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Corporate Social Responsibility –
The Failing Discipline and Why it Matters
for International Relations

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Abstract

Corporate social responsibility (CSR) is failing at the very time it is emerging as a new discipline. This has implications not only for CSR itself, but also other disciplines wanting to understand the role of the private sector in the global political economy. This article highlights some of the evidence for this failure, but more significantly shows how it is rooted in an orthodoxy that the discipline has created but is unable to examine. As a result, CSR treats as ideationally and historically neutral particular concepts and practices that define what business's relationship with wider society can mean. The article uses the perspectives of different social science disciplines to reveal the structural dimensions to CSR and some of their consequences. It proposes an alternative analytical framework for use by CSR and as an entry point for international relations and other disciplines wanting to understand the ways in which business shapes and responds to globalisation and influences the possibilities of contemporary society and governance.

Keywords: *codes of practice, corporate social responsibility, global governance, partnership, stakeholders, voluntary regulation*

Failure and its significance

Corporate social responsibility concerns the relationship between business and society. It is emerging as a new discipline that examines the nature of that relationship and how it can be managed. As well as informing business practice, it is influencing the debate about corporate and public governance, making the discipline not only important in its own right but also relevant for international relations and other disciplines wanting to understand the role of the private sector in the global political economy.

Yet corporate social responsibility (CSR) is failing at the very time it is demanding to be taken seriously. In this article I substantiate that claim. I show how CSR has established an orthodoxy that has gone largely unnoticed by other disciplines despite the way it is shaping the private sector's relationship with the rest of society at national, international and global levels. This orthodoxy is at the root of contemporary CSR's failure because the discipline has yet to develop the means for internal critique, and as a result is unable to recognise its own assumptions, prejudices and limitations.

This is not to say that CSR is without its critics, but these either refute the idea that companies should have societal responsibilities (the external critique), or focus

on what constitutes 'good and bad CSR practice' (the internal critique). In different ways, both of these offer a functional analysis that itself reproduces rather than reveals CSR's orthodoxy. This orthodoxy comprises four central elements: (i) voluntary standards that set out good performance, (ii) the instruments used to measure and manage that performance, (iii) the concept of stakeholder, and (iv) multi-sector partnerships that seek to govern how business exercises its societal responsibilities. As I will show, part of the failure of CSR as a discipline is that it provides only a functional-level critique of these elements. However, the major constraints on CSR policy and praxis relate to structural conditions, and in particular I will make the case for globalisation, the political economy of trade, ethics and power as pivotal theories for a new analytical framework for CSR.

As well as providing academics and policy-makers with an alternative way to analyse CSR, the new framework shows the limitations of adopting the kind of functional analysis embedded within contemporary CSR. It shows the importance of international relations and related disciplines in understanding CSR, but it also makes apparent the significance of a more robust critique of CSR to international relations itself. Without such a critique, a key strand to understanding how the private sector is influencing global relations and their governance will be over-looked, taken for granted or misconstrued, thereby creating a situation where particular behaviour is granted a normative significance that may in turn distort international relations' attempts to understand how the private sector relates to the globalisation project as a whole.

CSR's orthodoxy

CSR warrants being considered as a discipline because there is an emerging coher-ent body of knowledge addressing a central theme, i.e. the relationship between business and wider society. Typically, this relationship is seen as having social, economic and environmental dimensions that can be seen as separate[1] or inter-linked,[2] and which are managed through acts of corporate citizenship such as philanthropy and volunteerism, and the day-to-day strategic and operational management of the business entity.

The current degree of interest in CSR is so strong that it might appear ill-informed to say that it is a failing discipline.[3] However, interest is not by itself an indicator of how effectively a discipline addresses its central concerns and, for reasons I will explain, CSR has not fostered a rigorous debate about the business–society relationship; indeed, by legitimising ways of thinking about these issues that are exclusive, it may even have prevented that debate from happening. Some proponents of CSR may argue that this is unimportant because they regard CSR as a movement aimed at changing business behaviour, and therefore at best the analytical arm of that movement is a quasi-discipline intended to serve its ulterior goals. However, this in itself is important to acknowledge, on the one hand because

certain policy-makers and academics treat it as the source of objective insight, and on the other because there is little evidence of substantial change.

Interest in the business–society relationship is not new, and has been studied in various disciplines.[4] Equally, the idea that companies continually renegotiate their place in society has probably been a topic for debate ever since the concept of limited liability enabled owners to inure themselves from the negative consequences of their company's acts.[5]

However, the role of business in society has not been a major theme for most social sciences. The emergence of CSR is an indication that this is changing, and is in part because of interest in how to regulate the private sector, something that has grown in importance because of the supra-territorial governance issues associated with globalisation.[6] Prior to this, business was at best of marginal interest in international relations and political economy, where it was typically regarded as a subject for regulation rather than an aspect of governance in its own right.[7] Even recent concern about the governance vacuum attributed to the deficiencies of nation-states in regulating global enterprise[8] has not led to significant analysis within new normative international relations of the governance function of business itself or the relationship between business, power and globalisation.[9]

However, it is no longer acceptable to ignore business as an element in global governance.[10] Not only have governments supported voluntary standards for use by business (e.g. the OECD Declaration on Investment and Multinational Enterprise, the ILO Tripartite Declaration on Management Enterprises, and the UN Draft Code of Conduct on Transnational Corporations), but multinational corporations and their executives are increasingly active in flagship initiatives such as the UN's Global Compact and Investment Advisory Council and the World Business Council for Sustainable Development. These new roles and expectations are being debated and defined as part of CSR, making it important that we understand the analytical framework of that discipline.

The discipline of consensus

Although Moon describes CSR as 'essentially contested',[11] what he is referring to is the scope of business's responsibilities rather than the means of acting upon them, and it is in the uniformity and conformity of the latter where CSR's orthodoxy is most evident. Thus, for instance, the role of different organisations in setting and implementing codes of good social or environmental practice is contested,[12] but the underlying concepts of auditable standards and stakeholders are not. Similarly, there is debate about the criteria against which corporate social and environmental performance should be assessed,[13] but not about the underlying ideational and epistemological premise that acceptable behaviour can be itemised, measured, accounted for and otherwise atomised.

