A Critical Analysis of Corporate Social Responsibility as International Strategy

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Corporate social responsibility (CSR) has been addressed as key feature by the field of international strategy but the literature has failed to address the international asymmetrical feature of CSR. CSR has been both portrayed and disseminated from the North to the South by Global Development Organizations (as World Bank, United Nations, Organization for Economic Cooperation and Development) as capable not only of enhancing the economic performance of business corporations, but also of fostering sustainable development and reforming capitalism from a neoliberal “borderless world” perspective which denies the existence of the North-South divide. A key question for a critical perspective in strategic management in Brazil and other developing countries and regions is the extent to which and why the idea of CSR as international strategy fits developing countries or regions. As a result of the incipient development of the sub-field of international strategy and the virtual absence of academic debates on the international feature of CSR within the field of strategic management, the antecedents and implications of the strategic status achieved by CSR in Brazil have been overlooked by researchers in both strategic management and international business. The paper shows that corporate strategy has evolved from a focus on competitive advantage in the 1980s toward a focus on sustainable competitive advantage in the early 1990s and, more recently, toward a focus on development (i.e., global development, international development and regional development). Several reports produced and disseminated worldwide by GDOs show that development is being fostered by big corporations in almost every corner of the world. As a result GDOs have taken the leadership in emerging and developing economies in the production and diffusion of expertise that has not been provided by academics in strategic management because of the denial of non-state and non-market issues by the literature produced in the North. A sound example of the development case of CSR through its engagement with the field of international strategy is the Global Compact program implemented and disseminated worldwide by the United Nations. A key problem is that the international strategy literature – which is actually ‘national’ rather than effectively ‘international’ – ignores international divides – in particular the North-South – and overlooks international organizations (as GDOs). Drawing upon a critical South-North perspective on international strategy and embracing the policy networks literature this paper shows that strategies and policies undertaken by GDOs is a key issue to both explain the successful trajectory of CSR in Brazil and also to rethink it from a critical perspective that does not ignore international divides and international organizations. In the end the authors point out that such critical standpoint might be fostered by researchers not only in Brazil (for instance) but also in the North as it is very important in the US. A major task for critical researchers from the South is to engage, in particular ways, with the North rather than just opposing or ignoring it.
1. Introduction

Following huge corporate scandals and company breakdowns that have surfaced among business corporations the concept of corporate social responsibility (CSR) has been portrayed by different types of authorities in different outlets as capable of enhancing the economic performance of business corporations, fostering sustainable development, and even reforming capitalism. Such wide scope of CSR has been enabled by the virtual absence of theoretical debates on this concept from a North-South standpoint and this helps explain why academics and experts of different areas do not share a common definition of CSR.

More recently CSR has been embraced by a few strategic management authors and subsequently transformed into a key issue by the sub-field of international strategy (e.g., Keinert, 2008; Ricart et al. 2004). A major plea of international strategy is to differ from global strategy – the latter described as “a strategy developed from an MNC headquarters’ point of view” and the former as “a view of the world that goes beyond the tension between globalization and localization controlled by MNCs” (Ricart et al. 2004, pp. 176; 178) – even though it might be correctly portrayed as a US (or Anglo-American) field – as it happens with international business and international management (Westwood, 2006; Westwood and Jack, 2007) – rather than a truly ‘international’ field of knowledge.

Despite differences, uncertainties and imprecision one may argue that the CSR literature embraced and reproduced by international strategy authors is grounded on two key features of neoliberal globalization discourses and policies which have been both imposed and disseminated at large in recent decades: (a) business corporations are expected to discipline, regulate and socialize themselves in every corner of the supposedly “borderless world”, and (b) business corporations are expected to assume responsibilities from a voluntary standpoint (i.e., from a free market and free enterprise standpoint) that the state is not capable of undertaking in such “borderless world”. This paper argues that both features and the debates on the legitimacy of processes of imposition and dissemination of neoliberal globalization discourses and policies from the North toward the South (e.g., Sader, 2009; Dar and Cooke, 2008; Harvey, 2007; Sousa Santos, 2006) are crucially important for the development of a critical approach on CSR as international strategy from the perspective of developing regions and countries.

In spite of ongoing debates on the relationship between business and society in developed economies, particularly in the US, CSR seemed to fit the reality of developed economies – especially the Anglo-American world – in the first moments of neoliberal globalization; at the time the state-market debates that were more typical in the Cold War period were dismissed by the business administration literature because of the myth of the ‘borderless’ world fostered by neoliberal globalization (see Yeung, 1998). Since then there have been many debates about the different definitions, the business case (McWilliams and Siegel, 2000), and even the discursive features of CSR in the literature “from the North”. It is arguable that those debates put into question not only its strategic importance for big corporations in both domestic and international terms from a “market” perspective – which is helpful to block analyses on CSR from ‘non-market’ or (international) political perspective –, but also the uncritical dissemination of CSR literature and policies from the North to the South in the name of development for all (Dar and Cooke, 2008). Given the denial of North-South issues by the strategic management literature (the field of Management and Organization Studies as a whole overlooks this crucial issue at large) latter feature remains rather unexplored by the proponents of the idea of CSR as international strategy.

