Corporate Social Responsibility in a Globalizing World

Why do corporations increasingly engage in good deeds that do not immediately help their bottom line, and what are the consequences of these activities? This volume examines these questions by drawing on historical documents, interviews, qualitative case comparison, fieldwork, multiple regression, time-series analysis, and multidimensional scaling, among others. Informed by neoinstitutionalism and political economy approaches, the authors examine how global and local dimensions of contemporary corporate social responsibility (CSR) intersect with each other. Their rigorous empirical analyses produce insights into the historical roots of suspicions concerning cross-societal economic actors, why and how global CSR frameworks evolved into current forms, how conceptions of CSR vary across societies, what motivates corporations to participate in CSR frameworks, what impacts such participation might have on corporate reputation and actual practices, whether CSR activities shield corporations from targeting by boycott campaigns or invite more criticism, and what alternative responses corporations might have to buying into CSR principles.

Kiyoteru Tsutsui is Associate Professor in the Department of Sociology and Director of the Human Rights Initiative at the University of Michigan, Ann Arbor. His research focuses on global diffusion of human rights and its impact on local politics. He has conducted cross-national quantitative analyses on how human rights ideas and institutions expanded globally and impacted local politics, and qualitative case studies on the impact of global human rights on minority rights activism and discourse around World War II in Japan. In addition to government practices and activism by civil society actors, his recent research examines corporate behavior around social responsibility initiatives. His research has been funded by the National Science Foundation, National Endowment for the Humanities, Social Science Research Council, Center for Global Partnership, and other foundations, and his work has appeared

Alwyn Lim is an assistant professor of sociology at the University of Southern California with research interests in globalization, organizations, and institutions. His research examines the moral regulation of the global economy, in which global actors attempt to shape the institutions that govern macro society-economy relationships. Currently, his research examines the convergence of state and non-state actors around the global corporate responsibility movement. He is also developing further research on globalization and early nation-state formation that examines international agreements and treaties in the late nineteenth and early twentieth centuries. His work has appeared in the American Sociological Review and the Annual Review of Law and Social Science. He received his PhD from the University of Michigan, Ann Arbor, in 2012.
Business and Public Policy

Series Editor:
ASEEM PRAKASH, University of Washington

Series Board:
Vinod K. Aggarwal, University of California, Berkeley
Tanja A. Börzel, Freie Universität Berlin
David Coen, University College London
Peter Gourevitch, University of California, San Diego
Neil Manning, The Australian National University
Witold J. Henisz, University of Pennsylvania
Adrienne Héritier, European University Institute
Chung-in Moon, Yonsei University
Sarah A. Soule, Stanford University
David Vogel, University of California, Berkeley

This series aims to play a pioneering role in shaping the emerging field of business and public policy. Business and Public Policy focuses on two central questions. First, how does public policy influence business strategy, operations, organization, and governance, and with what consequences for both business and society? Second, how do businesses themselves influence policy institutions, policy processes, and other policy actors and with what outcomes?

Other books in the series:
TIMOTHY WERNER, Public Forces and Private Politics in American Big Business
LLEWELYN HUGHES, Globalizing Oil: Firms and Oil Market Governance in France, Japan, and the United States
EDWARD T. WALKER, Grassroots for Hire: Public Affairs Consultants in American Democracy
CHRISTIAN R. THAUER, The Managerial Sources of Corporate Social Responsibility: The Spread of Global Standards
Corporate Social Responsibility in a Globalizing World

Edited by

KIYOTERU TSUTSUI AND ALWYN LIM
For Aya, Julia, and Erin – Kiyoteru Tsutsui

For my family – Alwyn Lim
Contents

Figures xii
Tables xiv
Notes on contributors xvi
Acknowledgments xxiii

1 The social regulation of the economy in the global context
   ALWYN LIM AND KIYOTERU TSUTSUI

Part I Legitimation and contestation in global corporate
   social responsibility 25

2 Legitimating the transnational corporation in a stateless
   world society 27
   JOHN W. MEYER, SHAWN M. POPE, AND ANDREW
   ISAACSON

3 Corporate social responsibility and the evolving standards
   regime: regulatory and political dynamics 73
   PETER UTTING

4 Explaining the rise of national corporate social
   responsibility: the role of global frameworks, world culture,
   and corporate interests 107
   DANIEL KINDERMAN

Part II Social construction and field formation in global
   corporate social responsibility 147

