International business, corporate social responsibility and sustainable development

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\textbf{ABSTRACT}

While attention to the social and environmental impacts of international business (IB) is not new, the past years have seen renewed interest due to pressing global problems such as climate change and poverty. Multinational enterprises (MNEs) are regarded as playing a specific role given their global influence and activities in which they are confronted with a range of issues, stakeholders and institutional contexts, in both home and host countries. Their potential in being not only part of the problem, but also perhaps part of the solution, is increasingly recognised and has come to the fore in research interest in corporate social responsibility (CSR) activities and sustainable development implications of IB. Systematic study and inclusion in the literature has been lacking, however. This article examines the extent to which both concepts have been addressed in IB research, and identifies some gaps in the body of knowledge and approaches so far. It also introduces recent studies that yield interesting findings, pointing at promising areas for further research.

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1. Introduction

While attention for the social and environmental impacts of international business is certainly not new, the past years have seen renewed interest due to pressing global problems such as climate change and poverty, human rights violations and HIV/AIDS. Firms are increasingly called upon to play a positive role, and thus contribute to a more sustainable development. This applies most notably to multinational enterprises (MNEs), given their global influence and activities in which they are confronted with a range of issues, stakeholders and institutional contexts, in both home and host countries. Current interest in the contribution of MNEs to 'solving' problems has been preceded by a period in which non-governmental organisations (NGOs) campaigned against the negative implications of globalisation in general and the power of MNEs in this process in particular. Nevertheless, attempts to regulate corporate behaviour have not been very viable overall in view of the large variety of issues involved, with most of them being international in nature, and requiring a much wider consensus and harmonisation of rules and implementation mechanisms than politically and technically feasible.

The absence of widespread international regulation on social and environmental issues can be considered as both a problem and an opportunity for MNEs. Regardless of one's view, it means that there is a so-called 'moral free space' in which 'there are no tight prescriptions' for MNEs, and 'managers must chart their own course' (Donaldson, 1996: p. 56). Even if some aspects of business activities are regulated, this usually does not apply everywhere, and rules are likely to differ across...
countries/regions, as well monitoring and compliance. For MNEs, the ‘modern era of globalisation’ thus entails a balancing act between the components that are part of their ‘regular’ internationalization strategies and broader corporate social responsibility (CSR) considerations. As a result, for example, entry strategies, subsidiary relationships, and the choice of country, product and market portfolios, both upstream and downstream, involve complex decision-making processes in which a variety of trade-offs come to the fore simultaneously: economic, legal, ethical, environmental and social. In that sense, the landscape of IB has changed, and CSR is something to be taken into account explicitly in the study of MNEs, as part of the challenges to globalisation or the quality of global capitalism and its institutions (e.g. Buckley & Ghauri, 2004; Dunning, 2006, 2009; Griffith, Cavusgil, & Xu, 2008; Peng, Sun, Pinkham, & Chen, 2009).

Although a debate on definitions is beyond the scope of this paper, it can be said that approached in this way, CSR seems to be more than ‘beyond compliance’ and advancing a social cause (Rodriguez, Siegel, Hillman, & Eden, 2006: p. 736); nor does it involve ‘systematic overcompliance’ (Portney, 2008) or only ‘sacrificing profits in the social interest’ (Reinhardt, Stavins, & Vietor, 2008). Corporate social responsibility rather involves managing a firm in such a way that it can be ‘economically profitable, law abiding, ethical and socially supportive’ (Carroll, 1999: p. 286), something which is complicated when operating in a large number of different contexts with often diverging views of the role of business in society (cf. Devinney, 2009). It is the combination of these considerations that presents challenges to MNEs, in their own operations but also in their dealings with other firms and with stakeholders, with implications for society as a whole.

Concerns as to a more sustainable development, in terms of realising economic growth ‘that is forceful and at the same time socially and environmentally sustainable’, have been expressed more than 20 years ago already by the Brundtland commission (WCED, 1987: p. xii). In the past decade, the term triple P – or People, Planet, Profit – has been coined to likewise point to the need for managers to focus concurrently on the social, environmental and economic dimensions of corporate activity, in order to help shape the (sustainable) future of societies worldwide (cf. Henriques & Richardson, 2004; Kolk, 2009; Van Tulder & Van der Zwart, 2006). The impact of MNEs on sustainable development is, however, largely unclear and needs further investigation (Dunning & Fortanier, 2007; Meyer, 2004). Doubts have been raised, for example by Frynas (2008), about the notion that complex development problems might ‘easily’ be solved by corporate involvement, particularly in view of lack of evidence to support such a claim. And even though many MNEs subscribe to the triple P and sustainable development, it is open for debate to what extent this is mere window dressing and Public Relations or a realised strategy.

Nevertheless, MNEs’ CSR activities are seen as becoming increasingly strategic, in the sense that they affect the core business of the firm and its growth, profitability and survival (Kolk & Pinkse, 2008; Verbeke, 2009), with CSR as a potential source of competitive advantage (Porter & Kramer, 2006). Some firms are actively searching to link their CSR strategies to core activities in order to manage international operations and earn a ‘license to operate’ in different cultural and institutional settings. CSR in some cases seems to move from a public affairs’ concern to a core strategic activity. In which situations and under which conditions, considering issue-, stakeholder-, country-, industry- and firm-specific factors, are critical questions in this regard. The international dimension of these questions is extremely relevant, but has not yet been systematically addressed in international business research. CSR and sustainable development provide fertile areas in which existing international business theories can be tested, and from which new insights into the dynamics of the interaction between MNEs and their national and international contexts can be induced.

This special issue of International Business Review contains papers on CSR and sustainable development, thus helping to fill some of the gaps in these emerging areas of interest. While this is only a start for further research, it brings together a number of innovative papers, conceptual and empirical, qualitative and quantitative. In order to frame the five papers that were selected for this special issue, we will first discuss the extent to which CSR and sustainable development have been covered in existing IB research and briefly compare that to other managerial disciplines. Subsequently, a number of conceptual and methodological challenges are indicated, as well as novel approaches that have emerged. The collection of articles yields interesting findings and also points at a promising future research agenda.

2. Research on CSR and sustainable development

Sustainable development and CSR have only slowly been taken up as relevant concepts of study in mainstream management journals in general, and in International Business publications in particular. If we consider leading journals in four categories (general management; functional areas; international business; and specialised journals) searching for these two key words in the 1990–2008 period, the number of articles is relatively limited. Table 1 shows the distribution of the more than 1700 articles published in twenty leading journals that makes a reference to the terms. It should be noted that the number of articles that actually has CSR or sustainable development as prime topic of research is considerably smaller. But even when using this very lenient criterion, it is still remarkable that, except for specialised journals on business ethics and business and society where CSR has received most attention, more than 97% of the articles in main management journals over the past two decades have not referred to either CSR or sustainable development at all.

While the prominent consideration of CSR (and to a lesser extent, sustainable development) by specialised Business Ethics and Business & Society journals is not that surprising, the four main IB outlets (Journal of International Business Studies, Management International Management Review, Journal of World Business and International Business Review) have mentioned ‘sustainable development’ slightly more often than their mainstream management counterparts. This signals the growing attention for emerging-market multinationals perhaps much more than the attention for sustainable development per se. As
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