Globalisation: an example of consensus

As I will show below, an important feature of CSR is how it places business in an arena where diversity appears to exist without conflict in ways similar to Giddens' and Fukuyama's interpretations of the modern political economy.[14] Inside this arena there appear to be unlimited possibilities where diverse organisations can collaborate in the pursuit of common interests and mutual benefit. Yet, on closer analysis, the institutions and processes described in CSR are ones that exclude and colonise the ways we think about alternative possibilities in the manner Germain describes as typical of the globalisation process.[15] Indeed, CSR's treatment of globalisation itself is an example of this. CSR is held out as a response to globalisation, but largely takes for granted the meaning of that concept. Therefore, CSR literature largely presents as an objective reality a narrow interpretation of globalisation as the increased worldwide flows of data, capital, goods and services,[16] something that in turn has weakened traditional regulatory mechanisms, extended the influence of multinational corporations, and diminished the capacity of national governments to follow policies which diverge from the interests of international capital.[17] CSR posits various means for tackling some of the negative effects that can arise from this type of globalisation (e.g. abuses of labour, environmental degradation, corruption), but it does not examine whether there are alternatives to this conceptualisation of the kind identified by Sklair or Scholte,[18] or how a particular conceptualisation predicates and preferences certain normative behaviour. As MacLean has argued, a key feature of globalisation distinguishing it from its historical antecedents is that it fosters, legitimises and universalises a transcendental form of knowledge, especially in respect to political, economic, ethical and social theory.[19] In later sections, I will demonstrate how contemporary CSR treats and thus helps reproduce certain concepts as universal, but what needs to be noted first is that the discipline does not attempt to identify any underlying form of knowledge or analyse the consequences for its own orthodoxy.

It can be argued that the conflicting strands to CSR are becoming more apparent (e.g. in debates about the degree and role of legislation in CSR).[20] However, even in these debates the frequent reference to standards, stakeholders and other elements central to CSR show how dissent is restricted to certain unquestioned parameters.

It can also be argued that maintaining a consensus has been a conscious strategy allowing CSR to present itself as a movement, something that in turn is portrayed as necessary to fend off the powerful antagonistic school of thought that the only responsibility of business was to make a profit for its shareholders.[21] Indeed, CSR in part defines itself by what it is not, i.e. as something distinct from this competing paradigm. The challenge for CSR as a movement (to defend itself against claims that the primary purpose of business is profit maximisation) thus defines the fundamental question for CSR as a discipline ('What can business do to be a responsible element of society?'). This is a very different question from 'What are the rights and responsibilities of business?' or, more broadly still, 'What is business's

role in society?' Moreover, it is a question that encourages the finding of solutions rather than the understanding of problems. In fact, it has the potential to remove certain sets of problems from consideration because they do not lend themselves to practical solutions.

Consequences of consensus

Exclusion of this kind is not blatant: on the contrary, the emphasis placed on consensus allows CSR to present itself as inclusive, accommodating different perspectives and promising 'win-win' outcomes for diverse and hitherto often hostile entities.[22] As I will discuss later, these premises about diversity, equal partnership and inclusiveness are part of CSR's weakness, but they are in line with postmodernist theory where difference is regarded as unproblematic. This allows CSR to present opposing ideas as coherent and complementary. It also allows companies to claim to engage in complex issues such as sustainability, environmental management, social justice, animal rights, governance and cultural diversity without any real discussion or recognition of the possibility that aspects of such issues might be ideationally or axiologically contradictory.

Two features of contemporary CSR appear at least partially related to this desire to maintain a consensus, and both contribute to what I see as its failure as a discipline. First, by appearing to give different concerns equal status, consensus prevents CSR from developing a unifying 'big idea' of the kind envisioned by its early theorists.[23] In its place, making the business case for CSR has become an end in itself, i.e. showing that a company can have a positive social or environmental impact for minimal cost and preferably positive financial returns.[24]

This is at odds with a Kantian tradition in business ethics that regards self-interest and moral action as inherently at odds.[25] It also represents a significant shift from the view (dominant in post-Great Depression government policy in much of the developed and post-colonial world) that business cannot be relied upon to behave ethically, and must therefore be subjected to a variety of external regulations and surcharges.[26] If a criterion for something being ethical is that it is not detrimental to a company's financial bottom line, then this opens the possibility that business can determine the meaning of what is and is not ethical behaviour. The possibility that CSR is a means whereby business could appropriate the meaning of ethics is not something that CSR itself addresses. However, what is clear is that overemphasis of the business case for improved social and environmental performance leaves us a long way from answering the more basic question posed by Handy, 'Whom and what is business for?'[27]

The second consequence of the focus on consensus is that it enables certain ideas and practices to be established as norms that in turn come to influence the possibilities of CSR. For example, much of the research on CSR has concentrated on the content of the standards used to define good performance (e.g. the International Organization for Standardization's proposed CSR standard, the SA8000

labour rights code and the Forest Stewardship Council's principles of responsible forest management)[28] and the processes related to their implementation such as auditing, reporting, verification and labelling.[29] However, this work (including my own prior to 2001) does not question the ideational neutrality of standards, auditing, etc. and whether these tools themselves might have a bearing on the definition and praxis of CSR.

In fact there are two commonly cited elements of CSR 'best practice', each of which is treated as ideationally or instrumentally neutral and yet can be shown to shape the possibilities of what CSR can achieve. These elements – standards and their related tools, and the notion of stakeholders – are the focus of the next two sections.

