond the impact of a single large corporation. Consequently, the claim for responsible behaviour on the part of public bodies has grown, as has the demand for greater accountability to society in the public sector. Just as private sector companies are exhorted to become more accountable in their reporting and communication to the public, so we now witness a steady rise in the use of typical CSR instruments, such as social auditing and reporting, by public bodies (Ball, 2004). For example, the publicly funded UK media organization, the BBC, now publishes an annual CSR report.

Apart from incorporating CSR into their own operations, many government organizations also take an active role in promoting CSR within their sphere of influence. While CSR as such is a voluntary business activity, governments have nevertheless tried to create incentives for and facilitate the voluntary adoption of socially responsible policies by the private sector (Crane & Matten, 2007: 488-499). So for instance the US government, in issuing the US Apparel Industry Code of Conduct[2] provided a regulatory basis for CSR by US companies in their overseas supply chains. Often, governments are also part of multipartite initiatives to further CSR, such as the US

[2] http://www.dol.gov/ilab/media/reports/iclp/apparel/main.htm (accessed February 2007)

Global Compact[3], which is a set of principles issued by the United Nations for voluntary adoption by corporations globally. In particular the UK government, since the 1980s, has made considerable efforts to encourage CSR in British companies through a number of initiatives (Moon, 2004b), including the Ethical Trade Initiative (promoting fair trade practices) or the CSR Academy (educating business people about CSR).

A similarly pronounced role in promoting CSR has been adopted by the European Union. In a part of the world where CSR is still largely considered a novel and Anglo-Saxon idea, the European Commission has invested considerable effort in defining and promoting CSR in Europe, convening a multi-stakeholder dialogue which resulted in a widely discussed White Paper in 2002 (Commission of the European Communities, 2002). More recently, these efforts have continued in the establishment of the 'European Alliance on CSR' which, though facilitated by the European Commission, represents a significant step towards business taking charge of CSR in a more autonomous fashion (Gardner, 2006).

CSR and civil society organizations

Intractably linked to the rise of CSR is the role of civil society organisations (CSO) or non-governmental organizations (NGOs).[4] Many of the initial demands for more responsible business behaviour – such as the protection of the environment, improvements in working conditions in sweatshops in the developing world, or prevention of human rights violations in countries with oppressive regimes – have been brought to the attention of the wider public by NGOs such as Greenpeace, Save the Children, or Amnesty International. Traditionally then, the role of NGOs in the CSR arena has been more that of a police officer or watchdog, a constant critic exposing corporate misbehaviour and mobilizing pressure against allegedly irresponsible practices. This role continues to be an important function of those CSOs whose skills in raising awareness and

[3] http://www.unglobalcompact.org/ (accessed February 2007)
[4] We use the term CSO and NGO interchangeably in this volume.

publicly exposing corporations can be such a major reputational risk for 'responsible' companies.

Increasingly, though, companies have responded to these challenges and have tried to take on board the criticisms of CSOs. In a considerable number of cases, this has resulted in a changing relation between business and CSOs: rather than just being critic and opponent, CSOs have also built partnerships with business in order to contribute to more socially responsible behaviour on the part of corporations (Warner & Sullivan, 2004). Within these partnerships, corporations can bring their considerable financial resources to the table while CSOs can offer their expertise and public legitimacy, among other things (Elkington & Fennell, 2000). Moreover, a number of broader industry- or countrywide standards for responsible corporate behaviour have emerged from business-CSO partnerships. A prominent example here is the Marine Stewardship Council[5], a set of rules and practices for sustainable use of fisheries, which was initially set up by the NGO Worldwide Fund for Nature (WWF) and the company Unilever. Indeed, many of the voluntary approaches to self-regulation seen today come into existence with some degree of NGO involvement (Doh & Teegen, 2003).

With the continued growth of NGOs such as Greenpeace, Friends of the Earth or Amnesty International, many of which are global organizations with multimillion budgets and thousands of members and employees, CSR has also becomes a topic for these organizations to think about for themselves. Since they claim to campaign 'in the public interest', there is a growing demand to improve their public accountability (Unerman & O'Dwyer, 2006). CSOs as well as corporations need to be transparent about their causes, their funding, and their tactics, and to provide their supporters and the general public with some degree of say in how they represent these causes. This becomes more pronounced as business itself has increasingly moved towards setting up CSOs which represent specific business interests, such as World Business Council for Sustainable Development (WBCSD), the Global Business Coalition on HIV/AIDS (GBC) or the Global Climate Coalition (GCC). Whilst on the outside, these organizations often look like CSOs, they are in fact far different from normal grassroot CSOs, and have therefore been dubbed

[5] http://www.msc.org/

by some as ‘astroturf NGOs’ (Gray, Bebbington, & Collinson, 2006). Arguably, the challenge of putting policies and practices in place for enhanced public accountability and transparency – in other words, implementing CSR – is one of the key future tests for CSOs.

