A growing number of states regulate the corporate social responsibility (CSR) of their home country’s multinational corporations. These multinationals have subsequently had to change corporate practices in their overseas subsidiaries or suppliers. In this book, Jette Steen Knudsen and Jeremy Moon offer a new framework for analysing government and CSR relations. Arguing that existing research on CSR regulation fails to address the growing role of the state in initiating changes in the international practices of multinational corporations, Knudsen and Moon provide insights into the CSR issues addressed by policies and regulation. They use case studies to analyse three key CSR issue areas: non-financial reporting, ethical trade, and transparency of payments in the extractive industries. In doing so, they propose a new research agenda of government and CSR for scholars and graduate students in CSR, sustainability, political economy, and economic sociology, and for policymakers and consultants in international development and trade.

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**Jeremy Moon** is Velux Professor of Corporate Sustainability at Copenhagen Business School. He has published extensively on corporate social responsibility, including co-editing the book *Corporate Social Responsibility: Strategy, Communication and Governance* (2017, also with Cambridge University Press). He was the founding director of the International Centre for Corporate Social Responsibility, University of Nottingham.
The purpose of this innovative series is to examine, from an international standpoint, the interaction of business and capitalism with society. In the twenty-first century it is more important than ever that business and capitalism come to be seen as social institutions that have a great impact on the welfare of human society around the world. Issues such as globalization, environmentalism, information technology, the triumph of liberalism, corporate governance, and business ethics all have the potential to have major effects on our current models of the corporation and the methods by which value is created, distributed and sustained among all stakeholder—customers, suppliers, employees, communities, and financiers.

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Government Regulation and International Business Responsibility

JETTE STEEN KNUDSEN
Fletcher School of Law and Diplomacy, Tufts University

JEREMY MOON
Copenhagen Business School
To my mother Else Veller Knudsen,  
– Jette

To Marjahan and Lily.  
– Jeremy
Contents

List of Figures .......................... page viii
List of Tables ......................... ix
Preface .................................. xi
Acknowledgements .................. xiii
List of Abbreviations ................. xv

1  Government and Corporate Social Responsibility: Hands Visible and Invisible 1
2  National Government and International Corporate Social Responsibility 14
3  Government and Corporate Social Responsibility: From Domestic to International Spheres 55
4  Government and Non-financial Reporting: Public Policy in Denmark 79
5  Government and Ethical Trade: The Ethical Trading Initiative and Responses to Rana Plaza 103
7  Conclusion: Visible Hands for Responsible International Business 182

Bibliography .......................... 207
Index .................................. 239
Figures

2.1 A model of public policy for CSR: directly and indirectly  page 40
2.2 Public policy for CSR contrasted with unmediated public policy  41
4.1 Public policy to support non-financial reporting directly in Denmark  100
5.1 Public policy for ethical trade  138
6.1 Public policy for transparency in extractive industries  179
Tables

2.1 The literature on government and CSR page 20
2.2 Conceptualizations of CSR and government in the domestic governance literature: expected perspectives on our research questions 27
2.3 Conceptualizations of CSR and government in the global governance literature: expected perspectives on our research questions 36
2.4 Definitions of public policies for CSR directly and indirectly 39
2.5 Forms of policy to support CSR, directly or indirectly, and their regulatory strength 48
2.6 Research questions concerning government policies for CSR directly and indirectly 53
3.1 Issue areas of European government public policies for CSR 2000–2011 60
3.2 A framework for government CSR policies 74
4.1 Chronological overview of the Danish Act on non-financial reporting 93
4.2 The Danish government’s policy to support non-financial reporting directly 101
4.3 Interactions between domestic and international public policies for non-financial reporting 102
5.1 Research questions on government policies to support ethical trade directly and indirectly 105
5.2 Government’s direct and indirect public policies for ethical trade 133
5.3 Interactions between different sorts of government policies for ethical trade 137
6.1 Research questions on government policies to support transparency of payments in the extractives sector, directly and indirectly 143

ix
List of Tables

6.2 Twelve principles of the EITI 150
6.3 Seven requirements of the EITI standard 151
6.4 Research questions 1–3 on government policies for transparency in the extractives sector, directly and indirectly 171
6.5 Interactions between different forms of policy for transparency in the extractives sector 178
7.1 How do governments make policies to support CSR and what roles do these play? 186
7.2 Why do governments make policy for CSR? 189
7.3 Interactions between different forms of policy for CSR 192
This book started out as a series of conversations between us about what we saw as the ‘missing’ role of government in corporate social responsibility (CSR). We are both trained as political scientists so our emphasis on government is not surprising. Moreover, our formative experiences of CSR involved government.

Jette worked as director of the Copenhagen Centre for Corporate Social Responsibility, a government-sponsored think tank for CSR, from 2003 to 2007. She then spent six months working for the CEO of Maersk, a large shipping, terminals, and oil conglomerate, identifying CSR challenges and opportunities across the various business units.

Jeremy encountered CSR in the context of a research project with Jeremy Richardson examining UK government policy responses to unemployment in the early 1980s, which included policies to encourage and even shape CSR to address mass unemployment and urban decay. He researched the way in which Australian governments encouraged CSR in the 1990s, also initially in the context of an economic downturn.