Interestingly enough, certainly in response to serious attacks on neoliberal globalization and on controversial outsourcing and production strategies undertaken by big corporations across the ‘North-South’ (and also ‘East-West’) divides, large corporations from developed economies have been pushed (especially by Global Development Organizations, as
World Bank and United Nations) to take responsibility for sensitive issues in developing and emerging countries or regions. The recognition of differences between developed and developing countries and regions in the supposedly “borderless world” and the serious problems faced by neoliberal globalization regarding its failure in delivering the promises to the South help explain why CSR evolved from the dominant sub-field of global strategy toward the emerging sub-field of international strategy.

In spite of the incipient debates on the interplay of international business and society, international business and CSR, strategic management and society, and about the chief role of big corporations within the realms of both international and domestic politics (Rodriguez et al., 2006; Barley, 2007) big corporations have more recently undertaken CSR international strategies focused in fostering local development, reducing poverty, intervening in climate change issues, and promoting good capitalism in those contexts.

As the perspective of global strategy would lead to extreme reactions and critiques from researchers, policymakers and statesperson in developing countries and regions, such as Latin America, CSR was more recently associated to the realm of international strategy. The strategic importance achieved by the proposition of CSR as international strategy in Brazil, portrayed as an emerging economy in an era of neoliberal globalization rather than as a Third World country as it was usually described in the Cold War period (at the time North-South and East-West divides were of chief importance), is a phenomenon that deserves a critical analysis by researchers in the fields of strategy and international business.

This paper is divided into four sections. In the second section it is argued that the increasing importance of the field of international strategy and its association to the concept of CSR have been helpful to hide the crisis of relevance of the large field of strategic management and enable the transfer of knowledge and policies focused on development from the North to the South.

2. Strategic management hiding the crisis of relevance through CSR as international strategy

The variety of CSR definitions in the Anglo-American literature makes difficult a better understanding of what CSR is all about (Margolis & Walsh, 2003). This picture is obviously more problematic in developing countries and regions given their North-South subordinate position within the management academic knowledge system. What deserves mentioning in this paper is that CSR is not a synonymous to pure philanthropy or mere willfulness as it used to be in the 1960s and 1970s. Also with the support of GDOs and national governments from the North and favoured by the myth of borderless world, big corporations transformed CSR into a strategic issue within an era of globalization (see Prahalad & Hart, 2002; Porter & Kramer, 2006; Brugmann & Prahalad, 2007).

The CSR strategies of big corporations are portrayed as voluntary initiatives but they actually have been by heavily supported by national governments and GDOs, as World Bank, United Nations, International Monetary Fund and OCED, for example. In spite of the political support given by such powerful institutions many researchers in strategic management still denies the argument that CSR means strategy. They put into question the widespread belief on the “business’ case” of CSR; a major explanation for this that they disclaim that corporate strategy is all about power and politics (Carter et al, 2008), especially from an international North-South standpoint. They do not recognize the political feature of economics and markets and disclaim the argument that a key strategic issue for big corporations in a supposedly borderless world, is to set and reinforce the “rules of the game” from both domestic and global standpoints (Prakash, 2002; Harvey, 2007).

Such mismatch between the strategic management literature and the strategies of big corporations (and GDOs) in practice illustrates the crisis faced by strategic management. This
is partially explained by difficulties faced by the field to deal with the increasing power and reach of corporations within an era of globalization. One then may argue that this contemporaneous problem is explained by the historical difficulty of management academics in general to recognise the political power of large corporations (Stern & Barley, 1996; Barley, 2007) and, accordingly, the political power of nation-states and GDOs (Stone, 2004; Cooke, 2004; St Clair, 2006; Banerjee & Linstead, 2001) from a North-South standpoint.

Corporate strategy has evolved from a focus on competitive advantage in the 1980s toward a focus on sustainable competitive advantage in the early 1990s and, more recently, toward a focus on development (i.e., global development, international development and regional development). Several reports produced by GDOs show that development is being promoted by big corporations in almost every corner of the world in an era of globalization. As a result GDOs have taken the leadership in emerging and developing economies in the production and diffusion of expertise that has not been provided by academics in strategic management because of the debate on the business case of CSR. A sound example is the Global Compact program implemented and disseminated worldwide by the United Nations (Brugmann & Prahalad, 2007).1

This extraordinary enlargement of the scope of strategic management in a short period of time and the incapacity of academics in strategic management to recognise and represent large and powerful organizations in the international system because of the neoliberal discourse of the ‘borderless world’ help explain both the contemporaneous crisis of relevance of strategic management and the denial of CSR as strategy. More specifically it helps explain the underdevelopment of international strategy at a time CSR is portrayed and undertaken as effective international strategy in the South.

At the present time corporate strategy in developing countries has to do as much as with regional, local or global development as with traditional objectives such as profits and competitive advantage; in the same fashion CSR has to do as much as with corporate strategies as with public policies and the market has to do with politics. A key underlying reason for such transformation is that the traditional distance between corporations and governments (and between market and state) has diminished in a dramatic fashion in the last two decades, especially, but not only, in developing and emerging economies (Streeten, 2005), in spite of the basic tenets of the neoliberal ‘borderless world’ discourse.

