

Chapter 7

National Government and International Corporate Social Responsibility

Our starting point for this book was our puzzlement that so much of the literature on the origins of CSR did not assign a significant role to the state as a driver of CSR and, more generally, that there were conflicting views about the nature of this relationship. In this book we offer a reinterpretation of the role of government policies for driving international CSR, specifically non-financial reporting, ethical trade and tax transparency in the extractives industry. With reference to the title of our book, *Visible Hands: National Government and International Corporate Social Responsibility* we contend that rather than CSR being driven by the invisible hands of the market and the actors therein – the assumption of much of the literature on CSR - the visible hands of governments contribute significantly to shaping CSR initiatives and their operationalization. The relationships between government and CSR reflect both embedded effects of the way CSR has been institutionalised in national public policy legacies and agential decisions of governments that adopt international CSR policies as part of managing their own policy agendas.

As a result of our analysis we, first, extend the literature on CSR and national government. This theme is either ignored in much CSR literature or when it is addressed, it is dominated by attention to government policies for *home* country responsibility (Albareda et al., 2008; Campbell, 2007; Midttun et al., 2006; Steurer, 2010). We focus

on the seemingly paradoxical case of public policies that directly regulate responsible business behavior *abroad*. In doing so we explore how domestic forms of public policy shape international CSR. In contrast to much recent scholarship on CSR and global governance we identify a continued role for the state. Our argument thus contrasts with scholars such as Scherer and Palazzo (2011) and Scherer et al (2016) who focus on the inability of states to regulate business activity through coercive means and thus propose the concept of ‘Political CSR’ in which MNCs assume governmental roles.

Secondly, whereas some other scholars such as Bartley (2007), Bernstein and Cashore (2012) and Ruggie (2003) have also noted the role of government in shaping international CSR initiatives such as the Forest Stewardship Council or the UN Global Compact, our analysis extends their work by focusing in more detail on how governments make policy for CSR in terms of the different forms of policy deployed; on what effects these policies bring to CSR initiatives; on why governments are involved in shaping CSR; and on the interactions among different types of CSR policy. We argue that governments play a role in developing international CSR and have adopted a wide range of public policies to that end, typically soft in nature e.g. through endorsement, facilitation and partnership, but also even through mandate of varying strengths.

Thirdly, we found that government policies for CSR *directly* interact with other government initiatives. These government initiatives support CSR *indirectly* as they are not CSR-specific but address the same problem to which the CSR initiatives are intended and are in cognizance of the respective CSR initiatives.

In this chapter we bring together our findings in order to address our contribution to the literature on CSR and government as well as limitations of our argument and suggestions for further research. But first, we reprise the answers we pose to our four Research Questions.

Forms and Roles of Government Policies for CSR

In this section we address Research Questions 1 and 2:

1. How do government policies support CSR through endorsement, facilitation, partnership or mandate?
2. What roles do government policies play in supporting CSR *directly*: as initiators or contributors to operations?

Looking first at the forms of government policies for international CSR directly, we see that they take all forms, as proposed in the findings of our analysis of European government policies (Chapter 3). These policies can be deployed at the inception of CSR initiatives or in the form of contributions to their operations, either on an on-going basis or periodically. We found that the category of *facilitation* is the cornerstone for government CSR policies. This includes ‘brokering agreements’ at the pre-inception stage of CSR initiatives reflecting the unique resources of government authority and legitimacy. It includes ‘providing funding’, be it at the inception of an initiative or on an on-going basis. Whilst funding is not a unique resource of governments, nonetheless governments have extensive fiscal capacity which was deployed in ongoing and periodic funding of CSR initiatives. Governments also provide ‘organizational resources’ often

through in-kind contributions of office space, secondments, and advisory positions, and sometimes through their more unique resources of knowledge founded on their embassy networks, for example. Finally, government facilitation of CSR initiatives was also achieved through their ability to ‘shape markets’ through public procurement policies.

Although our case studies did not reflect many formal *partnerships* of government with CSR initiatives, in the ETI and the EITI there was evidence of partnership type language and culture not only among the CSR initiative members but also between them and the respective supporting governments. Thus we saw the UK Minister for State for International Development speak of the ETI as a ‘central partner’ in government policy for responsible supply chains (Chapter 5).

Governmental use of *mandate* was evident in our cases, although this tended to arise incrementally. The Danish regulation of non-financial reporting emerged following endorsement and facilitation of CSR initiatives (e.g. the UN Global Compact), was extended initially through a soft version of the law (i.e. reports only required of those companies which claimed CSR) and, even in its present manifestation, it is ‘soft’ with respect to the forms of compliance. The EITI, which started as a voluntary initiative principally by companies, civil society organizations and the UK government, now provides a framework for host governments to mandate transparency within their own borders. The ETI was never supported by mandate but, paradoxically perhaps, it was a source of specialist knowledge in the design of domestic mandated regulation of labour in the UK.

