CORPORATE SOCIAL RESPONSIBILITY AND INTERNATIONAL BUSINESS: A CONCEPTUAL OVERVIEW

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ABSTRACT

Purpose – This chapter provides a theoretical and conceptual overview of Corporate Social Responsibility (CSR). It is written as a descriptive document to enhance the understanding of CSR within the context of international business.

Design/methodology/approach – This chapter is built based on an extensive literature review.

Findings – This chapter contains six subsections. The first subsection looks at the concept of CSR, and it highlights the possible role of CSR in mitigating the negative consequences of globalisation. The second subsection looks at the evolution of CSR since the 1990s. The third section looks at ethics theories. The fourth section looks at political theories to explain CSR. The fifth section looks at the business case for CSR. And finally the sixth section looks at specific CSR initiatives.
Practical implications – This chapter provides a response to the necessity for this analysis that arises from the effects of CSR actions in international business.

Originality/value of chapter – This chapter provides a summary of the conceptual and theoretical framework of CSR. It could be used as a teaching tool for undergraduate and masters’ courses on either international business or corporate social responsibility.

Keywords: International business; corporate social responsibility

INTRODUCTION

This chapter provides a theoretical and conceptual overview of Corporate Social Responsibility (CSR). The necessity for this analysis arises from the effects of CSR actions in international business. It contains six subsections. The first subsection looks at the concept of CSR and highlights the possible role of CSR in mitigating the negative consequences of globalisation. The second subsection looks at the evolution of CSR since the 1990s. The third section looks at ethics theories. The fourth section looks at political theories to explain CSR. The fifth section looks at the business case for CSR. And finally the sixth section looks at specific CSR initiatives.

Since the 1990s, CSR has become a catchword, possibly because it means different things to different publics, and since the concept of CSR is inexplicit, indefinite, multidimensional and changing (Bredgaard, 2003, 2004; Chen, 2011; Garriga & Melé, 2004). As described by Bredgaard (2003), CSR is a natural feature of political decision-making that secures political support from different corners, allows for compromises and makes it possible for different actors to read their interests into political programmes. Social responsibility can be used in public relations (PR) to achieve better image and reputation, and economic and management research has identified an empirical correlation between CSR and economic performance (Ahmad, 2003; Carter, 2005; Chen, 2011; Galbreath, 2009; Gray & Smeltzer, 1989, McWilliams & Siegel, 2000, 2001). However, the line of causation is unclear. Bredgaard (2004) wondered if companies behaved in a socially responsible manner because of their economic success or if they became economically successful because they behaved in a socially responsible manner.

Some authors suggest that CSR is one of the responses to the social disparities resulting from globalisation (Khan & Lund-Thomsen, 2011;
Renouard & Lado, 2012; Scott, 2007; Swift & Zadek, 2002; Taylor, 2011). Hopkins (1999) suggests that in order to reverse the negative consequences of globalisation, there is a need for a ‘planetary bargain’ between the public and the private sectors. Continuing with the argument, Michael Edwards (2004a) suggests that there is a mutual relationship between economic actors and civil society. Edwards (2004b) states that no modern society can develop and maintain sustainable social goals without access to the surplus that market economies create, and he clarifies this further by saying that ‘a civil society cannot survive where there are no markets, and markets need a civil society to prosper’ (Edwards, 2004a, p. 50).

THE CONCEPT OF CSR

The origin of the concept ‘corporate social responsibility’ is not associated with a specific author or a specific date. It could be argued that the notion of CSR is as old as enterprises themselves since evidence of concern for society by the business community has always been present (Carroll, 1999). The social responsibility (SR) of different actors in society, especially of those involved in economic activity has been studied predominantly by business management scientists, specifically in the fields of business ethics, strategy, organisational behaviour, social issues in management, human resources management, industrial/labour relations, marketing, accounting and finance. However, CSR has been also studied by other social sciences such as philosophy, theology and religious studies, history, political studies, sociology and economics. CSR has a crucial space in the current debate on access to economic, cultural and social rights for disadvantaged communities.

During the 1990s and 2000s the literature on CSR served as the basis for emerging and consolidating business ethics theory, stakeholder theory (Harrison & St. John, 1994; Harrison & Freeman, 1999; Waddock, Bodwell, & Graves, 2002; Whysall, 2004), and corporate citizenship (Carroll, 1999; Maignan, Ferrell, & Hult, 1999; Matten & Crane, 2005; Rego, Leal, & Pina e Cunha, 2011; Shinkle & Spencer, 2012).

Business corporations have always been related to the public; however, formal writings on CSR that have shaped practice, theory and research have been the product of the 20th century (Bredgaard, 2003; Carroll, 1999; Dunham & Pierce, 1989; Gray & Smeltzer, 1989; Quazi & O’Brien, 2005; Sheldon, 1924; Wood, 1991). The use of the term CSR has coincided with the new roles of modern corporations within the economy and society in
general. In the nineteenth century, cooperativism and associationism can be seen as forms of shared SR, as attempts to conciliate business efficiency with social and civic principles of democracy, community engagement and distributive justice. In the eighteenth century, in times of early industrial society before the welfare state, some private and paternalistic enterprises internalised responsibilities for their employees on the basis of a social contract. These were habitually motivated by both the religious and ethical beliefs of the owners and fear of labour discontentment and radical action (Bredgaard, 2003). At the beginning of the twentieth century, there were few corporate acts of charity (Dunham & Pierce, 1989). Instead, wealthy business individuals made donations from their personal funds to charitable causes. This suggests that corporate philanthropy has evolved as the initiatives of individual philanthropist owners have been assumed by the corporations they own.

The modern era of CSR began in the 1950s. However, at that time, the literature tended to refer to the SR (social responsibilities) of business (Carroll, 1999; Garriga & Melé, 2004). The modern usage of the term was formalised in H. R. Bowen’s seminal book Social Responsibilities of the Businessman, in which he attempted to answer the question of what responsibilities businessmen may reasonably be expected to assume (Bowen, 1953). He postulated that business managers have an obligation ‘to pursue those policies, to make those decisions, or to follow those lines of actions which are desirable in terms of the objectives and values of our society’ (Bowen, 1953, p. 6). Succeeding scholars tried to define the term CSR more precisely. For instance, Joseph W. McGuire (1963) stated that ‘the idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to the society which extend beyond these’ (McGuire, 1963). Similarly, Keith Davis (1980) posited that CSR refers to ‘businessmen’s decisions and actions taken for persons at least partially beyond the firm’s direct economic and technical interest’ (Davis, 1980, p. 70).