Strategic management academics in the North failed to recognise that crucial shift and this explains much of the crisis of relevance of the field. The power and reach of the international epistemic community created over recent decades helps explain why researchers in the South also failed to recognize such important shift. This helps explain why powerful stakeholders, such as GDOs, as much as large international consulting firms, have enlarged their stake on the strategies undertaken by large corporations and on public policies formulated by local and national governments in developing countries and regions. From a policy networks perspective this also helps explain why experts from the World Bank and United Nations are increasing their stake on the discourses mobilized by the strategic management academy (especially when emerging economies is the focus on international strategy).

CSR is generally seen to encompass the responsibilities of business firms vis-à-vis society (legal, ethical, social, and environmental) in addition to the traditional economic responsibilities (Carroll, 1999). As the business case for CSR remains debatable a few researchers in strategic management in the US embraced CSR. The debate has focussed the extent to which the benefits of CSR are valuable for companies or certain stakeholders from a ‘economic’ standpoint. Such debate overlooks non-economic issues as much as non-market strategies and non-market actors in accordance with the basic tenets of the neoliberal globalization discourse. This debate overlooks more complex issues raised by the range of
different stakeholders and interests mobilized by CSR strategies and programs undertaken by corporations in different parts of the world – in alliance with GDOs and governments – and its implications from a North-South standpoint.

The resistance of the field of strategic management in addressing non-economic issues, non-market strategies, non-market actors, and corresponding North-South issues mobilized by the different types of stakeholders involved with CSR strategies helps to explain why academics enlarged the group of discontents with the strategic management discipline.

“We have been accused of encouraging our business students in the behaviours that led to recent ethics and accounting failures in large firms such as Enron, Tyco and WorldCom. Perhaps most important, those of us committed to scholarship in the field increasingly have an unsettling sense that we are not working on the most important strategic issues of our time. [T]he number and intensity of constituencies discontented with strategic management seems to be rising and should not be ignored” (Mahoney & McGahan, 2007, p. 80).

Instead of trying to sort out the crisis of relevance, influential academics in strategic management show in an overt fashion their discontentment with the discipline in academic outlets (e.g., Hambrick, 2004; Whittington, 2006; Whittington et al., 2003). Apparently, the academic discipline impedes them to teach and research the things that are really ‘strategic’. As a result experts from other institutions such as GDOs gain power in relation to academics and this explains why GDOs have become the chief proponent of the idea of CSR as international strategy.

Drawing upon the concept of ‘epistemic community’ we may argue that strategic management academics are facing serious problems to keep their authority vis-à-vis GDO experts. An epistemic community is defined as “a network of professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge within that domain or issue-area” (Haas, 1992: 3). In accordance with recent analysis undertaken by Whittington and associates (Whittington et al., 2003) and also with the fact that strategic management gurus – as Michael Porter and Carl Prahalad – are the ones who have embraced the argument that CSR means strategy and joined forces with GDOs, it seems that academics are not in position of governing the field of strategic management.

This picture leads us to critical questions from a North-South perspective: (a) who governs the field of strategic management?; (b) what is the truth of strategy?; (c) who governs the field of management? In the US some less orthodox authors in the field of strategic management (in fact, it is not clear whether those authors ‘belong’ to the field of strategic management from the perspective of the majority of academics who do belong to the field) agree with the argument that in the nowadays business is not merely responsible for generating profits but also wealth and well-being. Accordingly, even less orthodox researchers in the field of strategic management recognize the increasing importance of non-market strategies and non-economic issues for large corporations but point out that “although some market and non-market activities may at times raise concerns, business remains the principal engine for improving societal well-being” (Baron, 2006, p. 653). They rely on the basic tenets of the neoliberal discourse and portray managers as those who are responsible for the deployment and balance of market and non-market strategies in order to make the ‘market’ prevail in those contexts – especially emerging and developing economies – in which non-market strategies still are necessary.
“The best means of achieving economic efficiency is through the private enterprise system as implemented through the corporate form with incentives provided by the institutions of private property and markets as the institution for organizing economic activity. The failure of the former Soviet Union and Eastern Europe and the extensive privatisation of government-owned corporations in both developed and developing countries reflect the conclusion that private enterprise and the reliance on markets are the keys to economic growth and social well-being” (Baron, 2006, p. 657).

This picture helps explain why despite the diffusion of the claim for a broader role of business in society, which challenges the classical argument that free enterprises should concentrate on shareholder value maximization, the debates on CSR within the strategic management literature still focus on economic-driven concepts as competitive advantage, and market value (Mackey et al., 2007). The resulting mismatch between the specialized academic literature and reality does not mean the powerlessness of strategy (or, if you prefer, strategic management). Critical researchers correctly point out that strategy can be seen in an ever-widening circle of those problems which are chosen to be addressed by what they call “the most managerialist of the management specialities” (Levy et al., 2003, p. 92). This means that, from a postcolonial perspective, academics in emerging and developing economies remain blind to what is strategic in effective terms (i.e., outside the academic circles).

