

CORPORATE SOCIAL RESPONSIBILITY: KEY ISSUES AND DEBATES

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TABLE OF CONTENTS

Introduction	5
What is CSR? A contested concept	6
A brief history of Corporate Social Responsibility	9
Corporate Social Responsibility: Key Issues and Debates	11
<i>The advantages vs disadvantages of CSR from a neoliberal perspective</i>	
<i>Does CSR support the bottom line?</i>	
<i>Is CSR contrary to the responsibilities of corporate directors?</i>	
<i>Regulation vs voluntary CSR measures</i>	
<i>CSR and Stakeholder Theory</i>	
<i>Radical critiques of CSR</i>	
<i>CSR and development issues</i>	
<i>The role of non-government organisations (NGOs) and civil society organisations (CSOs) in CSR</i>	
<i>CSR versus corporate accountability: confronting corporate power</i>	
<i>Progressive strategies for CSR?</i>	
<i>Other Themes and Debates</i>	
Appendix: Scope of the Corporate Social Responsibility literature	37
<i>Academic literature</i>	
<i>University think-tank literature</i>	
<i>Corporate reports</i>	
<i>Business peak organisations</i>	
<i>Business consultancies</i>	
<i>Non-government organisations (NGOs) and civil society organisations (CSOs)</i>	
<i>Governments and government organisations</i>	
<i>Global political institutions</i>	
References	51

CORPORATE SOCIAL RESPONSIBILITY: KEY ISSUES AND DEBATES

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INTRODUCTION

Corporate Social Responsibility (CSR), a concept that has been around for well over 50 years, has become prominent again recently. Peter Utting (2005) notes that an increasing number of transnational corporations (TNCs) and large domestic companies, supported by business and industry associations, are adopting a variety of so-called voluntary CSR initiatives that incorporate, for example, 'codes of conduct; measures to improve environmental management systems and occupational health and safety; company 'triple bottom line' reporting on financial, social, and environmental aspects; participation in certification and labeling schemes; dialogue with stakeholders and partnerships with NGOs and UN agencies; and increased support for community development projects and programmes'. The revival of CSR is reflected also in its recent prominence in public debate. CSR has also generated a very extensive literature in recent times. For example, a search on Google Scholar for the phrase 'corporate social responsibility' produced 12,500 citations. A more general search of the internet on Google for the phrase 'corporate social responsibility' produced 12,900,000 results. A general search for the phrase 'corporate social responsibility' on Australian sites produced 97,800 hits. In Australia, two separate governmental inquiries were initiated into CSR in 2005 (Australian Government, Corporations and Markets Advisory Committee 2005; Australian Government, Parliamentary Joint Committee on Corporations and Financial Services 2006).

WHAT IS CSR? A CONTESTED CONCEPT

As Jeremy Moon (2004) has pointed out, CSR is a difficult concept to pin down. It overlaps with other such concepts as corporate citizenship, sustainable business, environmental responsibility, the triple bottom line; social and environmental accountability; business ethics and corporate accountability. It is highly contextual not only in terms of its corporate environment but also in terms of its *national* environment. Moreover, CSR is an essentially contested concept. Thus any definition will necessarily be challenged by those who wish to contest the reach and application of any version of CSR.

Within the literature there exists three discernible ‘schools’ of thought and practice about corporate social responsibility. These schools may be characterised as the neoliberal, neo-Keynesian, and radical political economy approaches.

In defining CSR, **neoliberal** writers tend to see it fundamentally as the adoption of a set of voluntary policies, codes or guidelines, initiated and driven by the corporation. For example, the Australian Treasury, in a submission to the Joint Parliamentary Inquiry on CSR, defined CSR as ‘a company’s management of the economic, social and environmental impacts of its activities’ (Australian Government, Parliamentary Joint Committee on Corporations and Financial Services 2006).

The neoliberal discourse around CSR generally shares the view articulated by Milton Friedman in the *New York Times* on September 13, 1970:

‘... there is one and only one social responsibility of business-to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.

Much of the discourse about CSR in business and management publications shares this assumption. For example, the neoliberal journalist Janet Albrechtsen writing in an Opinion piece for the *Australian* newspaper recently wrote:

The fundamental flaw with corporate social responsibility, and why it is a backward step, is the underlying premise that capitalism and companies have something to be embarrassed about, that they must justify their existence by going in search of some higher moral purpose. ... This shame-faced capitalism is an unfortunate development. The idea pushed by advocates that the pursuit of private profit is inconsistent with public good does not stack up. ... How quickly we forget that Adam Smith knew a thing or two about human nature ... Smith pointed out that “it is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner, but from their regard to their own self-interest” (Albrechtsen 2006).

However, while this perspective leads some neoliberal commentators to the view that CSR is basically an unreasonable intrusion into and restriction on business’ primary purpose, most neoliberal adherents who engage in CSR discourse take the view that, while Friedman was basically correct, the adoption of CSR policies by companies can be rational and profitable in the long run. Furthermore, even if doubt exists about the positive role of CSR in profit-making, it can be seen as an important insurance strategy to minimise risks from negative government intervention, adverse media coverage and consumer or stockholder backlash to corporate behaviour. However, even here, the neoliberal assumption is that CSR is a minor component of corporate strategy at best.

Neo-Keynesian approaches tend to utilise a wider definition that more clearly recognises the active role of the corporation’s ‘stakeholders’, and perhaps also the state, in the definition of what is corporate social responsibility. Again, however, CSR is generally defined as an approach adopted voluntarily by corporations and without external regulation by either stakeholders or the state. For example, the European Union’s (EU) Green Paper *Promoting a European framework for Corporate Social Responsibility* (2001) described corporate social responsibility as ‘a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis’. The Certified General Accountants’ Association of Canada paper, *Measuring Up: A Study on Corporate Sustainability Reporting in Canada* (2005) describes CSR as ‘a company’s commitment to operating in an economically, socially, and environmentally sustainable

manner, while recognising the interests of its stakeholders, including investors, customers, employees, business partners, local communities, the environment, and society at large’.

Neo-Keynesian discourse around CSR differs from the neoliberal perspective in several important ways. Firstly, there is a recognition that corporate behaviour can at times have negative impacts whether through market failure, corporate lack of awareness or deliberate strategy. These concerns are reflected in neo-Keynesian CSR discourse around the impact of corporations’ environmental policies, workplace practices and the social and economic consequences of corporate activities. Consequently neo-Keynesian analyses focus on quite different reasons for the development of CSR strategies including avoiding problems caused by unfettered corporate behaviours, ensuring environmental and social sustainability and achieving other desirable social and economic goals. Furthermore, neo-Keynesian analyses and discussions of CSR are frequently more inclined to entertain the idea of a positive role for the state in the development and regulation of CSR practice.

Radical political economy approaches take a far more critical stance around CSR on several issues. All ‘schools’ of thought in these debates of course possess normative views about the role of business in general and corporations in particular in society. However, radical political economy analyses more openly articulate a very different set of assumptions about the existence and abuse of corporate power in global, national and local economies. Global corporations are seen as possessing enormous power which is often wielded ruthlessly in their own self interest and frequently at the expense of society and the environment. Advocates of voluntary CSR are perceived as lacking a critical political economy analysis and therefore fail to fully understand and incorporate a realistic view of the power structures that exist in society and its economic environment. Hence many of the policies and practices that have been developed to promote CSR are viewed as naïve, ineffectual and inadequate. Furthermore, radical political analysts not only are sceptical about the effectiveness of CSR programs but are also concerned that self-regulatory and voluntary CSR policies are frequently deliberately designed by corporations to deflect attention away from external regulation and control of corporate behaviour and power and to disguise and legitimate other activities that are socially and environmentally destructive.

As discussed below, many activist groups, and others who adopt a radical critique of CSR approaches, openly reject voluntary CSR and advocate an alternative strategy that is generally described as ‘corporate accountability’. For example, in its submission to the Australian Joint Parliamentary Inquiry on CSR, The Public Interest Advocacy Centre (PIAC) uses the term ‘corporate accountability’ to mean ‘holding corporations accountable and responsible for the social and environment impacts of their decisions and practices. This includes the impacts, both direct and indirect, on human rights, labour rights, the broader community and the environment’ (Australian Government, Parliamentary Joint Committee on Corporations and Financial Services 2006).

A BRIEF HISTORY OF CORPORATE SOCIAL RESPONSIBILITY

Rhys Jenkins argues that, while the current wave of interest in corporate social responsibility (CSR) dates from the early 1990s, it is only a new manifestation of ‘a longstanding debate over the relationship between business and society’ (Jenkins 2005: 526). Since the rise of the corporation in the late nineteenth century, this debate has continued, through periods ‘when the power of corporations is in the ascendancy and periods in which society attempts to regulate the growth of corporate power’ (Ibid). In these periods when corporations have become subject to public criticism and attempts at regulation, they have attempted to re-establish their legitimacy by adopting CSR style strategies.

In the late nineteenth century the emergence of large corporations and the era of the robber barons in the US led to the development of the anti-trust movement. In response, corporations emphasised corporate responsibility and philanthropy in order to prove that government regulation was unnecessary (Richter 2001). However, in the 1930s the Great Depression produced a second wave of regulation and led to Roosevelt’s New Deal in the US and nationalization and regulation by the postwar Labour government in the UK (Jenkins 2005).

Jenkins notes that during the late 1960s and 1970s a new wave of concern about the growing social and environmental impact of transnational corporations (TNCs) in the postwar era led to a third period of increased

efforts to regulate corporate activity. A series of revelations about the activities of US companies produced great concern. For example, it was revealed that the US company ITT had been involved in attempting to overthrow the democratically elected Allende government. More generally US corporations began to systematically exploit the economies of developing countries throughout the world. For the first time regulation of corporate activity became an international issue, with attempts within the UN to establish codes of conduct for the activity of TNCs. Corporations and governments resisted attempts at mandatory regulation of TNC activities, proposing self-regulation as an alternative. The International Chamber of Commerce, representing major TNCs, launched its *Guidelines for International Investment* in 1972, and a number of large US companies adopted codes of conduct. A number of other multilateral agreements also emerged in the 1970s sponsored by the ILO, the UN, the OECD and other international organizations.