Since CSR is often (still) defined as voluntary social and environmental initiatives by companies that go beyond legal requirements, most of the work on CSR has been conducted in business schools by management scholars. Many of these share neither our antennae for things governmental nor our experiences of CSR as partly, at least, a creature of government, and would regard government policy for CSR as a contradiction in terms. So we saw a need to probe more in depth the role of government as a driver of CSR in corporations.

Our curiosity and motivation were re-doubled when we both encountered ways in which governments even go so far as to make policy for CSR abroad – in other words, outside the territories in
which national governments possess legitimate policymaking authority. And here we have another contradiction in terms – national governments making policies encouraging companies to be responsible internationally.

So two contradictions in terms about subjects so close to our hearts (i.e. government and CSR, national government and international company behaviour) seemed like an irresistible challenge for a book-length study.
Acknowledgements

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is particularly grateful for the support of the CBS CSR Centre and the VELUX Chair of Corporate Sustainability to which he has been appointed.

Chapter 3 is the fruit of various collaborations, first in the European Union–funded research project FP7 CSR IMPACT study in which we collaborated with Christoph Bruun, Peter Hardi, and Rieneke Slager on an initial report (Moon, J., Slager, R., Brunn, C., Hardi, P., and Knudsen, J. S., 2012. ‘Analysis of the National and EU Policies Supporting Corporate Social Responsibility and Impact, IMPACT Working Paper 2, “IMPACT Project”, European Commission (Framework 7 Program)’). We subsequently collaborated with Rieneke Slager in a paper titled: ‘Government Policies for Corporate Social Responsibility in Europe: Institutionalisation and Structured Convergence?’ Policy and Politics 2015, 43(1): 81–99. We acknowledge that this chapter draws substantially on this paper and thank Policy and Politics (Wiley Publishers) for permission to re-produce Tables 3.2 and 3.3.

For excellent research assistance we thank Josefin Dahlen, Katherine Hallaran, Lisa Holub, Samira Manzur, Andrew Nassar, Mariann Markseth Omholt, and Franziska Wiebke.
Abbreviations

AIP      Apparel Industry Partnership
BBE      Federal Civil Participation Network
BGMEA    Bangladesh Garment Manufacturers and Exporters Association
BKMEA    Bangladesh Knitwear Manufacturers and Exporters Association
CAFOD    Catholic Agency for Overseas Development
CERES    Coalition for Environmentally Responsible Economies
CSR      Corporate Social Responsibility
DANIDA   Danish International Development Agency
DfID     Department for International Development UK
DIEH     Dansk Initiativ for Etisk Handel (Ethical Trading Initiative Denmark)
EITI     Extractive Industries Transparency Initiative
ETI      Ethical Trading Initiative
EU       European Union
FDI      Foreign Direct Investment
FLA      Fair Labor Association
GATJ     Global Alliance for Tax Justice
GDP      Gross Domestic Product
GRI      Global Reporting Initiative
GSP      Generalized System of Preferences
HMG      Her Majesty’s Government
IEH      Initiativ for Etisk Handel (Ethical Trading Initiative Norway)
IGO      International Governmental Organization
ILAB     Bureau of International Labor Affairs
ILO      International Labour Organization
IMF      International Monetary Fund
ISO      International Organization for Standardization
MFA      Multi Fibre Agreement
**List of Abbreviations**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>MGI</td>
<td>Mediation and Grievance Institution</td>
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<td>MNC</td>
<td>Multinational Corporation</td>
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<td>MoLE</td>
<td>Ministry of Labour and Employment (Bangladesh)</td>
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<tr>
<td>MSI</td>
<td>Multi-stakeholder Initiative</td>
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<td>NCCWE</td>
<td>National Coordination for Workers’ Education</td>
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<td>NGO</td>
<td>Non-governmental Organization</td>
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<td>NNPC</td>
<td>Nigerian National Petroleum Corporation</td>
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<td>NTAP</td>
<td>National Tripartite Action Plan</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>PCSR</td>
<td>Political Corporate Social Responsibility</td>
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<tr>
<td>PRI</td>
<td>Principles for Responsible Investing</td>
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<tr>
<td>PWYP</td>
<td>Publish What You Pay</td>
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<tr>
<td>RMG</td>
<td>Ready Made Garments</td>
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<tr>
<td>SA 8000</td>
<td>Social Accountability 8000</td>
</tr>
<tr>
<td>SAI</td>
<td>Social Accountability International</td>
</tr>
<tr>
<td>SEBI</td>
<td>Securities and Exchange Board of India</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Sized Enterprise</td>
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<tr>
<td>SRI</td>
<td>Socially Responsible Investing</td>
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<tr>
<td>TI</td>
<td>Transparency International</td>
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<tr>
<td>TUC</td>
<td>Trade Union Congress</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNEP</td>
<td>United Nations Environment Program</td>
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<td>UNGC</td>
<td>United Nations Global Compact</td>
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<tr>
<td>UNITE</td>
<td>Union of Needletrades, Industrial and Textile Employees</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<tr>
<td>WRC</td>
<td>Workers’ Rights Consortium</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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