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Institutionalizing CSR in the Governance Era: Asian Perspectives

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Introduction

- **Focus**
- CSR developments
- CSR institutionalization
- ASEAN CSR Network as governance era organization for institutionalizing CSR



CSR developments

- ‘an idea whose time has come’.. (2002!)
- CSR reporting: 90% + top 250 corps;
70%+ Asia Pacific corps etc. etc.
- From margins to the mainstream
- From corporations to MSIs
- From primary STKs to environment,
societies at large



Developments: Internationalization

- From US (stewardship, philanthropy)
- To other business responsibility traditions: adaptation & feedback e.g. Eur roles of govt + labour and multi-stakeholder forums
- International CSR organizations
- International CSR language



Developments: Socialization of markets

- Greater value attached to social criteria in market transactions among:
 - Investors: SRI
 - Employees: choice/loyalty, profession'n
 - Customers/consumers: fair/ethical trade
 - Govt: public procurement



Developments: New governance

- As per wider new governance: participatory, collective, multi-stakeholder, international, consensus-based
- Brings social, self, & mutual regulation via principles, standards, media, soft laws



Developments: Business strategy

- Stakeholder models
- Creating shared value
- Corporate citizenship
- Triple bottom line accounting
- Corporate sustainability
- Social entrepreneurship



Institutionalization?

- These developments bring new institutionalization
- ‘stable, valued recurring patterns of behaviour’ (Huntington)
- ‘Social structures, types & attitudes (i.e. institutions) are coins that do not readily melt. Once .. formed they persist’ (Schumpeter)



Institutionalization?

- For *worse* e.g. norms of self-dealing in business
- Or for *better* e.g. CSR
- ‘Institutionalization of CSR as a real business arena ... an organizational field’ (*The Economist*, 2005)
- Our focus ...



Institutionalization?

- Institutionalization usually reflects roles of:
- Organization: membership, commitment, collective approaches
- Regulation: norms, soft rules, mandate

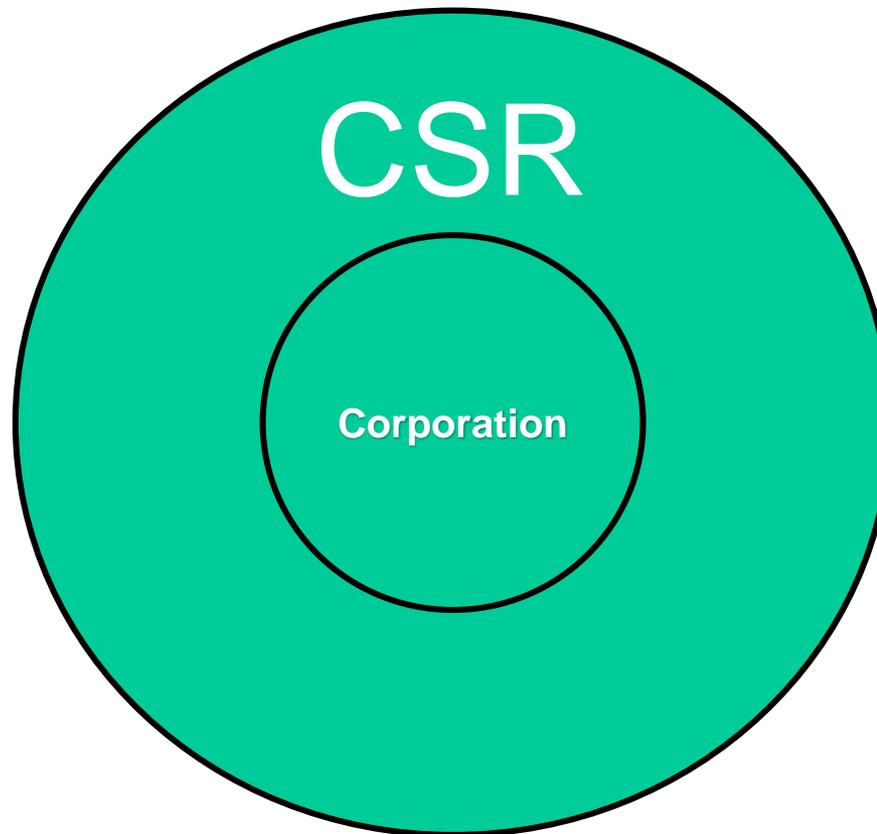


Institutionalization: Organization

- Institutionalization of CSR reflects new ways of organizing
- From ‘complete organization by corporation’
- To
- ‘Governance era organization’ (UNGC - 33% corporate signatories are Asian)