Global restructuring during the 1980s and the rise of neoliberalism led to a significant shift away from state intervention in both developed and developing countries. This trend was reflected in national policies towards TNCs through a dramatic shift away from regulation of their activities to ‘intense competition to attract foreign direct investment’ (Jenkins 2005: 527). The increased mobility of capital enabled TNCs to ‘exploit regulatory differences between states by (re)locating (or threatening to relocate) their production facilities in countries with more favourable regimes’. Bendell (2004) argues that by the 1980s it was becoming clear that the various multilateral initiatives and agreements that had been introduced in the previous decade were doing little or nothing to address corporate power.

During the 1990s, criticism of corporate practices escalated. A series of corporate scandals emerged in the US. Numerous environmental disasters caused by global corporations occurred. Awareness of the use of sweatshops and child labour in developing countries attracted the attention of community activists in developed societies. The 1990s therefore witnessed an explosion in civil group activism which led to both protests against, and engagement with, corporations (Bendell 2004). The demand for greater social responsibility came from a wide range of sources including international trade unions, development NGOs, human rights

organizations and environmental groups. Corporations were again forced to respond to bad publicity surrounding their activities. Corporate social responsibility discourse and programs emerged in part as a direct response to these pressures.

CORPORATE SOCIAL RESPONSIBILITY: KEY ISSUES AND DEBATES

The advantages vs disadvantages of CSR from a neoliberal perspective

Amongst those who consider CSR from a neoliberal perspective there is heated debate about whether it constitutes a legitimate activity for a corporation to be engaged in. In a controversial book, *Misguided Virtue: False Notions of Corporate Social Responsibility*, published by the New Zealand Business Roundtable, David Henderson (2001) examines the CSR ‘doctrine’, subjecting it to a neoliberal critique. He argues that, far from being harmless, the adoption of CSR threatens prosperity in poor countries as well as rich. It is likely to reduce competition and economic freedom and to ‘undermine the market economy’. He criticises those who pressure corporations not simply to seek profit but to demonstrate their ‘corporate citizenship’ by working with a range of stakeholders to further environmental and social as well as economic goals. The origin of such pressures have come from NGOs but have been taken up by academics, other commentators and multinational enterprises themselves. Similarly, Bryan Husted and José de Jesus Salazar, in an article ‘Taking Friedman Seriously: Maximizing Profits and Social Performance’, argue that it is ‘wiser for firms to act strategically than to be coerced into making investments in corporate social responsibility’ (Husted and Salazar 2008: 481).

However, many neoliberal economic writers have argued that there are strategic reasons why corporations might be wise to adopt a CSR approach. Lantos (2001), while concurring with Milton Friedman that ‘altruistic’ CSR is not a legitimate role of business (arguing in fact that altruistic CSR

activity is immoral), nevertheless argues that 'strategic' CSR is good for business and society. However, CSR policies and activities should only be undertaken when it appears that they can enhance the value of the firm, i.e. when they are used as strategic CSR. In an article called 'A strategic response to Friedman's critique of Business Ethics', Scott Gallagher (2005) aims to provide a practical neoliberal response to the question of why be ethical in business. He argues that strategic advantages are gained by being ethical - acting as a form of insurance or a strategic 'shock absorber' for firms. Gallagher notes that the scandals surrounding Enron and other firms have increased attention on the role of business ethics.

Franck Amalric and Jason Hauser (2005) argue that the potential benefits companies derive from CSR activities arise from two sources. The first source is expectations held by the immediate stakeholders of a company - its consumers, employees and investors - for responsible corporate conduct. The second driver behind the adoption of CSR activities by corporations is the threat that the state will impose new binding regulations on companies. This is clearly a neoliberal view that focuses on the potential threats to a company's bottom line that might emerge should the company's activities create an adverse reaction amongst its stakeholders. Don Porritt argues that corporations focusing solely on the bottom line risk a 'bottom line backlash' and hence for strategic reasons are well advised to develop a CSR strategy. He reveals the results from a survey of Australian consumers showing that, when in conflict, bottom line success can negatively affect the reputation of the corporation. Consumers who see a company as achieving profits at the expense of other stakeholders are likely to express hostility to the company. On the other hand, consumers tend to have a particularly favorable view of a company achieving a reputation for profitability while being socially responsible. According to Porritt, this 'bottom line backlash' effect has now been confirmed in three large independent samples of Australian consumers, and a fourth large sample of Australian small business managers. Hence 'companies are wise to adopt a CSR policy as part of their risk management strategy' (Porritt 2005: 198).

Ken Coghill et al (2005) in their submission to the Australian Parliamentary Inquiry on CSR argue that there are three potential drivers of CSR in existence: CSR as a **business strategy** designed either to avoid risks that threaten the company's shareholders' interests or to promote innovation that benefits the company's interests; CSR as a policy based

upon **ethical and moral values**; and CSR as a means for achieving **social 'sustainability'**. While the authors see evidence of all approaches represented in Australian business they argue that the strategic approach is the dominant one. In their view, even companies adept at economic, political and technological risk management now face new challenges from social and environmental issues. However, without a focus on CSR, by the time a social or environmental issue becomes visible to management it will be too late to manage the issue. The corporation will inevitably be 'at the mercy' of government, civil activists and public opinion. Hence the need to pursue active CSR policies and to make CSR a corporate governance issue.

The neoliberal perspective therefore emphasises the strategic benefits to be derived from a CSR approach. In part these strategic benefits are in the form of risk management strategies, designed to protect corporations from threats arising from stakeholder, civil activist, consumer or government attacks. However, within the business literature there is also a perception that there can be positive strategic advantages in the market for a corporation that adopts a CSR approach. Wikipedia, the web-based encyclopedia (<http://en.wikipedia.org>), suggests that the business case for CSR within a company will likely rest on one or more of the following arguments which are a combination of risk management and strategic advantage approaches:

- **Human Resources**
Corporate Social Responsibility can be an important aid to recruitment and retention, particularly within the competitive graduate market. CSR can also help to build a 'feel good' atmosphere among existing staff.
- **Risk Management**
Managing risk is a central part of many corporate strategies. Reputations that take decades to build up can be ruined in hours through incidents such as corruption scandals or environmental accidents. These events can also draw unwanted attention from regulators, courts, governments and media. Building a genuine culture of 'doing the right thing' within a corporation can offset these risks.
- **Brand Differentiation**
In crowded marketplaces companies strive for 'X Factors' which can separate them from the competition in the minds of consumers. Several major brands, such as The Body Shop are built on ethical values.

- **License to operate**

Corporations are keen to avoid interference in their business through taxation or regulations. By taking substantive voluntary steps they can persuade governments and the wider public that they are taking current issues like health and safety, diversity or the environment seriously and so avoid intervention.

- **Diverting Attention**

Major corporations which have existing reputational problems due to their core business activities may engage in high-profile CSR programs to draw attention away from their perceived negative impacts. Thus British American Tobacco (BAT) will take part in health initiatives and the petroleum giant BP has installed very visible wind-turbines on the roofs of some petrol stations in the UK.

Does CSR support the bottom line?

One of the most controversial issues that is debated amongst both neoliberal and neo-Keynesian commentators is whether CSR is a cost or a benefit to the corporate bottom line. While some neoliberal economists remain staunchly sceptical, others are more uncertain. Bryan Husted (2003) argues that researchers have not examined the cost implications associated with the different forms of CSR activities. Eveline van de Velde et al (2005) set out to investigate the interaction between sustainability and financial performance and concluded that high sustainability-rated portfolios have performed better than low-rated portfolios, but not to a significant extent.

Other mainstream economists, including both neoliberals and neo-Keynesians, are more inclined to see CSR as a positive contributor to corporate value. Amalric and Hauser (2005) enquire under which circumstances a company may increase its value through the development and implementation of corporate responsibility activities. They argue that, under various conditions of imperfect competition, firms can increase their value with corporate responsibility activities. In a 2005 article in *Global Finance*, Fittipaldi (2005) argues that the evidence is piling up that corporate responsibility pays. He claims that studies are increasingly indicating that companies may already be reaping some rewards. One such study by Germany's Oekom Research, an independent sustainability rating

agency, correlates sustainability with financial performance. The study indicates shares of companies with good sustainability records perform better than those of their less socially responsible competitors. Rushton (2002) similarly argues that there is evidence to show that corporate social responsibility pays; e.g. the Dow Jones sustainability group index outperformed the Dow Jones index by 36% over the past three-year period.

One of the key strategies advocated by more progressive advocates of CSR is the promotion of socially responsible investment (SRI). Invariably advocates argue that SRI companies are likely to be at least as profitable as others. Here again, however, there is contradictory research about the claims. For example, Sparkes and Cowton (2004) review the development of socially responsible investment (SRI) over recent years and argue that not only has SRI grown significantly, it has also matured. On the other hand, a more sceptical attitude is taken by Haigh and Hazelton (2004). The only conclusion that really can be drawn from this debate at present is that the issue remains unresolved.

Is CSR contrary to the responsibilities of corporate directors?

A contentious issue that is frequently raised in the literature is the argument that current directors' duties and legal requirements constrain the extent to which corporations are able to engage in CSR or philanthropic activities without running the risk of breaching their legal responsibilities to the corporation and/or to their shareholders. This concern is not only raised by corporations themselves as a rationale for not adopting CSR but is also frequently expressed by advocates as a constraint that must be removed if CSR is to be widely adopted. For example this concern was raised by the Public Interest Advocacy Centre in its submission to the Australian Parliamentary Joint Committee on CSR when it stated its concern that the 'best interests of the corporation' has been interpreted at common law to mean the financial interests of the shareholders as a collective body. This means that the scope of interests that directors can take into account is limited to the interests of the corporation's shareholders. Accordingly, corporations can only have regard to and act in the interests of the broader stakeholders in so far as those interests impact positively on the financial interests of the shareholders' (Public Interest Advocacy Centre 2005).

