



## *Visible Hands*

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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# Visible Hands

## Government Regulation and International Business Responsibility

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*To my mother Else Veller Knudsen,  
January 19, 1940–July 14, 2015.  
– Jette*

*To Marjahan and Lily.  
– Jeremy*

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## *Preface*

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.

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We presented earlier versions of this work at the Copenhagen Business School Governing Responsible Business workshop, the Copenhagen Business School Tax workshop, the EGOS Conference 2016, the Fletcher School of Law and Diplomacy at Tufts University, MIT's Institute for Work and Employment Research, the University of Connecticut, the University of Nottingham Business School, Rutgers University, and the SASE Conference 2015.

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Jeremy Moon is grateful for the support of the International Centre for Corporate Social Responsibility, Nottingham University Business School, where he was working when this project was hatched. He has subsequently moved to Copenhagen Business School (CBS) and

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*

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

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