Frederick, Davis and Post (1988) proposed two principles which contributed to contemporary views on CSR. The first is the principle of charity, which is rooted in the biblical tradition of wealth redistribution, which suggests that those who have plenty should give to those who do not have. Under this principle, members of the business community might decide to use their corporate power and wealth for the social or collective good.

A second principle that shapes CSR is the principle of stewardship. This principle asserts that organisations have an obligation to see that the
public's interests are served by corporate actions and the way in which profits are spent (Dunham & Pierce, 1989). Because corporations control vast resources, because they are powerful, and because this power and wealth came from their operations within society, they have an obligation to serve society’s needs. In this way managers and corporations become the stewards, or trustees, of society (Frederick, Davis, & Post, 1988).

The rise of CSR has coincided with an increased concern for the image of firms (Clark, 2000, p. 364), and firms have adopted CSR initiatives based on the assumption that both consumers (Becker-Olsen, Cudmore, & Hill, 2006; Benston, 1982; Berglind & Nakata, 2005; Levy, 1999; Maignan & Ferrell, 2003; O'Shaughnessy & O'Shaughnessy, 2003; Scharf, Fernandes & Kormann, 2012) and shareholders (Buzby & Falk, 1979; Unerman & Bennett, 2004) actively reward socially responsible firms. From this one can deduce that PR, marketing and advertising have played critical roles and that CSR initiatives are responses by corporations to explicit or implicit social demands. Early evidence of this was found by Eilbirt and Parket (1973). In an empirical study based in the United States, they found that after 1968 most major corporations established a SR officer who reported directly to the chief executive. Bowman and Haire (1976) conducted a study using a database of 82 food-processing corporations and found evidence of social impact disclosures in annual reports.

**MODELS OF CSR**

An early model of CSR was developed by Robert Hay & Edmund R. Gray (1974). This model suggested that the concept has gone through various phases.

Phase I is portrayed as the Profit-Maximising Management phase. This phase occurred during the period of economic scarcity in the nineteenth century, when business managers believed that they should have one objective: to maximise profits. The origin of this view was Adam Smith’s 1776 notion that each individual business person acting in his or her own selfish interest would be guided by an ‘invisible hand’ (the market mechanism) to promote the greatest possible wealth of nations. Phase I thrived in the United States because the common national goal during this period was to eliminate economic scarcity. Neither the principle of charity nor the principle of stewardship played an influential role in shaping CSR during this period, as managers essentially felt that what was good for
business was good for the country. This business ethos was shaken by the Great Depression of the 1930s.

Phase II is characterised by Trusteeship Management, which started to emerge in the 1920s and 30s, responding to the growth of pluralism and the increasing diffusion of stock ownership. As a consequence of the Great Depression, the number of privately held United States corporations began to decline, and organisations had to respond to the demands of both internal and external groups, such as stockholders, customers, suppliers, creditors and community, instead of to a single owner. This phase is characterised by the belief that corporate managers are not just responsible to the stockholders but are required to maintain accountability to all groups with a stake in the organisation. Accordingly, organisations had to shift their orientation to SR and the result was the emergence of trusteeship management in which it was the job of the corporate manager to maintain an equitable balance among the competing interests of all groups with a stake in the organisation. Senior managers are seen as trustees for the various stakeholder groups rather than merely agents for the owners. Consequently, pressure from these groups led to the use of some of the economic wealth generated to meet wider societal needs.

Phase III is distinguished by Quality-Of-Life Management. By the 1960s, the focus in the United States had moved from the issue of aggregate economic scarcity to issues such as environmental pollution, racial discrimination, poverty, worker and product safety, urban deterioration and other signs of social deprivation. With this new set of national priorities the pressure on managers intensified to behave in socially responsible ways. The consensus was that managers had to do more than achieve narrow economic goals; society seemed to demand that businesses play a large role in meeting social needs, and helping to develop solutions for society’s ills. In this phase the principles of both charity and stewardship were firmly in place.

In this three-phase model, each phase incorporates the essential elements of the earlier phases, as described by Hay and Gray (1974) who showed that managers holding a quality-of-life view understand the necessity for profits and to balance the demands of stakeholders as well as working toward societal betterment.

There are also other models of CSR. For instance, one can distinguished three theoretical streams on CSR: one that supports the idea that corporations have responsibilities towards society, one that suggests that the sole responsibility of business is profit maximisation and one that emphasises the role of stakeholders.
The first stream is characterised by the premise that corporations are obliged to be engaged with society as a whole. This stream is led by the work of Archie B. Carroll (1979, 1991) who classifies CSR into four types of responsibilities: economic, legal, ethical and philanthropic. The model suggests that because a business firm is basically an economic entity its primary responsibility is economic. It must produce the goods and/or services that society wants and must sell them at a profit. Firms should operate within the law, so legal responsibilities are also basic. Regardless of their economic achievements, businesses must abide by established laws and regulations in order to be good citizens. In Carroll’s model, ethical responsibility refers to behaviour by the firm that is expected by society, but is not codified into law. The category of philanthropic responsibilities encompasses voluntary activities undertaken for the public good; businesses are also expected to display a genuine concern for the general welfare of all constituencies.

Other exponents of this stream are Wartick and Cochran (1985), and Wood (1991). Wartick and Cochran (1985) formulated a model of corporate social performance (CSP) by focusing on economic, social and public responsibilities. Their model was reformulated by Wood (1991) who conceived CSR as being framed at the individual, organisational and institutional levels, and postulated that the outcome of corporate behaviour can be measured by the social impact of policies and programmes. Wood (1991) also observed that the processes of social responsiveness include environmental assessment, stakeholder management and issues management.

The second stream argues that the sole responsibility of business is profit maximisation. The main proponent in this stream is Milton Friedman. Friedman (1970), when considering the social responsibilities of business, stated that firms, being artificial entities, only have artificial responsibilities because in his own words ‘only people can have responsibilities’. He asserts that discussions on the social responsibilities of business are loose, lack rigour, and that the sole responsibility of business is to maximise profits, while obeying the law. In a now famous quotation, Friedman (1970) stated that ‘one and only one social responsibility of business [is] to increase profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud’. Friedman based his contention on economic and legal arguments. From the economic perspective, he asserted that if managers spend corporate funds on projects not intended to maximise profits, the efficiency of the market mechanism will be undermined, and resources will be misallocated within the economy.
On the legal side, Friedman contended that because managers are legal agents of the stockholders (the owners), their sole duty is to maximise the financial return to the stockholders. Hence, if managers spend corporate funds for social purposes, they are essentially stealing from the stockholders. Friedman suggested that if the stockholders want money spent on social causes they are free to do so as individuals using their dividends.

