1 Corporate Responsibility

An Overview

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Why Should We Deal with the Question of Corporate Responsibility?

Corporate Responsibility refers to corporate policies, practices and outcomes related to issues including employee well-being, climate change, human rights or diversity. It can include changes in the production process to reduce greenhouse gas emissions, changes in labour relations to secure and improve working conditions both within the firm and its supply chain or contributions to the local community such as infrastructure or philanthropy (Aguilera et al., 2007) Therefore, corporate responsibility tackles issues relevant for human day-to-day life and the constitution of the natural environment.

Why should we address and deal with the question of the responsibility of corporations? In light of the sheer extent of ecological and social challenges, the urgency to fundamentally change the way our economy operates is apparent (Klein, 2014; Wright & Nyberg, 2015) The aim for this development is stated in the definition of sustainable development, defined as meeting "the needs of the present without compromising the ability of future generations to meet their own needs" (Brundtland Commission, 1987, p. 24). For corporations, this has been translated into the so-called triple-bottom line. The core idea states that business firms should address sustainable development via integrating economic, social and environmental goals at the same time (Elkington, 1998). Therefore, corporate responsibility in principle connects to all 17 Sustainable Development Goals. While governments are essential in setting the legal frameworks to create a more sustainable economic system and societies, it is corporations that have to implement the necessary changes in production, transportation, and consumption as well as (co-) develop and deploy new technologies in this process. In addition, it is impossible to regulate everything in detail. Therefore, addressing the responsibility of corporations also implies that they should not try to find the potential loopholes but act in the spirit of the regulation. Given the enormous social and environmental challenges and the role that especially big corporations both play in causing them but also their crucial role in tackling them, we use the term "corporate responsibility" instead of corporate social responsibility. With this terminological choice, we indicate that corporations have a broad responsibility towards society with regard to economic prosperity, social equity and environmental integrity (Montiel, 2008). They must go beyond treating these issues as just one part of their activities or even only for the sake of appearances (Roberts, 2003). Rather, in the understanding of corporate responsibility, corporations have to integrate economic prosperity, social equity and environmental integrity in all their structures and processes, i.e. in their strategic thinking as

DOI: 10.4324/9780429243165-2

well as their daily operations. However, we do not deny that there can be real tensions between financial and ethical imperatives and that engagement in corporate social responsibility activities can serve different functions (see also Roberts, 2003).

However, and despite a growing urgency for change towards more sustainability (e.g. Rockström et al., 2009; United Nations Environment Program, 2018), scientific results demonstrate that the business world has achieved only little in this regard to date (Whiteman et al., 2013; Wright & Nyberg, 2015). Yet, the current pandemic shows how relevant it is that the business world is taking its responsibility, e.g. towards its workers:

> ***The Companies Putting Profits Ahead of Public Health*** *– Most American restaurants do not offer paid sick leave. Workers who fall sick face a simple choice: Work and get paid or stay home and get stiffed. As the new coronavirus spreads across the United States, the time has come for restaurants, retailers and other industries that rely on low-wage labor to abandon their parsimonious resistance to paid sick leave. Companies that do not pay sick workers to stay home are endangering their workers, their customers and the health of the broader public. Studies show that paying for sick employees to stay home significantly reduces the spread of the seasonal flu. There's every reason to think it would help to check the new coronavirus, too. A federal law mandating paid sick leave is necessary because the coronavirus is just an instance of a broader problem. Norovirus, a major cause of food poisoning cases, sickens some 20 million Americans each year, and kills several hundred. Outbreaks often are traced back to sick food service workers, prompting the C.D.C. to recommend paid leave as a corrective. The spread of seasonal flu and other diseases is also greatly exacerbated by sick workers. If we work sick, then you get sick, Chipotle workers chanted during a recent protest.*
>
> (The New York Times, March 14, 2020).