One theme to emerge from our findings concerns the dynamism in the respective roles of governments in supporting the CSR cases we examined. It was not generally the case that any particular form of public policy for CSR was singular and stable. Rather policies built upon one another both among and within governmental jurisdictions. This was evident in a variety of ways.

First, we saw this most obviously in the case of the Danish non-financial reporting law. This initially built upon endorsement and facilitation of CSR initiatives for non-financial reporting such as the GRI and the UN Global Compact. Furthermore, the role of lead government supporter of the EITI changed from the UK to Norway - seemingly without hitch or acrimony. A number of governments who initially only took a 'supporter' role of the EITI have subsequently also joined, meaning that they partake in responsibility for the development of the initiative and its rules, but also that they are subject to those same rules. Turning to ethical trade, in the cases of the Scandinavian variants of the ETI, whereas they were initially only beneficiaries of government policies of facilitation through periodic funding of their operationalization, they are now engaged in a partnership type relationship with the Nordic Council of Ministers. These forms of policy for CSR can build upon one another and can develop and strengthen as witnessed in all our cases.

Turning to policies to support CSR indirectly, we have identified *mandate* as the main form, through the use of trade regulation for ethical trade and legislated requirements for

transparency in the extractives industry. Whereas mandates are conventionally associated with problem-focused regulation (as depicted in Figure 2.2), in the post-Rana Plaza case, mandate was used to address the problem by re-configuring the regulatory environment for MNCs sourcing from Bangladesh RMG industry. This was done by the utilization of US executive trade policy powers via the intermediary of the Bangladesh government. In the case of the Dodd-Frank Act Section 1504, the transparency requirement is operated through the administration of stock exchange rules and thus falls outside the most coercive forms of regulation at governments' disposal. The attendant rules still allow an element of discretion on a company's part as it can withdraw from listing on US stock exchanges. Moreover, mechanisms for securing compliance fall short of those that could be at the immediate disposal of government. The EU transparency regulation, however, applies irrespective of stock exchange listing, though this applies to a though this applies to a narrower range of companies'. Our findings are summarised in Table 7.1.

Table 7.1 How do governments make policies to support CSR and what roles do these play?

Research questions	Types of policies for CSR	
	Policies for CSR directly	Policies for CSR indirectly
1. How do government policies support CSR: through endorsement, facilitation, partnership or mandate?	<p>Endorsement, facilitation, partnership, mandate (often simultaneously or sequentially)</p> <p>Facilitation is the cornerstone: deal-making; financial and organizational support; market shaping</p>	<p>Governments use mandates in the form of:</p> <ol style="list-style-type: none"> 1) trade policies to secure change in regulatory environment 2) transparency / reporting requirements ‘at home’ for MNCs abroad
2. What roles do government policies play in supporting CSR directly: as initiators or contributors to operations?	<p>Facilitation at pre-inception stage of CSR initiative</p> <p>At the inception of CSR initiatives</p> <p>Contributions to their operations: on-going or periodically</p>	N/A

The motivation for governments to make policy for CSR

We now address Research Question 3:

Why do governments make policies for CSR?

Our analysis enabled insights into the government motivations to develop policies to support CSR directly and indirectly. We found a range of motivations which applied both to direct and indirect policy-making for CSR.

As we indicated in Chapters 4 – 6, the substantive social challenges on which the CSR issues emerged - accountability for non-financial activities; ethical trade; and transparency of tax payments in the extractive industries –acquired a salience greater than

that simply associated with business agenda items such as managing business risk and establishing a level playing field. Rather they were seen and presented as of broad societal concern.

Concerning the ETI and the EITI, we found that the issues of ethical trade and transparency had achieved high levels of salience in civil society. As a result the UK government perceived this pressure to be acting upon it, particularly given that it had made distinctive commitments to international development agendas. CSR solutions underpinned the UK government's broader policy ambitions, so much so that the government worked to facilitate an agreement between the mutually suspicious business and civil society organizations. Overall though business and civil society organizations agreed that "something had to be done" and thus shared an interest in agreeing standards and developing a multi-stakeholder based solution.

This brings us to the motivation of government to develop policies to support CSR directly because of its potential alignment with wider government policy settings. The UK and the Scandinavian governments are known for aiming to align the international reputation of their MNCs with their international industrial, trade and development policies. Support for CSR initiatives, which address these issues, is a tangible way to invest in this reputation. Although our evidence illustrates this with regard to policies to support CSR directly, this may also apply to those governments, which support CSR indirectly.

Conversely, governments are also aware of some the limitations of CSR organizations and regulations. This was clear for example for the UK and USA governments, which pursued financial transparency policies to support CSR indirectly though Dodd-Frank and the EU Accounting Directive Amendments notwithstanding their support for the EITI.

For some governments, policies to support CSR directly are an adjunct to a broader commitment to a preferred policy-making style of social partnership or consensus-seeking among key actors. The Scandinavian governments have long been associated with an approach to policymaking based on consensus seeking and collaboration among key actors. The Blair government in the UK also stressed how it brought different approaches to policy-making described in such terms as ‘stakeholder democracy’ and the ‘third way’. These themes were evident in the roles of the UK, Danish and Norwegian governments in the cases we have presented.