Another famous critic of CSR was Theodore Levitt (1958) who argued against CSR fearing that business values might come to dominate society. Levitt (1958) postulated that if business people became heavily involved in social and political activity, businesses as institutions would become the twentieth-century equivalent to the state, and this would not be healthy for society.

The ‘CSR and the stakeholder theory’ was developed by Waddock et al. (2002). They defined primary stakeholders as those which have a direct and mutual influence/stake in a company, such as owners, managers, employees, customers, competitors and suppliers. Secondary stakeholders are those with some intermediary role such as trade unions, non-governmental organisations (NGOs), activists, communities, banks, business services providers and governments. Finally, the third group are social and institutional stakeholders who are represented in the emergence of global standards, guidelines and ‘best of’ rankings which report on initiatives focused on alternative bottom lines rather than the traditional financial bottom line.

**FINANCIAL IMPLICATIONS OF CSR**

There is also a body of literature on CSR that suggests that CSR may influence the financial performance of firms in different ways (Arlow & Cannon, 1982; Carter, 2005; McGuire, Sundgren, & Schneeweis, 1988; Paton & Siegel, 2005; Wang & Bansal, 2012). For instance, some authors suggest that socially responsible actions imply added costs. Therefore, socially responsible companies would be at an economic disadvantage compared to less socially responsible companies (Aupperle, Carroll, & Hatfield, 1985; Chapple et al., 2005; Herbohn, 2005; Ullmann, 1985; Vance, 1975). Other authors claim that CSR costs can be seen as an investment in terms of effects on employee morale, productivity, consumer goodwill (Becker-Olsen et al., 2006; Chamorro & Bañegil, 2006; Klein & Dawar, 2004; Maignan et al., 1999; Soloman & Hansen, 1985; Smith & Higgins, 2000; Varadarajan & Menon, 1988); purchasing corporate responsibility
PSR (Carter, 2005); relationships with local communities and countries (Porter & Kromer, 2006; Smith & Higgins, 2000), with local governments (Blecher, 2004; McGuire et al., 1988), and with financial institutions. Other authors suggest that CSR can be seen as an indicator of managerial competence (Dunphy et al., 2003; Eilburt & Parket, 1973; McAdam & Leonard, 2003; Woodward, Edwards, & Birkin, 2001).

ETHICS THEORIES

SR of business has been a controversial topic in management literature. The arguments in favour of SR are based on two general views. The first view, as presented previously in this chapter, is based on CSR as an instrument of wealth creation. The second view is that the acceptance of CSR is the morally correct position. This view suggests that our modern industrial societies experience many serious problems created by large corporations. Hence, because business firms control so many of the resources in economies they should devote some of these resources to the overall betterment of society and the corporations have a moral responsibility to help solve or ameliorate social problems (Petit, 1967).

Jirásek (2003), in presenting the transformations of ethics and morality over 25 centuries, establishes that ethics are intrinsic to societal development, including the development of economy, ecology, society and culture, adding that ethics are subject to change, particularly with alterations in the economy, law and culture. In the same essay Jirásek proposes the emergence of a type of ‘market ethics’ produced by liberal market practices, where the ‘favoured virtue’ is ‘merit’ and outstanding performance in value creation (Jirásek, 2003, p. 345). Operational transparency, governance, honest PR and exemplary civic reputation are competitive advantages; therefore, economics and ethics are meaningfully related since both are value oriented. Changing Social Structures of Accumulation (SSA) (Kotz, McDonough, & Reich, 1994) alters the terrain in which corporate values are developed and expressed in capitalist societies. Capital accumulation depends on changing relationships and dynamics in and among capital, labour and social movements (Went, 2001, p. 171).

Ethically-grounded theories of CSR have responded to the growth of global value chains in which Northern (developed countries) buyers control a network of suppliers in Southern countries, leading to calls for increasing responsibility beyond delivery dates and quality and extending responsibility
towards environmental impacts and working conditions down the chain (Jenkins et al., 2002). This requires a more global view of ethical questions and issues.

**POLITICAL THEORIES**

Political theories of CSR are those which are focused on the dynamics between business and society (Garriga & Melé, 2004).

Under this view CSR initiatives can be seen either as emanating from the bottom up, in which enterprises are initiators; or from the top down, in which governments are initiators; and according to their focus, either on societal responsibility or on labour market responsibilities. For example, the European Union approach is framed around issues such as human rights, international labour standards, the environment, relationships with the local community and ethical investments. This has required official clarification. For instance, due to the voluntary nature of CSR, the EU has stressed that CSR is not a substitute for legislation and regulations; however, it might be seen as an extension of them because companies may go beyond compliance and invest more in environment, human capital and relationships with stakeholders (Bredgaard, 2003).

The term ‘corporate citizenship’ (CC) was introduced in the 1980s and since then it has gained recognition (Andriof, 2001; Crane, Matten, & Moon, 2004; Maignan et al., 1999; Matten et al., 2006; Matten & Moon, 2004; Matten & Crane, 2005; Rego et al., 2011; Shinkle & Spencer, 2012). Many authors (Andriof, 2001; Matten, 2005; Matten & Crane, 2005; Matten et al., 2003) recognise that the term corporate citizenship is problematic since the definition of citizenship implies a link with a politically bounded community which is generally framed within a particular nation-state. This view implies that corporations are legal and political entities in the countries in which they operate and moreover it implies that corporations have a set of political, legal and social entitlements in countries in which they operate (Marshall, 1965). Some authors (Crane et al., 2004; Matten, 2005; Matten & Crane, 2005; Oblesby, 2004) argue that the term corporate citizenship is legitimate since globalisation challenges the geographical, social, cultural and economic boundaries of nation-states, gives to corporations a pivotal role within economies and societies and challenges the role of state as the only guarantor of citizenship. The arguments emphasise that the process associated with globalisation requires a reshaping of the concept of citizenship (Crane et al., 2004; Matten & Crane, 2005).
Another angle explaining the relationship between corporations and society is the observation that the shareholders of multinational corporations include millions of working people around the world, who through retirement plans and mutual funds have their pensions and life savings invested in the shares of corporations. It has been suggested (Davis et al., 2006; Stiglitz, 2006) that if the level of awareness of this ownership is increased and a systematic accountable approach to collective ownership of corporations is taken it will have positive implications on the process of state and civic involvement.