Corporations pursue global strategies and operate in global industries. In spite of the neoliberal discourse that corporations operate in free markets around the world the fact is that most markets are regulated. The regulations governing the operations of corporations are often national or regional. Regulatory heterogeneity, especially in developing and emerging economies, demands matching complexity in the strategies and operations of those companies. This explains why corporations from developed economies pursue convergence instead: “just as convergence in tastes worldwide creates opportunities for multinational corporations to produce globally standardized products, so too convergence of regulations allow multinational corporations to adopt globally standardized methods of operation, which can lower costs and reduce policy uncertainty” (Ramamurti, 2005, p. 343).

The pursuit of convergence within the era of globalization explains the importance of the dissemination of certain strategy discourses – especially with the material and institutional support of GDOs – and also why it is not so important for corporations, GDOs and government from developed economies that academics understand what strategy is about (even though it still is important that they produce or reproduce the right discourses). When the academic discourse does not work effectively, large corporations may use other members of the policy networks they mobilize in international and national terms.

As a guru, academic and advisor of transnational companies, governments and GDOs –especially in developing and emerging economies–, Michael Porter challenged the field of strategic management more recently by embracing the argument that CSR means strategy. He argued that, for the sake of the common good (actually he does not differentiate ‘public good’ and ‘common good’ in his texts and speeches), business companies and non-governmental organizations (NGOs) must start working together through the deployment of CSR strategies rather than keep fighting as enemies (Porter and Kramer, 2007).

Another renowned guru, Carl Prahalad, also challenged the strategic management discipline by mobilized the same discourse. In accordance with the neoliberal discourse Prahalad that for the sake of common good, especially in emerging and developing economies, corporations from developed economies and social activists should foster cooperation: “the liberalization of markets is forcing executives and social activists to work together (…) They are
developing new business models that will transform organizations and the lives of poor people everywhere” (Brugmann & Prahalad, 2007, p. 80).

The literature in the field of Business & Society, as much as in critical management, points out costs and limitations of CSR that have been neglected by mainstream CSR strategy discourses. Drawing upon the neoliberal discourse critical academics put into question the extent to which large corporations are trustworthy in ethical or moral terms. Some authors go a little further and argue that a key problem is that CSR has been grounded on the notions of citizenship, voluntarism and self-regulation, at expense of the notion of State regulation. David Vogel (2005), for example, argues that if business is to do more, government will have to prescribe conduct.

This debate is grounded on the ideological discourse – particularly strong in the Anglo-American context – which separates the State and the market. In other words it reproduces the classical view of the role of business in society, which is based on the rationale that the free enterprise is the best means of achieving the efficient use of society’s resources and maximizing human well-being. Such ideas, which have become even more powerful within the era of globalization, make more difficult the discovery of the ‘truth’ of strategy in general terms and of CSR strategies in particular. Muller (2006, p. 196) argue, for instance, that, “paradoxically, proactive CSR strategies among autonomous subsidiaries appear to be predominantly in accordance with home-country and international policies, despite their non-bidding character, instead of tailored to the host-country context”.

This paper agrees with the argument that if we wish to discover the ‘truth’ of strategy we should “take seriously the agency of corporate and state actors in privileging and protecting economic and political advantage” (Levy et al., 2003, p. 100). We go a little further by arguing that a way of undertaking such task is by taking seriously the agency of GDOs, in alliance with corporations and governments from developed economies, in pushing the legitimation and diffusion of CSR discourses and practices in developing and emerging economies. This also means that in order to decipher such mysterious picture we should go beyond the academic walls.

3. A brief critical review of CSR

Corporate Social Responsibility (CSR) has been portrayed as a framework of voluntary initiatives to counter negative impacts of corporations on communities and societies at large. The lack of consensus and precision in the academic literature on CSR, the historical suspicions in developing countries on practices and interests of large corporations, and the many debates on CSR as strategy should have impeded its diffusion toward emerging economies as Brazil. It was not supposed then to become a key topic in the international business and strategic management literatures, given its major focus on developed economies (more specifically in the Anglo-American world) at expense of other regions of the world.

CSR is generally seen to encompass the responsibilities of business firms vis-à-vis society (legal, ethical, social, and environmental) in addition to the traditional economic responsibilities. The wide variety of CSR definitions in the dominant literature makes difficult a good understanding of what CSR is all about (Margolis & Walsh, 2003). It is worth though pointing out that CSR is not a synonymous to pure philanthropy or mere wilfulness as it used to be in the 1960s and 1970s. Several corporations around the world have transformed CSR into a strategic issue (see Prahalad & Hart, 2002; Porter & Kramer, 2006; Brugmann & Prahalad, 2007). Those strategies have been supported by GDOs - as the World Bank, United Nations, International Monetary Fund and OCED – but this feature has been rather overlooked by the strategic management literature. The statement as follows illustrates the ultimate importance of GDOs on the worldwide performance of CSR.
“All this ‘talk’ has not been, however, idle chatter. In 1997, the Global Reporting Initiative (GRI) was established to support, develop, and disseminate Sustainability Reporting Guidelines around the world. In 1999, the United Nations launched the Global Compact – a voluntary consortium of companies, UN agencies and civil society organizations dedicated to the protection of human rights, labor, and the environment – that now includes the participation of almost 2,000 firms across the globe. In 2000, the World Bank launched a Corporate Governance and Corporate Social Responsibility Initiative to promote CR through dialog and education worldwide. And in 2008 the International Organization for Standardization (ISO) will launch ISO 26000 – a new set of voluntary guidelines centering on socially responsibility”. (Shanahan and Khagram, 2005, p. 197).