CSR in different regions of the globe

The meaning of CSR not only differs from sector to sector (as we have discussed in the previous section), but it also differs quite substantially from country to country. To put CSR ‘in global context’ (as our subtitle suggests) it is essential to understand the specific regional and national contexts in which companies practice CSR. In the following section, we will therefore discuss some basic characteristics of CSR in different regions of the globe.

CSR in developed countries

In its most well known guise, CSR is essentially a US idea. It was in the US where the language and practice of CSR first emerged. Also, most of the academic literature on the topic, and most of the key ideas discussed in the first section of this book, originate from there. The main reason for this lies in the specific characteristics of the US business system (Matten & Moon, 2004b). As such, American society is characterized by fairly unregulated markets for labour and capital, low levels of welfare state provision, and a high appreciation of individual freedom and responsibility. Consequently, many social issues, such as education, healthcare, or community investment have traditionally been at the core of CSR. Philanthropy is high on the agenda with, for instance, corporate community contributions by US companies being something like than ten times higher than those of their British counterparts (Brammer & Pavelin, 2005). In other parts of the world, most notably Europe, the Far East, and Australasia, however, there has always been a stronger tendency to address social issues through governmental policies and collective action. Many issues that US companies would typically boast about as CSR on their websites, such as the provision of healthcare or fighting climate change, have not appeared until recently on the screens of continental European companies. The reason for this is that these issues have traditionally been considered a task for governments or, in other words, the corporate responsibility for social issues has been the object of codified and mandatory regulation. CSR for European companies, therefore, has predominantly come on the agenda through their overseas operations (where regulatory frameworks are different from Europe), and it is fair to say that even until the present day, multinational corporations (MNCs) rather than domestic companies can be considered to be the leading actors in European CSR. The US-Europe differences in CSR are likely to persist and the way corporations address CSR issues, such as global warming, the provision of affordable medicine to the developing world, or the use of genetically modified organisms in food production, remains markedly different on both sides of the Atlantic (Doh & Guay, 2006).

Countries such as Japan, and to a lesser degree South Korea and Taiwan, are considered fairly similar to continental Europe in terms of the institutional context for CSR. They are characterized by high bank and public ownership, patriarchal and long-term employment, and coordination and control systems based on long-term relations and partnerships rather than markets. The Japanese 'Keiretsu', the Korean 'Chaebol' or the (mostly state owned) Taiwanese conglomerates have a legacy of CSR similar to European companies – including life-long employment, benefits, social services, and healthcare – not so much as a result of voluntary corporate policies, but more a response to the regulatory and institutional environment of business.

The reasons for the rise of CSR in Europe and in these developed economies in the Far East in recent years are several. To begin with, MNCs with their home base in such countries are challenged to implement more CSR in their operations located in countries with poor governance and low levels of state provision of public services, human rights protection, or environmental protection. Furthermore, some of these developed economies have undergone substantial overhauls of their welfare systems and regulatory frameworks, resulting in lesser degrees of state attention to social issues and more discretion for private actors. The United Kingdom is probably the best example here, where radical reforms that liberalized labour and capital markets, together with the privatization of public services and publicly owned companies, contributed to a significant surge in CSR (Moon, 2004a). Increasingly, corporations in the UK have assumed responsibility for regenerating local communities, addressing unemployment, sponsoring schools and education, as well as improving public transparency and accountability.

In addition to these domestic political changes, globalization also represents a powerful booster of CSR - as we will discuss in more detail in chapter 11. The rise of global investors linking their investment decisions to 'socially responsible investment' criteria, the growth in global NGO activism scrutinizing corporate behaviour, and intensified exposure of business by the media have all boosted growing attention to CSR in Europe and elsewhere (Matten & Moon, 2004b). It can also be observed that in most developed countries we have specific domestic CSR issues that shape the debate in the respective context. For instance, many European countries see CSR specifically with regard to the protection of the natural environment, while the CSR debate in the Far East prominently features issues of corporate governance and transparency in large conglomerates (Webb, 2006). Often the CSR debate in a country reflects longstanding and ongoing deliberations in society at large: for instance in Australia and South Africa, considerable expectations have been directed towards companies to address and uphold rights of aboriginal and black people respectively, or to contribute to their economic empowerment more generally.