These roles contrast with those of government in the USA where support for CSR initiatives directly is more rare (cf. the Clinton Administration’s support for the Fair Labor Association and the Obama Administration’s support for the post-Rana Plaza Alliance). Reflecting their more collaborative business-government traditions, European firms are more willing to join international CSR multi-stakeholder initiatives with business-critical actors such as unions and civil society actors. The US has a more top-down regulatory approach, which promotes hard law international CSR or encourages business-driven voluntary CSR initiatives (Knudsen, 2017). However, despite these different regulatory traditions in December 2016 the US government also developed a

National Action Plan to promote and incentivize responsible business conduct.

In this institutional context we witnessed a more adversarial relationship between some business organizations on the one hand, and the government and civil society organizations on the other in the judicial challenges to Dodd-Frank section 1504. Despite this context, the USA government was also motivated by a desire for a level playing field for US MNCs sourcing from Bangladesh and for US textile workers competing with Bangladesh imports, which reflected lower labour standards and remuneration. Hence the US government's support for the Alliance, directly, and for ethical trade, indirectly, in its recourse to the threat of trade sanctions to press the Bangladesh government to introduce and administer generally higher labour standards.

Our conclusions about government motivation to support CSR are summarized in Table 7.2.

Table 7.2 Why do governments make policy for CSR?

Research question 3	Types of policies	
	Policies to support CSR <i>directly</i>	Policies to support CSR <i>indirectly</i>
Why do governments make policies for CSR?	High social salience of issues Perception of limitations of CSR initiatives without government as facilitator Perception of some business interest in agreeing standards Public policy interest in MSI / partnership approaches – agreement among stakeholders to collaborate i.e. opportunities of CSR	High social salience of issues Perception of some business interest in ‘level playing field’ abroad and of government capacity to secure this Mandatory regulation reflecting policy tradition in light of expected limitations of CSR

Interactions of Public Policies in Support of CSR

We now turn to address Research Question 4:

What are the interactions between different sorts of public policy to support CSR?

- a) Between domestic and international policies for CSR?
- b) Between direct and indirect public policies for CSR?

We first examine interactions between domestic and international public policies to support CSR in our three cases. Second, we investigate interactions between direct and indirect public policies to support CSR through our case studies of ethical trade and of transparent tax payments in the extractives industry.

We find interactions between a domestic and an international focus of public policies for CSR in all cases. We also find that CSR initiatives expanded from their country of origin to other countries whose governments then developed the initiatives further. Concerning the Danish government's non-financial reporting requirements a shift took place from a focus on domestic social and employment initiatives to a focus on the international activities of Danish firms and their suppliers.

In the case of ethical trade we see that government policy for CSR shifts from having a domestic to an international focus in a number of different ways. For example the ETI was first established in the UK and provided ethical trade guidance to UK firms only. However, the ETI then expanded its reach from the UK to other countries such as Norway and Denmark, and many Norwegian and Danish firms have subsequently adopted the ETI principles. We also see that both the EU and the US government promote better working conditions in Bangladesh by directly supporting the CSR initiatives, the Alliance and the Accord, but also by indirectly supporting CSR by pressuring the Bangladeshi government to adopt legislation to improve labour rights and working conditions.

In the case of tax transparency in extractives, the EITI originated in the UK and now regulates host country governments and the multinational extractive firms operating in these countries. This initiative has expanded its geographical reach significantly to nearly 50 countries. Public policies for indirect CSR such as Dodd Frank's Section 1504 and the EU Accounting Directive amendments mandate tax transparency in large US and

EU extractive firms as they operate internationally. Finally, in the case of non-financial reporting we see that the Danish government's reporting requirements (as well as similar requirements in several other EU member states) have been adopted and further developed by the EU Commission's directive on non-financial reporting.

In Chapters 5 and 6 we examined government policies that support CSR directly and how these policies interact with government policies that address the same social problem as the CSR initiatives target and, in so doing, how they support CSR indirectly. In both cases we saw that CSR initiatives supported by governments directly can shape the development of wider mandated government policies for CSR indirectly at home and/or abroad. In short, CSR initiatives supported by government directly can contribute to the adoption of mandatory policies for CSR indirectly.

In the case of ethical trade, the ETI's focus on improving labour standards in global supply chains informed the UK government's adoption of mandated policies (e.g. the 2004 UK Gangmasters and the 2015 Modern Slavery Acts). Furthermore, the Norwegian government adopted public procurement criteria that include ETI principles. Following the Rana Plaza factory collapse, the EU and the US have indirectly supported CSR policies abroad by encouraging the Bangladeshi government's adoption of legislation that reflects the safety requirements inherent in the Accord and Alliance. In the case of tax transparency in the extractives industry, the EITI contributed to shaping mandatory legislation in the US (the Dodd-Frank's Section 1504) and in the EU (the revision of the EU Accounting Directive).