Standards and their implementation

Standards are a pivotal element of CSR theory and practice, demonstrating the need to hold business to account while providing the technical means of doing this, i.e. by setting out principles and criteria against which company performance is measured and reported upon. They are an increasingly important element of global governance and the growth in voluntary regulation that some see as a defining feature of globalisation[30] and contemporary politics.[31]

Standards have been established for different issues (e.g. labour, health and safety, emissions, natural resources), industries (e.g. apparel, forestry, fisheries, agriculture) and countries or regions (e.g. the Kenya Flower Council code of practice, the European retailers' good agricultural practice standard). Fundamental to all types of standard is the assumption that measurement is essential to management, and that wide-ranging areas of corporate behaviour therefore can be quantified through an auditing process: as MacGillivray and Zadek put it, 'if you want it to count, count it'.[32]

The desirability, universality and implications of this are treated as fundamentally unproblematic in CSR literature,[33] and where they are remarked on at all it is to emphasise the opportunities and advantages, such as allowing CSR to be presented as an extension of tools and concepts with which company managers are already familiar.[34] As a result, financial auditing has become the touchstone for social and environmental auditing,[35] and non-financial proxies of business performance are seen as elements to be measured in ways that exist cohesively with financial reporting standards.[36] As international lawyer David Roe has put it, international standards are about establishing universal norms that are measurable, trackable over time and comparable (Labor Standards Monitoring Committee Conference, Washington DC, 11 July 2002).

Again, CSR literature does not examine the consequences of this technical-instrumentalist approach. Indeed, it does not provide the means for such an examination because it fails to reflexively consider its own orthodoxy. Instead, its concern is to establish the legitimacy of the approaches it promotes as solutions,

whether this be by showing the continuity between social, environmental and financial auditing (see above), or by establishing the credibility of its principles and criteria with reference to international conventions,[37] definitions of best practice,[38] or what is claimed to be a negotiated consensus.[39] CSR does not critique these agreements, processes or institutions, and indeed can be argued to reinforce them, through both repeated citations and endorsement of formal partnerships such as that between the Global Reporting Initiative and the UN Global Compact.

The lack of critique need not be problematic if there were strong evidence that standards are beneficial, especially to the poor and otherwise marginalised who are often the stated beneficiaries of CSR practice. However, the evidence is at best mixed. The most comprehensive study of the social impact of CSR as a whole concludes that corporate initiatives bring no clear and consistent benefit for the disadvantaged.[40] While there are recent indications of a positive correlation between improved labour conditions and economic growth,[41] this seems to be due more to collective bargaining or enforcement of the law than to voluntary standards.[42] Moreover, other studies suggest that standards exclude certain types of worker and priority issues.[43] However, of equal significance as the current evidence is the fact that interest in assessing the impact of voluntary labour standards is recent,[44] and happened only after standards and auditing were already established as normative instruments.

The fact that voluntary standards have been accepted without understanding their consequences and their historical or ideational nature is important for international relations for two reasons. First, the standards represent an increasingly important strand of the global regulatory environment, and one that along with other aspects of transnational governance cannot be understood only from a state-centric perspective.[45] Not only do the standards involve companies in regulatory partnerships, they also sanction a particular approach to regulation (i.e. auditing, reporting, etc.) and strengthen the role of specialist private sector audit firms as a form of global police force.[46] Second, if, as MacLean has argued, dominant strands of international relations mirror CSR in seeking explanation at the functional level, then they risk taking for granted and hence legitimising the very means through which norms, values and priorities are being fostered and reproduced.[47] I will discuss the importance of agents, agency and power to any analytical framework of CSR later in this article.

Stakeholders and partnership

It is commonly held that the most effective standards, both in terms of the range of issues covered and their robustness as applied regulatory instruments, are ones that are developed and/or managed by partnerships comprising multiple stakeholders[48] such as the Forest Stewardship Council, the Ethical Trading Initiative and the Fair Labor Association. The importance of these twin concepts is also evident in AA1000 which aims to be the benchmark standard for sustainable management

practice,[49] and multi-stakeholder partnerships are increasingly seen as a model for international and global governance. Moreover, both concepts are presented within CSR as defining principles of good governance rather than simply a tool or an approach. The interactive, mutually engaged and responsive relationships that are said to be captured in these concepts are what 'establish the very context of doing modern business, and create the groundwork for transparency and accountability'.[50]

The concept of stakeholder

Stakeholder refers to any entity that influences or is affected by a company,[51] a definition that draws on the work of Freeman, the business ethicist.[52] Like standards and auditing, stakeholder is part of an epistemology that treats the world as atomistic with the promise that everyone is the member of one or more stakeholder groups, from the very general (e.g. consumers, shareholders, workers) to the more specific (e.g. smokers, diabetics, management consultants).

This is not apparent from CSR literature itself where discussion is largely limited to taxonomic attempts to identify stakeholders,[53] and debate over how business is to engage with these groups.[54] There have been attempts to determine the rights of stakeholders outside of formal contracts (e.g. the right to be listened to or consulted)[55] and the obligations of companies (e.g. to be accountable and disclose),[56] but any such issues tend to be seen as part of making the business case rather than as having moral significance in their own right.[57] In other words, stakeholder and the related concepts of partnership, dialogue and engagement are treated as functional devices which can be dealt with through technical-instrumentalist means, turning the company–stakeholder relationship into another manageable aspect of business that can ultimately be measured with reference to a balance sheet. This level of analysis tells us nothing about who is to be granted stakeholder status and by whom, the observable and non-observable uses of power in stakeholder relationships, or the rights and responsibilities of stakeholders. What it does, however, is present stakeholders as definable entities, the relationship with whom is managed and manageable in the same way as any other aspect of a company's operations.[58]

Furthermore, it can be argued that the stakeholder concept helps to reinforce the relatively recent idea that companies should be seen as distinct moral entities, and therefore that their ethics are not simply the values of their owners and senior managers. Central to stakeholder theory is that groups rather than individuals are the locus of moral activity, and that these groups have interests, rights and responsibilities beyond those of individuals.[59] Not only does this imply that a company has moral culpability (something evident in claims of corporate liability for events such as oil spillages and sexual harassment), but equally that a company has rights.

According to Mitchell, the 'irresponsibility of corporations' can in part be traced to the acquisition of such rights.[60] Although CSR standards often detail a company's obligations, it can be argued that CSR helps to reinforce certain rights of business (e.g. the right to invest and disinvest capital in ways beneficial to the

company) by delegitimising them as a topic for debate.[61] However, even if we limit our attention to a company's obligations, the notion of stakeholder remains problematic. For example, which moral agents does the company have an obligation towards? CSR's ambiguity in this area increases the likelihood that companies will decide with whom to engage based on prudential considerations rather than on who has the greatest moral claim,[62] reinforcing the tendency noted earlier for responsibility to be reduced to a factor of the business case.