> ***Covid outbreak exposes dire conditions at Guatemala factory making US brands –*** *A garment factory supplying Gap, American Eagle and Amazon was at the centre of one of the worst Covid-19 outbreaks in Guatemala, the Guardian can reveal. When all 900 workers were tested, 201 positive cases were reported. The virus outbreak went on to cause the death of at least one KP Textile garment worker. In statements to the Guardian, Gap, American Eagle and Amazon said their suppliers had been issued with detailed guidance on Covid-19 preparedness and mitigation and they are committed to rigorous labour standards. Despite the billions of dollars generated in the zones, Guatemala's garment workers have been left particularly vulnerable to coronavirus, and are unable to save for times of sickness or unemployment. The minimum wage for the sector is 2,831 Quetzales (£330) a month, although unions report that some workers are paid as little as £181. The living wage in Guatemala is £680. Only two maquilas in the country have trade unions as attempts to organise have been met with violence and dismissal. The pandemic has exposed the brutal conditions workers have to endure.*
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> (The Guardian, August 6, 2020)

These two examples demonstrate the urgency and relevance to engage in discussions about corporate responsibility – within the scientific community, among management practitioners, politicians and students.

This is a timely discussion given that "not only government officials and social activists but also millennials (Deloitte, 2019), global investors (Mudaliar & Dithrich, 2019), and even CEOs of corporate giants (Business Roundtable, 2019) are calling upon companies to account for their effects on people and planet and to take actions that positively impact society in addition to serving their shareholders" (Battilana et al., 2020, p. 3). The topic is also gaining more and more relevance for the scientific community of organization studies and the management literature more generally. Whereas the topic has long been discussed in specific sub-communities in their respective journals (such as "Journal of Business Ethics", "Business and Society"), it has become a mainstream topic with publications in highly ranked journals, encompassing areas such as strategic management, accounting, or entrepreneurship. Moreover, the annual meetings of the large scientific associations in that field put the topic prominently on their agenda. For instance, already in 2009, the Annual Meeting of The Academy of Management was held under the theme of "Green Management Matters". Similarly, the European Group of Organization Studies put the topic on the agenda and, for instance, held its annual colloquium in 2020 under the general theme "Organizing for a Sustainable Future". Despite these important changes, the topic of corporate responsibility is not yet belonging to the key topics in management and organization research and is in many places still a niche when it comes to student education.

To Whom and for What Are Corporations Responsible?

For looking at the phenomenon of corporate responsibility, a central starting point is to understand that "corporations receive a social sanction from society that requires that they, in return, contribute to the growth and development of that society" (Devinney, 2009, p. 44). But what is a "social sanction"? Within the last two centuries, corporate law has developed in many countries around the world and the corporation has become the dominant economic institution. For this development it was crucial that jurisdictions guaranteed business initiatives a license to operate, including the privilege of limited liability and rights as a "legal person" (Bakan, 2004). If the corporation is granted these conditions to run its business, make profit and accumulate wealth for itself, its leadership and shareholders, the question arises what responsibilities it has towards society.

This matter is hotly debated among academics, politicians and the general public. The question is whether corporations deliver their part by "creating and delivering products and services consumers want, providing employment and career opportunities for employees, developing markets for suppliers, and paying taxes to governments and returns to shareholders and other claimants on the rents generated by the corporation" (Devinney, 2009, p. 44). A prominent advocate of such a very narrow view about corporate responsibility is Milton Friedman with his popular statement that "there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its 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, 1962). In this view, the responsibility to the shareholders and with that profit-maximization is central (for a recent critique, see Battilana et al., 2020)). This model has been the dominant model in management practice during the last 50 years. It has become an almost "natural" expectation for companies to put maximizing the share price above any other organizational goal (Battilana et al., 2020, p. 3).

Opponents to Friedman argue that corporations should serve the whole society and should superordinate ecological and social concerns over profit seeking. These scholars, often inspired by ethics (Ulrich, 2008; van der Byl et al., 2020), argue that firms that normatively subscribe to the idea of profit maximization cannot contribute to a life-serving economy, which includes social as well as ecological aspects. In addition, large corporations undeniably exert significant political influence on legislation and policymaking to further their profit interests and sometimes engage in rent-seeking. This clearly extends their sphere of influence beyond producing shareholders wealth and in that respect violates Friedman's postulate of free competition.