In the cases of ethical trade and tax transparency in the extractives sector we also saw that public policies can support CSR indirectly by shaping the institutional context or by supporting the CSR initiatives. In short, public policies that were not specifically adopted to address CSR initiatives can nonetheless contribute to these CSR initiatives by changing the wider regulatory context for CSR or by providing government financial and/or administrative support for the CSR initiatives. For example, the US decision to withhold preferential trade status from Bangladeshi products after the Rana Plaza disaster is an example of a government policy that indirectly contributed to supporting CSR initiatives such as the Accord and Alliance. As access to the US, and potentially also to the EU, markets was threatened, the Bangladeshi government has been obliged to adopt new legislation that addresses the same problem as the Accord and Alliance. Thus the regulatory context for these CSR initiatives has been strengthened. Furthermore, the US and European governments have offered substantial financial and technical support to the Alliance and the Accord. Focusing on extractives, the US government has supported the EITI by choosing to become an EITI member. The EITI was also indirectly supported by a stronger regulatory context in the form of the Dodd-Frank Act's Section 1504 and by the EU Accounting Directive which both explicitly stated that the EITI complemented these legal requirements.

In the case of extractives (and to some extent also in ethical trade) governments have sought to ensure consistency across direct and indirect public policy initiatives for CSR in order to level the playing field as companies compete across borders. Table 7.3

provides an overview of interactions between different forms of government support for CSR.

Table 7.3 Interactions between different forms of policy for CSR

Research question 4	Types of CSR policies
What are the interactions between government policies that support CSR initiatives?	
a) Between domestic and international public policies for CSR?	<p>Domestic CSR choices entail international obligations.</p> <p>Domestic CSR initiatives supported by government policy directly attract MNCs from other countries</p> <p>CSR initiatives expanded from their country of origin to other countries whose governments then developed the initiatives further</p>
b) Between direct and indirect public policies for CSR	<p>CSR initiatives that are supported by governments directly can be extended and supplemented by wider government policies for CSR indirectly</p> <p>Public policies can support CSR indirectly by shaping the institutional context or by supporting the CSR initiatives</p> <p>Governments seek to ensure consistency across direct and indirect public policy initiatives</p>

Conclusions: CSR and government, domestic governance and global governance

Our conclusions refer back to the literatures with which we framed our analysis in Chapter 2: Government and CSR; CSR and domestic governance; and CSR and global governance.

Government and CSR

We take issue with the literature that perceives CSR solely as private initiatives by firms that go beyond legal and governmental requirements. We identified two dominant views within this dichotomous perspective. The ‘express’ view, which contends that by definition CSR, excludes those policies and actions by corporations that reflect a direct relationship with government policy. But we also noted the ‘tacit’ view in which conceptions of CSR say little or nothing about the relationship with government. In contrast, we favour the related perspective that sees government and CSR as linked. We examine two views: A structural view sees CSR as ‘embedded’ in domestic political and economic institutions while an ‘agential’ view sees government as having agency in shaping CSR. In contrast to much of the government and CSR literature, we systematically address the ‘how’, to ‘what’ effect, and the ‘why’ questions about these relationships in our analysis of aggregate data and case studies. As detailed above, we find that governments use a range of CSR policy forms and these can build upon one another as well as interact with other public policies. Second, we find that government policies for CSR can be effective at the inception of CSR initiatives and in support of the initiatives’ operations, whether on a continuing or one-off basis. Thirdly, we find that governments are motivated to support CSR by a combination of considerations, principally, because CSR agendas are also salient for governments; governments identify opportunities and limits to CSR; governments can recognize CSR as a means to meeting their own substantive policy objectives and preferred policy approaches.

We explore these contributions to the government and CSR literature more closely in the following sections on CSR and domestic governance, and CSR and global governance.

CSR and domestic governance

We highlight government agency and explore how it is embedded in particular domestic and political economic institutions. The domestic governance literature has primarily focused on developing new ways of governing within national boundaries and particularly on new forms of governance such as innovative regulatory approaches of government and public-private partnerships. This literature interprets CSR primarily as domestically oriented initiatives that are shaped – if not determined - by domestic political and economic institutions. While we highlight the importance and capacity of new forms of governance for bringing to light new social solutions, we take issue with the tendency of this literature to see CSR as primarily embedded in or structured by these domestic institutions. Our contention is that government agents use CSR for policy innovation and change to a greater extent than this literature acknowledges.

While the indirect public policies entail the more traditional forms of policies – mandatory and legally enforced - such as trade policies or company reporting - these policies interact with CSR initiatives that are more explorative and collaborative in the way they function. Our book shows that CSR's role in domestic governance is not simply to create arms' length governance by which government delegates responsibility for the respective problems. Rather, CSR's role in our cases is also linked to the core capacities

of and purposes of government as illustrated in the extent of facilitation policy and the instances of mandate which are prevalent in our case-studies.