We argue that two main issues explain such mismatch between academic debates and the reality regarding CSR in developing countries and regions. The first is that CSR is as much related to (global and domestic) public policy as to corporate strategy. The second is that knowledge on CSR has not been produced only by academic institutions but also by GDOs. While the academic literature still questions the business case of CSR powerful GDOs ignored the business case debate and set up the “development case” of CSR in the South, as in Brazil. The power of those privileged members of global policy networks, which affect governments and societies worldwide and remain rather overlooked by the (international) strategy literature, explains much of the successful trajectory of CSR in Brazil.

The statement of Steve Forbes in the book written by David Henderson (an academic who worked in the World Bank) and published by the (neoliberal) Institute of Economic Affairs shows that what happens outside the academic circles must be recognized by researchers in strategy for a critical understanding of CSR in developing countries and regions. Forbes recollects that in June 2004, the United Nations hosted a Global Compact Leaders’ Summit, an assemblage of environmental bureaucrats, NGOs, labor leaders, and financial world representatives, to endorse voluntary principles to embed environmental, social and governance best practices at the heart of the world’s markets. CSR was portrayed as the collectivists’ backhanded compliment to the success of big corporations. It was also stated that as centrally directed economies and foreign aid have all failed to deliver liberty and prosperity big corporation have become the best way to advance global prosperity (Henderson, 2004, p. 9).

Extreme critical researchers from developed economies would argue that the extraordinary trajectory of CSR in an era of globalization is explained by the increasing power of big corporations and market-driven reforms that affected societies and even universities.

“CSR features on most boardroom agendas and it is increasingly the subject of a powerful lobbying and consultancy sector. A CSR ‘industry’ has emerged with its own business gurus and champions. CSR is [perhaps] the result of an undemocratic alliance between corporations and campaigning organisations, and that its benefits are far from proven” (Sadler, 2004: 852)

Those critical researchers would similarly argue that individual countries are not in position to tame the activities of big corporations by overlooking the argument that the interplay of state and market in both domestic and international terms has become even stronger in an era of globalization despite the neoliberal “borderless world” discourse. As poor or impoverished countries, and in desperate need to attract direct foreign investment, it would not be possible or even desirable to introduce legal measures such as minimum wage
requirements, child labour prohibitions, health and safety standards, environmental protections or collective bargaining rights to deter corporations from investing or to force them to relocate their production sites. They reinforce the argument that corporations are more powerful than ever by saying that “MNCs are in a position to effectively escape local jurisdictions by playing one legal system against the other, by taking advantage of local legal systems ill-adapted for effective corporate regulation, and by moving production sites and steering financial investments to places where local laws are most hospitable to them” (Shamir, 2004, p. 672).

This picture helps explain why the strategy literature also tends to overlook the chief importance of GDOs – which could be correctly described, in accordance with the International Relations literature, as powerful non-market and non-state institutions which actually represents most of interests of both states and corporations from the North (Jackson and Sorensen, 2007). This paper points out that the discursive and material power of GDOs, as the World Bank and United Nations, is a critical issue for the explanation of the trajectory of CSR in Brazil. The pervasive power of those international organizations in emerging economies is a key issue not only to the international diffusion of CSR but also to create a specific and powerful epistemic community that dispenses international academic knowledge. The power of GDOs challenges academic knowledge and also the dominant idea that governments lost power as a result of market-oriented reforms in the context of neoliberal globalization (Buchbinder, 1993) given its close relationship with governments from developed economies. Indeed, the financial and knowledge pressures put by GDOs – in alliance with large corporations and governments from developed economies – in the constitution of public policies in emerging economies challenge the basic tenets of neoliberal globalization discourses.

A report produced by the World Bank Institute on CSR for the Americas pointed out that while in the US the “business case” is the most salient incentive for CSR, in South and Central America the “development case” has become the key motive for the adoption and implementation of CSR (Petkoski, 2002). The development case in CSR and its North-South implications have been overlooked by the field of strategy.

This paper shows that the mismatch between academic knowledge and reality can be explained by the chief importance of GDOs as a powerful knowledge stakeholder. Firm stakeholders are defined as those constituents that have an interest, or ‘stake’, in their relationships with a given firm. Knowledge stakeholders are defined as those constituents that have an interest, or ‘stake’, in their relationships with knowledge. This picture illustrates the argument from the policy networks literature that knowledge (including academic knowledge) as a key resource is not free of politics (and power) nor is politics (and power) independent of knowledge (St Clair, 2006). Accordingly, it puts into question the silence in the strategy literature on this crucial matter from the perspective of emerging economies. This silence might be explained by the argument that the literature actually represents the major interests of developed countries, at expense of other countries and regions.