In this view, the economic vitality of the firm is only possible if it does not cause problems for or even harm the environment or any social groups. In other words, making profits at the expense of the environment or any social groups is strictly rejected. In the last decades, such a view has been secondary in management practice. Yet, more and more company leaders show sympathy with perspectives not exclusively focusing on shareholder value maximization. Although, how far they deviate from this ideal differs [see, for example, Grant Reid, CEO of MARS, or former Unilever CEO Paul Pohlmann, who envisioned their companies becoming more sustainable and tried to fundamentally change their corporation's strategy (Reid, 2020; Gelles, 2018)].

These two views mirror the ends of a continuum and stand in clear opposition to each other. Yet, the debate shows how difficult it is to find a way to define "responsibility" within the phenomenon of corporate responsibility. In addition, one can argue that it is extremely difficult for managers to reconcile the different and often contradicting imperatives, if they move away from the current standard model of making profit within the legal frameworks. Moreover, as Raghunandan and Rajgopal (2020) have demonstrated, socially responsible firms and funds do not appear to follow through on proclamations of concerns for stakeholders and social responsibility. Therefore, these two views represent not only the academic discussion. Instead, they are connected to a general debate about the role of corporations in society which can be found also in political debates, newspaper articles or in discussions with friends.

Beyond the question whether a firm has responsibility towards society, a second question addresses the particular kind and extent of these responsibilities. Carroll (1991, 2016), for example, suggests that companies have economic, legal, ethical and philanthropic responsibilities. As described in the beginning of this chapter, corporate responsibility refers to a very broad set of corporate policies and outcomes related to manifold issues including employee well-being, climate change, human rights or diversity. However, the nature of corporate responsibility remains "essentially contested" (Okoye, 2009) because different stakeholders may place different expectations and a different focus with regard to the various SDGs on companies.

Different issues may compete for public attention, and societal expectations around different issues are likely to emerge and change over time. This becomes clear with the example of the following two questions: Is a company responsible for the workers employed at its factories only or also for the working conditions in the whole supply chain? Is the company responsible for greenhouse gas emissions during its production process (so-called primary and secondary emissions) only or also for the emissions produced while using the company's products (so-called tertiary emissions – imagine a car, for instance)? Different people may answer these questions differently. Whether or not corporate actions are considered appropriate remains a matter of the social and political context. Especially, since we need to understand that "corporations do not operate in a singular clear society with unambiguous and uncontested norms" (Devinney, 2009).

Finally, corporations themselves play an important role in defining the meaning of corporate responsibility: "A potentially naive assumption underlying CSR is that firms are guided by society and do not deliberately manipulate that society for their own benefit" (Devinney). One of the most prominent and extreme examples in this process is the financing of "alternative research" by the oil and gas industry that has successfully sawed doubts in parts of the population in the scientific mainstream as expressed by the Intergovernmental Panel on Climate Change (IPCC) on global climate change and given some legitimacy to climate change deniers with decision-making power as the Trump government in the U.S. (The Guardian, 2015).

Defining Corporate Responsibility

A single definition of corporate responsibility is difficult. Against the backdrop of the questions discussed earlier, such a definition differs depending on how to answer those questions. In particular, the questions "To whom are corporations responsible?" and "For what are corporations responsible?" are highly disputed and controversial. Depending on the answer, the definition of corporate responsibility is significantly different.

Despite these ambiguities, corporate responsibility has become increasingly relevant for modern corporations over the last decades (Shabana et al., 2017) and has induced a major new strand of literature, in which the term Corporate Social Responsibility (CSR) is prevalent. Importantly, the term CSR, which is widely used in academic literature, newspaper articles or political discussions, is only one term to describe the phenomenon of corporate responsibility. Related concepts include the terms "corporate sustainability", "corporate citizenship" or concepts from the field of business ethics such as "ethical leadership".