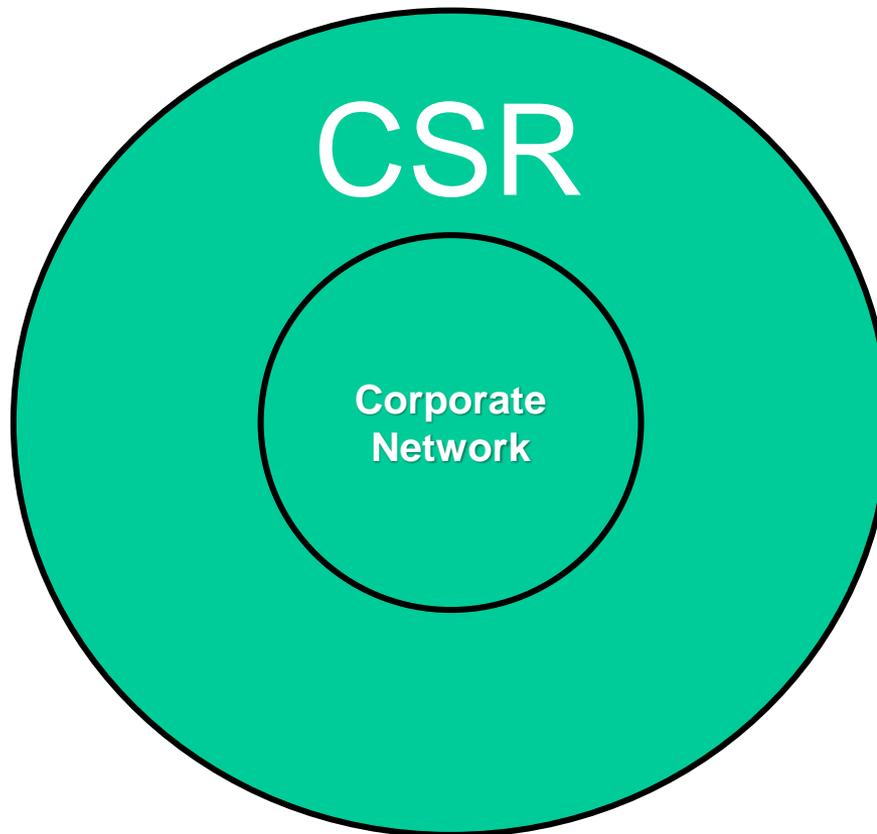
Corporate-Centred CSR



E.g. The Nestlé
Business
Principles;
Unilever's
Sustainable
Agriculture
Guidelines



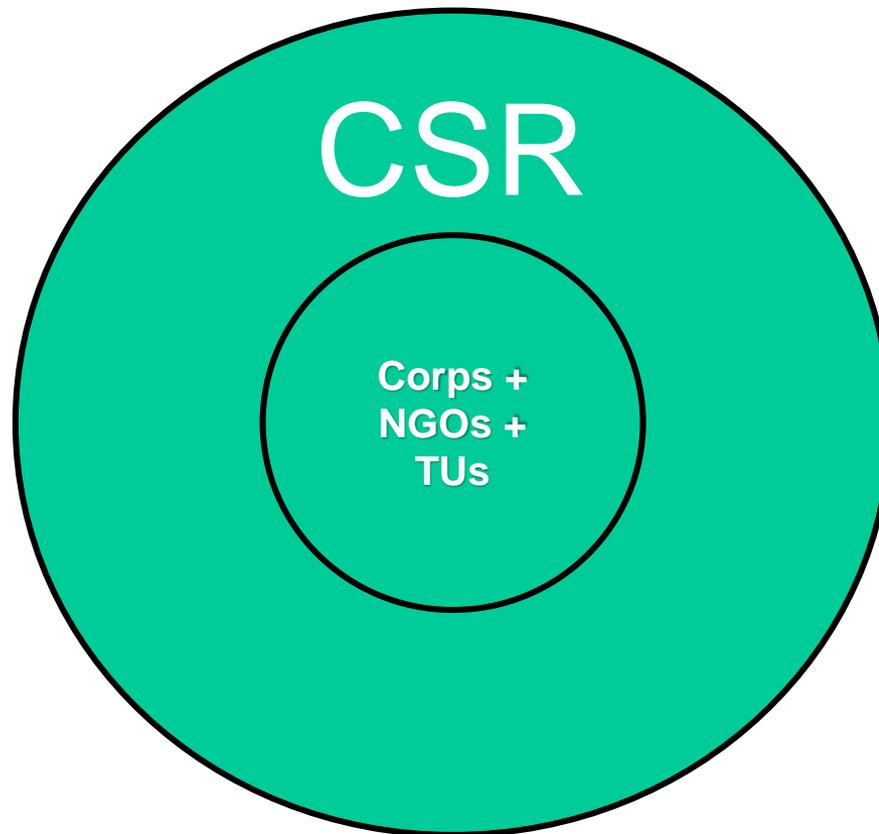
Business-Centred CSR



E.g. Business
in the
Community
(UK), World
Business
Council for
Sustainable
Development,
Equator
Principles
Association