One might conclude that such mismatch is explained not just by our ignorance about the increasing political power of large corporations (Stern & Barley, 1996; Barley, 2007) but also by our ignorance about the increasing political and ideological power of GDOs (see Stone, 2004; Cooke, 2004; St Clair, 2006; Banerjee & Linstead, 2001). McKinsey analysts or experts describe the Social Compact Program as a “global movement that aims to encourage businesses to pay closer attention to their social impact has gained momentum in recent years. It received a boost in 2000, when the United Nations got involved: Secretary-General Kofi Annan launched the Global Compact, a voluntary association that asks corporate participants to uphold ten principles relating to human rights, labor, the environment, and non-corrupt business conduct. Ever since, the Global Compact
has pursued this agenda by publishing universal guidelines on corporate social responsibility and creating a network that companies, nongovernmental organizations (NGOs), labour groups, and UN agencies can use to share ideas about how to create better corporate citizens”. (Blair et al., 2004)

This helps explain why GDOs have enlarged their stake on the strategies undertaken by big corporations and on public policies formulated by local and national governments in developing countries and regions (Yeung, 1998). From a policy networks perspective this also helps explain why experts from the World Bank and United Nations are increasing their stake on international knowledge focussed in the South (including emerging economies). Drawing upon the concept of ‘epistemic community’ offered by the policy networks literature this might explain why strategy gurus – as Michael Porter and Carl Prahalad – are the ones who have embraced the development case of CSR and joined forces with GDOs.

Corporations pursue global strategies and operate in global industries. In spite of the neoliberal discourse that corporations operate in free markets around fact is that most markets remain heavily regulated (Yeung, 1998; Harvey, 2007). The regulations governing the operations of corporations are often national or supranational. Regulatory heterogeneity, especially in developing and emerging economies, demands matching complexity in the strategies and operations of those companies. This explains why corporations from the North pursue convergence instead: “just as convergence in tastes worldwide creates opportunities for multinational corporations to produce globally standardized products, so too convergence of regulations allow multinational corporations to adopt globally standardized methods of operation, which can lower costs and reduce policy uncertainty” (Ramamurti, 2005, p. 343).

The pursuit of convergence within an era of globalization explains the importance of the dissemination of certain discourses – especially with the material and institutional support of GDOs – and also why it is not so important for corporations, GDOs and government from developed economies that academics understand what strategy is about (even though it still is important that they produce or reproduce the right discourses). When the academic discourse does not work effectively, large corporations may use other members of the policy networks they mobilize in international and national terms.

As a renowned guru, academic and advisor of transnational companies, governments and GDOs –especially in developing and emerging economies –, Michael Porter had to challenge the field of strategic management more recently by embracing and disseminating the argument that CSR means (international) strategy. He pointed out that, for the sake of the common or global good, business corporations and non-governmental organizations (NGOs) should start working together through the deployment of CSR strategies rather than keep fighting as enemies (Porter and Kramer, 2007).

Another renowned guru, Carl Prahalad, also embraced the development case of CSR. Prahalad posits that for the sake of common good, especially in emerging and developing economies, corporations from developed economies and social activists should foster cooperation: “the liberalization of markets is forcing executives and social activists to work together (…) They are developing new business models that will transform organizations and the lives of poor people everywhere” (Brugmann & Prahalad, 2007, p. 80).

The literature in the field of Business & Society, as much as extreme critical researchers in management, points out costs and limitations of CSR that are neglected by mainstream CSR strategy discourses. Drawing upon the neoliberal discourse they question the extent to which large corporations are trustworthy in ethical or moral terms. Some authors go a little further and argue that a key problem is that CSR has been grounded on the notions of citizenship, voluntarism and self-regulation, at expense of the notion of State regulation. David Vogel (2005), for example, argues that if business is to do more, government has to prescribe conduct. This debate is grounded on the ideological discourse – led by the Anglo-
American world – which separates state and market and enables the construction and dissemination of the “bordersless world” discourse. In other words it reproduces the classical view of the role of business in society, which is based on the rationale that the free enterprise is the best means of achieving the efficient use of society’s resources and maximizing human well-being. Such ideas, which have become even more powerful within the era of globalization, make more difficult the discovery of the ‘truth’ of strategy in general terms and of CSR strategies in particular. Muller (2006, p. 196) argue, for instance, that, “paradoxically, proactive CSR strategies among autonomous subsidiaries appear to be predominantly in accordance with home-country and international policies, despite their non-bidding character, instead of tailored to the host-country context”.

A way of undertaking such task is by taking seriously GDOs, in alliance with big corporations and governments from developed economies, in pushing the legitimation and diffusion of CSR discourses and practices in developing regions and countries.

4. Taking GDOs seriously from a South-North perspective

A first key reason for the widespread deployment of CSR strategies in the South is the political, economic and ideological power of GDOs and their experts in those contexts (see George, 1997). A few authors in the CSR literature take GDOs as one of the ‘stakeholders’ to be taken into account by business firms. They give the same degree of importance to every stakeholder: customers, suppliers, employees and GDOs have the same weight in CSR programmes and strategies (Burke & Logsdon, 1996). Such academic standpoint is weird vis-à-vis the argument that the World Bank, for instance, is a major global actor as much as a major global knowledge actor – i.e., “a transnational expertised state-like institution that sets the scene for both global politics and global knowledge” (St Clair, 2006, p. 77).