The term CSR is particularly linked to the development of corporate responsibility in the approximately last 20 years, when corporate activities towards issues like employee well-being, climate change or human rights became more prominently discussed in the business world. Other terms like "moral obligations" have historically been more prominently used. For instance, Lohmeyer (Lohmeyer, 2017; Lohmeyer & Jackson, 2018) illustrates for the German case that while in the last 20 years instrumental motives are central or even dominate, the earlier discourse about corporate responsibility (in the 1970s and 1980s) was focused on moral motives of "an ethos of the entrepreneur and his or her ethical obligation". That illustrates again that corporations may have a variety of instrumental, moral or relational motives for adopting corporate responsibility policies (Aguilera et al., 2007).

In addition, defining corporate responsibility needs to account for variations across business systems and countries. Corporate responsibility is a culturally embedded phenomenon (Aguilera et al., 2007; Campbell, 2007; Matten & Moon, 2020). For instance, several definitions limit the scope towards those activities that corporations do "voluntarily" or limit corporate responsibility to policies and practices which go "beyond legal requirements" (most prominently, see McWilliams & Siegel, 2001). Looking at corporate responsibility from a cross-national perspective, it becomes clear that the legal context differs from one country to another and the same action may be considered voluntary in one context, but not so in another. This is for instance true for health insurance or paid sick leave, where corporate participation is mandated in many European countries but remains voluntary in the U.S. except in the minority of states and cities where it is required by law. Understanding these differences is very important when engaging with corporate responsibility within an international context, where, for instance, the headquarters might be located in a context very different to those of the subsidiaries.

To acknowledge the variability and contestedness of corporate responsibility, this chapter focuses on the phenomenon instead of sticking to one particular concept dogmatically.

Research Foci

In the following, we will discuss three relevant and promising research foci in the field of corporate responsibility research.

Business Case

Going back to the beginning of this chapter and the question about the role of corporations in society, one particular strand of research is very important. This strand aims to show that corporate efforts in contributing towards the social good also pay off financially at least in the long run. In this argumentation, corporate activities related to issues including employee well-being, climate change, human rights or diversity not only cost money (despite all the other positive effects for communities, workers, the environment etc.), but have a financial benefit as well, presenting an answer to the ethical dilemma outlined earlier. One prominent example of this approach, which is also often addressed in the business press and by business leaders, is the idea by Porter and Kramer called "shared value" (Porter & Kramer, 2011), arguing that financial and social goals can become synergistic.

To illustrate this perspective, let's take the example of a garment retailer. In this firm, putting financial resources in activities that eliminate child labour in the production chain and shifting towards suppliers that secure fair trade conditions in terms of labour rights, a ban on child labour and high environmental standards would definitely be cost-intensive. However, such efforts could pay off financially through better supplier relations, reduction of problems in the production process, higher prices paid by the consumer etc. In a business case framework, the relationship between financial costs and financial benefits is addressed.

This perspective is often summarized with the expression "doing well by doing good". However, it has often been criticized for its one-sided normative orientation on profit maximization (Battilana et al., 2020; Meyer & Höllerer, 2010). Although social or environmental considerations are included in business decisions, they are only relevant as long as they generate profit in some regard. Instead, corporate sustainability research has argued that business needs to balance economic, ecological and social demands to achieve these competing sustainability objectives simultaneously (Gao & Bansal, 2013; Hahn et al., 2014, 2015, 2018, p. 235; van der Byl et al., 2020).

A recent and very prominent critique of this perspective is articulated by Sarah Kaplan in her article "Beyond the Business Case for Social Responsibility" (Gao &

Bansal, 2013). This article beautifully summarizes the academic critique of the "business case on CSR" by raising three points. First, it appears that the business case may not provoke corporate action. Second, those who are the subject of the business case – for example, women or racial minorities who are the supposed beneficiaries of the "business case for diversity," or environmental activists who should feel support from the "business case for sustainability" – may actually experience negative consequences. Third, advocates for social change both within and outside organizations may feel diminished by the experience of having to make the business case for the social issues they support.