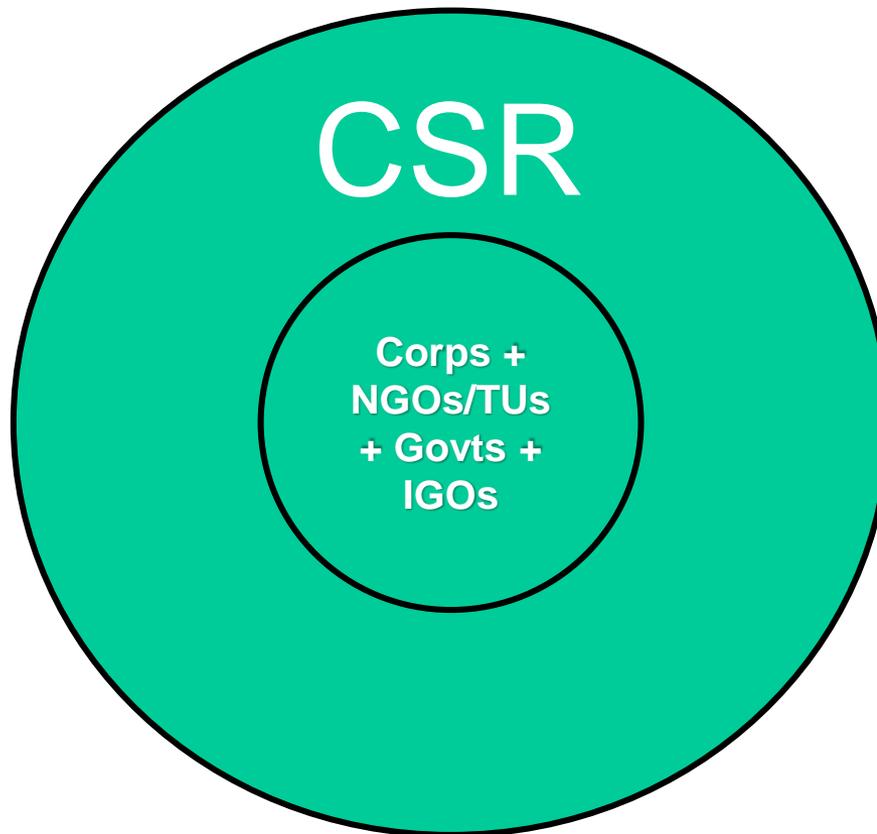
Business + Civil Society-Centred CSR



E.g.
Stewardship
Councils,
Ethical Trading
Initiative



Governance Era CSR



E.g. UNGC,
Extractive
Industries
Transparency
Initiative



Institutionalization: Regulation

- *Norms*: Asian community obligations often in religious / ancient legacies
- *Soft rules*: principles, standards, incentives; in Asia: adoption of GRI, ISO, FTSE4Good, Malaysian CSR Framework
- *Mandate*: European implicit model, China, India



Institutionalization: Interactions

- Organizations *adopt & translate* norms into soft rules (e.g. stewardship councils, ethical trading initiative); *encourage* compliance with mandate (EITI)
- Mandates used to reinforce norms & soft rules (e.g. Danish non-reporting act, Norwegian public procurement, Dodd-Frank Act section 1504)



ACN as governance era organization

- **Membership** International, Confederal, voluntary
- Members' members: Business associations, MNCs, SMEs, coops, Civil society (NGOs, TUs), Govts, Education, Professionals
- Donors: non-ASEAN Govts
- Partners: NGOs, IGOs, Education



ACN as governance era organization

- **Activities**
- Supporting, Integrating, Reaching, Promoting, Guiding, Learning, Training, Disseminating, Awareness-raising, Articulating, Leveraging, Capacity-building, Collaborating, Linking, Accessing



ACN as governance era organization

- **Institutionalizer**
- Encourages self, social regulation by:
- **Norms** of different communities, SDGs
- **Soft law** UNGC, ISO26000, GRI, ILO
- **Mandate** interactions with Govts re key issues (e.g. human rights, food security, anti-corruption)



Conclusions & challenges

- CSR not just developing:
- It is becoming more institutionalized in business / between business & society
- Institutionalization is patchy / thin
- ACN offers insights into an institutionalizing organization for CSR



Conclusions & challenges

- **For ACN members:** value of self-awareness of its institutionalizing roles and potential & those of its members'; importance of research re roles
- **For others:** ACN is a model of a relatively rare development
- Not directly transposable: contexts differ
- Inspiration & learning opportunity



Conclusions & challenges

- To avoid complacency and stagnation: Institutionalize mechanisms for spotting gaps / weaknesses
- Ensure capacity for renewal
- Strengthen ASEAN wide CSR and retain specific ethical underpinnings and societal relationships of the members organizations



Further reading

- Chung Hee Kim and J Moon (2015) Dynamics of corporate social responsibility in Asia: Knowledge and norms *Asian Business & Management*
- Hofman, P.S., Moon, J. with Wu, B. (2015) Corporate Social Responsibility under Authoritarian Capitalism: Dynamics and Prospects of State-led and Society-driven CSR, *Business and Society* (on line)
- Moon, J (2014) *Corporate Social Responsibility: A Very Short Introduction* Oxford University Press
- Rasche, A, F De Bakker, J Moon (2013) 'Complete and Partial Organizing for Corporate Social Responsibility' *Journal of Business Ethics*