The report of the Australian Joint Parliamentary Inquiry summarises the positions taken by various commentators on this issue as being:

- the *directors' restrictive interpretation*, under which directors claim that they are unable to undertake activities based on corporate responsibility, because such activities may not be directly 'in the best interests of the corporation';
- the *shareholders' restrictive interpretation*, which objects to corporations providing philanthropic funds or acting with deliberate corporate responsibility, because those funds could be invested in wealth generation (and thus returns to the shareholders);
- the *short term interests interpretation*, which allows that investment in corporate responsibility may be appropriate, but only if it can be justified on the basis of annual return on investment (competing with other possible investments); and
- the *enlightened self-interest interpretation*, which holds that careful and appropriate corporate responsibility is almost always in the interests of the corporation, and thus falls well within the behaviour permitted to directors under current duties (Australian Government 2006: 46).

Interestingly, the committee concluded that the most appropriate perspective for directors to take is that of *enlightened self-interest interpretation*. It concludes that 'there is nothing in the current legislation which genuinely constrains directors who wish to contribute to the long term development of their corporations by taking account of the interests of stakeholders other than shareholders' (Australian Government 2006: 91). Whether or not this conclusion by the Parliamentary Committee allays the concerns, or overcomes the resistance, of the various commentators on this issue remains to be seen.

Regulation vs voluntary CSR measures

A great deal of business, academic and government literature on CSR simply takes it for granted that CSR strategies of all varieties will be voluntary. Any form of business regulation is of course anathema to the neoliberal approach. Nevertheless, this is an issue that neoliberal commentators are forced to debate since pressures continually arise for government regulation to either support or replace voluntary CSR measures adopted by corporations. A major theme of much of the CSR discourse emanating from the business community is the argument that

regulating CSR is either undesirable or dangerous. For example the Melbourne based *Business Community Intelligence* presented the view of the Director for Policy for Chartered Secretaries that mandating CSR reporting would render CSR meaningless (Fox 2006). A similar view was endorsed by the Australian Parliamentary Joint Committee on Corporations and Financial Services in June 2006 in its report: *Corporate Responsibility: Managing Risk and Creating Value*. The key conclusion of the report stated:

The committee strongly supports further successful engagement in the voluntary development and wide adoption of corporate responsibility. The committee has formed the view that mandatory approaches to regulating director's duties and to sustainability reporting are not appropriate. Consequent on the recommendations of this report, the committee expects increasing engagement by corporations in corporate responsibility activities. This would obviate any future moves towards a mandatory approach (Australian Government 2006: xix).

Similarly, amongst those who write from a liberal or neo-Keynesian ideological perspective, there is generally a 'taken-for-granted' assumption that CSR initiatives will be voluntary. On the other hand, within the neo-Keynesian commentators' ranks there are those who question whether voluntary CSR programs and activities by corporations are sufficient to ensure that the benefits of CSR are achieved or whether government regulation of corporate behaviour is necessary. For example, Marta de la Cuesta González and Carmen Valor Martínez (2004) raise the questions: should CSR be approached only on a voluntary basis or should it be complemented with a compulsory regulatory framework; and what type of government intervention is more effective in fostering CSR among companies? After reviewing the debate between proponents of the voluntary case and the obligatory case for CSR, and critically analysing current international government-led initiatives to foster CSR among companies, they argue for a more proactive government position in CSR related issues. Hertz (2004) argues that governments need both to improve civil and market regulation of corporations, and also to strengthen corporate law. While civil or market based forms of regulation have had some effect in moderating anti-social corporate behaviour, this paper argues that the effect is necessarily limited. What is proving to be more effective is instead the threat of litigation. Yet despite the evidence,

‘the trend amongst government policy makers has been to encourage corporations to voluntarily self regulate’. However, Herz warns that policy makers pursue this end ‘at the peril not only of external stakeholders, but also of multinational corporations’ and argues that corporate regulation is in ‘our’ collective interest (Herz 2004: 202).

Bob Jeffcott and Lynda Yanz of the Maquila Solidarity Network examine the advantages and limitations of voluntary codes of conduct, which have become prominent as labour standards and working conditions in consumer products industries have deteriorated in the wake of trade liberalisation and globalisation, and restructuring of production and distribution. They argue that ‘there are legitimate grounds to be sceptical about the usefulness of voluntary codes of conduct, particularly if there are no provisions for independent verification and worker and third party complaints, or transparency in the monitoring, verification and remediation processes’ (Jeffcott and Yanz 2000). However, they also argue that voluntary codes need not be seen as an alternative to state regulation, but can actually complement and reinforce the regulatory role of the state. Their conclusions include the following points:

- in the era of globalisation and trade liberalisation, voluntary codes have the advantage of extending the application of labour standards across national boundaries, across governmental jurisdictions and along international corporate supply chains;
- corporate acceptance of ILO standards through voluntary codes could therefore help strengthen the authority of the ILO and the potential for international labour rights enforcement mechanisms;
- whether codes and global auditing and certification systems strengthen worker organising or offer companies a paternalistic alternative to unions depends a great deal on how unions and NGOs intervene in these processes;
- the negotiation of multi-stakeholder codes of conduct, particularly when such negotiations are endorsed and supported by national governments, can potentially achieve civil society/private sector consensus on minimum labour standards.

Kolk and van Tulder (2002) critically examine the effectiveness of voluntary corporate codes of conduct by a study of child labour codes

developed by six international garment companies. Overall, the research shows that corporate codes are important, though not the only, instruments for addressing child labour. Sandra Polaski reports on an innovative policy experiment in Cambodia that links improvement of workers’ rights with increased orders and market access for the products of the country’s garment factories. The policy originated with the US-Cambodia Textile Agreement, which awarded Cambodia higher garment export quotas into the US market in return for improved working conditions and labor regulations. She concludes that the agreement’s effectiveness has depended on a regulatory role for the ILO, ‘acting as a compliance monitor and government intervention, preventing some apparel producers from free riding on others’ improvements’ (Polaski 2006: 919).

Tony Royle suggests that ‘hard’ forms of legal regulation (such as national law and EU law) need to be ‘beefed-up’ to be more effective, because quasi-legal regulation (such as ILO codes) are clearly inadequate. Furthermore, ‘without the good faith of employers, private codes of conduct and other employer-driven solutions like CSR are unlikely to be of any real value in protecting, let alone improving, employees’ representation rights, pay and working conditions’. Royle suggests that not only is the concept of stakeholder democracy unrealistic, but it also ‘sits uneasily with economic liberalism and the need to return maximum short-term gains to shareholders’ (Royle 2005: 14).

CSR and Stakeholder Theory

One of the important differentiating factors in the approach of neo-Keynesian commentators to CSR (in contrast to the neoliberal view) is the argument that in order for CSR to be effective and meaningful, the interests of a range of stakeholders other than shareowners need to be taken into account by corporations. Stakeholder theory is based on the notion developed by Freeman (1984) that corporations consist of various stakeholders beyond their own shareholders and that they should be managed with those groups in mind. According to the Australian Corporations and Markets Advisory Committee Discussion Paper on CSR (Australian Government 2005: 28) the term ‘stakeholder’ can include:

- shareholders, who, unlike other stakeholders, have a direct equity interest in the company;

- other persons with a financial interest in the company (financiers, suppliers and other creditors), or those in some other commercial legal relationship with the company (for instance, business partners);
- persons who are involved in some manner in the company's wealth creation (employees and consumers);
- anyone otherwise directly affected by a company's conduct (for instance, communities adjacent to a company's operations);
- pressure groups or NGOs, usually characterised as public interest bodies, that espouse social goals relevant to the activities of companies.

The term is sometimes also used more generally to include regulators, the financial markets, the media, governments and the community. In its submission to the Australian Joint Parliamentary Inquiry on CSR, the Public Interest Advocacy Centre (2005) succinctly defines 'stakeholders' as 'any individuals or groups affected, either directly or indirectly, by the activities of corporations. Stakeholders include shareholders, employees, consumers, neighbouring communities, indigenous peoples and others'.

A submission to the Australian Parliamentary Joint Committee on CSR from the Key Centre for Ethics, Law, Justice & Governance at Griffith University indicated that there were at least two approaches to defining 'stakeholder': 'The term 'stakeholder' covers a wide array of interest holders depending on the definition used. It is important to recognise that the stakeholder definition used impacts on what is required of corporations to meet CSR demands. Early stakeholder theory focused on the managerial model of an entity and, as a result, narrowly defined 'stakeholder' as a group that impacts on the success of the organisation in terms of production outcomes and transactions. The broader definition of the stakeholder view of the firm includes those who may affect or be affected by the organisation - employees, customers, local community, management, owners and suppliers and so on' (Sampford et al 2005: 6).