Kaplan argues that there are oftentimes real trade-offs that simply cannot be resolved through a win-win business case, and using a "business case" framework keeps us from addressing those trade-offs. In order to overcome this problem, she suggests three interrelated solutions: (1) Find legal and moral justifications that provoke real commitment to change, where the business case – if it is needed at all – can be constructed ex post to fit the desired course of action; (2) develop better measures that capture the interests of a diverse set of stakeholders so that companies are not trapped into focusing on the shareholder's bottom line; and (3) construct alternative governance models that would allow stakeholders to cocreate value in a collaborative process.

Stakeholder Perspective

Another important perspective on the phenomenon of corporate responsibility is the stakeholder perspective. It was developed in the 1980s and prominently introduced by Edward Freeman in 1984 with his book "Strategic Management: A Stakeholder Approach." The approach can be read as an attempt to overcome the dogmatic focus on shareholders as the only relevant group managers should be held accountable for.

The underlying idea of stakeholder approaches to strategic management suggests that

> managers must formulate and implement processes which satisfy all and only those groups who have a stake in the business. The central task in this process is to manage and integrate the relationships and interests of shareholders, employees, customers, suppliers, communities and other groups in a way that ensures the long-term success of the firm. A stakeholder approach emphasizes active management of the business environment, relationships and the promotion of shared interests.
>
> (Freeman & McVea, 2001)

It is thereby a strategic approach to ensure long-term success of a company.

A core effort for scholars in the field of stakeholder management has been to develop methods to identify the relevant stakeholders of particular firms. By definition, stakeholders are "any group or individual who is affected by or can affect the achievement of an organization's objectives" (Freeman & McVea, 2001). By this definition, groups, neighbourhoods, organizations, institutions, societies, the natural environment are generally thought to qualify as actual or potential stakeholders (Mitchell et al., 1997). One prominent approach to identify the most relevant stakeholders for a single firm was suggested by Mitchell et al. (1997). They suggest classifying stakeholders as more or less salient, based on their power, legitimacy, and urgency (Mitchell et al., 1997). The more of the three attributes a single stakeholder combines, the higher its salience for the managers of a single firm. This approach is deliberately a descriptive theory of stakeholder salience, aiming to "explain the conditions under which managers do consider certain classes of entities as stakeholders" and which "can reliably separate stakeholders from nonstakeholders" (Mitchell et al., 1997)

Although many diverse sub-interpretations of the stakeholder perspective exist, a common critique of this perspective concerns the scope of it. For instance, taking the idea seriously that particularly those stakeholders are relevant which have power, legitimacy, and urgency, this could melt down the range of diverse stakeholders to finally only include shareholders. Similarly, critics have cast doubt about the harmonist view inherent in the stakeholder perspective. They cast doubt whether corporations can actually follow goals which are not reducible to the interests of shareholders, especially since the basic moral framework of capitalism is widely accepted across the stakeholder perspective (Mansell, 2013).

Corporate Wrongdoing

Examples of corporate irresponsibility and misconduct abound. Recent events, just to name a few examples, are the Volkswagen emissions scandal, the Wirecard accounting (and possibility also governance) scandal, the Rana Plaza disaster or tax avoidance practices of many large corporations. Interestingly, but not surprisingly, monitoring of the responsibility of German companies in their supply chains since 2018 showed that not even 20% of the companies with more than 500 employees voluntarily fully complied with responsibility standards (Auswärtiges Amt, 2020) even though this was formally not illegal behaviour at that time.

Like the phenomenon of corporate responsibility, a clear definition is difficult due to the several reasons already outlined related to the phenomenon of corporate responsibility. For instance, it is an ongoing political dispute if tax avoidance practices are irresponsible or not (e.g. the case of Ireland in the European Union). Moreover, it is an ongoing discussion if corporations are responsible for activities not occurring within their direct discretion but for instance within their supply chain (e.g. the initiative "Konzernverantwortung" in Switzerland or the Supply Chain law initiative by the governing coalition in Germany that would require German companies to abide by German legal standards also in their supply chains). This directly effects if we call a corporation irresponsible for its activities or not.