Consensus, partnership and power

It could be argued that stakeholder partnerships limit the extent to which definitions of responsibility simply reflect a company's self-interest because they foster the practice of partnership where diverse stakeholders interact, negotiate and ultimately reach a consensus that goes beyond any single group's self-interest. As I will discuss later, this is representative of a particular theory of power and agency that is highly problematic. However, within CSR, inter-stakeholder relations and their role in conflict prevention is presented as an important benefit of partnerships[63] leading, for instance, to long-term value creation[64] which is part of the all-important business case for responsibility. This is not to say that the possibility of conflict is unrecognised: indeed, one of the attractions of multi-stakeholder partnerships is that they bring together organisations with different, possibly hostile, views.[65] However, success of the partnership itself is judged on its ability to negate such conflict and replace it with mutual benefit. One way of achieving this is through 'stakeholder accountability', which formalises partnerships and places interaction with a company's constituencies at the heart of business sustainability, allowing companies to measure and manage the quality of that interaction through a defined process.[66] In this way, the notions of standards, accountability, stakeholder and partnership come to be seen as central to the orthodoxy of CSR rather than subjects for critique.[67]

The portrayal of success as something non-conflictual is indicative of how CSR views dissent as a perversion. Belief in the positive effects of consensus and shared interest is not unique to CSR: on the contrary, it is fundamental to a variety of theories of power and governance such as Nash's game theory and Midgaard's bargaining theory,[68] Giddens' concept of the 'third way',[69] and the populist theories of participatory development[70] and asset-based development.[71] What unites each of these is that: (i) they consider power and influence as something that can be observed and addressed at the actor level; and (ii) they regard variations in the situation of actors as factors of difference rather than anything structurally inter-related and determined. Thus, for instance, poverty is seen as a matter of difference rather than a function of wealth and its distribution,[72] just as justice is seen as the inevitable outcome of negotiation between stakeholders in contrast to the theories of Hobbes and Plato where justice reflects the interests of the powerful.

CSR theorists acknowledge and celebrate the systems-level analysis charac-ter-

istic of its approach to stakeholder theory.[73] Yet in doing so they ignore the possibility that '*the most effective and insidious use of power is to prevent . . . conflict from arising in the first place*'.[74] Rather, CSR treats conflict as something that can be avoided through inclusive stakeholder partnerships. Like standards and their related instruments, CSR assumes that the concepts of stakeholder and partnership are ideationally neutral, and therefore it does not examine the possibility that the choice of these concepts over their alternatives has a determining effect on the very definition or implementation of corporate responsibility. However, reference to other disciplines alerts us to the need for caution about the denial of conflict. In occidental ethical theory, questions of justice only arise where there is a conflict of interest between different parties,[75] and, for Lukes, conflict is not only a feature of power but a defining characteristic.[76] Thus, while different parties may be able to reach an agreement about what is just, that agreement will itself reflect relations of power.[77]

Insofar as exertions of power can be observed in the overt and covert actions of the identifiable actors, they do not present an inherent problem for CSR's functional orientation because that level of conflict is recognised in other actor-based analyses such as exchange theory which acknowledges that people often make decisions they do not want to make.[78] However, this is to overlook what Lukes calls the third dimension of power where bias in favour of certain parties can be mobilised, recreated and reinforced in ways that are neither consciously chosen nor the intended result of particular choices.[79] This in turn points us towards the need for analyses that expose any permissive conditions affecting the possibilities of what CSR is or can be. Elsewhere, I have argued that there is a strong neo-utilitarian basis to standards.[80] However, ethical theory by itself is not sufficient to reveal all of the structural determinants of CSR. While not discounting the influence constant and purposeful actions can have, we need to consider how history and society itself influence any action,[81] and what interests have been privileged in advance of any debate or negotiation. We therefore need to be open to the possibility that either, (i) following Gramsci, the partnerships and the groups defined as stakeholders are simply some of the institutions through which a ruling class claims and maintains its hegemony,[82] or (ii) following Foucault's disciplinary approach to power, that standards, auditing and the concepts of stakeholder and partnership are amongst the techniques of normalisation through which entities regulate their own behaviour, and which structure thought and discourse into mutually exclusive categories such as correct–incorrect or desirable–undesirable.[83]

A CSR response to this would be that the concepts of stakeholder and partnership provide a means for recognising diversity and encouraging business to consider its relationship with other entities which in turn shape the discourse about business's responsibilities. However, this is to overlook the insights offered by recent work on globalisation and the political economy of trade. First, by focusing on systems and actors, CSR reduces any phenomenon to a matter of understanding the behaviour of observable, separate entities each with their own goals and means of achieving them. This same tendency has been observed in normative inter-

national relations,[84] but an explanation of change and current and future possibilities based solely on the actions of discrete agents is to ignore the context within which they exist; in other words, it conflates the notion of agent (entities with identifiable forms of organisation, goals and ideologies) with that of agency (the conditions and structures that in part constitute and reproduce a particular system).[85]

Second, and resulting from this conflation, CSR adopts a distorting model that divides society into three sectors: the private, the public and the third sector comprising non-governmental organisations, community-based organisations, worker organisations, etc. Mirroring a strand of international relations enquiry into social movements, the third sector is presented as radical and emancipatory,[86] and its engagement in partnerships is therefore considered proof of the fundamental change that CSR represents.[87] This is to ignore critics who argue that many NGOs should be seen as a non-profit subset of the private sector,[88] dependent more on donors than active members,[89] flourishing in the absence of mass movements and participatory democracy,[90] and susceptible to criticisms that they are being co-opted through partnerships both as an element of business strategy[91] or as an alternative to membership organisations such as trade unions.[92] However, even without the danger of co-option, it would be erroneous to mistake the appearance of diversity (as measured by the number and types of stakeholder) for a genuine heterodoxy that fosters and permits the existence of radically opposing ideas and practices, because diversity, like agency, can be an essential element in the reproduction of inequality.[93]

The above portrayal of NGOs is not the only misrepresentation in the three-sector model of society that dominates CSR. Within any one sector, the crudeness of the model fails to recognise important distinctions: for example, it blurs the distinction between the legislative and executive arms of government, and its elected and unelected officials; and it causes business to be viewed as homogeneous when in fact industries are arenas for conflict, cooperation, power and governance.[94] Furthermore, the model fails to consider the validity or consequences of economic and geographically determined relationships such as that between the core and the periphery,[95] or how the accelerating revolving door that links individuals from different sectors affects their interrelationship.[96]

However, it needs to be emphasised that the reason for exposing weaknesses in the above tri-sector model is not to show where improvements can be made. As I demonstrated earlier, in the context of standards and auditing, the challenge for an analytical framework is not to calibrate particular instruments, but to reveal how those instruments shape, police and otherwise help determine the possibilities of what can be achieved. CSR's approach to stakeholders and partnerships is further proof that its functional-level analysis does not provide such a framework, and without this the limitations and causal influences on both CSR and the role of the private sector in global governance cannot be understood.