A submission to the Australian Parliamentary Joint Committee on CSR from the Australian Conservation Foundation (ACF 2005) identified the possible stakeholders in a corporation's activities as follows:

List of Corporate Stakeholders

Group	Contributions	Relationship	Corporate obligations
Shareholders	- Financial capital - Assumption of top risk band - Ultimate management	Primarily legal (<i>Corps Act</i> and organisational documents); may also be contractual	Dividends and/or increase in capital value consistent with other obligations
Financial investors	- Financial capital - Assumption of risk - Expertise, sometimes	Primarily contractual	Repayment of interest and capital
Directors	- Management oversight	Legal and contractual	Compensation
Employees	- Intellectual and physical labour - Experience, initiative, commitment, continuity	Contractual (individual or collectively)	Fair compensation and conditions; respect for human rights; safety; employment security consistent with other obligations
Customers and end consumers	- Intermediate and ultimate demand for products and services	May be direct and contractual, or mediated through retailers; also subject to legal regulation	Duty of care; fair competition and trade practices
Suppliers	- business inputs	Primarily contractual	Payment for inputs; fair competition and trade practices

Local communities in which company operates	- local security - conducive business environment - social, cultural and environmental amenities - environmental carrying capacity (biodiversity, land, renewable and non-renewable resources, ecosystem services) - subsidies and other support - physical infrastructure	Primarily informal and implicit; some local regulation	Compliance with laws, taxation, responsible use of environmental carrying capacity and support for community
State / national communities in which company operates	As above, plus: - national security - regulation - licence to operate - assumption of residual risk in insolvency	Implicit in licence to operate; legal regulation	Compliance with laws, taxation, responsible use of environmental carrying capacity and support for community
Global community	- international trade - environmental carrying capacity (biodiversity, stable climate, etc)	Almost wholly implicit; mediated through national governments	Responsible use of greenhouse and other global environmental carrying capacity; fair trading conditions

Stakeholder theorists argue that the legal privileges that the State provides to corporations (such as limited liability, perpetual succession and so on) ‘introduce a public interest dimension to the operations of and internal organization of companies’. Hence, the corporation ought to be run in the best interests of the broader society (Parkinson 2003: 481).

Recently, debate in stakeholder theory has focused on the issue of the nature of the relationship between the organization and the stakeholder,

and between the various stakeholders. How do organizations balance the competing interests of the various stakeholders? Do some stakeholder groups take precedence over others? (Greenwood 2001). Greenwood looks at community as an organisational stakeholder, specifically at the nature of the relationship between the community and the organization. Although starting from a neoliberal perspective, Hemphill (1997) argues that although it is an axiom that a firm must be fiscally ‘responsible’, the narrow definition of corporate social responsibility offered by Milton Friedman is no longer feasible. A business philosophy recognizing the importance of stakeholders, especially employees and local communities, is necessary for the long-term economic success of the modern corporation. Knox, Maklan and French seek to provide empirical evidence of the range of stakeholders addressed through CSR programs undertaken by the bigger FTSE companies and how such programs are reported. It is evident from the hypotheses tested that ‘some corporations, particularly extraction companies and telecoms, are more adept at identifying and prioritising their stakeholders, and linking CSR programs to business and social outcomes’. However, they draw the general conclusion that building stronger stakeholder relationships through CSR programs - other than with customers - is not currently a priority for most companies (Knox et al 2005: 7). Laszlo, Sherman, Whalen and Ellison (2005) argue that stakeholder value based on the economic, environmental and social impacts a company has on its diverse constituents is a rapidly growing source of business advantage. Taking advantage of this source, however, requires a change in the mindset of leadership and a disciplined approach to integrating stakeholder value throughout the business.

Radical critiques of CSR

Commentators from a radical critical perspective are generally more sceptical about the possibility of voluntary CSR making a significant difference, and more demanding in the level of state intervention and corporate accountability that is associated with it.

The UK NGO Christian Aid (2004) provides a powerful critique of CSR in *Behind the Mask: The Real Face of Corporate Social Responsibility*. The authors acknowledge that some voluntary policies and programs may result in improvements in corporate behaviour: ‘Because CSR efforts are public, they encourage external scrutiny, making it more likely that problems will be identified and dealt with. The media, industry

organisations, trade unions and NGOs can use CSR as a focal point to press for the protection of human rights, workers and the environment' (Christian Aid 2004: 4). However, Christian Aid stresses that such initiatives are, for the most part, purely voluntary. 'Few include effective monitoring mechanisms or disclosure requirements. Furthermore, while some high-profile companies are in the forefront of the corporate social responsibility movement, countless others remain outside it. The problem is exacerbated by 'rogue businesses' that operate with virtual impunity, especially in developing countries' (Ibid). But it is not just a question of good versus bad companies. In Christian Aid's view companies that have championed voluntary CSR initiatives may 'still fail to meet the standards they appear to have embraced. The rhetoric of many large companies belies the continuing damage they inflict' (Ibid). The report also expresses concern about 'how companies use CSR to deflect regulation and convince governments that voluntary efforts are sufficient. Professionals in the field are increasingly convinced that voluntary initiatives are not enough' (Ibid).

Carmen Valor, in evaluating the benefits of CSR is sceptical about its potential for advancing social control over companies. There are two conditions for the advancement of the social control of companies: 'First is the stakeholders' pressure through their economic decisions. Companies will only incorporate social and environmental objectives in their agenda when economic agents show that they also seek these values by incorporating them into their economic decisions' (Valor 2005: 191). However, Valor argues that stakeholders have incorporated ethical values in their economic decisions only partially and selectively. Additionally, even when stakeholders have done so, managers have shown reluctance to sacrifice profits. This reluctance, which she labels 'managerial capture', has turned CSR programs into little more than PR exercises rather than serious attempts to restructure corporate policy and behaviour. Secondly therefore, to become meaningful CSR 'implies accepting that the common good is more important than the right to receive a dividend, and that social and environmental performance must be balanced with economic performance. This paradigm of the firm should be adopted by shareholders, by managers, and by regulators. Regulation should provide citizens with political means to sanction corporate social and environmental failure' (Ibid). Peter Frankental, Head of Business Networks, Amnesty International, considers the paradoxes inherent in CSR to include: 'procedures of corporate governance, the market's view of organizations' ethical stances, the lack of clear definition, acceptance or denial, the lack

of formal mechanisms for taking responsibility and the placing and priority that most organizations give to social responsibility' (Frankental 2001: 18). He concludes that until these paradoxes are properly addressed, corporate social responsibility can legitimately be branded an invention of PR.

Radical critics frequently point to the lack of a sophisticated analysis of the political economic dimensions of corporate power that is manifest in the pro-voluntary CSR literature. The current CSR agenda is critiqued by UK political economist Rhys Jenkins (2005) for being as significant for what it does not include as for what it does. Corporate practices such as transfer pricing, tax avoidance or the abuse of market power are not part of the CSR mainstream. Most significantly, CSR has not explicitly dealt with the poverty impacts of business activities. Peter Utting (2005), Deputy Director and CSR Research Co-ordinator, United Nations Research Institute for Social Development (UNRISD), similarly argues that the CSR agenda can deal with some of the worst symptoms of maldevelopment, such as poor working conditions, pollution, and poor factory-community relations, but that it does not deal with the key political and economic mechanisms through which transnational companies undermine the development prospects of poor countries. Similarly, Peter Newell (2005) notes that power disparities and how to contest them are neglected within mainstream CSR approaches. Liberal notions of CSR place great emphasis on voluntary, partnership and market based approaches to tackling social and environmental problems and managing conflict. He argues that this undermines their ability to address issues of corporate accountability in situations where sharp inequities in power exist. While acknowledging that the rise of voluntary standards and codes of conduct and the growing popularity of various forms of 'civil regulation' has improved the responsiveness of corporations to social and environmental issues, Newell sees these as only partially adequate and in particular he has grave doubts about their transferability or relevance in developing countries.

A number of commentators have identified a significant critique of CSR that has developed out of the 'corporate accountability movement' (Broad and Cavanagh 1999; Newell 2002; Bendell 2004; Utting 2005). Organisations and groups associated with this movement are critical of the mainstream CSR agenda for various reasons. Peter Utting (2005: 383-384) summarises these reasons around the following themes:

- CSR allows ample scope for companies, through PR and minimal adjustments to policy and practice, to project an image of reform while changing little, if anything, in terms of actual corporate behaviour (e.g. ‘greenwash’).
- the mainstream discourse often gives the impression that the corporate sector in general is seriously engaged with CSR but the reality is very different. For example, in 2002, of the world’s 65,000 TNCs, an estimated 4000 companies produced reports dealing with a company’s social and/or environmental performance (Holliday et al. 2002), and fewer even had codes of conduct.
- reforms in corporate policies often take place in a context of counter-trends that are masked by the apparent concern about CSR. These trends include worsening labour standards and conditions associated with outsourcing and labour market liberalization, increases in levels of pollution, tax avoidance and evasion, and corporate lobbying to resist social and environmental regulation or to promote macro-economic policies that can have regressive social and environmental impacts. For example, Monsanto’s influence on the international debate and policy on GMOs; the tobacco industry’s attempt to influence WHO and governments; and the resistance of pharmaceutical companies to attempts to promote cheaper generic drugs.
- another major criticism of CSR relates to ‘institutional capture’, i.e. the increasing penetration and influence of large corporations in the public-policy process through partnerships, consultation and dialogue with governments and civil organisations, and other mechanisms. These concerns have arisen, for example, in relation to the UN summits and the recent wave of partnerships, notably those involving UN agencies and TNCs and corporate foundations (Richter 2001). Initiatives like the Global Compact, for example, have provoked reaction from civil society because of the involvement of companies like Coca-Cola, McDonald’s, Nestle’, and Nike – all of which have been severely criticized for their social, economic and environmental practices.
- the CSR voluntary agenda is perceived as an inferior alternative to law and state regulation.

A more pessimistic view again is presented by Peter Lund-Thomsen (2005) who critically evaluates the progressive capacities of both CSR and Corporate Accountability approaches. While, in his view each has some merit, both approaches fail to address the underlying, global level structural causes of conflicts between companies and stakeholders affected by their operations. These conflicts can only be reversed by fundamental changes in the global economy.