THE BUSINESS CASE FOR CSR

The number of critical consumers, citizens and investors is increasing. Their use of information technologies has facilitated the exposure and dissemination of information on unethical civic, political, environmental and social behaviours of corporations (Becker-Olsen et al., 2006; Bredgaard, 2003; 2004; Little, 2012; Michelini & Fiorentino, 2012; Smith & Higgins, 2000). This has increased the power of the media, both to expose and to defend business practices. For business CSR thus becomes a means to improve corporate image and reputation.

The business case for CSR has persuaded some enterprises to implement it since a positive or negative image of the company affects its value. Within the management literature the business case for CSR has become pivotal for encouraging, influencing, persuading and leading business to implement it. Theories that support what is known as the ‘business case for CSR’ see CSR a strategic means to achieve economic objectives (Crooke, 2005; Friedman, 1970; Freeman & Liedka, 1991; Porter & Kromer, 1999; 2002; 2006; Scharf et al., 2012).

This instrumental view of CSR has been termed enlightened self-interest (Gray, 1972; Keim, 1978). This is the idea that SR is in the long-run in the best interests of the firm. This enlightened self-interest view has positive and negative dimensions. On the positive side, it can be argued that anything a firm does to produce a better environment will be of long-term benefit to it. A similar justification can be applied to corporate expenditure for urban/environmental rehabilitation, vocational training, cultural programmes, and other areas of social concern. In addition, the improvement of internal opportunities and the creation of better labour conditions represent more traditional expressions of this philosophy.
Company involvement in social concerns may also lead to the discovery of profitable market opportunities, and publicised social expenditure and activities tend to improve a firm’s public image. It is difficult, however, to measure the extent of economic benefits that might thus be accrued. These activities may be viewed as a form of corporate advertising that favourably projects the firm’s name to the public and thereby improves its long-term scale potential. Additionally, a firm recognised for its social programmes is likely to have an advantage in attracting recruits. Image-enhancing social programmes also tend to give the company’s employees a sense of pride in their company, which may result in higher morale and greater efficiency.

Projects and programmes demonstrating enlightened self-interest can also be implemented to avoid negative consequences. In the early part of the twentieth century, worker-compensation laws were enacted as a direct result of employer indifference to the needs of injured workers. Insensitivity to social needs can lead to the imposition of government regulations. Pollution-control and product-safety regulations also represent examples of this. Furthermore, effective social involvement may also avert harassment by social action groups and other critics. Marketing initiatives that reflect society’s concerns for social and environmental issues have increased in importance since the late 1980s and early 1990s in the United States (Chamorro & Bañegil, 2006; Menguc & Ozanne, 2005; Scott, 2005).

Other authors (Ashby, Leat, & Hudson-Smith, 2012; Gimenez & Tachizawa, 2012; Miemczyk, Johnsen, & Macquet, 2012; Porter & Kromer, 2002; 2006; Swift & Zadek, 2002; Werther & Chandler, 2005) suggest that CSR needs to be linked to strategic planning; therefore, there is a requirement for a specialised CSR agenda and management for each company. Porter and Kromer (1999, 2002, 2006) argue that CSR initiatives could be seen as a competitive advantage for a particular company if it is appropriate to the specific market context of the firm. Porter and Kramer (2006) argued that companies have inevitable demands made on them by media, activists and governments to be accountable for their actions and that each company requires specialised responses. They add that the capacity to anticipate the effects of particular actions or campaigns on public perception will act as a competitive advantage.

**CSR INITIATIVES**

Currently, interconnected civil society surveillance networks provide an incentive to companies to behave well since anti-brand websites and e-mail
campaigns can have a dramatic impact within a few days (Barwise, 2003). Global brands are now highly vulnerable to ‘internetworked’ protests around the world (Klein, 2000; Neef, 2004; Taylor & Scharlin, 2004). Pressure on multinational companies (TNC) to assume CSR initiatives varies from company to company, and depends on market outlets, products, consumers politics, and brand dependency (Riisgaard, 2004).

Similarly, a broad range of increasing risks associated with the complexity of supply chains has prompted companies to introduce strategic ethical-monitoring mechanisms across their supply chains to protect corporate reputations (Neef, 2004; Teuscher et al., 2006). A clear example of this is the case of the soybean sub-sector in the 1990s documented by Teuscher et al. (2006). Due to boycotts of genetically modified products by consumers, European retailers demanded products from their importers which were free of genetically modified organisms (GMOs). The demands created the necessity to construct and implement a traceable supply channel to guarantee the absence of GMOs, to develop social and environmental value-added products, and to establish mechanisms to produce more revenues for soybean-producing communities.

Patterns of consumption and production of international agro-business brands provide opportunities for alternative production-based and distribution-based social differentiation – through labelling or other insignia which indicate the product’s social qualities (see Renard, 1999). However, a tendency of sequential transformation from niche markets to mass-markets has been observed (see Codron et al., 2005). As an illustration, the EurepGAP\(^1\) protocol has become the minimum market-entry requirement for agricultural products for European retailers and the Ethical Trade Initiative (ETI) has agreed to apply the protocol to all own brand products.\(^2\)

While manufacturing and apparel industry literature on CSR seems to be focused on human rights and labour rights, the literature on implementation of CSR in agribusiness pays special attention to environmental issues, such as the use of pesticides, the impact of agribusiness practices on workers’ health and the sanitation of water (Smith & Feldman, 2004).

**VOLUNTARY INITIATIVES**

Voluntary initiatives are those which are either led by corporations or NGOs, and which have no legal implications (Riisgaard, 2004, p. 2). Voluntary private initiatives can be classified into five categories: international labour
standards, international framework agreements (IFAs); codes of conduct, social labelling/certifications and socially responsible investment (SRI).

**International Labour Standards**

International labour standards refer to those labour principles, norms, conventions and recommendations which do not depend on national circumstances, and that are intended to be universally applied. These standards cover issues in the areas of: employment, work, social security, human rights and social policy (ILO, 2013). Labour standards are multi-dimensional and might vary from country to country depending on national institutions, economic interests, income level, stages of development, openness to trade and economic, social, political and cultural conditions (Brown et al., 1998; Busse, 2003).

George Tsogas (1999) provides an overview of the main arguments for international regulation of labour standards. He examines the decisive role of international organisations, such as the International Labour Organisation (ILO), in setting international labour standards through social clauses in trade-related agreements. Tsogas also argues for the applicability of labour standards in trade agreements.