Rana Plaza is an example where corporate irresponsibility is striking and the consequences on life and peoples' well-being are shockingly clear. In 2013, the Rana Plaza disaster happened in Bangladesh. An eight-story commercial building collapsed, with a death toll of 1,134 people and approximately 2,500 injured. The press called it the deadliest structural failure accident in modern human history and the deadliest garment-factory disaster in history. Whereas the local building's owner did not take his responsibility to evacuate the building after cracks had appeared the day before, the responsibility of several globally known garment chains was discussed too. Especially their extraordinary power in global supply chains and with that their pressure to complete orders on time was criticized, all linked to the system of the fast fashion industry (https://en.wikipedia.org/wiki/Fast_fashion). However, also the other events like the Volkswagen emissions scandal or the Wirecard accounting scandal had and have severe consequences for diverse corporate stakeholders and are illustrative of the significance of corporate irresponsibility.

Irresponsible activities include corporate fraud, corruption, various forms of misconduct or "grey areas" (like tax avoidance) and have detrimental effects on environmental sustainability, basic human rights, social inequality and well-being. Excluding such negative performance outcomes leads to an incomplete understanding of corporate responsibility. To investigate these effects, it is important to acknowledge that the empirical phenomenon of corporate irresponsibility and corporate misconduct is more than just an antipode to corporate responsibility.

However, for several years, research has been biased towards explaining corporate responsibility and sustainability, thus potentially neglecting it as a joint phenomenon. Taking both phenomena under study enables us to also better access the quality and effectiveness of corporate responsibility measures. For instance, an important question is not only if corporate responsibility measures increase some stakeholders' well-being, but also if it reduces other stakeholder's harm. Since quite some time scholars doubting the effectiveness of corporate responsibility measures have labeled it a form of symbolic management decoupled from any substantial change (Delmas & Burbano, 2011). These scholars argue that corporate responsibility measures have little to no effect on outcomes which directly affect stakeholders' well-being. Others have criticized corporate responsibility measures even more severely and labelled them as a form of "greenwashing" (Jackson et al., 2014; Marquis et al., 2016; Strike et al., 2006). They argue that corporate responsibility measures are often aimed to deflect attention from corporate irresponsibility. Authors show how corporate responsibility is often correlated with irresponsible practices of corporations (Jackson et al., 2014; Kotchen & Moon, 2012).

Corporate Responsibility in Practice

Since several years, the role of corporate responsibility in practices is gaining increasing relevance. This is the case at the regulatory level, at the level of an infrastructure around companies (such as consultancy, rankings) and, most importantly, at the corporate level itself.

At the regulatory level, more and more national governments started to initiate respective laws, which encompass both strict regulation and softer approaches. An example for strict regulation is the "Child Labour Due Diligence Law" in the Netherlands which requires companies selling goods and services to Dutch end-users to determine whether child labour occurs in their supply chains (Business & Human Rights Resource Center, 2019). Softer approaches often used a so-called 'comply and explain method' which mandates companies to report or to explain why they are not reporting and leave large leeway for 'what' exactly to report on. One example is the non-financial reporting directive in the European Unions (European Commission, 2020; Jackson et al., 2020). This directive mandates large companies in the European Union to report (or to explain why they are not reporting) on issues like child labour, environmental topics etc., all summarized as non-financial issues in terms of going beyond information typically listed in financial reports. Moreover, and in addition to national law, multi-actor initiatives such as the UN Global Compact or the Roundtable on Sustainable Palm Oil were founded. These frameworks, jointly supported by companies, NGOs, governments and other civil society and international organizations, are meant to guide companies to enhance their responsibilities and work as a signal to diverse stakeholders (e.g., to consumers). Beyond their guiding role, they have no binding character, however.

Another area that reflects the increasing relevance of corporate responsibility in practice is the growing infrastructure around this topic. This infrastructure includes consulting firms helping firms to address their responsibilities (Gond & Brès, 2019), data providers that collect data from firms' webpages and reports in order to create large-scale datasets (e.g., Thomson Reuters environmental, social, and governance (ESG) data), ESG ratings benchmarking company's performance (Avetisyan & Gond, 2013) or stock indices that are oriented towards firms' responsible activities (e.g. FTSE4Good Index, Dow Jones Sustainability Index or MSCI Climate Change ESG Index). That all mirrors an increasing interest at firms to engage in corporate responsibility, or at least to please their stakeholders.

