

Introduction: CSR Agendas for Asia

Wendy Chapple and Jeremy Moon

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THE PAPERS COLLECTED IN THIS SPECIAL ISSUE HAVE BEEN SELECTED FROM THOSE PRESENTED at the second ICCSR *CSR in Asia* conference held in Kuala Lumpur in April 2006.¹ They offer a wide range of issues and disciplinary approaches, with a focus on corporate social responsibility (CSR) in the Asian region. The study of CSR in Asia is an important but relatively under-researched area. We hope that the conference and this special issue will add to the momentum of this growing field.

As noted by *The Economist* (2005), 'CSR has blossomed as an idea'. However, as *The Economist* also noted, there is uncertainty about what CSR is, in both the general and the specific contexts. This is something that researchers have sought to rectify, particularly in respect of CSR in North America and Western Europe. As part of this process, there has been a proliferation of terms that have emerged to capture the business such as corporate social responsibility (Wood, 1991; Carroll, 1979), corporate citizenship (Moon *et al.*, 2004) and sustainability (Welford, 1997), which have all been developed in the context of the western world. Many concepts have emerged to capture the impacts and interaction between globalization and multinational enterprises' CSR activities. Global citizenship (Logsdon and Wood, 2005) is constructed around concepts or codes, orientation, styles of implementation and accountability, combining multi-domestic strategies with globally integrated strategies (Bartlett and Ghoshal, 1989). However, even this principle is still focussed on US principles of the role of business in society and is essentially looking at how these are exported to various locations around the world, rather than understanding how CSR is manifesting itself and evolving in culturally and institutionally diverse settings.

When the ICCSR held its first CSR in Asia conference in 2003 there was very little research available. Many of the CSR concepts and tools derive from western ideas and practices. Yet Asian business systems have a variety of their own norms and practices for CSR. Some are long-standing and embedded, reflecting wider institutional and cultural phenomena, and others relatively new, reflecting adjustments to globalization. Asian societies also yield some very different CSR contexts and challenges, such as poverty and wealth distribution, labour rates and standards, educational disparities, civil society organizations, bases of governmental power and legitimacy, corporate governance challenges, access to water and a vulnerability to natural disasters. Notwithstanding the increasing inter-connection of Asian and Western economies, societies and environments, these factors remain true. However, there has been an increase in research on the CSR in Asia specifically in order to identify the nature and significance of these differences. This journal regularly devotes sections of individual issues to CSR in Asia and our special collection seeks to contribute further to this growing body of knowledge.

Theoretical Approaches to Studying CSR in Asia

Lockett *et al.* (2006) found that CSR is not a discipline and is better described as a field of research (Lockett *et al.*, 2006). Therefore CSR relies on wider disciplines for theories and methodologies, but also provides an opportunity for theory development and evolution.

* Correspondence to: Wendy Chapple, International Centre for Corporate Social Responsibility, Nottingham University Business School, Jubilee Campus, Nottingham, NG8 1BB. Tel.: + 44 (0) 115 951 4781, Fax: + 44 (0) 115 846 8074. E-mail: Wendy.Chapple@nottingham.ac.uk

¹ A collection from the first ICCSR CSR in Asia conference was edited by Birch and Moon (2004).

As a permeable field, there are a number of research traditions which can be applied to CSR, and as yet there has not been a consensus in terms of CSR theory; hence, as in the entrepreneurship field, empirical work is essential for CSR theory building (Eisenhardt, 1989). However, unlike entrepreneurship, theoretical convergence may be hindered by the political and social underpinnings of the construction of CSR. More particularly, cross-national studies bring different stakeholder expectations of business and different historical business roles in society. As Lockett *et al.* find, CSR in general is in a 'continual state of emergence'; there is a high profile but low domination of a particular theoretical approach, assumptions and method. To date, notwithstanding some notable exceptions, not only has much research on CSR in Asia been under-theorized but also the empirical research has not been addressed to the task of theory-building. Two points are therefore worth underlining. First, empirical research is most valuable when it is directed at theory-building. Second, there are opportunities to 'import' core disciplines into the study of CSR. These approaches to research in combination might act as a catalyst to move beyond the descriptive 'what is' research to more theory building and to addressing the 'why', 'how' and 'should' style questions about CSR in Asia.