The inclusion of labour standards elements in trade agreements, such as the European Union and the United States Generalised Systems of Preferences (GSP), provides examples of initiatives at the bilateral level. Moreover, labour standards have also been addressed at the regional level through provisions such as the adoption of EU Charter of Fundamental Rights, and the labour side agreement of the NAFTA. At the multilateral level, examples of initiatives include the linking of WTO membership to ILO membership. In this case, a country trading with another with better labour protections will be required to meet the standards of its trading partner. Violators of this principle will be subject to WTO sanctions.

Social clauses involving labour issues are best addressed in regional trade agreements such as NAFTA, the European Union and APEC rather than multilateral trade agreements due to the current limited influence of labour on multilateral organisations such as the WTO (Tsogas, 1999). What Tsogas (1999) proposes can be seen as a ‘race to the top’ (as opposed to a ‘race to the bottom’) in labour standards in which market incentives are deployed to motivate better labour protection (e.g. full compatibility with ILO standards).
Codes of conduct have been gaining the interest of stakeholders and academics since the 1990s (Jenkins et al., 2002). This interest has been growing mainly as a result of demands by consumer groups and other socially and environmentally committed actors, including amongst them many managers of corporations themselves (Kolk, Welters, & Van Tulder, 1999; Risso, 2012; Taylor, 2011). Jenkins (2001) identifies variability in scope and coverage variability amongst codes and classifies them into five main types: company codes, trade association codes, multi-stakeholders codes (MSC), model codes and inter-governmental codes (IGC).

The development or adoption of codes of conduct in agribusiness is associated with branded companies, usually with high public profiles (Jenkins, 2002; Tallontire & Greenhalgh, 2005). It has been found that consumer goods industries tend to be more conducive to code development. The literature establishes that both codes of conduct and social labels stimulate social concern among consumers, and can provide market-based incentives to producers to improve labour conditions in niche markets (Stichele et al., 2005; Taylor, 2011; Taylor & Scharlin, 2004; Urminsky, 2001). However, no unanimity exists on regulation of CSR homologous to corporate financial accountability (Morrøs Ribera, 2003). Doubts on social accountability and social-auditing instruments developed by TNCs have been based on the fact that these instruments were designed by the environmentally and socially damaging TNCs themselves (Morrøs Ribera, 2003).

The striking growth of voluntary corporate codes of conduct dealing with labour conditions is attributed by Jenkins et al. (2002) to a global tendency to corporate self-regulation in areas such labour and environmental standards and human rights which were historically government-regulated. Several arguments explain the proliferation of corporate codes of conduct, mostly associated with PR strategies and consequently the role of marketing in labour, social and environmental relations. The overall explanation given by Jenkins et al. (2002) to explain the growth in numbers and importance of corporate codes of conduct is that they are responses by MNCs designed to defend their reputation from consumer and political pressures from both trade unions and NGOs. They are also attempts to legitimise their globalising production practices by utilising internationally accepted labour standards.

The literature shows that voluntary codes are developed and implemented to respond to market incentives and that there are no legal or regulatory
obligations to meet the commitments expressed in these codes. Nevertheless, codes of conduct are justified as mechanisms which engage and encourage suppliers to act consistently with internationally accepted social standards (Arts, 2002; Becker-Olsen et al., 2006; Bredgaard, 2004; Cardozo Brum, 2003; Chambron, 1999; Collins & Burt, 2006; Davis, 1973; Hammer, 2005; Nelson, 2002; Riisgaard, 2004; Sheller, 2005; Taylor & Scharlin, 2004). Development and implementation of codes of conduct is associated with competitiveness since it opens market opportunities (Chamorro & Bañagil, 2006; Clark, 2000; Davis, 1973, 1980; Levy, 1999; Maignan & Ferrell, 2003; McWilliams & Siegel, 2000; Swift & Zdek, 2002; Tallontire & Greenhalgh, 2005; Teuscher et al., 2006).

Labour issues embraced in codes of conduct often reflect publicised labour problems. For instance, Urminsky’s (2001) research was focused on core labour standards (forced and child labour, employment discrimination, freedom of association and collective bargaining, wages and occupational health and safety). He found that 33 per cent of the sampled codes of conduct addressed freedom of association and/or collective bargaining, in contrast with 70 per cent covering employment discrimination. Additionally, he found that 51 per cent of the 258 codes formulated commitments related to wage levels. Health and occupational safety appear to be the most frequent labour issues to be included in codes of conduct. Seventy-one per cent of the revised codes refer to health and occupational safety. Furthermore, the involvement of NGOs and trade unions in developing the codes of conduct increases the likelihood of including freedom of association and/or collective bargaining (Urminsky, 2001).

The involvement of trade unions and other NGOs in the development of codes of conduct increased the likelihood of the inclusion of social and community goals (Jenkins, 2001; Nelson, 2002; Riisgaard, 2004; 2005; Schmidt, 2004; Urminsky, 2001). Urminsky’s (2001) research reveals that 27 per cent of the sampled codes included provisions for community involvement.

Global networks of codes of conduct both at company and sectoral level could counteract competitive ‘race to the bottom’ tactics, and lock key suppliers into a commitment to raise rather than lower labour standards (Jenkins et al., 2002). Nevertheless, the universalistic and generalised approach assumed by corporate codes of conduct is questioned. Instead, a particularisation of codes based on the complexity of supply chains and consideration of specific contexts definitively increases the inclusion and representation of the interests of those the codes are supposed to represent.
Corporate codes of conduct are also presented in the literature as controversial for brand-based activism as they are a non-legally-enforceable set of good intentions administered by PR departments and abuses that exist at corporations’ production sites, therefore, tend to be denied. An example of this is provided by Klein (2000), who describes how Shell in 1999 adopted a code of conduct without enforcing and monitoring the measures concerned.

The literature shows that despite the fact that corporate codes of conduct have been associated with improvement of workers’ pay and working conditions, they could increase their impact if linked to other campaigns and initiatives. The literature suggests that corporate codes of conduct, in the absence of universally agreed commitments to the demands and needs of labour, can represent a pivotal framework for workplace justice and for a broadened commitment to responsibility beyond the workplace (Jenkins et al., 2002; Teuscher et al., 2006). Codes of conduct can also be understood as part of supply chain management systems which help companies to reduce inherent risks in global supply chains through the implementation of communication and intermediation strategies, third party involvement, the use of broadly recognised standards and the establishment of accountable partnerships.