CSR and development issues

The most powerful critiques of voluntary CSR have been generated within the development literature. The theme of a special issue of *International Affairs* (Blowfield and Frynas 2005) is Corporate Social Responsibility (CSR) in the developing world, and the need for more critical perspectives to understand what CSR does and could mean for the poor and marginalised in developing countries. Numerous claims have been made about the contribution CSR can make to poverty alleviation and other development goals. However, the contributors to this issue reach the conclusion that current CSR approaches do not warrant such claims. Their work shows the need for a critical approach to the strengths and limitations of CSR, one that poses questions that hitherto have been neglected. In an important article in the *International Affairs* special issue, ‘Globalization, Corporate Social Responsibility and poverty’, Rhys Jenkins (2005) describes the factors that have led to the recent emphasis on CSR by the official development agencies, and questions whether CSR can in fact play the significant role in poverty reduction in developing countries that its proponents claim for it. While development NGOs have been critical of voluntary corporate initiatives, official development agencies have taken a more positive view and in some cases encouraged CSR. George Frynas (2005), using the example of multinational oil companies, argues that the current CSR agenda fails to address the crucial issues of governance and the negative macro-level effects that multinational companies cause in host countries. He argues that a focus on CSR may divert attention from broader political, economic and social solutions for developmental problems. Overall, the articles in the special issue of *International Affairs* conclude that it is unlikely to play the significant role in poverty reduction in developing countries that its proponents claim for it.

Numerous other scholarly articles similarly reject the adequacy of voluntary corporate codes of conduct to effectively restrain the damage

done by MNCs in developing countries let alone act as a force for good. Garvey and Newell (2005) argue that mainstream approaches to CSR underestimate the importance of power in the relationship between corporations and the communities in which they invest, which limits their applicability to many developing-country contexts in particular. They argue that more attention should be paid to a number of state, corporation, and community-related factors, which are found to be key to the effectiveness of strategies aimed at enhancing corporate accountability to the poor. David Graham and Ngaire Woods (2006) argue that while self-regulation by MNCs of social/environmental impacts has been advocated as a solution to the regulatory capacity problems faced by developing states they are not enough by themselves: ‘Government action - in the North and South - remains vital to effective regulation, by setting social goals and upholding the freedom of civil society actors to organize and mobilize, but international organizations and legal instruments are also important to assist developing country governments in fulfilling these roles’ (Graham and Woods 2006: 868). Biman Prasad criticises the effectiveness of the UN Global Compact on Pacific Forum Island Countries: ‘While the UN Global Compact is a well-intentioned approach to convince corporate entities, particularly transnational corporations, to adopt principles that would lead to an improvement in the quality of life of people and maintain sustainable environment policies, it is far from satisfactory in developing South Pacific countries. Pacific Forum Island Countries (FICs) are small, have fragile environments, large subsistence and rural populations and, additionally, have large numbers of households living in poverty’ (Prasad 2004: 65). The UN Global Compact will certainly help these countries to articulate their concerns in the global environmental governance, however ‘it will not be enough to ensure that they are actually protected from environmental degradation or to help them to reduce poverty’ (Ibid).

The role of non-government organisations (NGOs) and civil society organisations (CSOs) in CSR

The role of non-government organisations (NGOs) and civil society organisations (CSOs) in the spread of CSR over the past two decades has been critical. Midttun (2005), reflecting on the drivers behind the CSR approach in the context of a globalizing economy, argues that a NGO-driven social justice agenda has been one of the primary opposing forces that have faced the increasingly powerful corporate governance agenda.

Peter Utting (2005) examines the reasons for civil society mobilisation on CSR issues, the types of organisations involved, and their different forms of activism and relations with business. Various factors account for the upsurge in CSR activism and the involvement of NGOs in advocacy, economic, and regulatory activities:

- first, the NGO sector was expanding rapidly, gaining legitimacy as a development actor and seeking new areas of engagement;
- second, some activists and NGOs were critical of the failed attempts by government and international organizations to regulate TNCs. They sought a ‘third way’ centred on voluntary approaches, collaboration, and partnerships. The third-way approach was also reinforced by pressures and incentives that encouraged NGOs to move beyond confrontation and criticism, and to engage ‘constructively’ with mainstream decision-making processes;
- third, there was growing recognition that globalisation and economic liberalization were altering the balance of rights and obligations that structure the behaviour of corporations. TNCs were enjoying new rights and freedoms as a result of economic liberalisation and globalisation without commensurate obligations and responsibilities, most notably in developing countries;
- fourth, several environmental and social disasters and injustices, linked to large corporations or specific industries, became high-profile international issues around which activists mobilized (Utting 2005: 376-377).

Of course, NGOs and CSOs articulate a wide variety of views on how they should engage with the CSR ‘movement’. Some are quite comfortable in supporting the development of voluntary CSR programs and many are prepared to engage in collaboration with corporations to develop and promote these programs. *In Barricades and Boardrooms: A Contemporary History of the Corporate Accountability Movement*, an historical overview of the varied relationships that have developed between NGOs and corporations in relation to CSR, Jem Bedell has described how during the 1990s ‘some civil groups and companies formed partnerships to develop new products, techniques or management practices. Civil groups began advising companies on best practices, and endorsing or promoting such practice. Codes of conduct and certification schemes, often as part of

multistakeholder initiatives, grew significantly during the 1990s' (Bendell 2004: 15). Bendell documents the emergence of a new literature that developed around the idea of multi-stakeholder partnerships, CSR and sustainable business: 'The *Journal of Corporate Citizenship* was launched in 2001, as was *Ethical Corporation* magazine, the backers of which also initiated the conferencing circuit of CSR. The publishers Greenleaf, Zed Books, Earthscan and FT Pitman, among others, increasingly offered titles in this area' (Bendell 2004: 16). In Australia, the ACF has recently engaged in a close collaboration with a consortium of Australian corporations on the issue of global warming.

Of course, other NGOs and CSOs remained highly critical of voluntary CSR schemes and rejected collaboration with corporations, preferring a more critical and activist strategy: 'Many partnership participants had to face the realization that, by working with companies, they might be helping the corporate sector as a whole to defend itself from calls for state and intergovernmental regulation' (Bendell 2004: 33). Peter Utting notes that NGOs and CSOs are now engaged in an increasingly diverse range of activist activities. These include:

- **Watchdog activism**, which involves identifying and publicising corporate malpractice by 'naming and shaming' specific companies;
- **Consumer activism** and the fair trade movement, which involves efforts to inform consumers about specific products or companies, organise consumer boycotts, and ensure that companies and consumers in the North pay a fair price to small producers in the South;
- **Shareholder activism** and ethical investment, where CSOs or individuals buy shares in companies and use the format of Annual General Meetings of shareholders to raise complaints and propose changes to corporate policy and practice;
- **Litigation**, where activists and victims use the courts to prosecute corporate malpractice, as in recent cases involving Shell and Coca-Cola.
- **Critical research, public education**, and advocacy involves generating and disseminating knowledge on the developmental impact of TNCs, corporate malpractice, and North-South trade and investment relations; and attempting to influence public and academic opinion, as well as policy makers, through campaigns and other strategies;

- **Collaboration and service provision**, where non-profit organisations engage with corporations and business associations to identify, analyse, and disseminate knowledge on 'good practice'; raise awareness of corporate responsibility issues; engage in 'partnership' programs and projects; provide training and advisory services; promote and design improved standards, as well as socially and environmentally sensitive management and reporting processes; and carry out monitoring and auditing;
- **Eclectic activism**, where CSOs simultaneously engage in both collaboration and confrontation (Utting 2005: 377-378).

CSR versus corporate accountability: confronting corporate power

Jem Bendell (2004) notes that a key divide has emerged amongst activists around CSR between those who regard corporate power as a problem, and those who either accept it or consider it as an opportunity, if engaged appropriately. The latter are said to be involved in 'corporate responsibility', and the former involved in seeking 'corporate accountability' (Hamann et al. 2003; Richter 2001).

Peter Utting (2003) has identified four key aspects of the corporate accountability movement that make it quite different to the corporate responsibility movement and are its strengths:

- rather than saying companies should assume responsibility for their actions; corporate accountability proposals stress that companies must be held to account;
- rather than trying to monitor, audit or report on the vast activities of giant global corporations, corporate accountability proposals also place considerable emphasis on complaints procedures that focus on specific abuses of corporate power or instances of malpractice;
- rather than seeing corporate self-regulation and voluntary approaches as an alternative to governmental and international regulation, the corporate accountability movement is calling for a new mix of voluntary and legal approaches;

- the corporate accountability movement is also saying that if CSR is to really work for development, then it is not enough for companies to improve selected aspects of working conditions, and community relations. Corporate responsibility cannot be separated from structural and macro-policy issues, such as perverse patterns of economic liberalization and de-regulation, corporate power, lobbying for certain macro-economic policies, and fiscal and pricing practices.

Progressive strategies for CSR?

What should be the attitude of progressive NGOs and civil organizations to cooperation with corporations in pursuit of CSR? Hamann and Acutt (2003) outline important benefits of the CSR concept for civil society groups, in terms of increased power and rights and hence better negotiating positions. This, however, requires that NGOs and others proactively engage in shaping the CSR debates, insisting that CSR be underpinned by corporate accountability. They argue that partnerships with business can be beneficial to civil society groups, but that a critical position needs to be maintained within this cooperative approach, namely 'critical cooperation'. Such partnerships will require the strategic use of power, rights and interest-based negotiation. The article concludes by pointing out the important role of the government in facilitating fair and effective partnerships.

As a critic of voluntary CSR Frankental (2001) argues it can only have real substance 'if it embraces all the stakeholders of a company, if it is reinforced by changes in company law relating to governance, if it is rewarded by financial markets, if its definition relates to the goals of social and ecological sustainability, if its implementation is benchmarked and audited, if it is open to public scrutiny, if the compliance mechanisms are in place, and if it is embedded across the organization horizontally and vertically' (Frankental 2001: 18).

Juan José Palacios (2004) discusses the limits to corporate social responsibility and the extent to which capitalism can be 'caring'. The argument advanced is that, 'by virtue of their very nature, transnational corporations (TNCs) cannot become fully responsible and accountable citizens. Nonetheless, they can be induced to transform themselves in

ways that may be compatible with socially and environmentally desirable objectives' (Palacios 2004: 383). The article explores paths for action and, in particular, the potential of NGOs and anti-globalization social movements to become civil regulators able to push for the introduction of binding rules and regulations and the construction of a governance framework capable of restraining the power of TNCs.