CSR and global governance

The literature on CSR and global governance emphasizes how governments have become less able to act as regulators as business activities increasingly transcend national borders. This literature argues that the weakening of the regulatory capacity of governments results in the rise of private regulation to address social problems that transcend borders. Many scholars have identified new governance roles for CSR in the context of globalization. The political CSR literature is a key example. Although this literature includes the state as a main political actor with civil society actors and business, scholars such as Scherer and Palazzo (2007; 2011) emphasize global and multi-level governance as their key focus. However, this literature does not have much to say about the political processes that lead to government involvement in CSR initiatives or programs nor how governments can influence such programs.

Other scholars highlight how globalization shapes variation in the degrees and forms of legalization (Abbott and Snidal, 2000; Abbott et al., 2015; McBarnet, 2007). Rather than attempt coercive mandate as alternatives to private regulation, governments have adopted CSR regulation in order to enhance international competitiveness or to promote certain economic and political development goals. This trend prompted socio-legal scholars to coin the term ‘the new accountability’ to conceptualize government ‘soft’ regulation of CSR (McBarnet, 2007). Accordingly, the law is primarily used to encourage business

responsibility so the stress is not so much on the voluntariness or coercion as on the business responsibility itself. Although governments are using strong mandates to regulate some aspects of international business (e.g., the US and UK anti-corruption regulation), strong mandate is merely one end of a regulatory spectrum rather than the totality of regulation.

The type of government policies of particular interest to us are better described as softer forms of mandate, which do not stress detailed conformance requirements or punishments for failure to comply – although over time as these policies interact with “indirect” government policies we see in some of our cases a trend towards more specific CSR requirements. Hence, we are primarily interested in government CSR policies where corporations are able to exercise choice as to whether to, and how to, conform. We have explored the interactions of what we refer to as policies that provide support for CSR directly, with public policies that address the same problem and thus offer support for CSR indirectly. We have demonstrated that initiatives co-develop in cognizance of each other and in the case of tax transparency, they directly inform each other. Thus we focus on government as a driver of international CSR through mainly softer forms of government initiatives in direct support of CSR that contribute to and are informed by more traditional forms of government initiatives (trade or accounting provisions) that ultimately support the CSR initiatives albeit indirectly.

Discussion: Contributions, Implications, Limitations and Further Research

Our book title and the closing discussion of Chapter 1 engaged the metaphors of invisible and visible hands. We now turn to the implications for our understanding of government in CSR. We note that Smith's coinage of 'invisible hands' was in the context of his argued superiority of market logics, rather than the ethical and organizational character of company decisions to engage in CSR. Our point here is that the visibility of government policies for CSR, directly or indirectly, should be considered a complement to the discretionary behaviour of business organizations that engage in CSR.

Our research is interdisciplinary and bridges management scholarship with a focus on business in society, as well as political science with a focus on government. We contribute to both literatures by addressing how governments through public policies (the focus of political science) can shape the social strategies of corporations (the focus of business in society scholarship) particularly as they operate abroad.

The political science research that we are inspired by has traditionally explored the role of domestic political and economic institutions. While it would not be correct to say that this literature views policy outcomes simply as determined by institutional structure, we highlight government agency – a focus that is emerging significantly in the historical institutionalist tradition (Thelen, 2015; Martin, 2015; Hall, 2015).

The management scholarship on CSR tends to downplay the role of government and it is significant that the CSR literature that we identified as broadly sympathetic with our project to bring government back into exploring CSR comes from political and other

social science including international relations (Ruggie 2003), regulation (Bernstein and Cashore 2002) and socio-legal studies (McBarnet 2007). On the basis of our analysis in this book, the idea that CSR is a government-free zone is not tenable other than by denying that the cases we have examined constitute CSR – despite the fact that the corporations and the governments affirm that these initiatives are CSR. Our analysis therefore suggests that Bowen’s (1953) inclusion of policies that meet the ‘objectives and values of our society’ (1953: 6) in his definition of CSR may warrant inclusion of government relationships with CSR, as suggested by Preston and Post’s (1975) support for business involvement in, and accountability for, public policy. We have therefore given substance to Gond et al.’s (2011) idea that the self-regulation of CSR is governed, and to the ways in which this reflects both the legacies of inherited government policies and in the contemporary acts of government agency. Thus we support the wider view (e.g. Bartley 2017; Wood and Wright, 2015) that management scholarship, more broadly than that on CSR alone, needs to attend more closely to the role of government.

Contributions

We make four contributions which we now elaborate upon: the relatedness of the ‘embedded’ and ‘agential’ views of the related perspective on government and CSR; the developments between different forms of CSR policy; the relationships between domestic and international CSR policies; and the framework of direct and indirect policies for CSR.

Our first main contribution is that CSR reflects both the embeddedness of governmental institutions and the agency of a variety of governmental actors in their specific issue and institutional contexts. This clearly challenges the dichotomous views of government and CSR but it also extends the ‘related’ perspective’ of government and CSR by stressing the relationships between the two variant views therein: the embedded and the agential views. The role of agency reflects the fact that governments have choices about how to regulate, in this case, domestic and international social problems, whether to do so in an unmediated fashion (Figure 2.2) or to do so either by supporting CSR initiatives directly or indirectly through the regulatory environment in which corporations operate (Figure 2.1).