In spite of the criticisms on the role of business corporations in society, GDOs – as International Monetary Fund (IMF), World Trade Organization (WTO), Organization for Economic Cooperation and Development (OECD), United Nations Conference on Trade and Development (UNCTAD), and United Nations (UN) – have been acting as the main advocates of the positive contribution of business firms to combat poverty and other social problems in emerging and developing economies (see Kolk & Van Tulder, 2006; Prieto-Carrón et al., 2006). From a “growth at all costs” approach of the 1950s and 1960s, the World Bank’s rhetoric, for instance, moved toward the mission of “fighting poverty by stimulating free market democracy” (Banerjee, 2006).

Even though its main focus has been on local business, the Millennium Development Goals, established by the United Nations, which include the objective to halve the income poverty by 2015, with a major focus on emerging economies, refers to a ‘global partnership for development’ in which there is a key role for multinationals corporations (UNDP, 2004). On its turn the World Business Council for Sustainable Development has changed its definition of CSR for analogous reasons. In 1998 it referred to CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”. In 2002, as it took a major focus on emerging economies, the definition of CSR changed to “the commitment of business to contribute to sustainable development, working with employees, their families, the local community and society at large to improve their quality of life”. (see Blowfield and Frynas, 2005).

GDOs portray emerging economies as chief obstacles for the purpose of pursuing the corresponding ‘human face’ to capitalism in their documents and policies (see Dunning, 2006). More specifically, GDOs describe local governments as a main problem and large corporations as the legitimate leaders of such global development strategies. The literature
produced and disseminated by GDOs and the official documents disseminated in both developing and emerging economies state that CSR strategies enable large corporations to provide sustainable solutions not only to specific social problems but also to the overall development of emerging and developing regions (Fox, 2004; Prieto-Carrón, 2006).

It is clear then that GDOs should not be overlooked by the strategy literature (especially from a South-North standpoint) and that they could not be taken as a ‘mere stakeholder’ if we want to understand how and why CSR has achieved such degree of importance status in emerging economies as Brazil and also why the academic literature overlooked this phenomenon. Many analysts in the policy networks literature have shown that GDOs take the side of developed economies, at expense of developing and emerging economies, in order to influence the formulation and implementation of public policies in different countries. Dolowitz, for instance, argues that “one of the reasons international organizations develop and publish benchmarks and league tables is to place political leaders and national political systems under pressure to engage in policy transfer” (2006, p. 270).

Correspondingly, one of the main strategies undertaken by GDOs within an era of globalization has been the construction, dissemination and ‘imposition’ of common agendas, policies and ideas around the world. These strategies are particularly powerful because GDOs are capable to mobilize discursive, material and ideological resources. Public policies in (emerging and) developing countries and regions that follow the guidelines of CSR strategies formulated by big corporations are key targets for those strategies undertaken by GDOs.

“International governing organizations, such as the OECD, G-7, IMF and the UN and its various agencies, are increasingly playing a role in the spread of ideas, programs and institutions around the globe. These organizations influence national policy-makers directly, through their policies and loan conditions, and indirectly, through the information and policies spread at their conferences and reports” (Dolowitz & Marsh, 2000, p. 11).

This overall picture makes clear that neither pro-CSR arguments based on the neoliberal discourse, nor critical arguments based on anti-neoliberalism could explain with the necessary accuracy how and why CSR has achieved a strategic status in Brazil, for instance. The strategy literature overlooks GDOs because they are state-like institutions (St Clair, 2006) and has the big corporation (supposedly private) as its privileged focus. This literature ignores the argument that big corporations “in all its forms are ultimately a creature of the state” (Preston, 2005, p. 81), which is of chief importance for a South-North critical standpoint on CSR as international strategy. More specifically, and, accordingly, that dominant literature neglects and conceals the international political roles of GDOs in both South and North. The following passage reinforces the argument that GDOs and large corporations from developed economies took CSR as an important colonization resource within the era of globalization. A major target has been developing countries and regions, especially the emerging ones.

“Globalization … is constructed by relationships of power, domination and subordination (…) international institutions and transnational corporations are writing the rules of globalization. Global political exchanges often involve coercion (the various trade embargos orchestrated by western powers), surveillance (as evidenced by several World Bank and IMF policies), legitimacy (as offered by the World Trade Organization), and authority (granting of ‘most favoured nation’ by the United States) (Banerjee & Linstead, 2001, p. 689).
This paper agrees with those who argue that researchers in the South emerging countries should be concerned with the ideological or ideational underpinnings of CSR (Prieto-Carrón et al., 2006, p. 979). A critical concern is that big corporations’ voluntary initiatives are not exactly ‘voluntary’. Specially in the South they may have mandatory aspects as national regulatory frameworks may incorporate the use of voluntary instruments in developing and emerging economies (Graham & Woods, 2006) fostered and facilitated by GDOs, which are builders of epistemic communities, key holders of financial resources, and also key actors in the process of formulation of public policies and national legislations.

World Bank experts, for instance, have argued that CSR can be a useful step on the way to better national legislation in countries that failed to enforce their laws: “As the corporate social responsibility debate develops, multilateral agencies such as the Organisation for Economic Co-operation and Development, United Nations, and World Bank Group have a significant part to play. In most circumstances they have little or no ability to set and enforce global rules. Yet within the reputational arena they have much influence as conveners or in supporting (or refusing to support) corporate codes of conduct” (Klein and Harford, 2004: 4).