Peter Lund-Thomsen (2005) analyses the two contrasting perspectives that have divided recent debates about corporate responsibility - CSR (emphasising 'the role of international companies in voluntarily contributing towards the solution of pressing social and environmental problems through partnerships with other stakeholders') and Corporate Accountability (the rallying point for sustainable development, demanding 'stricter regulation of corporate behaviour by national governments and the enactment of an international corporate accountability convention'). Lund-Thomsen concludes that both approaches fail to address the underlying, global level structural causes of conflicts between companies and stakeholders affected by their operations. These conflicts can only be reversed by fundamental changes in the global economy. This point has been reinforced by Tony Clarke (2000) of the International Forum on Globalization who argues that the task is 'not simply to make individual corporations more "socially responsible" or more "publicly accountable",' Instead, it was 'dismantling the systems of corporate rule that now dominate both humanity and the earth' (Bendell 2004: 51).

Jem Bendell argues that the growth of a global civil society in the last decades has created a new context, and a new opportunity to address the problem of corporate power. Bendell looks at the limitations of voluntary corporate initiatives in addressing the systemic problems in the global economy. However, he argues that the emphasis on voluntary corporate responsibility 'could be an opportunity if it can lead to the re-channelling of corporate power to address those systemic problems. It introduces a new concept that looks beyond the corporation and to the accountability of capital itself. This concept of capital accountability provides an opportunity for common ground to be found among progressives working in the quite separate arenas of corporate accountability, corporate social responsibility and anti-globalization' (Bendell 2004: v)

An impressive example of activist groups finding such 'common ground' around the key issues of 'corporate accountability, corporate social

responsibility and anti-globalization' is manifest in the UK campaign on corporate accountability launched by the CORE Coalition and the Trade Justice Movement in April 2006. The Corporate Responsibility (CORE) Coalition, as described above, represents over 130 charities and campaigning organisations such as Amnesty International UK, Friends of the Earth, church, community and union organisations. The Trade Justice Movement represents 75 activist organizations such as Oxfam, Greenpeace the National Union of Students, and the TUC. Together they have a combined membership of 9 million people. The focus of the campaign is to generate public awareness in support of proposed changes to corporate law through the Labour government's currently proposed amendments to the UK Company Law reform Bill. The campaign's aim is to ensure that the new laws 'hold company directors to account for the impact of their activities on communities, workers and the environment in Britain and overseas'. As part of the campaign, the Coalition commissioned a public opinion poll on attitudes to CSR. The poll revealed that 90% of voters agree that the government should enact enforceable rules to ensure that corporations are 'socially responsible'. 89% think that multinationals should be legally obliged to publish reports on a range of CSR issues – including how they treat their workers and the impact of their activities on local communities. More than 100,000 supporters of the campaign wrote to their MP in support of these principles.

In Australia, while there is no coordinated network of NGOs and Civil Society Organisations as such on corporate accountability issues, as reported above a number of groups have taken a critical position on CSR and have participated in public debate about these issues. For example, groups that made submissions to the Australian Parliamentary Joint Committee on CSR included:

Australian Conservation Foundation;
 Amnesty International;
 Australian Council of Trade Unions;
 Australian Human Rights Centre;
 Homeless Persons Legal Clinic;
 OXFAM Australia;
 Public Interest Advocacy Centre;
 Brotherhood of St Laurence;
 Volunteering Australia;
 Mission Australia;
 Greenpeace;

Australian Council for Social Service;
 Consumers' Federation of Australia.
 (Australian Government, Parliamentary Joint Committee on Corporations and Financial Services 2006).

There would certainly appear to be scope for the development of a coordinated campaign by some of these groups, together with other social justice organisations, around the promotion of new corporate accountability measures in Australia and in particular in support of progressive legislation by a future Australian government along the lines of the UK Labour government's current proposals.

Other Themes and Debates

The literature on corporate social responsibility is vast and complex. Beyond the issues addressed above, a fuller review could explore the following issues:

- *gender and CSR*
- *the role and effectiveness of international political organizations (ILO, UN, OECD etc) in CSR*
- *the role of the public sector and public corporations in CSR*
- *socially responsible investment (SRI)*
- *CSR and philanthropy*
- *CSR and the environment*
- *international differences and comparisons*
- *the human rights approach to CSR*
- *the role of international standards*
- *an evaluation of existing processes for measuring and reporting CSR*
- *triple bottom line reporting.*
- *critical reviews of individual corporations' CSR programs*
- *possibilities for the development of a corporate accountability campaign in Australia*

APPENDIX: SCOPE OF THE CORPORATE SOCIAL RESPONSIBILITY LITERATURE

Academic literature

An extensive academic corporate social responsibility literature has emerged, especially within business and management journals, over the past decade. For example, over 800 journal articles on CSR were identified in a search of one online academic bibliographic source (<http://www.ingentaconnect.com>). In another bibliographic source (SCOPUS) 535 CSR articles were found, the great majority of which were located in Business, Management and Accounting journals. Business/management journals in which articles on CSR are located include:

Journal of Business Ethics

Corporate Governance and Social Responsibility

*Corporate Social Responsibility and Environmental
Management*

Journal of Corporate Citizenship

*Corporate Governance: International Journal of Business in
Society*

Business Ethics, A European Review

Business Ethics Quarterly

Business & Society

Business and Society Review

Journal of Management Studies

Enterprise and Society

Corporate Communications: An International Journal

Journal of Business Strategy

International Journal of the Economics of Business

Stanford Social Innovation Review

Lockett, Moon and Visser (2006) have investigated the status of CSR research within the management literature from 1992 to 2002. Their results demonstrate that: ‘for CSR research published in management journals, the most popular issues investigated have been environmental and ethics; the empirical research has been overwhelmingly of a quantitative nature; the

theoretical research has been primarily non-normative; the field is driven by agendas in the business environment; and the single most important source of references for CSR articles was the management literature itself' (i.e. it is narrow and insular in its focus).

There also exists a smaller, more critical, literature located within a number of political economy journals including:

International Affairs
Development
World Development
Multinational Monitor

University think-tank literature

There exists now a number of university based research centres that focus specifically on CSR issues and which produce an extensive range of publications. The **Center for Communication and Civic Engagement** at the University of Washington has established a Global Scholars Network that includes leading researchers from Australian, British and American University based research centres. The **Society for Business Ethics (SBE)** based at St John's University in the US is an international organization of scholars engaged in the academic study of business ethics. It publishes the journal *Business Ethics Quarterly*. The **International Centre for Corporate Social Responsibility (ICCSR)** at the Nottingham University Business School is one of Europe's largest and most impressive centres for CSR research (<http://www.nottingham.ac.uk/business/ICCSR>). It undertakes research on the theory and nature of CSR, comparative research on CSR in various national and regional contexts and research on a range of CSR topics such as corporate governance, globalization, fair trade, and gender mainstreaming. The Centre publishes the *ICCSR Research Papers Series*. Harvard University's **Kennedy School of Government** has established a multidisciplinary program known as the *Corporate Responsibility Initiative* that seeks to study and enhance the effectiveness of corporate social responsibility through research 'conducted by Harvard faculty, fellows, and students, in collaboration with external practitioner experts and organizations' (<http://www.ksg.harvard.edu/cbg/CSRI/>). Queens University in Ontario Canada has established a Center for Corporate Social Responsibility (<http://business.queensu.ca/csr>). Staff are conducting research on CSR related issues that include corporate accountability as applied to multinationals and their

activities, business ethics, environmental impact and employee relations. Other CSR related research concentrations exist at Waikato University School of Management; Birmingham Business School UK; the Human Rights Research and Education Centre University of Ottawa; the London Metropolitan University; and the Center for Corporate Citizenship at Boston College.

In Australia, the **Corporate Citizen Research Centre** at Deakin University undertakes research on CSR and produces *The Corporate Citizen*, a magazine 'featuring significant highlights in the field of corporate citizenship occurring both within Australia and across the world'. Curtin University has developed a **Corporate Governance & Social Responsibility Research Unit** that conducts 'academic and contract research in the area of governance and corporate social responsibility, with a particular focus on the development of leadership and management practice'. Specific research topics include corporate governance/ comparative governance, environmental strategies/strategy implementation, entrepreneurs, small firms and social responsibilities, work and family, accountability, best practice and corporate remuneration strategies. Other Australian university based research centres that have an interest in CSR include: the **Employment Studies Centre** at the University of Newcastle; the **Key Centre for Ethics, Law, Justice and Governance** at Griffith University; and the **Graduate School of Business** at RMIT – all of which made submissions to the Australian Parliamentary Joint Committee (Australian Government, Parliamentary Joint Committee on Corporations and Financial Services 2006).

Corporate reports

Many corporations themselves now produce CSR or sustainability reports or publish policy guidelines or statements. It is clear that the incidence, scope and extent of socially and environmentally responsible corporate conduct and programs have increased significantly in the last decade. In 2003, for example, 71 per cent of Australian corporations reported that they had developed a corporate social responsibility strategy. It is less clear, however, whether and how well these programs are integrated and implemented, with only 9 per cent of corporations demonstrating a good understanding of the relationship between corporate social responsibility and business (Grayson 2005). The following data indicates the percentage of 'sustainability' reports produced in 2005 by the top 100 companies in

certain developed countries, and shows Australia's comparative showing internationally (Australia 2006: 15): Japan: 81%; UK: 71%; Average (16 countries): 41%; Australia: 23%.