Our second contribution is to show how different forms of public policy for CSR (detailed above) interact and develop from one another. Our analysis revealed clear instances of policy learning in the dynamics and adaptation of forms of policy for CSR. In the case of the Danish regulation for non-financial reporting and of the transparency of payments in the extractives industry we saw how endorsement and facilitation paved the way for government mandate, and in the former case we identified different strengths of mandate. Whereas the mode of facilitation has remained a constant in the case of governmental policies for the ETI and its Scandinavian variants, it is striking that these CSR organizations also reflected partnership type relationships. Further, they have served wider governmental regulation contributing to: the use of mandate in the UK employment Acts; facilitation of CSR in the Norwegian public procurement legislation; and the coordination of inter-governmentalism in the case of the Norwegian and Danish

ETIs and the Nordic Council of Ministers. Whilst Gond et al (2011) hypothesise such a development in West European CSR they do not substantiate it. And while Auld et al. (2008) anticipate that government will have different relationships with different types of CSR, they do not anticipate such dynamism. So our contribution here has two key features. The first is that governments and CSR organizations take an adaptive approach to the forms of regulation that form their relationships. Secondly, the government to CSR relationship is not uni-directional, but two-way as government policy shapes the institutionalization of CSR, and as CSR institutions contribute to government policy-making. Neither of these points is really addressed in the CSR and government literature to date.

Our third contribution is to highlight the domestic-international relationship between government policies for CSR and the international reach of these policies. In order to do this we take our starting point in the literature on domestic governance and CSR and apply it to the problem of global CSR governance. Whereas scholars such as Campbell (2007) noted the embedded relationship and those such as Albareda et al (2007) and Steurer (2010) have recognized the agential relationship between government and domestic CSR, we have explored how the combined embedded and agential roles of government for CSR can extend from the domestic to international spheres. Furthermore, while scholars such as Scherer and Palazzo (2011) recognise the significance of corporations and CSR for global governance issues, they do not sufficiently account for the government roles therein, which our study underlines.

The fourth contribution is the framework of ‘direct’ and ‘indirect’ public policies for CSR, which is a novel approach for analysing different ways that government engage in CSR policies and the interaction of these policies. This arises from our combining the CSR and domestic governance literature, which stresses the policies for CSR directly, with the global governance and CSR literature, which drew our attention to the issues of ethical trade and transparency in payments in extractives in which we found our evidence of government agency. Although other authors have recognised different ways in which governments regulate some of the CSR-type problems (e.g. Auld et al. 2008 who relate this to the different types of CSR; Ueberbacher et al. 2016; Schneider and Scherer 2016 who apply the Abbot and Snidal approach of hard and soft law to CSR issues), our approach is distinct. Most importantly our approach identifying policies for CSR directly

and indirectly does not isolate CSR and government policies for CSR from other key developments in their respective issue areas. We find that this is vital for a proper appreciation of the place of CSR in wider domestic and global governance. Otherwise the questions of CSR and governance are assessed in ignorance of key developments in the areas to which CSR is directed. It is perfectly possible that governments could simultaneously make policies for CSR directly and indirectly as a means of addressing a problem, without any cognizance of, or relationship between, these two approaches. However, our examples suggest that governmental actors making policies for CSR indirectly are all too aware of, indeed motivated by, the operation of CSR initiatives that they or other governments have supported. Moreover, we also find that CSR initiatives are also aware of, and responsive to, such changes in their regulatory environments.

Our contribution concerning policies for CSR directly and indirectly further confirms the significance of CSR for wider governance as well as the significance of government for CSR. The cases of CSR that we have explored offer evidence of CSR as a factor in wider contemporary governance. It is not only a further refutation of the dichotomous perspective, but also a substantive contribution that we have also shown *how* CSR is related to wider governance by virtue of being directly related with national governments and a consideration in the calculation of governments' wider regulatory initiatives in the respective policy areas, which we call policies for CSR indirectly.

In this respect our analysis substantiates Braithwaite and Drahos' contention that:

The state is constituted by and helps constitute a web of regulatory controls that is continually rewoven to remake the regulatory state. States act as agents for other actors such as business corporations and other actors act as agents for states” (2000, 479).

But our analysis also enables us to invert Braithwaite and Drahos’s contention and suggest that CSR is constituted by and helps constitute a web of regulatory controls that is continually rewoven to remake the regulatory state. *CSR* initiatives act as agents for other actors such as *states* and other actors (e.g. states) act as agents for *CSR*.

This is not so say that *CSR* initiatives, or the corporations that are their principal actors, are just like states. As noted throughout our analysis, they possess very different resources and relational powers, but we have given a comprehensive picture of *CSR*’s involvement in forms of blended governance as a result of governments’ policies to support it directly and indirectly.

