Chapter 1

Defining Corporate Social Responsibility for Developing and Developed Countries:
Comparing Proposed Approaches

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ABSTRACT

This chapter proposes a conceptual framework for comparing enterprise and governmental approaches to corporate social responsibility (CSR) for developed and developing countries. An enterprise approach is voluntary. A governmental approach provides either requirements or guidance, strong or weak, for enterprise CSR. Focus is on multinational enterprises (MNEs), for two reasons. First, MNEs may operate across quite different conditions. Second, a major MNE concern has to do with fair trade and sustainable development supply chains. The chapter considers three approaches found in the extant literature. One approach asserts autonomy of developing countries from developed countries, and thus divergence of enterprise and governmental CSR by type of context. A second approach examines global convergence as highly context path-dependent and perhaps cosmetic. A third approach emphasizes "glocality" combining global thinking with local action. The author proposes an alternative understanding of how to compare CSR for developed and developing countries using theory versus context.

INTRODUCTION

This chapter proposes a conceptual framework for comparing enterprise and governmental approaches to corporate social responsibility (CSR) for developed and developing countries. How enterprises and governments can better interact to advance social welfare may differ significantly between the two general categories of countries. The chapter uses these two general categories to make examination of the research question manageable. CSR arguably remains a highly contested idea, the contest fragmenting along several fault lines. The question is not readily resolved theoretically, and the answer may depend

greatly on country-specific institutions and conditions. Empirical research on this question, however, remains underdeveloped.

The proposed conceptual framework offers four value-added contributions. First, the framework facilitates comparison and assessment of enterprise and governmental approaches within the varying institutions and social conditions of developed and developing countries. An enterprise approach is one adopted by the business. A governmental approach involves voluntary guidelines or mandatory requirements promoted in public policies of home and host countries. Second, the framework facilitates a comparison and assessment of theoretical and contextual approaches to CSR. Theoretical approaches focus on economic versus altruism conceptions. Contextual approaches focus on whether developing countries require fundamentally different CSR practices, or variations in practices across developed and developing countries may converge globally, or glocality integrating global thinking and local action is the flexible solution. The proposed framework can subsume these various approaches in a more systematic way. Third, the framework – in combining these various considerations – provides a new way of thinking about CSR literature. Fourth, the chapter discusses the research and practice implications of the proposed framework. The conclusion section highlights the importance of future comparative empirical studies of developed and developing countries. The implications for business managers depend on the institutions and social conditions of each country.

The enterprise approach might vary by whether the business is headquartered in a developed or developing country, and whether the business is operating in a developed or developing country. This enterprise approach might be adopted voluntarily, as evidenced by active membership in the United Nations Global Compact for instance; or might be adopted in compliance with governmental guidelines or requirements in home country or host country. The Global Compact endorses ten principles concerning human rights, labor, the environment, and anti-corruption.

Governmental policies in the European Union (EU), in the Nordic countries especially, and India promote CSR (Rahim, 2013). Steurer (2010) studies public policies on CSR in Europe (see Knudsen, Moon, & Slager, 2015), as a basis for explaining why governments do or do not exhibit interest in CSR. Steurer's typology of CSR policies distinguishes among five policy instruments: legal, economic, informational, partnering, and hybrid. Steurer identifies four types of governmental CSR actions: raising awareness, improving transparency, fostering socially responsible investment, and leading by example. That author argues that there has been a shift over time in conceptualization of CSR from voluntary business action intended to help reduce government regulation toward a new approach of societal co-regulation (or co-governance) by businesses and governments acting in concert.

This chapter focuses on multinational enterprises (MNEs), as key sources of foreign direct investment (FDI) in developing countries (Buckley & Ghauri, 2004; Buckley & Strange, 2015; Dunning, 1979). MNEs headquarter typically but not exclusively in developed countries; there are also increasingly MNEs operating from a number of non-developed countries. A developed country MNE is facing reasonably similar conditions when operating in other developed countries. Instances are US or Canadian firms operating in Western Europe, or German firms operating in the US or Canada. A developed country MNE is facing reasonably dissimilar conditions when operating in developing countries. Instances are British or Italian firms operating in Africa, Asia, or Latin America. An MNE headquartered in a non-developed country is operating across reasonably similar conditions in other non-developed countries, but reasonably dissimilar conditions operating in developed countries. Instances are Brazilian or Indian

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