A new analytical framework

It is possible to conclude that, given CSR's weaknesses, it does not deserve to be regarded as a discipline. Nonetheless, its subject of enquiry is the important issue of the relationship between business and global society, and whatever criticisms might be levelled against it, it is increasingly treated as a new discipline, and has the potential to analyse its core concerns in fresh ways. However, it can only begin to do this if it discards its current orthodoxy and adopts a new analytical framework.

Globalisation

In this article I have shown how theories such as agency and power can be used to reveal the discourse fostered by contemporary CSR, and how this affects what are held to be the parameters and possibilities of CSR. A new analytical framework must exhibit the same explanatory power. Thus, for instance, it will need to go beyond identifying what constitutes good auditing or stakeholder engagement; rather, the means by which the concepts of auditing and stakeholder have come to be privileged over others, the significance of this and what has been excluded as a result must also be objects of enquiry. Similarly, it will be insufficient to regard CSR as a response to globalisation without being explicit about what makes globalisation a unique phenomenon. Current CSR theory does not do this, and as a result leaves itself open to the criticism that it is a response to a particular conceptualisation of globalisation that it is itself embedded within, and which is a key determinant of the issues it gives credence to, how they are addressed, and what are discounted as alternatives. To overcome this, one element of CSR's new analytical framework needs to be critical globalisation theory of the kind presented by Germain,[97] because without it globalisation will always be granted deterministic powers, and will therefore be treated as something to be reacted to rather than something that can be critiqued or even affected.

Political economy of trade

Separate from globalisation theory (although closely related to it), I propose political economy of trade as another element of the new framework. This allows CSR to draw on the insights into governance and markets offered by theories of the value chain[98] and new institutional economics,[99] and to understand the social dimensions to economics analysed by such different authors as Geertz, Polanyi or Mauss.[100] But, more significantly, it would provide CSR with the means of seeing particular approaches to business and trade as variable rather than universal, and as reflecting rather than separate from particular cultural, political and ethical values.

I emphasise trade here not because it encapsulates all that we need to understand about business practice, but because it is one of the few aspects of business that has been analysed from anything other than a commercial or economic perspective.

This may change, and I would hope that as CSR itself grows, both as a discipline and as a subject of enquiry, so other aspects of business will become better known. As this remark makes clear, I do not regard the framework as static, but as something that can be added to by other disciplines that enable structural as well as functional analysis. This demands not only clear conceptualisations of globalisation and trade, but equally of ethics, power and agency.

Ethical theory

As mentioned earlier, CSR standards form part of a neo-utilitarian system of justice. These standards, by virtue of being legitimised and disseminated through CSR, are one means by which particular values are treated as universal and certain entities are privileged over others. The consequences of this are potentially profound, although they are not acknowledged by contemporary CSR which considers justice to be primarily the content of international agreements or an outcome of stakeholder debate. The hegemonic form of globalisation not only grants normative significance to particular economic, knowledge and political systems (capitalism, rationalism and democracy respectively), it does the same for systems of justice that share its ideational heritage and the implementation of which complements its other elements. Neo-utilitarianism is not only related historically and culturally to liberal schools of economics and political theory, its teleological focus lends itself to both the regulatory and technological elements that sustain globalisation's rationalist-capitalist structure. [101] In other words, neo-utilitarianism is particularly suited to being the moral code of the globalisation project.

Given this claim about neo-utilitarianism's relationship to the hegemonic form of globalisation, it might be argued that ethics should not be a distinct element of the analytical framework but rather, like economics and knowledge, should be seen as part of globalisation theory. In separating ethical theory, I am not pretending that ethical pluralism is any more a possibility within globalisation than are competing economic, political or other systems. However, while I believe that systems of justice within globalisation are inherently neo-utilitarian, I accept that the case is far from being fully made, and that alternative theories with similar occidental origins deserve consideration. Furthermore, within CSR there is a belief that values as defined in the responsibilities of business are still negotiable, whereas other systems are not. Therefore, recognising ethics as a discrete element provides an entry point for understanding the social, economic and environmental concerns of CSR and how these are being addressed.

Power and agency

However, the means by which CSR defines business's responsibility are not simply the result of a particular ethical theory. While it is true that the ethic as reflected in a particular standard provides explicit definitions of responsibility, and at the same

time is part-determinant of what is granted or denied moral significance (e.g. by preferencing ends over means or vice versa), a standard and its implementation also reflect the outcome of power relationships. Similarly, other concepts given paramountcy within contemporary CSR, such as stakeholder and partnership, cannot be understood as neutral devices but rather should be seen as means through which power is exerted. Moreover, the ideational and cultural specificity of such concepts also makes them the means through which power is acquired or denied. In the discussion of consensus, partnership and power, I highlighted the importance of going beyond overt and covert expressions of power attributable to discrete, identifiable actors, something that CSR's current functional analysis of a crude tri-sector model of society does not allow. Without this, it is impossible to recognise that power is not a finite quality that can be seized by a particular entity, but rather something more abstract that adheres to, privileges and is legitimised by particular institutions, instruments and constructions of knowledge.