Our analysis also enables further reflection on *CSR* and governance as defined by Mayntz:

the entirety of co-existing forms of collective regulation of societal issues: ranging from the institutionalized self-organization of civil society and the different forms of cooperation between public and private actors to the sovereign acts of states (Mayntz, 2004: 6).

In our analysis we have shown that the place of government and *CSR* initiatives in governance is less about being on a spectrum or ‘range’ but more about being involved in

networked interactions. We have seen how the cooperation of different actor types precedes, engages in parallel with, and succeeds the sovereign acts of states. Whilst in some cases, parallel governance involving government and CSR initiatives may be entirely coincidental- and even contradictory – in our analysis, we have found evidence of mutual cognisance, anticipation and adaptation. But these interactions between government and CSR, whether reflecting policies to support CSR directly or indirectly are not uncoordinated or ‘orchestrated’ as Abbot and Snidal argue for the role of International Governance Organizations in global governance through intermediaries that participate in the governance systems voluntarily (Abbott et al., 2015). Rather they appear to better reflect the metaphor of ‘improvisation’ – or jazz (Hatch, 1999) - in which no single player orchestrates but the collective actions (or music) reflect the mutually aware interactions of private and public actors (or players) who echo and build on each others’ contributions. Whilst the hands of government are visible, they are not solely orchestrating international CSR; rather they are part of an ensemble of improvisation. Hatch noted how conventional jazz elements (1997: 75) re-describe organizational structures. Of particular relevance to our analysis are the elements of:

‘soloing’ or taking the lead; ‘comping’ or supporting others lead; ‘trading fours’ or switching between leading and supporting; ‘listening’ or opening the space for others’ lead; ‘responding’ or responding to or accommodating others ideas (Hatch 1997: 81).

So government has agency and that has proved crucial in the cases we have examined. However, the agency is in the context of other agents not only playing the same music

but also leading, supporting, switching, opening space and responding and accommodating.

The government – CSR relations that we explore not only reflect the context for improvisation in which orchestration is absent, but also prompt the revisiting of the conventional structural distinctions between government policy and CSR. This is partly because there is no single set of governmental interactions with international CSR initiatives: rather there are multiple governmental engagements either sequential or simultaneous. But more importantly yet, each CSR initiative has its own organizational character reflecting the respective business and civil society actors involved.

Implications

A number of key implications arise from our analysis: that CSR and public policy are closely intertwined; that the role of corporations in public policy raises further questions about corporate power; and that accordingly, corporations would do well to identify the ways in which they retain their independence in the context of their governance roles.

We find that CSR has become more explicitly integrated in public policy as a result of its combined contributions to governance. CSR is both informed by public policy but also contributes to it and, arguably in our cases, can strengthen it. Nonetheless, it is clearly important for corporations and CSR initiatives to distinguish what their roles are in relation to public policy and together in domestic and global governance.

Secondly, although our analysis has not directly addressed the question of corporate power in the relationships between government and CSR that we have explored (but see

Moon et al 2005), clearly this is important. It is important from a legitimacy perspective that, through the government – CSR relationships that we have explored, corporations are not seen to have unduly influenced public policy-makers to bring inappropriate advantage to them collectively and individually (Reich, 2008; see also Davis, 2015)). On the basis of our findings, corporations are seen to be powerful. This is evident in the motivation for CSR initiatives which came about precisely because of: the social salience of the shortcomings on corporate reporting of non-financial activities; the impact of Western MNCs on the working conditions in their international RMG supply chains; and the fiscal significance of extractive MNCs payments to host country governments. But also we see that through government involvement in the CSR initiatives that we have detailed, corporate power can be constrained.

Thirdly, and relatedly, it is equally important for corporations and CSR initiatives not to be regarded as mere pawns of government in the sorts of developments that we have outlined. Here, as in the above point, the metaphor of jazz may be helpful, but nonetheless careful articulation of distinctive and independent roles of governments, corporations and CSR initiatives in their interactions will be helpful for all round legitimacy. Thus in government relations with CSR, the actors retain choice about what and how to ‘play’ (Hatch 1999: 82). This is not only crucial to the art of improvisation but also to the integrity of the players.

Limitations

Notwithstanding the significance of our contributions, a number of limitations should be noted: the limited number of cases; the omission of government motivation in our

original research design; and our selection of cases may lead to an under-estimation of hostile relations between government and CSR.

First, and most obviously, our conclusions are based on a small number of cases, albeit closely studied over time. Moreover, they were selected to enable us to highlight the ‘how’, the to ‘what’ effect, and the ‘why’ of governmental support for CSR. Our analysis presented in Chapter 3 on CSR policies in Europe is representative at least for that continent and for that period. However, we selected the cases of non-financial reporting, ethical trade and tax transparency in extractives because they represent two major areas of CSR, which reveal direct and indirect public policies for CSR. The cases are intended to open up conceptual lenses and research frameworks for further research. Our focus here is not to explain the causes of indirect and direct public policies CSR because to do so would require us to compare our cases to other cases where the indirect and direct linkages did not emerge. Our findings raise questions for research that might enable wider generalization.

