

Implementing Global Justice: A Critical View on International CSR Standards



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**Corporations and
Global Justice:
Should Multinational
Corporations
be Agents of Justice?**

Corporations and Global Justice:

How Can Multinational Corporations be Agents of Justice?

International CSR standards can help MNCs who wants to act as agents of Global Justice in two ways:)

- They define specific **content** of principles of Justice (e.g. in relation to working conditions, marketing practices, environmental impacts, etc.)
- They allow to **codify** individual behavior in order to achieve the desired Justice outcomes (a “*new institutional infrastructure for corporate responsibility*”, Waddock, 2008)

Outline

1. Rich **ongoing conversation** around CSR standards:
 - Useful *classifications*
 - Potential *benefits / negative outcomes*
 - Evidence of *limited effectiveness*
 - Few *answers* to explain standards failures
2. Our approach:
 - **The Paradox of CSR standards**
 - (and its three roots)
3. Looking at CSR standards from the perspective of ***American Pragmatism***
 - Conclusion: *Three modest suggestions* on the process of CSR standard design and implementation

Classifications of CSR standards

- *Leipziger (2003)*
- *Rasche and Esser (2006)*
- *de Colle (2006)*
- *Waddock (2008)*
- *Gilbert and Rasche (2007 and 2008)*
- *Rasche (2010)*
- *Gilbert, Rasche and Waddock (2011)*

CSR standards can be classified according to their:

Nature:

Process (AA1000) or **Substantive** (UNGC)

• **Focus:**

General (ISO26000) or **specialized** (ISO 14000)

• **Monitoring process:**

Assurance process (GRI) or **Certification** (SA8000)

• **Governance** structure:

multi-stakeholder approach?

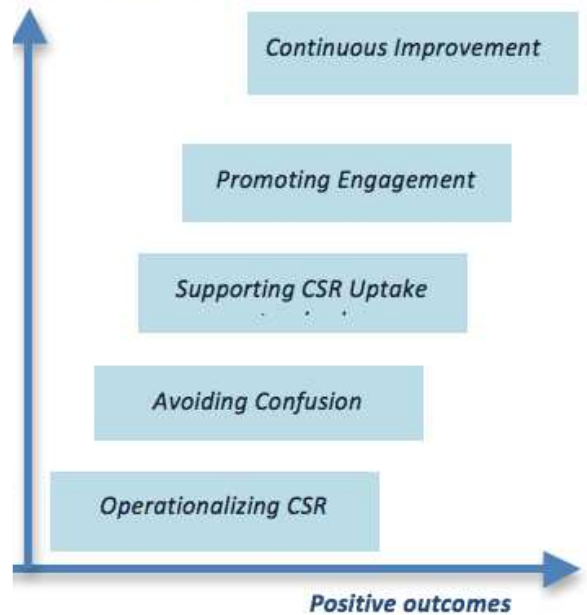
Key elements of international CSR

Name	Description	Nature		Focus		Monitoring Process		Multi-stakeholder approach	
		Substantive	Process	General Guidance	Specialized	Assurance	Certification	Development Process	Governance Structure
ISO14001	Environmental management system standard		✓		✓		✓		
ISO9000	Quality Management standard		✓		✓		✓		
Ethical Trading Initiative (ETI)	Standard for workers conditions in the supply chain	✓	(✓)		✓	(✓)		✓	✓
SA8000	Standard for workers conditions in the supply chain	✓	(✓)		✓		✓	✓	✓
UN Global Compact	Set of Principles on human rights, labor rights, the environment and anti-corruption	✓		✓				✓	
Responsible Care	Codes of practice for the chemical industry	✓	(✓)		✓				
GRI Guidelines	Standard for Sustainability Reporting	✓	(✓)		✓	✓		✓	✓
AA1000	Social and Ethical Accounting, Auditing and Reporting	(✓)	✓	✓		✓		✓	✓
ISO26000	Guidance standard for the Social Responsibility of Organizations	✓	(✓)	✓				✓	(✓)

Positive and negative effects of CSR standards

A critical view on CSR standards

Adoption of CSR standards



Why do CSR Standards fail?

- **Evidence on CSR standards limited effectiveness:**
 - King and Lenox (2000) on **Responsible Care**
 - King et al. (2005) on **ISO 14000**
 - Leipzinger (2009) on **SA8000**
- **A few answers in the literature:**
 - **Poor enforcement**
Bondy, Matten & Moon (B&S, 2004)
 - **Lack of 'fresh judgment'**
Rasche (BEER, 2010)
 - **A problem of fit** between a firm's internal *capabilities* and standards' *requirements*
Simpson, Power & Klassen (JBE, 2012)

What do we have to say?

- *There is an intrinsic problem in CSR standards:*

The Paradox of CSR standards

The Paradox of CSR Standards

*The (**thoughtful, responsible and stakeholder-oriented**) mindset that CSR standards aim to promote among standards users may be directly counteracted by the (**thoughtless, blind and blinkered**) mindset that standards users tend to employ, the more they focus on implementing CSR standards.*

The Three roots of the Paradox

P1. Deceptive measurements

*CSR standards may (unsuccessfully)
try to measure the unmeasurable*

P2. Erosion of Responsibility

*CSR standards may erode individual
(and organizational) responsibility*

“When I obey a rule, I do not choose. I obey the rule blindly.”

*Wittgenstein, *Philosophical Investigations* (1958: 219)*

P3: Blinkered culture

*CSR standards may encourage an inward-
orientation of the organization and its members,
rather than a stakeholder-orientation*

Pragmatism – core, *useful* ideas

- **W. James** (1907) – *“Beliefs and theories are the best **“tools”** that we can develop to understand and make sense of our experience”*
- **J. Dewey** (1927) – ***Experimental method in scientific research (and for moral theory too)***
- **R. Rorty** (1991) – *No ex-ante “truth”: You need to keep running **back and forth** between principles and the results of applying principles.*

CONCLUSION:

**Three modest considerations
to address the three problems
of the Paradox of CSR standards**

Three modest considerations to address the three problems of the Paradox

1 – on deceptive measurement.

Standards users should constantly **question**, **revise** and **re-test** the *value* and *significance* of what they are actually measuring in relation to the outcomes they are seeking to achieve through a standard.

Three modest considerations to address the three problems of the Paradox

2 – on the erosion of responsibility:

Standard users should acknowledge that one cannot build a system that completely does away with ***human judgment***. CSR standards need to create a relevant place for leverage and build upon human judgment, instead of “leaving it all” to rules and guidance formulated a priori.

Three modest considerations to address the three problems of the Paradox

3 - on the blinkered culture:

Standards users should be aware that the judgment we need to think about is not only the judgment of *individuals* and of the organization as a whole, but also that of ***stakeholders***their *voice* needs to be part of CSR standards

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CSR standards

Thank you

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