5 Corporations, conflict minerals, and corporate social
   responsibility 149
   VIRGINIA HAUFLER
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>The institutionalization of supply chain corporate social responsibility: field formation in comparative context</td>
<td>181</td>
</tr>
<tr>
<td></td>
<td>Jennifer Bair and Florence Palpacuer</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Sustainability discourse and capitalist variety: a comparative institutional analysis</td>
<td>218</td>
</tr>
<tr>
<td></td>
<td>Klaus Weber and Sara B. Soderstrom</td>
<td></td>
</tr>
<tr>
<td>Part III</td>
<td>Corporations’ reaction to global corporate social responsibility pressures</td>
<td>249</td>
</tr>
<tr>
<td>8</td>
<td>Why firms participate in the global corporate social responsibility initiatives, 2000–2010</td>
<td>251</td>
</tr>
<tr>
<td></td>
<td>Shawn M. Pope</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Why do companies join the United Nations Global Compact? The case of Japanese signatories</td>
<td>286</td>
</tr>
<tr>
<td></td>
<td>Satoshi Miura and Kaoru Kurusu</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Global corporate resistance to public pressures: corporate stakeholder mobilization in the United States, Norway, Germany, and France</td>
<td>321</td>
</tr>
<tr>
<td></td>
<td>Edward T. Walker</td>
<td></td>
</tr>
<tr>
<td>Part IV</td>
<td>The impact of global corporate social responsibility pressures on corporate social responsibility outcomes</td>
<td>363</td>
</tr>
<tr>
<td>11</td>
<td>Is greenness in the eye of the beholder? Corporate social responsibility frameworks and the environmental performance of US firms</td>
<td>365</td>
</tr>
<tr>
<td></td>
<td>Ion Bogdan Vasi</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>The mobility of industries and the limits of corporate social responsibility: labor codes of conduct in Indonesian factories</td>
<td>393</td>
</tr>
<tr>
<td></td>
<td>Tim Bartley and Doug Kincaid</td>
<td></td>
</tr>
</tbody>
</table>
## Contents

13 Good firms, good targets: the relationship among corporate social responsibility, reputation, and activist targeting  
BRAYDEN G KING AND MARY-HUNTER MCDONNELL  
430

14 Conclusion: corporate social responsibility as social regulation  
ASEEM PRAKASH  
455

Index  
473
# Figures

1.1 Corporate social responsibility in the context of the social regulation of the economy  

2.1a Cumulative number of international nongovernmental associations (INGOs), 1900–2009  

2.1b Regional averages of tertiary students per capita, 1900–2000  

2.1c International human rights instruments: cumulative number of rights, freedoms, and entitlements declared over time  

2.2 Number of multinational corporations, 1850–2000  

2.3 Number of *New York Times* articles using the terms “multinational company” or “global company”  

2.4 Articles referencing corporate social responsibility in trade journals and magazines/newspapers over time, 1970–2007  

2.5 Corporate social responsibility initiatives, 1970–2010  

2.6 Corporate membership in three major global corporate social responsibility initiatives, 2000–2010  

2.7 Dissertation and thesis abstracts with the phrases “corporate social responsibility” or “business ethics,” 2000–2011  

2.8 Cumulative number of corporate social responsibility rankings from 1995 to 2011  

4.1 Counts of national corporate social responsibility associations, 1960–2010  

4.2 The rise of national corporate social responsibility associations in Africa  

4.3 The rise of national corporate social responsibility associations in Asia  

4.4 The rise of national corporate social responsibility associations in Europe
### Tables

3.1 Contemporary UN–business regulation (selected initiatives)  page 76
3.2 The expanding arena of civil regulation (selected initiatives)  85
4.1 Establishment dates of national corporate social responsibility associations in different countries  120
4.2 The average (mean) establishment date of national corporate social responsibility associations on six continents  126
4.3 Correlation coefficients for national corporate social responsibility and global actors and initiatives  136
5.1 Primary governance institutions for conflict minerals, 2003–2013  164
6.1 Organizations interviewed  190
6.2 Organizations in supply chain corporate social responsibility field  202
6.3 Comparison of codes  204
7.1 Country institutional profiles  225
7.2 Document sample  228
7.3 Concepts frequently associated with sustainability  229
7.4 Occurrence matrix of sustainability concepts across countries  232
7.5 Illustrative quotes from the analyzed news sources  236
8.1 Univariate statistics  268
8.2 Univariate statistics and correlation matrix  269
8.3 Fixed effects logistic regressions of participation in the Global Compact, Global Reporting Initiative, and Carbon Disclosure Project, 2000–2010  270
9.1 Framework of corporate motives and reasons for adopting voluntary initiatives  299
List of tables