Social Labelling

The term social labelling implies a physical label carrying information on the social, environmental and/or labour conditions under which the labelled good or service was produced (Urminsky, 2001). The issues covered by a social label depend on the activity and the sector involved. Licensing is another means of social labelling. The process of licensing consists of a registration given to producers who meet the social label criteria. Social labels have their rationale in media and civil campaigns targeting affluent consumers in developed countries and producers in developing countries, and in the belief of consumers in their buying practices as political acts which can change market behaviour. Social labels demand a costly infrastructure comprising administration, consumer outreach, publicity, monitoring and verification management, which is passed on in some cases to the consumer in the form of a mark-up (Carrero & Valor, 2012; Stichele et al., 2005; Urminskey, 2001). Often, however, just a small percentage of the revenue is distributed back to local producers to cover the programmes that justify the labelling (Urminskey, 2001). Due to the commercialised
characteristic of certifications, monitoring and labelling initiatives, consumers have raised transparency concerns.

Originally, social labels were created for non-labour issues. However, due to the involvement of trade unions in social labels, labour issues have been added to the labelling agenda, and the development of social auditing has positioned the right to collectively bargain and freedom of association as ‘the Holy Grail of social auditing’ (Hunter & Urminsky, 2003, p. 52). However, social auditing, reporting and management systems of sourcing are often technical solutions to political problems and do not address the power imbalance presented across the sourcing relationships (Urminsky, 2001).

The effects of social labelling can be assessed from apparently antagonistic positions. On the one hand, social labelling may help to build intra-organisational consensus and partnerships which may improve working conditions, may help to raise funds for specific programmes, may develop compliance to labour legislation and may cause industries to adopt codes of conduct (Taylor & Scharlin, 2004; Urminsky, 2001). On the other hand, social labelling may have adverse impacts, such as financial difficulties for producers (and as consequent job losses), legal incompatibilities with national labour law, higher prices and lower market penetration, inconsistency with national competition law and international trade law, and truth in advertising law (Urminsky, 2001). Some authors suggest that labelling programmes tend to lack transparency in the verification process, discriminate against producers in developing countries who are unable to finance a labelling strategy, and promote foreign intervention in national standards settings (Stichele et al., 2005; Urminsky, 2001).

Gereffi et al. (2001) classified the certification industry into four categories: (a) First-party certification, in which single firms develop their own rules and report on compliance; (b) Second-party certification, whereby a trade organisation or an industry manufactures a code of conduct and implements reporting methods; (c) Third-party certification is frequently externally imposed by NGOs who are given the task of setting the rules of behaviour and compliance mechanisms on a particular industry or firm and (d) Fourth-party certification, whereby companies agree to be scrutinised and monitored for their environmental, labour, and human rights impacts according to principles of voluntary governance mechanisms decided by governments or multilateral agencies.

Examples of social labelling initiatives include SA8000, ETI Base, Global Reporting Initiative (GRI), OHSAS18001, EurepGAP and the Sustainable Agriculture Initiative (SAI). The Social Accountability 8000 was promoted
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by Levis-Strauss & Co. as a response to public accusations in 1991 of exploitative labour practices towards its female labour force (Morró Ribera, 2003). Social Accountability International (SAI) developed the SA 8000 standard and focused primarily on producers and suppliers. Although the main certifications of SA 8000 are in manufacturing and production, SA 8000 is also used in agriculture (25 of the 655 SA 8000 certifications up to March 2005 were in agriculture) (Stichele et al., 2005). SA 8000 is based on both the Human Rights Declaration and International Labour Organization's fundamental Conventions on labour rights. The SAI Platform is an industry based approach which counts on the participation of major TNCs in the agriculture sector (http://www.saiplattorf.org).

Some further examples of social labelling in agriculture are: the European Good Agricultural Practices (EurepGAP); Hazard Analysis and Critical Control Point food safety regime (HACCP); the ETI, ISO 14000; and the Forest Stewardship Council (FSC).

Some social labelling accreditation bodies such as the ETI and SA8000 include the views of trade unions, consumer groups, NGOs, workers and local governments as part of the auditing process to provide information on local conditions and sector specific issues (ETI, 1999; SAI, 2007).

International Framework Agreements

The literature suggests that since the 1990s partnerships between business and NGOs have gained popularity (Arts, 2002). The literature also observes that corporations, in order to safeguard their social and environmental reputations, are moving towards traceable, supply-management based accountable partnerships (Neef, 2004; Taylor & Scharlin, 2004; Teuscher et al., 2006). Teuscher et al. (2006) identify measures such as stakeholder engagement, joint planning, mechanisms for price setting along the chain, use of systematic partner evaluation tools and periodic workshops between partners, which may reduce partnership risks.

IFAs are accords negotiated between Multinational Companies (MNCs) and sectoral trade union federations concerning their international activities regarding minimum labour standards, such as a freedom of association and the right of collective bargaining (Niforou, 2012; Riisgaard, 2005; Schômann et al., 2008).

The IFAs must comply with the following: (a) conventions must be referenced to the ILO; (b) provisions for the MNC to influence its suppliers, contractors, subcontractors and licensees to ensure the accorded standards...
are implemented through the supply chain must be included; (c) a provision for trade union involvement in the implementation and monitoring must be included; and (d) a signatory right for the global union and the regional or national union structures must also be a component of the IFA (Graham & Bibby, 2002; Hammer, 2005; Nilsson, 2002; Thomas, 2011).

The first IFA was signed between the French-based MNC, Danone (former BSN Group) and the IUF (International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers’ Associations) in 1989. Since then, over 50 IFAs have been signed in a broad range of sectors, and although early IFAs were focused on specific workplace issues, increasingly they have included environmental concerns, relations with local communities, and other CSR aspects (Schömann et al., 2008).

The increase of IFAs is attributed in the literature to the failure of social dialogue in Global Multilateral Institutions such as the International Labour Organization (ILO), the World Trade Organisation (WTO), the Organisation for Economic Co-operation and Development (OECD), the World Bank, and the International Monetary Fund (IMF) (see Hammer, 2005). Hammer (2005) claims that IFAs constitute platforms for international labour relations, since IFAs legitimise GUFs (Global Union Federations) as bargaining partners. He argues that even though IFAs are voluntary agreements, not legally as binding as corporate codes of conduct, they contain obligations which are monitored by labour and they set responsibilities for MNCs with regard to minimum labour standards in foreign operations beyond national boundaries. He adds that the potential of IFAs to raise minimum labour standards of MNCs is vast and that their complexity requires systematic involvement in negotiation, implementation and monitoring at all levels of the labour movement. There is a difference between IFAs depending on whether they operate in buyer-driven supply chains (in which they function as rights agreements), or in producer-driven chains in which they function more as bargaining agreements.