CSR in Asia: the Research Agenda

Across Countries: Within Multinationals

There has been much discussion, particularly with regard to Asia, as to differences in the behaviour of multi-national corporations (MNCs) within the MNC (i.e. differences in behaviour between countries) or between MNCs and domestic companies. Some argue that the whole economics of globalization necessarily leads to irresponsibility, and in particular the exploitation of lax social and environmental standards and weak governance (Strike *et al.*, 2006; Low and Yeats, 1992; Lucas *et al.*, 1992). Chapple *et al.* (2006) propose this stance as an initial null hypothesis, but find no empirical evidence to support this. Alternatively, others argue there is a positive relationship between international diversification and social responsibility, and it is the international firms that transfer best practice (Bansal and Roth, 2000; Christmann, 2004). It is also argued that it is these firms that have the power and the resources to promote CSR, and hence MNCs could promote social justice (Bansal and Roth, 2000). However, others argue that it is not so polarized; Strike *et al.* (2006) argue that some firms can be responsible in some activities and irresponsible in others (e.g. Nike). Chapple *et al.* (2006) found that globalization/internationalization of companies did in fact improve CSR relative to domestic firms in various Asian countries; however, there was still room for further improvement and there was high variance in CSR initiatives between countries. However, it was found that in terms of the CSR issues engaged with the MNCs were in fact adapting themselves to multiple local environments.

In general, little is known about the management of CSR in MNCs, either academically or practically. MNCs often struggle with the global verses local issues, and the tensions that emerge from the various demands at these levels. They formulate many of their policies at head office and, as a result, policies are shaped by institutional settings, stakeholder pressures and corporate governance mechanisms of their home country. However, this often creates tension, as these may be informed by very different ethical norms, histories and traditional roles of business in society in countries of operation. Again this raises interesting questions for MNCs in the Asian context.

The dominant theoretical approach to studying MNC CSR practices is that of the extended typology of Bartlett and Ghoshal (1989) and Prahalad and Doz (1987), which has been applied within the international business domain to analyse general MNC management practices. This framework was then extended by Yip (1992) and Husted and Allen (2006) to cover CSR practices. The underlying theory

point is that CSR is not unlike any other organizational strategy, in that MNCs adopt multi-domestic, trans-national or global approaches to management. It follows then that CSR approaches and strategies vary according to whether CSR is institutionally driven or strategically managed. If, within the MNC, CSR is institutionally driven, one would expect institutional isomorphism within the firm to create consistency in approaches. If on the other hand CSR is treated strategically, CSR activities would be contingent on relative demands of local and global stakeholders. These theories can therefore inform research both within firms (detailed case studies) and across firms (cross-firm comparisons using firm level data). This would enable interesting insights into the operation of MNCs across Asia, and analysis of how CSR is being managed, how conflicts are resolved, the democratization of CSR practices and the potential barriers to the successful operationalization of CSR policies.

Within Countries: National Business Systems

Much of the research on CSR in Asia to date has focussed on the issue of the environment, primarily due to its long standing policy and stakeholder significance and company policies for either environmental responsibility or sustainability (Perry and Singh, 2002). However, when the term sustainability has been used, there has tended to be less discussion of the social and economic components (Viere *et al.*, 2006). Within the Asian context, much of the work has been describing the governance aspects of environmental responsibility (Hong Kong; Hills and Welford, 2006; China; Bi *et al.*, 2006; Thailand and the Philippines; Forsyth, 2005). In contrast, Mohan (2001) focused on the social responsibilities, or corporate citizenship, in India.

There has also been research into more normative aspects of Asian national business: in India (Chakraborty, 1997), the Philippines (Sison *et al.*, 1997) and, interestingly, the evolution of business ethics in Taiwanese companies operating in Indonesia (Wu, 2001). In China, Snell *et al.* (2002) analysed the components 'moral atmosphere' and 'moral influence' within the emerging form of China's national business system, network capitalism. Snell *et al.* found that foreign invested joint venture companies (JVCs) had a more effective approach to formal moral governance. This was attributed to the adoption of foreign partners' systems, procedures and, in particular, the systems and norms of rational legal administration and internal justice. Other forms of organization, such as state owned and newly privatized companies, were struggling with moral authority issues, using systems of hierarchy and command to try and deal with moral justice issues.

In a study of CSR reporting in Malaysia, Teoh and Thong found that in all companies included in the study there was a general emphasis on human resources and product and services as a major area of corporate involvement – irrespective of national origin. There was less focus on community or environment. However, companies with foreign ownership seemed more inclined to accept their responsibilities. The analysis by Fukukawa and Moon (2004) of reporting in Japan found that companies reflected a key aspect of the national system in adopting the template for environmental reporting as suggested by the responsible government ministry.

Kemp (2001) found that the economic crisis in Indonesia not only damaged the national economic performance but also the social and legal factors crucial to CSR, resulting in instability, fear and violence. In such a context, CSR was reduced to an abstract ideal. However, he argued that institutions and educational foundations for CSR could evolve, but that they should be 'home grown' rather than imported. Also, he highlights that certain sectors engage in CSR and this makes a difference in terms of human rights of those working in these companies, but in other industries where the pressure is absent there is still poor CSR performance. He also raises issues as to whether CSR is the sole answer to exploitation, environmental degradation and poor labour standards – or whether relying on codes of conduct: civil society, government capacity and monitoring are all required.