9.2 The basic orientations of United Nations Global Compact signatories in Japan 310
10.1 Corporate grassroots practices in four nations 331
11.1 Means, standard deviations, and sources of variables used in the regression analyses 375
11.2 Corporate social responsibility initiatives and actual environmental pollution: toxic scores, 2007 (Tobit regressions) 377
11.3 Corporate social responsibility initiatives and change in actual environmental pollution: toxic scores change, 2002–2005 (Tobit regressions) 379
11.4 Corporate social responsibility initiatives and perceived EP: iRatings eco-value scores, 2007 (OLS regressions) 382
12.1 Employment of textile, apparel, and footwear production workers across provinces, 2000–2008 405
12.2 Logistic regression analysis of failure of Indonesian textile, apparel, and footwear firms, 2000–2008 408
12.3 Regression analyses of unstable/contingent employment in unionized textile, apparel, and footwear firms in Indonesia 412
13.1 Descriptive statistics and correlation matrix 443
13.2 Probit regressions predicting the likelihood of being boycotted, 1990–2005 446
Notes on contributors

Jennifer Bair
Jennifer Bair (PhD Duke) is a comparative sociologist who works at the intersection of economic sociology and the political economy of development. Among her research interests is the development and enforcement of labor standards in global industries, including the role of public and private organizations and other stakeholders in shaping debates and policies regarding labor compliance. She is the editor of Frontiers of Commodity Chains Research (2008) and the co-editor of Free Trade and Uneven Development (2002) and Workers’ Rights and Labor Compliance in Global Supply Chains: Is a Social Label the Answer? (2013). She has conducted field research in Mexico, Honduras, the Dominican Republic, and Nicaragua. Her publications include articles in the journals World Development, Social Problems, Global Networks, Economy and Society, and Signs.

Tim Bartley
Tim Bartley is an associate professor of sociology at The Ohio State University. His research focuses on transnational governance and rule-making projects, especially those concerned with global labor and environmental conditions. He is writing a book that compares the implementation of fair labor and sustainable forestry standards in Indonesia and China. His previous work has been published in the American Sociological Review, American Journal of Sociology, Social Forces, Social Problems, the Annual Review of Law & Social Science, and other outlets. He is co-editor of Regulation & Governance, an international, interdisciplinary journal. He received his PhD from the University of Arizona.

Virginia Haufler
Virginia Haufler is an associate professor in the Department of Government and Politics at the University of Maryland and is
affiliated with the Center for International Development and Conflict Management. Her research focuses on the changing nature of governance in the global political economy, especially the role of transnational corporations. She is currently examining how transnational regulation of the private sector is being used to address issues of conflict and corruption. As Director of the Global Communities Living-Learning Program, she introduces students to both scholarship and experience regarding globalization. She has been a scholar at the University of California, Irvine; the University of Southern California; and the Carnegie Endowment for International Peace. She has served on the boards of nonprofit organizations and has been a consultant to government and international organizations.

**Andrew Isaacson**

Andrew Isaacson is a PhD candidate in sociology at Stanford University. He received his BS in sociology at Iowa State University. His dissertation is on roommate living among adults.

**Doug Kincaid**

Doug Kincaid is a senior research associate at Greenwald & Associates in Washington, DC. His research focuses on issues surrounding retirement and investment behavior. He received his MA in sociology from Indiana University.

**Daniel Kinderman**

Daniel Kinderman’s research focuses on the politics of business in advanced capitalism. Current article projects include the struggles over European Union nonfinancial reporting regulation, German employers’ neoliberal think-tanks, the relationship between corporate social responsibility and domestic economic liberalization, and the impact of firms’ membership in sustainability organizations on their sustainability performance. He is also working on a book project that derives from his dissertation. His publications include articles in *Socio-Economic Review, Journal of Common Market Studies*, and *Review of International Political Economy*. He has been a visiting scholar at the Max Planck Institute for the Study of Societies in Cologne and at the Social Science Research Center (WZB) in Berlin; he is currently an assistant professor in the Department of Political Science and International Relations at the University of Delaware. He received his PhD from Cornell in 2011.
BRAYDEN G KING
Brayden G King is an associate professor of management at the Kellogg School of Management at Northwestern University. His research focuses on how social movement activists influence corporate social responsibility, organizational change, and legislative policy making. He has published articles in the *American Journal of Sociology*, *American Sociological Review*, *Administrative Science Quarterly*, *Organization Science*, and numerous other academic journals. He is currently a senior editor at *Organization Science*.