Socially Responsible Investment

Another form of CSR is SRI\textsuperscript{11} (Crifo & Forget, 2012). It is defined as the making of investment-related decisions that seek social change while maintaining economic returns. SRI can be classified into screening of investment funds and shareholder initiatives (Friedman & Miles, 2001; Sparkes & Cowton, 2004). Screening of investment funds consists of stock
investment or disinvestment in publicly traded companies based on the social performance of a company (Managi, Okimoto, & Matsuda, 2012). Shareholder initiatives aim to influence a company’s social behaviour through mechanisms such as voting and submitting shareholders’ resolutions, raising concerns at shareholders’ annual meetings and attempting to reach agreements with management. The literature suggests that, beyond anecdotal evidence, the impact of SRI in labour issues remains inconclusive (Fombrun, 2005; Urminsky, 2001). Nevertheless, the literature reveals instances of companies with international outsourcing experiencing labour-issues-related interventions through shareholder activism. Socially responsible investors tend to be located in public retirement and pensions funds, religious groups and educational institutions. Since 2000, British pension funds ‘require pension fund trustees to disclose their policies on socially responsible investment, including shareholder activism’ (SRI, 2000).

MANDATORY REGULATIONS

Mandatory regulations are defined as those which are legally binding (Delbard, 2008; Riisgaard, 2004, p. 2). In the case of the agricultural sector, national legislation in some countries regulates the establishment and operation of workers/employees and/or employers/farmers/owners organisations in the sector (Chivu et al., 2005).

Enforced Self-Regulation and Innovative Legislation

Most of the literature focuses on businesses as the drivers of what is called the ‘agenda for social responsibility’ since it is associated with the privatisation of governmental responsibilities over society. However, some studies, for instance Moon (2004) focus on the role of government as a driver for CSR in the European Union. This will be briefly described in the next subsections.

INSTITUTIONALISED CSR PROVISIONS IN THE UNITED KINGDOM

Moon (2004) observes that while the privatisation of social goods in the United Kingdom is partially a mechanism for relief of government fiscal
responsibility, it is also a response to consumer demands related to the supply of traditional social goods. Some of these initiatives revolve around CSR:

(i) The creation of a CSR umbrella organisation within the British Industry Confederation which evolved into Business in the Community (BITC) which is currently part of the U.K. Department of Trade and Industry (DTI). This covers a large range of CSR issues such as the development of CSR skills, raising of CSR awareness, the business case for CSR, and the support of SMEs in CSR (DTI, 2004).

(ii) The appointment in March 2000 by Tony Blair of the first minister of CSR in the world.

(iii) The U.K. parliament has two all party groups on corporate citizenship (European Commission, 2006).

THE EUROPEAN UNION AND THE LISBON AGENDA

The evolution of ‘official’ CSR in the European Union can be traced to the European Business Declaration against Social Exclusion in 1995. Other important milestones are the recommendation in May 1998 by the Gyllenhammar Group underscoring the importance of social dialogue in facilitating the implementation of change in the work place and advocating that anticipation and management of change through voluntary initiatives to be provided at various levels by the community rather than through legislation (Weber, 1998). This report emphasises that business and government should share the responsibility for ensuring employability of the workforce (idem). In the same year the Lisbon Appeal of Heads of State and Government on CSR was promulgated. Some other initiatives in this regard are: the ‘EU Recommendation on environmental issues in companies’ annual accounts and reports’ in 2001; ‘European Strategy for Sustainable Development’ in 2001; the ‘European Commission’s Green Paper 366: Promoting an European Framework for corporate social responsibility’ released by the European Commission in July 2001, the first European Presidency (Belgium) Conference on CSR, etc.

Social dialogue

Social Dialogue (SD) is an European tool which was designed to democratise the legislative and policy system of the European Union (Keller, 2006;
Nordestgaard & Kirton-Darling, 2004). It involves the European Trade Union Confederation (ETUC), the Union of Industrial and Employers’ Confederation (UNICE) and the European Centre for Enterprises with Public Participation (CEEP). The European Commission, in its Communication concerning the application of the Agreement on Social Policy,\textsuperscript{14} indicates that labour and management are to be understood as social partner organisations organised across industry or by sector (EF, 2006).

Social Dialogue differs from processes of tripartite consultation in the sense that it gives legal provision to both parties to conclude voluntary agreements. Therefore, it moves industrial relations from the traditional trilateral negotiation to a voluntary bilateral form which does not include the state any longer. It also moves from adversarial confrontations to consultation processes leading to mutual agreement. However, there are variations of the European Dialogue which do include tripartite consultation between labour organisations, management organisations and Community\textsuperscript{15} institutions in the context of European Employment Strategy (EF, 2006).\textsuperscript{16}

**CSR SINCE THE 1990S**

Since the 1990s, the global market for agricultural products requires suppliers to comply with increasing regulatory and voluntary standards, imposed on supermarkets’ global value chains (Barrientos & Kritzinger, 2004; Codron et al., 2005; Tallontire & Greenhalgh, 2005). The process of deregulation, the shrinking role of the state, the national effort to attract Foreign Direct Investment (FDI), flexible policy arrangements towards Transnational Corporations (TNCs) and challenges to conventional trade-union strategies and practices since the 1980s in many ways provide the preamble for the emergence of CSR in the 1990s. This emergence is manifested in the proliferating of codes of conduct and other voluntary standards reflecting environmental and social commitments. Many of these standards have resulted from a civil-society backlash reflecting concerns about social, economic and environmental conditions of production (Dombois, 2003; Jenkins, 2001, 2002; Maitra, 1997; Palazzo & Scherer, 2008; van Marrewijk, 2003).

Three factors have facilitated the development of the current era of CSR:

1. The formulation of the field of ‘Business Ethics’ by academics, policy makers and business firms since the 1960s.
2. The perceived decline in state influence in the public sphere and the consequent transposition of governing power to civil society (which has traditionally acted in the private sphere).

3. Rapid economic globalisation with its effects on societies, the environment and business strategy.

Since the 1990s the discourse about CSR has become more prominent in managerial, governmental, policy analysis and civil society publications (Michael, 2003). During the 1990s, some firms began to recognise their role in the social welfare of their stakeholders and assume greater responsibility towards development.