CSR in developing countries

The activities of Western MNCs in developing countries have also been a major driver behind the recent surge in CSR over the last two decades. Many companies use developing countries as a source of cheap raw materials and, in particular, cheap labour. Against this backdrop, it was for instance, campaigns against Shell's role in Nigeria and Nike's labour practices in its Asian supply chains that triggered significant changes toward more responsible practices in many MNCs (see case study 3, xx-xx for more on the Nike story).

Developing countries can at times be characterized by various features that can offer considerable scope for the exercise of CSR. These include low standards for working conditions and environmental protection, high corruption, oppressive regimes with low regard for human rights, poor provision of healthcare and education, as well as low levels of per capita income and foreign direct investment. Although this is not a fair representation of all developing country contexts at all times, the main challenge for MNCs from the developed world when they are faced with such circumstances lies in conducting their business in a way that would be considered socially responsible in their respective home countries. The paper by Scherer and Smid in chapter 11 (XX-XX) describes some of the approaches companies have applied to tackling such challenges.

It is important to recognize though that a growing number of *domestic* companies in developing countries have also developed an interest in CSR. The main CSR issues these companies are concerned with include contributions to enhance the infrastructure of health, education, and transport, and to serve as examples of good governance. Similarly, as the example of the Grameen Bank[6], founded by Nobel Peace Prize winner Muhammad Yunus shows, a key topic on the CSR agenda is the encouragement of small scale entrepreneurship through micro-credit, and the economic empowerment of women and other marginalized minorities.

As the last example shows, the debate in the global South has begun to shift from understanding CSR as aid, towards thinking of responsible behaviour more in terms of development. Arguably, one of the main reasons why these countries are poor is the absence of economic activity and growth - and it is here where one of the main responsibilities of business can be seen. Implementing CSR in this sense would therefore require MNCs to conduct business and bring FDI to developing countries in the first place, and then ensure that the wealth created is locked into development. So, for instance, the World Business Council for Sustainable Development recently issued an in-depth report on how business supports the implementation of the UN's Millennium Development Goals[7] (WBCSD, 2005). Many of the points raised in the report do not

[6] http://www.grameen-info.org/
[7] http://www.un.org/millenniumgoals/.

refer to business 'sharing' its wealth with these countries but business being present in these countries in the first place. The article by Prahalad and Hammond in Chapter 11 (xx-xx) develops one particular approach to poverty alleviation in developing countries that indicates a major potential role for business in development.

This role of MNCs, however, is not uncontested. Many critics argue that profit maximising corporations have only very limited interest in these more political goals, and that evidence of MNCs contributing positively in the developing world is at best sketchy (Frynas, 2005). Ultimately, according to the sceptics, responsible corporate behaviour in the developing world is an issue that cannot be left to the voluntary discretion of business people but needs to be addressed by more stringent regulation in their home countries in the global North (Aaronson, 2005).

CSR in emerging/transitional economies

Between those two major categories of developed and developing countries there is a third category that deserves attention from a CSR perspective. Most countries of the former communist bloc have changed from a planned and government run economy to a capitalist market system. While the social responsibility of state-operated business in the former model was far reaching, including broad provision of education, healthcare, housing and a plethora of other services, the transition to a market economy has seen many of these former conglomerates dismantled and transformed into shareholder owned companies. While there is a plethora of different approaches to CSR in these countries, one might argue that in some respects, Russia and China represent the more extreme cases. Russia, on the one hand, has seen privatization and the turn to capitalism accompanied by rather weak and corrupt governmental institutions resulting in what some would refer to as a 'cowboy economy'. It is therefore little wonder that CSR is still a largely unknown concept in Russia (Grafski & Moon, 2004) and for many Russian business people, bears strong resemblances to communist times. China, on the other hand, has maintained a strong capacity for the state in controlling and regulating the economy and whilst the role and responsibilities of business in society might not always be referred to in terms of the Western language of CSR we still see considerable involvement of companies in the area. Many commentators expect that China, with growing economic development, will see a rise in CSR-oriented regulation in the next few years (Miller, 2005).

Conclusion

In this chapter we have discussed the development of CSR, and its recent rise to prominence. We have also examined the maze of definitions that have been used to delineate CSR in order to develop some core characteristics of the concept. Finally, we explored the meaning and relevance of CSR in different national and organizational contexts. What should certainly be clear by now is that the term 'corporate social responsibility' is very difficult to pin down precisely – it can have many meanings, applications, and implications, and these are rarely agreed upon by those who take an interest in the debate. This may not make our lives any easier when studying CSR, but it certainly makes it more interesting!