Although we cannot know the full analytical ability of this new framework until it has been used, its strengths in comparison with what has been used so far are considerable. It will provide a more rigorous basis to understand and predict business's relationship with wider society, both for CSR as a discipline and for other disciplines concerned with the role of the private sector in global governance. It will reveal the structural determinants of that relationship, the extent to which desired outcomes can be achieved through reform within the capitalist-rationalist conceptualisation of globalisation, and where desired outcomes demand more fundamental change. It will also allow individuals and organisations to better understand the possibilities and limitations of their own actions. While I by no means believe that CSR should continue to justify itself based on its ability to present ideas acceptable to companies, the new framework is potentially of more value to business because it will present a more accurate picture of what can be achieved through the use of particular instruments and approaches. It will also provide others with a more accurate picture of modern business including, for instance, the nature of influence within particular industries. But above all, given how the practices and prerogatives of business have become the yardstick against which feasibility is measured, the new framework will help to identify, interpret and even shape what society itself can mean.

Notes

1 See Prakash S. Sethi, *Setting Global Standards: Guidelines for Creating Codes of Conduct in Multinational Corporations* (Hoboken: Wiley, 2003); Rhys Owen Jenkins, Ruth Pearson and Gill Seyfang, *Corporate Responsibility and Labour Rights: Codes of Conduct in the Global Economy* (London: Earthscan, 2002); Roger Adams and Martin Houldin, 'Towards a Generally Accepted Framework for Environmental Reporting', in Martin Bennett, Peter James and Leon Klinkers (eds), *Sustainable Measures: Evaluation and Reporting of Environmental and Social Performance* (Sheffield: Greenleaf Publishing, 1999), pp.314–43.

2 See Martin Bennett and Peter James, 'Key Themes in Environmental, Social and Sustainability Performance Evaluation and Reporting', in Bennett et al., *Sustainable Measures*, pp.29–74; John

Elkington, *Cannibals with Forks: The Triple Bottom Line of 21st Century Business, Conscientious Commerce* (Stony Creek, CT: New Society Publishers, 1998); Richard Welford, *Environmental Strategy and Sustainable Development: The Corporate Challenge for the 21st Century* (London: Routledge, 1995).

3   For instance, nearly half of the world's top 250 companies produce CSR-related reports (KPMG, *Global Sustainability Survey* [London: KPMG/Business School of the University of Amsterdam, 2002]), pension and other institutional fund managers are under increasing regulatory pressure to disclose social and environmental factors in their investment decisions (PIRC, *Issues and Trends in Corporate Social Reporting: PIRC Survey 1999* [London: Pensions Investment Research Company, 1999]), and there is increasing interest in CSR from mainstream investors reflected in the growth in stature of indices such as FTSE4Good, the Dow Jones Sustainability Indices and the Morley Fund Management Sustainability Matrix (KPMG, *Global Sustainability Survey*).

4   See Leopold J. Pospisil, *Kapauku Papuans and their Law* (New Haven, CT: Human Relations Area Files Press, 1964); C. A. Gregory, *Gifts and Commodities* (London: Academic Press, 1982); Karl Polanyi, *The Great Transformation* (New York: Farrar & Rinehart, 1944).

5   Lawrence E. Mitchell, *Corporate Irresponsibility: America's Newest Export* (New Haven, CT: Yale University Press, 2001).

6   See Jan Aart Scholte, *Globalization: A Critical Introduction* (New York: St Martin's Press, 2000); Anthony Giddens, *The Consequences of Modernity* (Stanford: Stanford University Press, 1990).

7   John M. Stopford, Susan Strange and John S. Henley, *Rival States, Rival Firms: Competition for World Market Shares* (Cambridge: Cambridge University Press, 1991).

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9   Leslie Sklair, *Globalization: Capitalism and its Alternatives*, 3rd edn (Oxford: Oxford University Press, 2002).

10 Dennis A. Rondinelli, 'Transnational Corporations: International Citizens or New Sovereigns?', *Business and Society Review* 107(4), pp.391–413.

11 Jeremy Moon, 'Corporate Social Responsibility: An Overview', in *International Directory of Corporate Philanthropy* (London: Europa Publications, 2002), p.1.

12 See Rhys Owen Jenkins, *Corporate Codes of Conduct: Self-Regulation in a Global Economy*, Technology, Business and Society Programme Paper no. 2 (New York: United National Research Institute for Social Development, 2001); A. Kolk, R. van Tulder and C. Welters, 'International Codes of Conduct and Corporate Social Responsibility: Can Transnational Corporations Regulate Themselves?', *Transnational Corporations* 8(1), 1999, pp.143–80.

13 See SustainAbility and UNEP, *Trust Us: The Global Reporters 2002 Survey of Corporate Sustainability Reporting* (London: SustainAbility and United Nations Environmental Programme, 2003), pp.16–19; Janet Ranganathan, 'Signs of Sustainability: Measuring Corporate Environmental and Social Performance', in Bennett et al., *Sustainable Measures*, pp.475–95; Pamela Varley, Carolyn Mathiasen and Meg Voorhes, *The Sweatshop Quandary: Corporate Responsibility on the Global Frontier* (Washington, DC: Investor Responsibility Research Center, 1998).

14 See Anthony Giddens, *The Third Way and its Critics* (Malden: Polity Press, 2000); Francis Fukuyama, 'The End of History?' *The National Interest*, Summer 1989, pp.1–18.

15 Randall D. Germain (ed.), *Globalization and its Critics: Perspectives from Political Economy* (Basingstoke: St Martin's Press, 1999).

16 Malcolm McIntosh, Deborah Leipziger, Keith Jones and Gill Coleman, *Corporate Citizenship: Successful Strategies for Responsible Companies* (London: Financial Times/Pitman, 1998); Peter Schwartz and Blair Gibb, *When Good Companies Do Bad Things: Responsibility and Risk in an Age of Globalization* (New York: Wiley, 1999).

17 P. Raikes and P. Gibbon, '"Globalization" and African Export Agriculture', *Journal of Peasant Studies* 27(2), 2000, pp.50–93; Paul Krugman, *The Accidental Theorist: And Other Dispatches from the Dismal Science* (New York: Norton, 1998).

18 Scholte's analysis of competing conceptualisations of globalisation is deterministic and descriptive (Scholte, *Globalization: A Critical Introduction*), whereas Sklair argues that the globalisation process can be shaped in ways yet to be enacted (Sklair, *Globalization: Capitalism and its Alternatives*).