In 1999, United Nations Secretary-General Kofi Annan asked corporations for demonstrations of good global citizenship in human rights, labour standards, and environmental protection by joining the U.N. Global Compact actions and reporting guidelines. This call was adopted by many companies. Companies who are now leaders in CSR and sustainable development were in crisis and were targets of criticism for their abuses at the time. Among these companies are Nike Corporation, Chiquita Brands, Shell Oil, Levi-Strauss, McDonald's and Coca Cola.

The Lisbon European Council (2000) strategic target requires a dynamic interaction of economic, employment and social policy in which CSR may be one way, at least at the rhetorical level, to balance the needs of employers, employees and the unemployed (Bredgaard, 2004). In July 2001, the European Commission published a Green Paper, the aim of which was to launch a wide debate on how the European Union could promote CSR at both the European and the global level. During the following six months, responses from international organisations, such as EU institutions, NGOs, social partners, individuals and other interested stakeholders, were submitted to the European Commission. In July 2002, the European Commission proposed a new strategy based on the responses to the Green Paper which defines CSR as 'a concept whereby companies integrate social and environmental concerns in their business operations and their interactions with their stakeholders on a voluntary basis' (European Commission, 2002, p. 3). It also proposed the establishment of a CSR Multi-stakeholder Forum to discuss CSR in Europe. The first Forum took place in October 2002 and brought enterprises together with other stakeholders including NGOs, trade unions, investors and consumers. The purpose of the Forum was to promote innovation, convergence and transparency in CSR practices and tools such as codes of conduct, labels, reports and management instruments.
CSR AND LABOUR ISSUES IN SUMMARY

The literature on CSR and labour issues can be divided into thematic trends. A trend can be observed, especially in business literature, to look at CSR as a risk-management strategy. A significant number of mechanisms (e.g. social labelling and fair-trade) were established in the 1990s by supermarkets and other food retailers in the North in order to reduce their vulnerability to consumers' and other stakeholders' (civil society) concerns on social, labour and environmental issues.

A second track of the literature on CSR and labour issues is associated with the economic considerations of CSR initiatives, especially with the value added in relation to the ethical quality of goods and services. The policy-making literature provides positive feedback on this aspect of the implementation of voluntary mechanisms of responsibility over supply chain governance.

A third track of the literature on CSR and labour reflects a third stage of CSR-development – scepticism and uncertainty, in which value chains are increasingly fragmented, making it difficult to differentiate between producer-driven chains and buyer-driven chains. In industries such as agriculture, CSR can be seen only in terms of its business function for retail industry and proactive governance over the value chain is often avoided.

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NOTES

1. EUREPGAP began as an initiative of Euro-Retailer Produce (EUREP) Working Group in 1997, aiming to develop a global certification on Good Agricultural Practices (GAP), after food safety crises such as the mad cow disease (BSE) outbreak in 1996, the use of pesticides and the progressive introduction of GMOs raised concerns amongst consumers of the conditions food production (http://www.eurepgap.org).

2. The goal of ETI is to ensure that goods consumed by United Kingdom were produced according to internationally recognised labour standards. Six of the United Kingdom’s largest supermarkets: Tesco, Sommerfield, Marks & Spencer, J Sainsbury, The Co-op and ASDA are members of the ETI.
3. In 1968, the United Nations Conference on Trade and Development (UNCTAD) recommended the creation of a ‘Generalised System of Tariff Preferences’ under which industrialised countries would grant trade preferences and deeper tariff cuts to less-developed countries (LDCs) (UNCTAD, 2002). There are currently 13 national GSP schemes notified to the UNCTAD: Australia, Belarus, Bulgaria, Canada, Estonia, the European Union, Japan, New Zealand, Norway, the Russian Federation, Switzerland, Turkey and the United States of America (UNCTAD, 2002). The US GSP was instituted on 1st January 1976 for a 10-year period, and it has been renewed periodically. It provides preferential duty-free entry for more than 4,650 products from 144 designated beneficiary countries and territories (USTR, 2006). The EU GSP was implemented in 1971. In 2001 the European Council adopted an ‘EBA (Everything But Arms) Regulation’ – (Regulation (EC) 416/2001) granting duty-free access without quantitative restrictions to all products from LDCs, except fresh bananas, sugar and rice (EC, 2001).


5. The North American Agreement on Labour Cooperation (NAALC) is a side agreement to the NAFTA which promotes the enforcement of national labour laws and transparency in the administration of these laws. The NAALC created both trilateral and domestic institutions.

6. Urminsky’s (2001) research (258 codes of conduct) found that the leather and footwear industries alone account for 24 per cent of the industry-distribution of codes, whereas the food and drink industry account for 10 per cent. However, no evidence is given specifically for codes of conduct in agricultural production.

7. Our own term.

8. The ISO 14000 model is primarily concerned with environmental management.

9. Environmental Trade Initiative (ETI) defines itself as ‘an alliance of companies, non-governmental organisations (NGOs) and trade union organisations. We exist to promote and improve the implementation of corporate codes of practice which cover supply chain working conditions. Our ultimate goal is to ensure that the working conditions of workers producing for the UK market meet or exceed international labour standards’ (http://www.ethicaltrade.org).

10. SA8000 is a social accountability standard for decent working conditions, developed and overseen by Social Accountability International (SAI). It defines itself as a ‘comprehensive and flexible system for managing ethical workplace conditions throughout global supply chains’ (SAI, 2013). It provides definition of terms and transparent, measurable, verifiable standards based on major multinational agreements in nine essential areas: child labour, forced labour, health and safety, freedom of association, discrimination, disciplinary practices, working hours, compensation and management.

11. Socially responsible investment has its roots in the late-eighteenth century in U.S.-based religious decisions not to invest in companies engaged in alcohol, gambling and tobacco (Urminsky, 2001).
12. BITC in 2006 has a membership of over 750 firms, 71 of which are in the FTSE 100, and together employ over 12.4 million people in more than 200 countries (http://www.bitc.org.uk).

13. The Gyllenhammar Group was a high level task force appointed by the European Commission to evaluate the social and economic impact of industrial change. The group was lead by Pehr Gyllenhammar, former chairman of Volvo (Taylor, 1999).


15. In this case, the word community refers to those institutions which in an official or unofficial manner represent the interest of the European Community. For instance, the European Commission is considered a European Community Institution.


17. ‘Let us choose to unite the powers of markets with the authority of universal ideals. Let us choose to reconcile the creative forces of private entrepreneurship with the needs of the disadvantaged and the requirements of future generations’ (Kofi Annan during the launch of the Global Compact Initiative in 2001).

REFERENCES