These reports vary greatly in detail and quality and in many cases are products of the public relations department of the company. Utting (2005) notes that 'a group of high-profile TNCs and large national companies have placed themselves at the forefront of the CSR agenda through sponsorship, PR, advertising, dialogues, networking and participation in partnerships, as well as concrete changes in business policies, management systems and performance. These include, among others, ABB, Backus (Peru), BP, Carrefour (France), Dow Chemicals, Dupont, Eskom and Sasol (South Africa), Ford, IKEA, Levi Strauss, Merck, Migros (Switzerland), Novo Nordisk, Rio Tinto, San Miguel (Philippines), Shell, Suzano and Aracruz (Brazil), Tata Iron and Steel (India), Toyota, and Unilever.' In Australia, an increasing number of companies are submitting CSR reports to be included for rating and publication on various CSR indexes. For example the 2005 Australian Corporate Responsibility Index prepared by the St James Ethics Centre lists the following corporations as achieving a 'gold' rating: the ANZ Banking Group; BHP Billiton; Boral Limited; British American Tobacco; Cadbury Schweppes; EnergyAustralia; Rio Tinto; Toyota Australia; and Unilever (<http://www.corporate-responsibility.com.au>).

Business peak organisations

In addition, quite a few business peak organizations, lobby groups and industry associations have produced material on Corporate Social Responsibility. At a global level, these include the **International Chamber of Commerce (ICC)**, the **International Employers Organization (IEO)**, the **World Economic Forum**, and chemical, mining, and other sectoral associations (Utting 2005). The **World Business Council for Sustainable Development** produces reports such as *Corporate Social Responsibility: Making Good Business Sense* on behalf of its 190 member corporations that include Rio Tinto, the Royal Dutch/Shell Group, General Motors, Dupont, 3M, Deutsche Bank, Coca-Cola, Sony, Caterpillar Inc., and BP. A group of British financial institutions have produced a set of guidelines on corporate social responsibility known as the *Equator Principles* for corporations in the finance sector. At a national level also business organizations have promoted CSR. For example, the Japan Federation of Economic Organizations has produced the **Keidanren Charter for**

Good Corporate Behavior. In the UK **Business in the Community (BITC)** representing over 700 of the UK's top companies produces research, publications and toolkits on Corporate Social Responsibility such as *The What, Why and How of CSR: A Beginners Guide to Corporate Social Responsibility* (www.bitc.org.uk). BITC provides resources and information on corporate social responsibility and socially responsible investing and has developed a *Corporate Responsibility Index* for the UK (<http://www.mallenbaker.net>).

Business consultancies

An extensive literature emanates from business consultancies that focus on CSR. In the US, **Business for Social Responsibility** provides 'information, tools, training and advisory services that help make corporate social responsibility an integral part of business operations and strategies' (<http://www.bsr.org>). The UK-based **AccountAbility** organization is one of the major CSR consultancy firms in the world, operating in five continents and producing a range of literature on CSR approaches and strategies (<http://www.accountability.org.uk/>). The **Global Reporting Initiative (GRI)** is an Amsterdam-based independent institution, which includes representatives from business, accountancy, investment, environmental, human rights, research and labour organizations from around the world. The GRI publishes the *Sustainability Reporting Guidelines*. The **International Organization for Standardization (ISO)** publishes the *ISO14000 series*, dealing with environmental management. The ISO is developing the *ISO 26000 Guideline for Social Responsibility*, which is expected to be released in 2008. Other international consultancy firms that produce literature on CSR include: **Socially Responsible Investing (SRI) World Group, Inc.** a financial services consultancy business that both advises social investors and more generally promotes corporate social responsibility (<http://www.socialfunds.com>); **Quality Associates International Inc.** has developed *Social Accountability 8000*, a code of conduct certification program relevant to labour standards. Since the 1970's a number of other codes of conduct relating to human rights and other social issues, as well as standards for greater corporate reporting and disclosure, have also been developed:

- Social Accountability International's SA 8000 certification - a code of conduct certification program relevant to labour standards developed by Quality Associates International Inc.

- AccountAbility 1000 - a set of standards for measuring the social achievements of companies against objective criteria. See www.accountability.org.uk
- Amnesty International's Human Rights Principles for Companies – requiring companies to protect human rights and abide by certain labour standards in countries in which they have facilities. They also make recommendations on security arrangements. See www.amnesty.org.uk
- Ethical Trading Initiative (ETI) - adopted in the UK by companies, unions and the government, basing its work on the code of conduct of the International Confederation of Free Trade Unions. See www.ethicaltrade.org
- Principles of Global Corporate Responsibility: Bench Marks for Measuring Business Performance – developed by the Interfaith Centre on Corporate Responsibility, a coalition of over 275 Protestant, Catholic and Jewish institutional investors. See Principles of Global Corporate Responsibility on www.iccr.org

Ethical Corporation is an independent UK publisher and events producer on business ethics and corporate responsibility. It publishes a monthly magazine which analyses the key trends and events in global corporate responsibility and other 'independent' reports on CSR issues such as *How 8 leading multinational companies began to understand what human rights meant for their business* (<http://www.ethicalcorp.com>). Also, a relatively new set of business-interest NGOs and foundations with close ties to TNCs and corporate philanthropists actively promotes CSR. They include, for example, the **Bill and Melinda Gates Foundation**; **CSR Europe**; **Instituto Ethos** (Brazil); the **International Business Leaders Forum (IBLF)**; and the **World Business Council for Sustainable Development (WBCSD)** (Utting 2005).

The **Australian Centre for Corporate Social Responsibility (ACCSR)** is an independent corporate social responsibility advisory and training firm. ACCSR aims to 'facilitate improved corporate social responsibility through consulting on CSR policy, strategy, capabilities and programs, provision of Australia's leading executive development learning programs in CSR, and CSR research and evaluation' (<http://www.accsr.com.au/>). They describe themselves as follows:

'We are a group of business people from a diverse range of backgrounds and interests who believe that Corporate Social Responsibility is more than just words with a nice ring to them. We are committed to creating a dynamic network of companies, organisations and individuals dedicated to helping business, Government and the community change and improve the way business is done in Australia. We want to help develop and improve the image of Australian business both nationally and internationally to facilitate competitiveness and market outcomes for Australian business and consumers' (<http://www.csra.com.au/Who%20we%20are.htm>).

Non-government organisations (NGOs) and civil society organisations (CSOs)

A wide variety of Non-Government Organisations (NGOs) and Civil Society Organisations (CSOs) have been actively involved in debates around CSR and produce a great deal of published material on the topic of CSR. **Eldis** is an NGO funded by the UK Institute of Development Studies and a range of other international NGOs that produces an enormous amount of literature on CSR – especially in relation to development issues (<http://www.eldis.org>). The **Business and Human Rights Resource Centre** is an independent, international, non-profit organisation, in a collaborative partnership with Amnesty International sections and leading academic institutions. <http://www.business-humanrights.org>. In Australia the Anglican Church's **St James Ethics Centre** utilises the UK based Business in the Community's *Corporate Responsibility Index* to rank Australian businesses and to promote debate about business ethics (<http://www.ethics.org.au>). **Corporate Social Responsibility Australia Inc. (CSRA)** is a national not-for-profit membership based incorporated association founded in 2003 whose mission is to help business achieve profitability, competitiveness and sustainable growth through the continuous improvement of skills, knowledge and ethical behaviour and by applying the principles of Corporate Social Responsibility. CSRA is a foundation member of the **Asian/Pacific CSR Group**. The Group was founded in early 2004 and is made up of CSR representative organisations from 9 countries in the Asia/Pacific region. The countries participating are: India, Sri Lanka, Philippines, Indonesia, Singapore, Thailand, Hong Kong, Pakistan and Australia. **Philanthropy Australia** (<http://www.philanthropy.org.au/>) is the

peak membership body for the philanthropic sector providing services to businesses who operate a giving program, including private and publicly listed companies, partnerships and professional services and consultants. *The Australian Directory of Philanthropy* is a comprehensive reference on sources of non-government funding in Australia. The official quarterly journal of Philanthropy Australia, *Australian Philanthropy* presents ‘thought provoking articles and inspiring case studies’ from the Australian philanthropic sector and explores local and international trends and developments in philanthropy.

Over the past decade, the number of civil activist groups critiquing CSR has increased enormously. **Corporate Watch UK**, which describes itself as ‘a loose association of activists and researchers’, has been transformed into ‘a respected professional research and campaigning organisation, run effectively as a workers’ co-operative’. It has published a 2006 report *What’s Wrong With Corporate Social Responsibility?* (<http://www.corporatewatch.org>). The **Corporate Responsibility (CORE) Coalition** set up in 2001 represents over 130 charities and campaigning organisations such as Amnesty International UK, Friends of the Earth, Christian Aid and War on Want, faith-based groups like Christian Ecology Link, community organisations such as the National Federation of Women’s Institutes, unions such as AMICUS, GMB, UNISON and TGWU, businesses such as Unity Trust Bank, academic institutions like the University of Dundee and elected representatives - local councillors, members of the UK Parliaments and Assemblies and Members of the European Parliament. This impressive organization publishes the *CORE E Newsletter* and has produced a number of reports related to CSR (<http://www.corporate-responsibility.org/>). **Christian Aid**, the official relief and development agency of 39 church denominations in the UK and Ireland, published *Behind the Mask: the Real Face of Corporate Social Responsibility*, a highly influential critique of CSR, in 2004. Corporate social accountability is an increasingly important part of the global policy and advocacy work of Christian Aid. **Corporate Europe Observatory (CEO)** is an Amsterdam-based research and campaign group targeting ‘the threats to democracy, equity, social justice and the environment posed by the economic and political power of corporations and their lobby groups’ (www.corporateeurope.org). CEO publishes a quarterly newsletter - Corporate Europe Observer - featuring reports on the activities of major corporate lobby groups, issue specific overviews, news updates, analysis, reviews and more. In the US, **CorpWatch** investigates and exposes corporate violations of human rights, environmental crimes, fraud and corruption around the world. The

organisation aims to ‘foster global justice, independent media activism and democratic control over corporations’ (<http://www.corpwatch.org>). The **Multinationals Resource Center (MRC)** is a project of the influential *Multinational Monitor* magazine. MRC is designed to help activists, journalists, academics and others who need information on the activities of corporations operating in their communities. The web-based newsletter *Multinational Monitor* also publishes the annual *10 Worst Corporations* report (<http://www.multinationalmonitor.org>). The Canadian **Polaris Institute** is designed to ‘enable citizen movements to fight for democratic social change in an age of corporate driven globalization’ (<http://www.polarisinstitute.org>). A further list of international corporate watch groups is shown in the box below.