Secondly, in hindsight we might have more purposefully explored the question of government motivation for making policies in support of CSR directly and indirectly. Our insights emerged in the course of the analysis, rather than as a result of the application of a specific analytical framework. Likewise, within the cases selected, the issue of ‘cognizance’ between government policymakers of direct and indirect policies for CSR, and with CSR initiatives in themselves emerged. But our analysis was not designed to identify and evaluate this factor. Therefore, in hindsight, this factor in our account of government- CSR relations could have been specified more closely in our design and pursued more purposefully therein.

Thirdly, although our analysis suggests generally propitious relationships between government, corporations and CSR initiatives, it is possible that our analysis has downplayed points of ‘behind the scenes’ tension, incompatibility and even mutual hostility (which we did evidence in the US in the very public differences in reaction to Dodd Frank section 1504). Relatedly, our cases did not reveal unintended and deleterious effects of the government policies for CSR on CSR initiatives. In theory, such lacks of synergy are entirely possible, as they are even among more unmediated cases of public policy.

Most of these limitations in our own approach open up opportunities for further research to which we now turn.

Further research

Despite its limitations, our analysis, findings and contributions raise a number of questions for further research concerning: the conceptualization of forms of policy for CSR and the relationships between embedded and agential government policy for CSR; the role of CSR / policy learning in the relationships we have studied; the extent and nature of isomorphic tendencies in CSR and global governance; and the implementation processes and outcomes of the sorts of policies that we have explored.

First, we expect that further research can be conducted in the conceptualization of government policies for CSR beyond our formulation of forms of policy (i.e.

endorsement, facilitation, partnership, and mandate – from soft to hard) and the distinction of policies that support CSR directly. An area of further research is reviewing the ways these forms of regulation are conceptualized and how the policies themselves adapt to one another and to changing circumstances and balances of interest (see also Cashore et al. 2004). This looks especially appropriate as our public policy form ‘facilitation’ covers such a range of governmental modes and resources (see above). Relatedly, whilst our analysis has been innovative in detailing the interactions of embeddedness and agency, further research could be conducted on the relationships between types of embeddedness and agency choices. This could include reference to the national business systems – or varieties of capitalism – in which CSR is embedded as well as types of agency deployed by governments whether in terms of CSR issues addressed or the forms of policy support provided.

A second area of future research that emerged from our analysis is to examine *how* policy learning takes place among all actors in CSR organizations and particularly, from our perspective, in government. Our study has detailed interactions, but a closer analysis of how the respective actors gain insights into the roles of other players, and their potential for institutional strengthening will be highly valuable.

Whilst we have identified a key motivation for government policy for CSR to be the perception that their own policy approaches and priorities can be supported by policies for CSR, closer analyses can be conducted of what advantages CSR policies actually bring to governmental policy agendas. It could also explore in greater detail the

interactions within and among organizations and policy-makers involved in CSR initiatives and wider government policies to shape the regulatory context for CSR. The area of anti-corruption policies is an obvious case in point here, where governments have both mandated requisite behaviour but have also supported private initiatives (Hansen 2017, forthcoming). This sort of research could include closer attention to the types of formal and informal exchanges between actors from these different types of organizations as well as to their circulation among the actor types through employment, secondments consultancies and partnerships. Together our insights into the interactions of policies for CSR directly and indirectly, and the dynamism among the forms that these policies can take, reveal a rich array of policy resources and opportunities for government. But can these resources and opportunities be deployed more generally? Whilst our findings clearly revealed mutual cognizance and understanding among actors of their respective counterparts – whether in government or in CSR initiatives – as noted above, we would hesitate to conclude that the interactions and dynamics were coordinated or ‘orchestrated’ (Abbot and Snidal 2015).

A third issue for further research concerns whether in the context of CSR, globalization and global governance, there is an underlying isomorphic tendency in the issue focus, modes and rationalizations of CSR as suggested in Matten and Moon (2008). Our research was not expressly designed to address this question but two inferences can be reasonably drawn. First, the cases we have investigated all have the effect of developing international solutions to CSR issues. But secondly, there is no single ‘international’

pattern to these initiatives in terms of their membership, regulatory balance and scope. They appear to be issue specific and this provides scope for further research.

Finally, whilst our analysis has had a lot to say about regulatory inputs, processes and organizational interactions we have said little about outcomes both of direct and indirect forms of policy, as well as their combined effects. This remains a challenge in CSR research in general even though, since Pressman and Wildavsky (1973) political scientists have sought to grapple with the question of how implementation processes fulfil or frustrate the intentions of policy-makers. But in our case, the question remains as to whether government related CSR policies have led to: improved societal trust in corporations as a result of direct policies for non-financial reporting; better working conditions and remuneration in the Bangladesh and wider RMG supply chains as a result of direct and indirect policies for ethical trade; more accountable and better deployed public finances in developing countries as a result of direct and indirect policies for transparency of MNC payments to those governments. We trust at least that our framing of government policies for international CSR can assist in such important endeavours.