

# Csr and globalization assignment

[Sociology](#)



CSR and globalization Corporate social responsibility is at least in its name and formal recognition a relatively recent phenomenon. Yet, owners and managers of firms have engaged in activities that we would now consider CSR almost from the beginning of the industrial revolution (Davis, Whitman and Zald, 2006). But, until the 1990s, CSR was generally limited to corporate philanthropy. It is from the early 1990s that enlarged concepts and practices of CSR have come to the fore. What drove these radical changes in the conception and implementation of CSR?

Scherer and Palazzo (2007) claim that, in a globalized world, it is necessary a shift toward a new politically enlarged concept of CSR. In fact, globalization is weakening the power of (national) political authorities to regulate the activities of corporations that globally expand their operations: for instance, globalization forces national governments into a race to the bottom in order to win the competition with other countries for attracting corporate investments. Thus, they reason that corporations should be understood as both economic and political actors.

Davis, Whitman and Zald (2006) claim that, in addition to weak national boundaries that separate domestic from foreign companies, another crucial difference of the global competitive environment of the 21st century is the weak distinction between activities and transactions occurring inside as opposed to outside a corporate entity: while companies are moving part of their operations from the status of in-house activities to purchased goods and services, they are at the same time forming a variety of close relationships with suppliers and partners.

This, together with the politicization of civil society in response to the smaller influence of national governments, has led to an important change in CSR practice: while CSR largely arose out of commitments by companies to their employees and to communities where they were located, now corporations are held accountable for their supply chain. For example, after facing a consumer boycott following the news that its suppliers were exploiting child labour in several developing countries, Nike had to make substantial investments to promote improvements in the working conditions of its suppliers' factories (Locke, 2006).

Along this line, Amaeshi, Osuji and Nnodim (2006) argue that, even if a corporation is recognized as a legal person and the supply chain is a different entity so that the purchasing firm should not bear legally any responsibilities for the practices of its suppliers, there should be limits to responsibility. They argue that firms in a controlling position have the deontological duty to use power responsibly and influence the weaker parties by setting codes of conduct and standards.

This view does not only represent a theoretical change: indeed an increasing number of companies are acting in this direction. For example, Marks and Spencer decided to invest ? 200 million for social and environmental responsibility through collaboration with NGOs and suppliers (Stafford, 2007). Finally, it is worth pondering over the mutual influence that exist between globalization and CSR, and, in so doing, the recall of Polanyi's thought is natural. Polanyi (1944) argued that the modern state was developed in conjunction with the self regulating market economy.

Initially, the creation of market structures is enabled by social changes being pushed by the state; then the state becomes necessary to protect the society against the negative impact of the market economy. Polanyi calls this process “ double movement”. He wrote his book when the process of globalization had not yet started. However, we can still apply his ideas to the new global competitive environment. In fact, following Ruggie (2003), today the role of the state can be interpreted as being performed by international organizations such as the IMF as well as multinational corporations (MNCs).

On one side, globalization gives corporations the role of the state, and thus it calls for a corporate responsible behaviour; on the other side, a corporate social behaviour is necessary for corporations to control the societal backlash against this new role. This review shows how globalization has changed corporate social responsibility: the blurring of the boundaries between domestic and foreign companies as well as between in-house and outsourced activities has led to the view of the corporation as both an economic and political actor; as a consequence, multinational companies are being held responsible for their suppliers’ CSR practice by an increasingly politicized society. Moreover, there is a mutual influence between CSR and globalization: on one side, multinational companies have taken the role of the state and thus they should behave responsibly; on the other side, a corporate socially responsible behaviour is necessary to protect this new role. Some questions remain unanswered. For example, are all multinationals converging to CSR? Or is responsible behaviour just a differentiation strategy?

The latter view could explain why companies, like WalMart, are still successful despite widespread charge of their irresponsible practices: by charging a lower price, these companies may simply compete differently. Moreover, there is no single commonly accepted definition of corporate social responsibility since CSR has local meanings. The clash over different local definitions can have practical consequences and it needs further investigation. For example, Nike Corporation was embroiled in a major scandal by paying workers in its Southeast Asian plants wages that were quite low but still in accordance with the local customs there.

Elsewhere Nike paid substantially higher wages but again, wages that were in accordance with the local customs there. Thus, a scandal erupted that Nike was operating according to a double standard (Campbell, 2007). Further research remains necessary and this review hopes it can give suggestions about its directions. Bibliography: Amaeshi, Kenneth M. , Osuji, Onyeka K. and Nnodim, Paul, “ Corporate Social Responsibility in Supply Chains of Global Brands: A Boundaryless Responsibility? Clarifications, Exceptions and Implications” (2006). Available at SSRN: <http://ssrn. om/abstract= 947583> Campbell J. L. (2007) Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility, *Academy of Management Review*, Volume 32, Number 3 / 2007 Davis, Gerald F. , Whitman, Marina V. N. and Zald, Mayer Nathan, “ The Responsibility Paradox: Multinational Firms and Global Corporate Social Responsibility” (April 2006). Ross School of Business Paper No. 1031 Available at SSRN: <http://ssrn. com/abstract= 899112> Locke, R. (2006) “ Does Monitoring Improve Labour Standards in Nike’s Suppliers? The Oxford-Achilles Working <https://assignbuster.com/csr-and-globalization-assignment/>

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