Corporate Watch Groups

ATTAC An international network for democratic control over international finance.

CEE Bankwatch Central and Eastern European NGO Network for Monitoring International Financial Institutions.

The Corner House UK-based research and campaign group which aims to support the growth of non-discriminatory civil society The Cornerhouse produces regular corporate briefings.

Critical Shareholders Association An umbrella of over 30 German shareholder activist groups demanding environmental protection, social justice and respect for human rights from corporations (only a few pages in English).

Ethical Consumer Publishes a magazine and maintains a database on social and environmental record of major TNCs.

Friends of the Earth International (FoEI) Global umbrella of over 58 groups campaigning for sustainability.

GRESEA (Groupe de Recherche pour un Stratégie Economique Alternative) Belgian research and campaign group on TNCs and global economic justice.

International Forum on Globalization (IFG) Coalition of activists and scholars opposed to neoliberal globalisation.

LobbyControl German civil society initiative informing about corporate lobbying, PR and think tanks.

LobbyWatch The UK-based LobbyWatch helps track deceptive PR involving lobbyists, PR firms, front groups, political networks and industry-friendly scientists..

McSpotlight The single most extensive resource on the web on McDonalds. Includes links to many other progressive sites, but also to the web sites of companies like Nestlé and Unilever.

Norwatch (The Future in Our Hands) Research and campaign group which monitors TNCs based in Norway.

OneWorld Dedicated to harnessing the potential of the internet for human rights and sustainable development

Public Citizen – Global Trade Watch Campaigns against unfair, unsustainable trade and investment policies.

SpinWatch Monitoring PR and spin in the public interest. SpinWatch exists to provide public interest research and reporting on corporate and government public relations and propaganda.

Project Underground Exposes corporate environmental and human rights abuses.

Transnationale Transnationale, collects and diffuses critical information on transnational corporations.

Third World Network Campaigns for a just and sustainable development models.

Transnational Institute (TNI) Progressive international network of scholars and activists.

Network Women In Development Europe (WIDE) Works to raise awareness on gender and development issues.

World Development Movement (WDM) The World Development Movement works to change the policies that keep people poor and research and promote positive alternatives.

Source: **Corporate Europe Observatory** (<http://www.corporateeurope.org/ceolinks.html>)

In Australia a number of NGOs and civil society groups have been actively engaged in debates around CSR. For example, groups that made submissions to the Australian Parliamentary Joint Committee on CSR included: the Australian Conservation Foundation; Amnesty International; Australian Council of Trade Unions; Australian Human Rights Centre; Homeless Persons Legal Clinic; OXFAM Australia; Public Interest Advocacy Centre; Brotherhood of St Laurence; Volunteering Australia; Mission Australia; Greenpeace; Australian Council for Social Service; Consumers' Federation of Australia. (Australian Government, Parliamentary Joint Committee on Corporations and Financial Services 2006)

Governments and government organisations

A number of Governments have been active in promoting CSR or seeking to play an active role in the development and shaping of CSR within their jurisdiction. One of the most active examples has been the UK government through the Department of Trade and Industry's *CSR Competency Framework*. The UK Labour Government states that its aim is to 'transform CSR from being seen as an "add-on" to being a core part of business practice' (<http://www.csracademy.org.uk>). The UK Government's approach is to encourage and 'incentivise' the adoption and reporting of CSR through best practice guidance, and, 'where appropriate, intelligent regulation and fiscal incentives' (<http://www.csr.gov.uk/ukpolicy.shtml>). Specific actions taken by the UK government include:

- amending the Pensions Act to require Pension Fund trustees to state whether they take social and environmental issues into account in their investment decisions
- publishing environmental reporting guidelines
- supporting awards for some of the best reports
- naming and shaming large companies that fail to comply voluntarily (Joseph 2002).

An earlier proposal by the Labour Government to require companies to report on their social and economic performance was scrapped by Gordon Brown in November 2005.

In a speech to the New America Foundation's Global Economic Policy Program at the US Senate, Washington, D.C. on September 11, 2001, the Netherlands Minister for Foreign Trade said that the Netherlands government was taking initiatives to: establish an independent knowledge and information centre on corporate social responsibility that will actively collect, analyse and disseminate information about CSR; improve company reporting on corporate social responsibility; engage private enterprise and enhance their contributions to solving environmental problems, and build additional CSR criteria into the government's "role" as a market participant (<http://www.onlineopinion.com.au/view.asp?article=1336>).

The Canadian government aims to support the adoption of CSR by Canadian companies. It has produced a number of publications designed to support corporations that are willing to embrace a CSR program. Its publication *Corporate Social Responsibility: An Implementation Guide*

for Canadian Business is intended to act as starting point for companies interested in implementing and operationalizing a corporate social responsibility approach in their businesses. It contains information on how to assess the effects of business activities on society, develop and implement a corporate social responsibility strategy with commitments, and measure, evaluate and report on performance. It also funds the *Corporate Social Responsibility Monitor* that conducts an annual survey of global public opinion, covering a variety of corporate responsibility issues. It provides corporate decision-makers with critical insights and comparative information to better understand the trends shaping their international business and policy environment. The Canadian government also financially supports the *National Corporate Social Responsibility Report: Managing Risks, Leveraging Opportunities* which analysed the self-assessed corporate social responsibility (CSR) management practices of 53 large Canadian companies, and reviews the public reporting practices of Canada's 300 largest corporations. It also supported a case study on CSR initiatives in Canada published as *Corporate Social Responsibility: Lessons Learned*. Another interesting study sponsored by Industry Canada and prepared by the Conference Board of Canada was Reporting on *Corporate Social Responsibility Performance: Results of a Survey of Canadian Companies*.

In 2001 the European Commission published a Green paper *Promoting a European Framework for Corporate Social Responsibility*. This Green Paper aims to launch a wide debate on how the European Union could promote corporate social responsibility at both the European and international level, in particular on how to make the most of existing experiences, to encourage the development of innovative practices, to bring greater transparency and to increase the reliability of evaluation and validation. It suggests an approach based on the deepening of partnerships in which all actors have an active role to play.

While until recently CSR had not been the subject of attention by the Australian government, in 2005 two separate government inquiries were established. In March 2005, the **Corporations and Markets Advisory Committee (CAMAC)** was asked by Treasury to undertake a review that included the following terms of reference:

- should Australian companies be encouraged to adopt socially and environmentally responsible business practices and if so, how?

- should the Corporations Act require certain types of companies to report on the social and environmental impact of their activities?

In November 2005 CAMAC produced a Discussion Paper titled *Corporate Social Responsibility* (Australian Government, Corporations and Markets Advisory Committee 2005).

In June the **Australian Parliamentary Joint Committee on Corporations and Financial Services** also resolved to inquire into Corporate Responsibility and Triple-Bottom-Line reporting for incorporated entities in Australia. In June 2006 the Parliamentary Joint Committee produced a report: *Corporate Responsibility: Managing Risk and Creating Value* (Australian Government, Parliamentary Joint Committee on Corporations and Financial Services 2006).

Global political institutions

The **United Nations Research Institute for Social Development (UNRISD)** is an autonomous UN agency that carries out research on the social dimensions of contemporary problems affecting development (<http://www.unrisd.org>). UNRISD was created in 1963 as part of the first United Nations Development Decade. UNRISD became a pioneer in developing social indicators and broadened the development debate. Since then, the Institute has sought to promote a holistic and multidisciplinary approach to social development by focusing on decision-making processes, often conflicting social forces, and the question of who wins and who loses in social change. UNRISD produces a varied publications program, which includes in-house and commercially published books, special reports, program and occasional papers, many of which deal with CSR issues, including *Regulations for Corporations: A Historical Account of TNC Regulation* (2005) and *Regulating Corporations: A Resource Guide* (2004). Another UNRISD paper *Barricades and Boardrooms: A Contemporary History of the Corporate Accountability Movement* (Bendell 2004) chronicles the failure of various national and international attempts to restrict the growth of corporate power during the twentieth century. UNRISD organized a two-day conference entitled 'Corporate Social Responsibility and Development: Towards a New Agenda?', which was held in November 2003 in the Palais des Nations, Geneva, Switzerland. A document containing summaries of all presentations made at the UNRISD Conference is available online at the UNRISD website.

The OECD has published *Guidelines for Multinational Enterprises* (1976, revised in 2000), which sets out voluntary principles and standards for responsible business conduct by multinational enterprises operating in or from OECD member countries, including Australia. The guidelines aim to ‘encourage the positive contributions that multinational enterprises can make to economic, environmental and social progress and to minimise the difficulties to which their various operations may give rise’. They cover major areas of business conduct, including employment and industrial relations, human rights, environmental protection, combating bribery, consumer interests and competition. The OECD has also published *Principles of Corporate Governance* (2004) which has become an international benchmark for policy makers, investors, corporations and other stakeholders.

In 1975 the **United Nations** established a Centre on Transnational Corporations (UNCTC), which co-ordinated the negotiation of a voluntary *Draft Code of Conduct on Transnational Corporations*. The UN has also published the *Global Compact* (2000), under which companies may voluntarily commit themselves to various principles to guide their conduct in the areas of human rights, labour standards, the environment and anti-corruption. Another UN document related to CSR is its *Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights* (2003), intended to be a comprehensive set of international human rights norms specifically applicable to transnational corporations and other businesses.

The **International Labour Organisation (ILO)** has produced a *Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy* (1977, revised in 2000), which provides guidelines on the responsibilities of business and government in the area of labour and employment.

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