Finally, looking at the role of corporate responsibility in practice, we can observe an increasing effort at the company level to demonstrate companies' responsibilities. Recent academic literature has pointed to the diverse set of drivers leading companies to adopt corporate responsibility in practice, including legislative requirements (Jackson et al., 2020; Matten & Moon, 2008, 2020), CEOs' political ideologies and values (Chin et al., 2013) or the potential business case (Hafenbradl & Waeger, 2017). Here, CSR reports by companies are particularly important. Although they often do not report about the company's activities in detail, they provide a good overview about what companies are (not) doing and what they wish others to know about their activities. To get a good impression about the diffusion of corporate responsibility practices worldwide, looking at these reports or company websites is therefore particularly helpful. Whereas most companies published a separate CSR report in the beginning, more and more firms turn to integrated reporting now – they have one report that includes both financial and non-financial information. The reports, no matter how the report is structured, often include information about adopted policies, targets, or adopted standards such as the UN Global Compact.

The following table shows a selection of relevant CSR practices and their adoption. The table illustrates the adoption worldwide. However, and since countries all have a very different CSR culture, history and also regulatory framework (Matten & Moon, 2008, 2020), the Table 1.1 shows the adoption rate in selected countries, too. As discussed earlier in terms of defining CSR, what counts as responsible business practices highly diverges between contexts. Particularly when it comes to comparing countries or regions, however, it is central to acknowledge differences in terms of diverse policy frameworks across countries. Therefore, it is important to remember from the discussion earlier that corporate responsibility is not limited to policies and practices adopted voluntarily by corporations or which go "beyond legal requirements." Since the legal context differs from one country to another, the same action may be considered voluntary in one context, but not so in another.

That is particularly important as the data set used for this illustration mirrors large stock indices worldwide. This yields important insights about the worldwide trend of CSR adoption. Moreover, looking at different countries or regions is important, too. First, it is important to acknowledge the differences in institutional context just discussed. Second, and as the concept of CSR is becoming more and more relevant not only in 'Western' countries but worldwide, the data set used for this illustration is still evolving – as the firms listed at "S&P 500" or "FTSE 250" or DAX" are included since

Table 1.1 CSR Adoption Rate (in %) Worldwide and Separately for Regions/Countries, 2019.

	Whole Sample	*China*	*Emerging Markets*	*France*	*Germany*	*Great Britain*	*Japan*	*North America*
Global Compact	11	5	7	43	24	10	30	4
Board Diversity Policy	56	29	16	69	69	65	39	65
Human Rights Policy	46	39	24	78	71	60	63	33
Resource Reduction Policy	54	78	42	79	76	57	74	40
Emission Reduction Policy	44	69	22	77	66	51	68	28
Energy Efficiency Policy	47	70	36	78	70	52	71	32
Environmental Supply Chain Selection Management	33	37	22	69	57	33	53	21
Emission Reduction Targets	24	7	8	54	43	29	55	14
Energy Efficiency Targets	17	5	7	44	29	18	36	10
Environmental Supply Chain Monitoring	24	24	9	58	47	22	38	15

**Thomson Reuters Refinitiv ESG Dataset (Download January 2021); 2019 as the most recent year as in early 2021, many data points for the year 2020 were still missing.*

several years, firms belonging for example to the "MSCI Emerging markets-China" were added only recently. That mirrors an uneven distribution across countries, which is also reflected in the numbers reported here. Combining all these data into one large "average" therefore omits significant differences between countries and regions.

First, it is striking how the adoption rates differ between the different issue areas. Looking at the whole sample, it is striking how the adoption rates for some environmental policies such as resource reduction (54%) are higher than having a human rights policy (46%). Interestingly, the adoption rate of the Global Compact across the whole worldwide sample is only 11%.

