

## Chapter 16

# Fostering Responsible Business: Evidence from Leading Corporate Social Responsibility and Sustainability Networks

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### ABSTRACT

*Corporate social responsibility networks and associations play a significant role in fostering responsible business yet there exists a lacuna in the literature regarding the role of these networks and associations in augmenting responsible business practices. Furthermore, research studies with regard to how they function seem to be non-existent. Following this line of argument, this study attempts to shed light on these ambiguities by examining three leading networks. The results suggest that corporate sustainability and responsibility networks and associations play the role of facilitators, by providing tools and services, and incentivize business organizations to take measurable actions towards corporate sustainability. Moreover, they function as the engine of growth for responsible and sustainable business ecosystem. With their growing influence and the mainstreaming of responsible practices, a review of their objectives, organizational structures, types of activities, practices and impacts using a reviewing framework would provide a solid background for future research.*

### INTRODUCTION

Business associations and chambers of commerce are known as the representatives of private sector's interests. These organizations are catalysts for economic and business development and help businesses by guiding and assisting them in thriving and staying competitive. These associations are membership organizations engaged in promoting the business interest of their members. Their structure and effectiveness depend on the legal framework of the country and state they operate in. While these organizations seem to be playing a significant role in fostering responsible business practices, in many cases, they have been pursuing private interest in the expense of public interest. Adam Smith in his magnum opus, the *Wealth of Nations*, warns of such behaviors on the side of business sector (Smith, 1776). Smith asserts that:

DOI: 10.4018/978-1-5225-1842-6.ch016

*... But to narrow the competition must always be against it, and can serve only to enable the dealers, by raising their profits above what they naturally would be, to levy, for their own benefit, an absurd tax upon the rest of their fellow-citizens. The proposal of any new law or regulation of commerce which comes from this order ought always to be listened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention. It comes from an order of men whose interest is never exactly the same with that of the public, who have generally an interest to deceive and even to oppress the public, and who accordingly have, upon many occasions, both deceived and oppressed it. (Book I, Chapter XI).*

Top Spenders in lobbying activities, which are representative of corporate intervention in the political, legal, and justice systems, provide an archetype example of such intrusions. Center for Responsive Politics provides an annual list of lobbying clients with the highest expenditure in the US. In 2015, US Chamber of Commerce spent \$84,730,000 in lobbying for private sector, reaching an astounding \$1,248,040,680 for the period between 1998-2015. These irresponsible and unsustainable practices have led to the accentuation of discussions on Corporate Social Responsibility (CSR), corporate governance, responsible business, corporate sustainability, inclusive business, social enterprise, etc. in the past three decades. Most of the discussions on CSR have been revolving around the efforts put forth by companies, voluntarily or through peer/market pressures, to reduce their footprint on the environment and to eliminate social issues created due to their activities. However, the role of organizations that foster responsible business has rarely been studied. Among these organizations, CSR and sustainability associations and networks are least noticed despite their considerable impact in promoting responsible business practices. CSR and Sustainability networks and associations intend to promote responsible business practices and sustainable efforts in the business community and especially among their members. The rationale behind the formation of these organizations as well as the types of actions taken more or less have been neglected in research.

This chapter attempts to transcend the current literature on CSR by providing an account of three leading CSR networks and associations viz. CSR Europe, Business for Social Responsibility (BSR), and Business in the Community (BITC) that play a significant role in fostering responsible practices in the business milieu. The next section discusses the theoretical background of the chapter. Then, method and research framework are elucidated upon. Next, the chapter focuses on the results and the possible avenues for future research. Finally, the conclusion elaborates on the outcomes of the study, future research, and research limitations.

## **THEORETICAL BACKGROUND**

The proliferation of global economic, social, and environmental challenges in tandem with political instability have created an atmosphere of unsustainable changes in over the past decades. The concepts of sustainability and sustainable development have emerged as practical solutions to the seemingly insurmountable challenges of global development agenda in the political discourse (Martens, 2006). CSR is a set of responsibilities and obligations of an organization concerning its economic, social, and environmental impacts to its stakeholders and society at large. Many efforts have been put forth to define CSR since the 1950s (Fredrich, 1960; Sethi, 1975; Eells & Clarence, 1974; Carroll A. B., 1983; Carroll A. B., 1979). Bowen (1953), the father of CSR, defined it as a concept that “refers to the obligations of

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