KAORU KURUSU
Kaoru Kurusu is Professor in International Relations at Kobe University, Japan. Her current research interests include human security, Japan’s diplomacy in the United Nations, and theories of international relations. She studied at the Graduate School of Arts and Sciences, the University of Tokyo, and earned her PhD from Osaka University. Her publications in the English language include “Japan as an Active Agent for Global Norms” (trans. by R. Kersten) *Asia-Pacific Review* 18–2 (2011); “Japan’s Struggle for UN Membership, 1955,” in M. Iokibe et al., eds., *Japanese Diplomacy in the 1950s* (2008); “In Search of More Proactive International Role: the Political Dynamism behind Human Security in Japan,” in W. Tow et al., eds., *New Approaches to Human Security in the Asia-Pacific* (2013).

MARY-HUNTER MCDONNELL
Mary-Hunter (“Mae”) McDonnell is an assistant professor of Strategy, Economics, and Public Policy at Georgetown University’s McDonough School of Business. She has a PhD in management and organizations from the Kellogg School of Management and a JD from Harvard Law School. Her work explores the political interactions between corporations and their myriad stakeholders. In particular, she is interested in how a company’s sociopolitical embeddedness shapes its corporate social activity and nonmarket strategy. Her work additionally sheds light on the mechanisms that stakeholders use to enforce social norms for corporations and to punish corporate transgressions.

JOHN W. MEYER
John W. Meyer is Professor of Sociology Emeritus at Stanford. He has contributed to organizational theory, comparative sociology, and the
sociology of education, developing lines of institutional theory. He has studied the impacts of global society on national states and societies (some papers are collected in Weltkultur: Wie die westlichen Prinzipien die Welt durchdringen [2005]; a more extensive set is in Kruecken and Drori, eds., World Society: The Writings of John W. Meyer [2009]). He now is involved in research on the world human rights regime, world curricula in mass and higher education, and the widespread expansion of formal organization.

Satoshi Miura
Satoshi Miura is a professor of international relations at the Graduate School of Law, Nagoya University. He has been a visiting scholar at the Institute of International Studies, the University of California, Berkeley; a senior fellow at the Ralph Bunche Institute for International Studies, the City University of New York; and a researcher in residence at the PRME Secretariat, UN Global Compact Office. He has written on heterarchy in world politics and transnational governance networks, particularly the UN Global Compact and UN-Supported Principles for Responsible Management Education (PRME), as well as on distributed innovation of norms. He is now examining the evolution of the UN Global Compact.

Florence Palpacuer
Florence Palpacuer is a professor of management studies at the University of Montpellier, France, where she is responsible for a master program in organizational management and sustainable development and for a research program funded by the French National Research Agency on Governance of Enterprises, Organizations, and Sustainable Development (2010–2014). A former consultant at the International Labour Organization in Geneva, she has participated in various international research networks on global value chains, financialization, and their implications for employment and work conditions. Her recent research is on the rise of new resistance movements both in global value chains and in multinational corporations in France. She has published 15 international articles and book contributions on these issues. Her two co-authored books, published in French, promote a critical management perspective on the social consequences of globalization.
SHAWN M. POPE
Shawn M. Pope is a PhD candidate in the sociology department at Stanford University. His dissertation (in progress) examines the rise, diffusion, and entrenchment of global corporate social responsibility initiatives. He has served as a four-year assistant on the Advisory Panel of Investment Responsibility at the Stanford Endowment, spent three years as an investment banker on Wall Street, earned the Chartered Financial Analyst designation, and received a certificate in International Business Practice from the University of Cambridge International Examinations.

ASEEM PRAKASH
Aseem Prakash is Professor of Political Science, the Walker Family Professor for the Arts and Sciences, and the Director, Center for Environmental Politics at University of Washington, Seattle. He is the co-editor of Journal of Policy Analysis and Management and the associate editor of Business & Society. He is the author of Greening the Firm (Cambridge University Press 2000), and the co-author of The Voluntary Environmentalists (Cambridge University Press 2006). His recent co-edited books include Voluntary Regulation of NGOs and Nonprofits: An Accountability Club Framework (Cambridge University Press 2010), Advocacy Organizations and Collective Action (Cambridge University Press 2010), and Voluntary Programs: A Club Theory Perspective (2009). He serves as the vice president of the International Studies Association for 2014–2015.