Emerging economies have been portrayed in developed countries as countries with serious social and political problems. Those problems could not be sorted out without the help of the strategies undertaken by MNCs; governments in emerging countries are described as incompetent, ineffective and corrupt. Without interventions from MNCs and GDOs in those countries certain problems – as misery, poverty and terrorism – could escalate and become global. More specifically, without the ‘voluntary’ intervention of MNCs, private national matters would become common global disasters. These global disasters would escalate and lead to the disruption of capitalism (Sklair, 2001). This provides the necessary legitimation of the proposition of CSR as international strategy as a resource for North-South interventions.

Other corresponding higher-order issues related to the North-South divide explain why emerging economies have become more recently a key target for GDOs. Key financial institutions and GDOs have pictured emerging economies as capable of challenging the US dominance within the international context (Wilson & Purushothaman, 2003). As a result influential institutions in the US argue that emerging economies should collaborate with the US rather than to oppose it (Boyer & Truman, 2005). The latent conflict (in the case of Russia and China it is more than just latent) between emerging economies and the US could lead the world to a scenario of global disruption marked by terrorism and war. Such higher-order standpoint is reproduced in the CSR literature from the North, as follows:

“Consider this bleak vision of the world 15 years from now (...). Terrorism remains a constant threat, diverting significant public and private resources to security concerns. Opposition to the global market system intensifies. Multinational companies find it difficult to expand, and many become risk averse, slowing investment and pulling back from emerging markets. Now consider this much brighter scenario: Driven by private investment and widespread entrepreneurial activity, the economies of developing regions grow vigorously, creating jobs and wealth and bringing hundreds of millions of new consumers into the global marketplace every year. China, India, Brazil, and, gradually South Africa became new engines of global economic growth, promoting prosperity around the world. The resulting decrease in poverty produces a range of social benefits, helping to stabilize many developing regions and reduce civil and cross-border conflicts. The threat of terrorism and war recedes. Multinational companies expand rapidly in an era of intense innovation and competition.” (Prahalad & Hammond, 2002, p. 48).
CSR strategies in emerging economies mean, in the words of two of the most prominent authors in the US, “lifting billions of people out of poverty and desperation, averting the social decay, political chaos, terrorism, and environmental meltdown that is certain to continue if the gap between rich and poor countries continues to widen” (Prahalad & Hart, 2002, p. 3).

5. Concluding remarks

The critical perspective sketched in this paper aimed to foster the understanding of the CSR trajectory in Brazil, as a country that ambiguously belongs to the South and also to the group of emerging economies. Such critical South-North perspective on international strategy seems to be relevant not only because of the pervasive influence of the strategy literature from US in developing and emerging regions (Ibarra-Colado, 2006), but also because it shows that GDOs and the knowledge and policies produced by its experts play a key role in national governments, corporations, societies and academy.

From such standpoint, the mismatch between the academic debates and the practices of big corporations and GDOs on CSR in Brazil could be explained by a collective interest – mobilized by policy networks which go across national boundaries – of avoiding that academics and other social actors get access to what CSR has been all about. In a particular and rather modest fashion this paper argues that this mismatch can be explained by the increasing power of GDOs – in discursive, material and ideological terms – in the South and the geopolitical difficulties faced by the strategy literature to recognize this powerful type of organization/institution.

From such critical perspective that embraces the policy networks literature from a critical South-North standpoint, GDOs are portrayed in this paper as a sort of powerful knowledge stakeholder that is capable to mobilize, from the vantage point of the North, the interests of both states and markets from the dominant perspective of developed economies. This helps explain why GDOs have been overlooked by the strategy literature. The resulting analysis illustrates the argument that strategy knowledge as a key resource is not free of politics (and power) nor is politics (and power) independent of knowledge (St Clair, 2006).

The decoupling between academic debates and the extraordinary trajectory of CSR in Brazil and other developing/emerging regions are partially explained by a collective interest – led by GDOs, in alliance with corporations and governments from developed economies – of imposing convergence on a global scale and also avoiding that researchers and other social actors get access to what strategy and knowledge are about within the era of economic globalization.

The critical standpoint sketched in this paper should be embraced and fostered by researchers not only in Brazil (for instance) but also in the North. Such critical standpoint is very important in the US given the extraordinary power – in material and ideological terms – of corporate-driven and market-driven discourses in that country (Epstein, 1973: 9). Accordingly, this paper argues that a major task for critical researchers from the South is to engage, in particular ways and in line with the idea of “borderless world”, with the North rather than just opposing or ignoring it. Due to space limitations the particular ways of imagining, delineating, fostering and making sense of such frameworks of South-North engagement will not be addressed in this paper.

References


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**Notes**

1 McKinsey analysts or experts describe the Social Compact Program as a “global movement that aims to encourage businesses to pay closer attention to their social impact has gained momentum in recent years. It received a boost in 2000, when the United Nations got involved: Secretary-General Kofi Annan launched the Global Compact, a voluntary association that asks corporate participants to uphold ten principles relating to human rights, labor, the environment, and non-corrupt business conduct. Ever since, the Global Compact has pursued this agenda by publishing universal guidelines on corporate social responsibility and creating a network that companies, nongovernmental organizations (NGOs), labour groups, and UN agencies can use to share ideas about how to create better corporate citizens” (Blair et al., 2004).