Beyond the insights about policy adoption, it is important to investigate if firms formulate specific objectives, too. For instance, the rate of an emission reduction policy is about 44% whereas the rate of companies that formulate specific objectives is only about 24%. This is similar for energy efficiency and the environmental supply chain. Whereas 47% of companies have a policy for energy efficiency, only 17% have specific targets. Similarly, 33% of companies have a policy for environmental supply chain selection management, whereas only 24% have an active monitoring installed.

Second, the adoption rate differs quite heavily between the different countries or world regions. Speaking about board diversity, two-thirds of the companies in Great Britain (65%) have a respective policy compared to only 39% in Japan. In contrast, Japanese companies have a high adoption rate of energy efficiency (71%) or resource reduction policies (74%). It is interesting since companies in emerging markets, which score quite low in many areas, have a comparable high adoption rate in these domains, too.

Third, and looking at the adoption rate over time (Table 1.2), it becomes quite clear that the adoption rate in all countries is increasing. For instance, looking at the adoption rate of the UN Global Compact, 2% of companies have signed the compact

Table 1.2 CSR Adoption Rate (in %) Over Time (2005, 2010, 2015 and 2019), Worldwide Development*

	2005	*2010*	*2015*	*2019*
Global Compact	2	6	10	11
Board Diversity Policy	1	6	31	56
Human Rights Policy	3	13	25	46
Resource Reduction Policy	8	29	38	54
Emission Reduction Policy	5	23	30	44
Energy Efficiency Policy	5	24	33	47
Environmental Supply Chain Selection Management	3	16	23	33
Emission Reduction Targets	4	15	16	24
Energy Efficiency Targets	3	10	13	17
Environmental Supply Chain Monitoring	0	5	14	24

* *Thomson Reuters Refinitiv ESG Dataset (Downloaded on 10 January 2021); 2019 as the most recent year as in early 2021, many data points for the year 2020 were still missing.*

in 2005, 6% in 2010, 10% in 2015 and 11% in 2019. This development is similar for companies that adopt a board diversity policy: 1% in 2005, 6% in 2010, 31% in 2015 and 56% in 2019. Similarly, the increase happened for policies on human rights. Interestingly, we can observe that the increase of firms having a respective policy happened earlier for environmental topics: Here, also in 2010, 29% of companies had a policy on resource reduction (8% in 2005 and 38% in 2015). This is similar for emissions reduction or energy efficiency policies.

Conclusion

Corporate responsibility is a highly important but disputed concept. Similar to other concepts like corporate sustainability or corporate citizenship, it became a crucial cornerstone in the discussion about how to transform our current societies and economic model into more sustainable ones. This is important against the backdrop of the sheer extent of ecological and social challenges and the urgency to fundamentally change the way our economy operates (Klein, 2014; Wright & Nyberg, 2015). Yet, and despite the growing urgency, scientific results show that the business world has to date achieved only little in that regard (Whiteman et al., 2013; Wright & Nyberg, 2015). This demonstrates the urgency and relevance to address questions of corporate responsibility within business practices, political discussions, in discussions with friends, in university seminars and in research on business, management and organizations.

This chapter has highlighted the many questions internal to the phenomenon. But instead of closing the chapter by arguing that the phenomenon is complicated, too many different perspectives exist, normative views would never collide – we would like to underline the value of such a multifaceted understanding of the phenomenon. First, taking one of the perspectives only would hide the plurality of perspectives that exist (Rasche & Scherer, 2014). Thinking and arguing about the different perspectives instead helps to develop our own understanding of the topic, facilitates the discussion with others as we better understand their (likely diverging) views and it finally enables business, political and societal solutions. Only through such a discussion will we be able to make progress in the transformation of our societies to a more sustainable future that is ahead of us. As we have shown, this discussion cannot be conducted in isolation but is intricately connected to the role of the state, international regimes and legal frameworks. However, no matter what the legal, managerial and governance solutions will be that will be developed to make progress towards a more sustainable future, there will always be areas that will be contested and where the concept of corporate responsibility will have to play an important role.

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