SARA B. SODERSTROM
Sara B. Soderstrom is an assistant professor in organizational studies and program in the environment at the University of Michigan. She studies how individuals within organizations mobilize others, develop coalitions, and access key decision makers when they are trying to implement sustainability initiatives. Further, she studies individual and organizational responses to the ambiguity and uncertainty that surrounds sustainability, such as making sense of emergent issues, prioritizing and agenda setting, and balancing multiple goals. She completed her PhD at the Kellogg School of Management, Northwestern University. Prior to obtaining her PhD, Sara worked as a consultant at McKinsey & Company and led a business transformation team at The Auto Club Group. Sara holds MSE
Notes on contributors

degrees in chemical and environmental engineering and a BSE degree in chemical engineering from the University of Michigan.

PETER UTTING
Peter Utting is Deputy Director, United Nations Research Institute for Social Development (UNRISD), where he coordinates international research projects on issues related to corporate social responsibility, the role of non-state actors in business regulation, social and solidarity economy, and social dimensions of the green economy. With a PhD specializing in the sociology of development, he has published extensively on sustainable development and social change in the global South and on the changing contours of international development policy. His recent edited volumes include Corporate Social Responsibility and Regulatory Governance: Towards Inclusive Development? (co-editor J. L. Marques; 2010), Business Regulation and Non-State Actors: Whose Standards? Whose Development? (co-editors D. Reed and A. Mukherjee-Reed; 2012), and Social and Solidarity Economy: Beyond the Fringe (forthcoming).

ION BOGDAN VASI
Ion Bogdan Vasi is an assistant professor at the University of Iowa in the Department of Sociology. His research examines how social movements contribute to organizational change, industry creation, and policy making. He has published articles in the American Sociological Review, American Journal of Sociology, Social Forces, Mobilization, and other journals; he is the author of Winds of Change (2011). He recently began projects on the adoption of solar photovoltaic and electric vehicle technologies in the United States.

EDWARD T. WALKER
Edward T. Walker is Associate Professor, Vice Chair, and Director of Undergraduate Studies in the Department of Sociology at the University of California, Los Angeles. His scholarly interests include organizations, social movements, political sociology, the nonprofit sector, and the politics of business. He is author of Grassroots for Hire: Public Affairs Consultants in American Democracy (Cambridge University Press 2014) and co-editor (with Caroline W. Lee and Michael McQuarrie) of Democratizing Inequalities: Dilemmas of the New Public Participation (forthcoming). His work appears in such venues as the American Sociological Review, American Journal of Sociology, Social
Problems, and Public Opinion Quarterly and has been funded by the National Science Foundation, the American Sociological Association, and the Robert Wood Johnson Foundation, among other sources.

**Klaus Weber**

Klaus Weber is an associate professor of management and organizations at the Kellogg School of Management at Northwestern University. His research uses cultural and institutional analysis to understand globalization, the environmental movement, and corporate social responsibility. He has studied these issues in the context of health care and biotechnology firms and in alternative agriculture and food production.
Acknowledgments

This volume is a result of two conferences on corporate social responsibility held at the University of Michigan, Ann Arbor, in 2010 and at the International House of Japan in Tokyo, in 2012. Most of the contributors to this volume participated in the two conferences, and presentations and comments by other participants also helped enhance our understanding of globalization and corporate social responsibility enormously. Among them, our special thanks go to Sarah Soule, Emi Sugawara, and Jim Walsh for providing us with extra help in making this volume possible even after (and before) the conferences. We would also like to thank Jerry Davis, Shin Furuya, Jonas Haertle, David Hess, Maureen Kilgour, Tom Lyon, Chris Marquis, Mark Mizruchi, Sandra Waddock, and Marina Whitman for their contributions at the conference in Michigan. We would like to extend our special thanks to the contributors to this volume who worked tirelessly over our two conferences and beyond. We are especially grateful to John Meyer, Aseem Prakash, Satoshi Miura, and Kaoru Kurusu for their support and guidance in putting the conference and edited volume together. We would also like to thank John Haslam and Carrie Parkinson at Cambridge University Press, as well as our anonymous reviewers, for their generosity and patience in seeing this volume through to its completion.

This volume would not have been possible without generous funding by the Japan Foundation Center for Global Partnership (CGP). The CGP enabled us to organize the two conferences and work on this volume, and we are deeply indebted to Tomoki Akazawa and Carolyn Fisher at CGP for working with us from the early stages of the project to the finish line. We also benefited greatly from the funding by the Department of Sociology, the Center for Japanese Studies, the International Institute, the Interdisciplinary Committee on Organizational Studies, and the Ross School of Business, all at the University of Michigan. This work was also supported by the National Research Foundation of Korea Grant funded by the Korean Government (NRF-2013S1A3A2055081).