Between Countries

There has been a growing number of studies that have started to compare differences in CSR between countries (Matten and Moon, 2008; Habisch *et al.*, 2004; Maignon and Ralston, 2002; Aguilera *et al.*, 2007; Campbell, 2007). However, the focus of this research has tended to focus on Europe versus the US (Matten and Moon, 2008) or the situation within Europe (Habisch *et al.*, 2004) or within OECD countries (Maignon and Ralston, 2002; Aguilera *et al.*, 2007; Chapple *et al.*, 2006). These studies tend to take a multi-level approach to the analysis, controlling for levels ranging from the individual up to trans-national levels. These theories in essence are separating out national institutional systems and norms from organizational factors. This approach is useful in understanding how certain aspects of national business systems or institutional contexts can influence the development of both the issues and the modes of CSR engagement. More importantly, this style of research also highlights the implications of 'missing' institutional factors (e.g. non-free press, low civil society engagement) in the evolution of CSR activities.

To date there has been limited analysis in the Asian context. Notable exceptions include Welford (2004; 2005) and Chapple and Moon (2005), who specifically look across Asian countries. Findings from both of these papers suggest lower levels of CSR in Asia than western counterparts, with the exception of Japan. Also found in both of these papers that CSR was very much tied to localized issues, cultural traditions at a country level, and historical events, resulting in heterogeneous CSR activities. However, further research is required to understand more deeply how these factors influence CSR both at the firm level and the national level. More detailed analysis is needed of what instrumental, moral and relational motives exist in national systems very different to the western contexts in which they were developed. The papers in this special issue by Baughn *et al.* and Zinkin start to address these questions in very different ways.

Managerial Approaches

In a study by Lines (2004), surveying CEO attitudes towards corporate reputation, it was found that Asian executives were much more focused on using corporate reputation to drive tangible business benefit than North American or European peers. It was found that CSR and the broader stakeholders did not feature strongly in the corporate reputation agenda of Asian executives; their prime focus was customer and shareholders rather than broader stakeholder groups. This raises interesting questions in terms of the role of leadership, training and experience in the development of CSR and how different backgrounds of CEOs influence CSR activities. As a side note it is interesting to see that despite community being one of the main CSR beneficiaries in Asia (Chapple and Moon, 2005), the CEOs do not perceive this as an important part of reputation management, which suggests other motives, such as development, capacity building or believing it is the right thing to do.

In a separate study, Abdul and Ibrahim (2002) found that in Malaysia 69% of executives believed that involvement of a business in community focused CSR improved long run profitability, and 65% agreed that CSR provided favourable public image – and these attitudes varied significantly by sector. It was also found that the most influential factor determining attitude towards social responsibility was family upbringing. The other important factors were traditional beliefs and customs and common practice in industry. The divergence in these two studies shows the problems involved with aggregate studies: that aggregating all the Asian countries together is not that helpful, let alone aggregating industries too.

The Challenges Ahead

As alluded to previously, research on CSR within Asia has to date has been limited. So many studies have been exploratory and descriptive. Arguably for the academic field to develop there needs to be a

'step change' in the focus and quality of work, with more empirically driven theory development to evolve. There is a role here for both qualitative and quantitative, positivist and normative. Traditional 'core' disciplines such as sociology, political theory, economics and psychology all have a role alongside traditional business disciplines in explaining, understanding and developing the field of CSR within Asia. In this special issue we are beginning to see this evolve.

Papers in this Special Issue

The first paper in this collection (Baughn *et al.*) is of a comparative nature. Like the work of Welford (2004), it not only compares countries within Asia but also compares these with a range of non-Asian countries. The findings stress the importance of the national and regional systems in which firms are embedded, particularly regarding differing underlying institutional capacities. In this context, one particular variable that is stressed in comparative CSR, particularly in explaining differences between Asia and Western CSR, is the role of religion. The second paper in this collection (Zinkin) contributes to this debate by providing a close analysis of relevant Moslem religious texts. His finding is of considerable overlap between the tenets of Islam and the concept of corporate responsibility as represented by the principles of the UN Global Compact, with the possible exception of Islam's focus on personal responsibility and non-recognition of the corporation as a legal person.

Turning to practitioner issues, a key question that companies ask is how they should engage in CSR. The third paper (Lee) looks particularly at stakeholder relations. He finds that many companies recognize the importance of substantive rather than symbolic relations but that these necessarily vary even among companies within a single sector and that senior management buy-in, the ability of companies to meet the needs of the stakeholders and clear stakeholder communications are crucial to the success of these relations. The fourth paper in the collection (Maximiano) extends this practitioner theme by pointing to the importance of institutionalizing and sustaining initial CSR commitments. It offers a model of value based leadership as a component in the integration of CSR into core business.

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