In this book, we have adopted a deliberately broad perspective on CSR in order to provide a well-rounded introduction to the subject. Included in the following chapters are those that espouse a view of CSR thoroughly embedded in a pro-corporate 'business case for CSR' as well as those that argue for a more political view of CSR that attends to the need to make corporations more accountable to the societies in which they operate. The point of this text is not so much to suggest that any of these perspectives is necessarily 'better' or more 'correct' than another, but more to provide an insight into the richness and the diversity of the CSR literature. Editing a collection of readings on CSR allows us to present some of this heterogeneity whilst simultaneously providing some guidance as to how to 'read' some of the different contributions. After all, it is clear that many of the authors writing about CSR in this book are engaging in a discussion about CSR for different ends, and bring with them very different assumptions about the nature and purpose of the corporation. The introductions to the readings will offer some useful insight on these purposes and assumptions, at least as far as we see them.

The book is organized into three sections, dealing with respectively:

- Understanding CSR
- Applying CSR
- Managing CSR

In designing this structure, it is evident that our main focus is around the actual performance of CSR by organizations, although the book also offers considerable theoretical insight on CSR by bringing out key conceptual issues as they pertain to particular CSR practice and principles. The applied approach that we take is also demonstrated by the three integrative case studies that appear at the end of each section. These are intended to bring together some of the main issues that arise in the different chapters in each section, and offer some fascinating insights into the challenges of CSR in a global context.

Ultimately, the theory and practice of CSR as presented in this book represents a work in progress. The subject has risen to prominence only relatively recently, and has been disseminated across the globe with remarkable speed. The way in which CSR is understood, practiced, and institutionalised in the global context is ever-changing and open to substantially different interpretations. This book offers a multi-faceted, and relatively comprehensive account of CSR as it stands today, but this account is by no means the only or the final one.

Study questions

1. What is CSR and why has it risen to prominence in the past decade?

2. What are the six main characteristics of CSR? To what extent do these characteristics delineate CSR from other concepts such as business ethics and corporate citizenship?

3. Select four corporations and four NGOs and research their perspectives on CSR on the web. To what extent is there overlap and divergence in their view of CSR? What can account for these similarities or differences?

4. ‘CSR is only relevant for private sector companies’. Critically discuss, providing examples from the public and civil sector.

5. Can or should CSR be transferred to developing and emerging economies? What are the benefits and drawbacks of this for the countries concerned?

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Figure 1: Organizational definitions of CSR

Organization	Type of organization	Definition of CSR	Source
UK Government	Governmental organization	'The voluntary actions that business can take, over and above compliance with minimum legal requirements, to address both its own competitive interests and the interests of wider society'	www.csr.gov.uk
European Commission	Governmental organization	'A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis'	EC Green Paper 2001 'Promoting a European Framework for Corporate Social Responsibility'
Chinese Ministry of Commerce	Governmental organization	'A concrete action taken by Chinese companies to implement the political aspiration of the new Communist Party collective leadership - putting people first to create a harmonious society'	Ethical Corporation, 2005. 'Politics: A Chinese Definition of CSR', 15 Sep 05: www.ethicalcorp.com
Confederation of British Industry	Business association	'The acknowledgement by companies that they should be accountable not only for their financial performance, but for the impact of their activities on society and/or the environment'	www.cbi.org.uk/
World Business Council for Sustainable Development	Business association	'The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.'	WBCSD, 1999: 'CSR: Meeting Changing Expectations'
Gap Inc	Corporation	'Being socially responsible means striving to incorporate our values and ethics into everything we do − from how we run our business, to how we treat our employees, to how we impact the communities where we live and work'	www.gapinc.com
HSBC	Corporation	'Means managing our business responsibly and sensitively for long-term success. Our goal is not, and never has been, profit at any cost because we know that tomorrow's success depends on the trust we build today'	www.hsbc.com
Christian Aid	Non-government organization	'An entirely voluntary, corporate-led initiative to promote self-regulation as a substitute for regulation at either national or international level.	'Behind the mask: the real face of corporate social responsibility', 2004.
CSR Asia	Social enterprise	'A company's commitment to operating in an economically, socially and environmentally sustainable manner whilst balancing the interests of diverse stakeholders'	www.csr-asia.com