19 John MacLean, 'Towards a Political Economy of Agency in Contemporary International Relations', in Martin Shaw (ed.), *Politics and Globalisation: Knowledge, Ethics and Agency* (London: Routledge, 1999).

20   See, for instance, CEC, *Green Paper Promoting a European Framework for Corporate Social Responsibility* (Brussels: Commission of the European Communities, 2001), and the comments of Malcolm Guy, a CSR consultant, on the European Commission's white paper on corporate social responsibility in *Ethical Performance* 4(1), 2002, and the letter by Business in the Community's Director, Julia Cleverdon, in the *Financial Times*, 9 December 2002, p.22.

21   See David Henderson, *Misguided Virtue: False Notions of Corporate Social Responsibility*, Hobart Paper 142 (London: The Institute of Economic Affairs, 2001); M. Wolf, 'Response to Confronting the Critics', *New Academy Review* 1(1), 2002; Peter F. Drucker, 'Trade Lessons from the World Economy', in Charles W. Kegley and Eugene R. Wittkopf, *The Global Agenda: Issues and Perspectives*, 4th edn (New York: McGraw-Hill, 1995), pp.270–6; Milton Friedman, 'The Social Responsibility of Business is to Increase its Profits', *The New York Times Magazine*, 13 September 1970.

22   See Jörg Andriof, Sandra Waddock, Bryan Husted and Sandra Sutherland Rahman (eds), *Unfolding Stakeholder Thinking: Theory, Responsibility and Engagement* (Sheffield: Greenleaf Publishing, 2002); Jane Nelson and Simon Zadek, *Partnership Alchemy: New Social Partnerships in Europe* (Copenhagen: The Copenhagen Centre, 2000); Jem Bendell (ed.), *Terms of Endearment: Business, NGOs and Sustainable Development* (Sheffield: Greenleaf Publishing, 2000); Jane Nelson, *Business as Partner in Development: Creating Wealth for Countries, Companies and Communities* (London: Prince of Wales Business Leaders' Forum, 1996).

23   See Elkington, *Cannibals with Forks*; V.M. Viana, J. Ervin, R.Z. Donovan, C. Elliott and H. Gholz, *Certification of Forest Products: Issues and Perspectives* (Washington, DC: Island Press, 1996); Archie B. Carroll, 'A Three-Dimensional Conceptual Model of Corporate Performance', *Academy of Management Journal* 18, 1975, pp.589–99.

24   Simon Zadek, John Sabapathy, H. Dossing and Tracey Swift, *Responsible Competitiveness: Corporate Responsibility Clusters in Action* (London: The Copenhagen Centre/AccountAbility, 2003). For examples of the importance attached to the business case see CIE, *The Global Alliance: Benefit-Cost Framework and Application*, mimeo, Report for the World Bank (Canberra, Australia: Centre for International Economics, 2003); Charles O. Holliday, Stephan Schmidheiny and Philip Watts, *Walking the Talk: The Business Case for Sustainable Development* (Sheffield: Greenleaf, 2002); SustainAbility, IFC and Instituto Ethos, *Developing Value: The Business Case for Sustainability in Emerging Markets* (London: SustainAbility, International Finance Corporation and Instituto Ethos, 2002); Kofi Annan, 'Unparalled Nightmare of AIDS', Address to the United States Chambers of Commerce, Washington, DC, 1 June 2001; and Simon Zadek, *Doing Good and Doing Well: Making the Business Case for Corporate Citizenship* (New York: Conference Board, 2000). The case is also made by investment fund managers interested in socially or environmentally responsible companies (see Henderson Global Investment, *Socially Responsible Investment: Research and Engagement Handbook 2002* (London: Henderson Global Investment, 2002)).

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27   Handy, 'What's a Business For?'

28   See SustainAbility/UNEP, *Trust Us*; Stephanie Barrientos, Catherine Dolan and Anne Tallontire, *Gender and Ethical Trade: A Mapping of the Issues in African Horticulture* (Chatham: Natural Resources Institute, 2001); Jenkins, *Corporate Codes of Conduct*; P. Poschen, *Social Criteria and Indicators for Sustainable Forest Management: A Guide to ILO Texts*, Forest Certification Project Working Paper 3 (Geneva, International Labour Organisation/GTZ, 2000); Kolk et al., 'International Codes of Conduct'; Bennett and James, 'Key Themes'; Claudia Gonella, Adrian Henriques and John Sabapathy, *GRI Sustainability Reporting Guidelines: Technical Note on Social Indicators* (London: New Economics Foundation, 1999).

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30 Scholte, *Globalization*.

31 Ruth Pearson and Gill Seyfang, 'New Hope or False Dawn: Voluntary Codes of Conduct, Labour Regulation and Social Policy in a Globalizing World', *Global Social Policy* I(1), 2000, pp.49–78.

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34 See H. Bank Jørgensen, *Sustainability Reporting* (Copenhagen: PricewaterhouseCoopers, 2000); MacGillivray and Zadek, *Accounting for Change*.

35 Ranganathan, *Sustainability Rulers*.

36 Bank Jørgensen, *Sustainability Reporting*.

37 For instance, the 1948 Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN's covenants on Economic, Social and Cultural Rights (1966), and Civil and Political Rights (1976).

38 B.H. Ghazali and M. Simula, *Study on the Development and Formulation and Implementation of Certification Schemes for all Internationally Traded Timber and Timber Products* (Manila: International Timber Trade Organisation, 1996); and Michael B. Jenkins and Emily T. Smith, *The Business of Sustainable Forestry: Strategies for an Industry in Transition* (Washington, DC: Island Press, 1999) are examples of how a particular notion of best practice (in this instance relating to forest management) is adopted by a particular industry standard.

39 For example, the World Business Council for Sustainable Development's guidelines on sustainable mining.

40 Joshua D. Margolis and J.P. Walsh, *Misery Loves Companies: Whither Social Initiatives by Business*, mimeo (Aspen Institute's Initiative for Social Innovation Through Business, 2001).

41 David Kucera, *The Effects of Core Worker Rights on Labour Costs and Foreign Direct Investment: Evaluating the Conventional Wisdom* (Geneva, Switzerland: International Institute for Labour Studies, 2001).

