


Chapter 5

The Emergence of Corporate Social Responsibility (CSR) and Challenges of Standardized Reporting: Global Codes, Local Consequences

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ABSTRACT

This chapter highlights the role of reporting standards in advancing and harmonizing corporate social responsibility (CSR) practices. The first part introduces CSR, outlining its historical emergence, conceptual framework, and the challenges in evaluating its practices. The second examines the development of national and international reporting standards, emphasizing the influence of global frameworks such as the United Nations Global Compact (UNGC) and the Global Reporting Initiative (GRI). The final part discusses the importance of CSR policies for organizations in the 21st century, demonstrating the impact of these policies on governance, accountability, and stakeholder engagement, while also highlighting implementation challenges. Overall, this chapter covers how harmonized standards increase transparency, comparability, and reliability in CSR, while also discussing the tension between local regulations and practices, implementation challenges, and country/regional examples.

INTRODUCTION: THE GLOBAL EXPANSION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) AND ITS TENSIONS

CSR has emerged as a defining feature of the modern global business world, evolving from a social awareness activity to a central component of corporate governance and strategy. Particularly

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over the last twenty years, changes in the management approaches of multinational companies (MNCs) have played a critical role in understanding this concept. These MNCs operate in countries with significant differences in terms of social, cultural, political, and economic characteristics, requiring them to fundamentally reassess their social relationships (Szanto, 2019, p. 218). In other words, these companies are moving beyond traditional shareholder-centric models toward more complex frameworks that consider the demands of various stakeholders and broader social impacts. This transformation reflects significant changes in how these companies, which accept an increasingly interconnected world as a reality, understand their roles, responsibilities, and relationships in the global economy.

The rise of CSR can be defined as a turning point in the history of working life. Historically, businesses' perspectives on social issues have been evaluated separately from their core working life activities and largely limited to public relations and promotional functions understood in this context as voluntary philanthropic activities (Iamandi, 2007, p. 5). In this philanthropy model, the activities carried out by businesses in the social sphere are positioned as an optional additional element, carried out at the discretion of management, without being systematically integrated into corporate strategy or governance.

In contrast, CSR reshapes corporate behavior, governance structures, and accountability mechanisms at every level by combining ethical imperatives and strategic thinking, as businesses are vital parts of working life (Werther & Chandler, 2011, p. 1-8; 63). It is also integrated into strategic planning processes and performance evaluation systems. As a contemporary management concept that is increasingly coming to the fore, CSR reflects deeper changes in how businesses understand their legitimacy, accountability, and long-term sustainability in complex global environments and signals a clear break from previous business paradigms.

The global rise of CSR will be evaluated in terms of specific social and economic indicators and developments. Accordingly, globalization, increasing social expectations, and stakeholder participation are at the forefront (Favotto & Kollman, 2020, p. 2). The fact that businesses operate in multiple countries and even have operational units in different countries exposes them to different regulatory frameworks, cultural norms, and stakeholder demands within their corporate structures, creating pressure for them to adopt more comprehensive and responsive social responsibility practices (Arthaud-Day, 2005, p. 4-6; Davis et al., 2006, p. 8).

At the same time, the increasing effectiveness and participation of civil society organizations (CSOs), combined with the rapid information dissemination capabilities of new media, has led to a rise in consumer activism, particularly in areas such as environmental sustainability, corporate justice and pluralism, labor standards, and human rights, thereby increasing expectations for corporate accountability (Sun et al., 2021, p. 1828-1830). When these societal expectations are combined with internal factors such as organizational learning, diversity management, fair competition principles, and leadership commitments, CSR transforms from a 'voluntary' issue into a strategic priority, even a necessity (Castelló & Lozano, 2009, p. 379-380).

As a result, there is a shift from an understanding where corporate legitimacy is evaluated based on financial performance to a fundamentally changed work environment that is increasingly linked to social and environmental responsibility. This shift in understanding within businesses has led to managerial transformation, which has also created some areas of tension. For example, there is a conflict between businesses' strategic goals and their ethical responsibilities. In the early days of CSR, businesses emphasized their ethical responsibilities, and CSR was approached from an ethical perspective (Iamandi, 2007, p. 9). However, developments over time have en-

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