42 Toke Aidt and Zafiris Tzannatos, *Unions and Collective Bargaining: Economic Effects in a Global Environment* (Washington, DC: World Bank, 2002).

43 See Michael E. Blowfield, 'Implementation Deficits of Ethical Trade Systems: Lessons from the Indonesian Cocoa and Timber Industries', *Journal of Corporate Citizenship* 13, Spring 2004, pp.77–90; Barrientos et al., *Gender and Ethical Trade*.

44 For example, in the area of labour standards the influential Ethical Trading Initiative in the UK only commissioned an assessment of its impact on workers and their families in 2003, i.e. five years after it started; the World Bank, which has run CSR-related programmes since 1999, commissioned its first study of supplier capacity to implement labour standards in 2003; Social Accountability International, the custodian body of the SA8000 standard has yet to conduct an impact assessment.

45 Sklair, *Globalization: Capitalism and its Alternatives*.

46 Although claims have been made about the importance of involving civil society organisations in monitoring standards, the majority of this work is being carried out by major financial and quality assurance audit companies such as KPMG, PricewaterhouseCoopers, SGS and BVQI.

47 MacLean, 'Towards a Political Economy of Agency'.

48 See Jenkins et al., *Corporate Responsibility and Labour Rights*; Dara O'Rourke, 'Outsourcing Regulation: Non-Governmental Systems of Labor Standards and Monitoring', *Policy Studies Journal* 31(1), pp.1–29; Kolk et al., 'International Codes of Conduct'.

49 AccountAbility, *AA1000 Assurance Standard* (London: AccountAbility, 2002).

50 Andriof et al., *Unfolding Stakeholder Thinking*.

51 Ernst & Young, KPMG, PricewaterhouseCoopers and House of Mandag Morgen, *The Copenhagen Charter: A Management Guide to Stakeholder Reporting*, mimeo (Copenhagen: House of Mandag Morgen, 1999).

52 Richard E. Freeman, *Strategic Management: A Stakeholder Approach* (Boston: Ballinger, 1984).

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54   See Holliday et al., *Walking the Talk*; PMI, *The Challenges of Corporate Social Responsibility: Towards Constructive Partnerships* (Brussels: Philip Morris Institute, 2000); PWBLF, *Managing Partnerships: Tools for Managing the Public Sector, Business and Civil Society as Partners in Development* (London: Prince of Wales Business Leaders' Forum, 1998); Nelson, *Business as Partner in Development*.

55   ISEA, *Accountability 1000: Overview of Standard and its Applications* (London: Institute of Social and Ethical Accountability, 1999).

56   Claudia Gonella, Adrian Henriques and John Sabapathy, *GRI, Sustainability Reporting Guidelines 2002* (Boston: Global Reporting Initiative, 2002).

57   See Gonella et al., *GRI, Sustainability Reporting Guidelines*; AccountAbility, *AA1000 Assurance Standard*.

58   See, for instance, the advice offered to companies on managing relations with NGOs in G. Enderle and G. Peters, *Relevance of NGOs from a Corporate Perspective* (New York: Pricewaterhouse-Coopers, 1998), and David Grayson and Adrian Hodges, *Everybody's Business: Managing Risks and Opportunities in Today's Global Society* (New York: DK Publishing, 2002), or with other organisations more generally: Jörg Andriof, Sandra Waddock, Bryan Husted and Sandra Sutherland Rahman (eds), *Unfolding Stakeholder Thinking 2: Relationships, Communication, Reporting and Performance* (Sheffield: Greenleaf Publishing, 2003).

59   K. Gibson, 'The Moral Basis of Stakeholder Theory', *Journal of Business Ethics* 26, 2000, pp.245–57.

60   Mitchell, *Corporate Irresponsibility*.

61   Michael E. Blowfield, 'Ethical Trade: The Negotiation of a Global Ethic', D.Phil. thesis (Falmer, UK: University of Sussex, 2003).

62   Gibson, 'The Moral Basis of Stakeholder Theory', p.254.

63   See BSR, *Overview of Corporate Social Responsibility* (San Francisco: Business for Social Responsibility, 2003); Grayson and Hodges, *Everybody's Business*; Henriques, *Sustainability: A Manager's Guide*.

64   Andriof et al., *Unfolding Stakeholder Thinking*, p.9.

65   Michael E. Blowfield, 'ETI – A Multi-stakeholder Approach', in Jenkins et al., *Corporate Responsibility and Labour Rights*, pp.184–95.

66   ISEA, *Accountability 1000*.

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81   Abrams cited in MacLean, 'Towards a Political Economy of Agency'.

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84   MacLean, 'Towards a Political Economy of Agency', p.13.

85   MacLean, 'Towards a Political Economy of Agency', p.13.

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92 For example, in the CSR textbook Holliday et al., *Walking the Talk*, NGOs are mentioned 20 times in the index, whereas trade unions are referred to once.

93 MacLean, 'Towards a Political Economy of Agency', p.71.

94 The governance dimension to industry is exemplified by neo-liberal value chain theory which highlights how companies at certain stages within chains exert control and influence over others: see John Humphrey and Hubert Schmitz, 'Governance in Global Value Chains', *IDS Bulletin* 32(3), 2001, pp.19–29; Gary Gereffi, 'Beyond the Producer-Driven/Buyer-Driven Dichotomy: An Expanded Typology of Global Value Chains with Special Reference to the Internet', unpublished paper presented at the Belagio workshop on value chains, November 2000.

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96 Edwards and Hulme refer to this in the context of NGOs and government, but the same remark could also include many companies where senior managers sit as NGO trustees and are seconded to government departments (Edwards and Hulme, 'NGO Performance and Accountability').

97 Germain, *Globalization and Its Critics*.

98 Gereffi, 'Beyond the Producer-Driven'.

99 A.M Thomson and L.D. Smith, 'Liberalisation of Agricultural Markets: An Institutional Approach', in Anthony Carty and Hans Wolfgang Singer, *Conflict and Change in the 1990s: Ethics, Laws and Institutions* (Basingstoke: Macmillan, 1993).

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