The social responsibility of international business: From ethics and the environment to CSR and sustainable development

Ans Kolk *

University of Amsterdam Business School, The Netherlands

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ABSTRACT

This article examines how the international business (IB) literature has addressed social responsibility issues in the past 50 years, highlighting key developments and implications from a historical perspective. Specific attention is paid to the Journal of World Business (JWB), which has covered the whole period and published relevant articles related to these issues, in comparison to the Journal of International Business Studies (JIBS), the other long-standing IB journal. The article outlines that they illustrate different conceptualizations of IB and social responsibility. The 50-year review shows three subthemes: the (green) environment; ethics, rights and responsibilities; poverty and (sustainable) development. These are discussed consecutively, including main contributions and promising areas to further the field.

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1. Introduction

Over the years, growing attention has been paid to the ethical, environmental and social dimensions of business, most often under the corporate social responsibility (CSR) heading. Much of the early literature aimed to specify the concept and the various components of CSR, as it emerged in the second half of the 20th century (see Carroll, 1999; Dahlrsrud, 2008; Kolk, 2010a; Mintzberg, 1983; Whetten, Rands, & Godfrey, 2002; Zenisek, 1979). Interestingly, the field of international business (IB), which took off in the same period (Wright, 1970), as demonstrated especially in the launch of the Journal of World Business (JWB)[1] in 1965 and the Journal of International Business Studies (JIBS) in 1970, gave it a somewhat different turn than the generic management literature. Most notable has been the attempt to move beyond the traditional US focus, as the editorial introduction to a 1978 JWB double special issue on 'Business and the social order' put it, for example. While emphasizing that "the topic itself is hardly new", McNulty and Cheeks (1978, pp. 4–5) noted that "Much of the discussion concerning corporate social responsibility has focused on business in the United States, but it is increasingly clear that managers around the world are being faced with new

problems resulting from societal changes". Accordingly, Gladwin and Walter (1976), in the first article published on the topic in JIBS, came up with an analytical framework for multinational social responsiveness that they used to illustrate pollution control issues of US and European multinational enterprises (MNEs).

At the same time, and despite the fact that CSR was characterized as not really novel, the international business (IB) literature has overall not widely reflected this interest. As shown by Kolk and Van Tulder (2010), only a small share of the articles published in the main IB journals in the 1990–2008 period addressed CSR or sustainable development. Publications referring to CSR increased in the 2000s (especially in JIBS), but this did not apply to sustainable development – despite JWB's consistent interest, most prominently already in the early 1990s, when it was the only main IB journal with articles on both topics. Egri and Ralston (2008), who included many more journals and keywords in their overview (ethics, environment, governance), but with a shorter time frame (1998–2008), also found limited mainstreaming outside of special issues; ethics received twice as many hits as CSR and environment. The lack of interest in environmental issues in leading management journals, especially outside the US setting, was confirmed by Holtbrügge and Dögl (2012): the main IB outlets had only a few in the 1997–2010 period (JIBS two, JWB four, of which three in 2010). Doh and Lucea (2013), finally, who evaluated the occurrence of non-market research in business and management journals in 2001–2011, included main IB outlets. From their overview per outlet, one can conclude that authors included the CSR keyword in 10 articles published in JIBS in these 11 years, and in 8 JWB articles (sustainability appeared 1 and 9 times respectively).

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* Correspondence to: University of Amsterdam Business School, Plantage Muidergracht 12, 1018 TV Amsterdam, The Netherlands.
E-mail address: akolk@uva.nl

[1] In the period 1965–1996, the journal was called Columbia Journal of World Business, but JWB (not CJWB) will be used in this article throughout.

Although revealing as such, and illustrating the "embryonic" nature of the literature on CSR and MNEs, as observed by Rodriguez, Siegel, Hillman, and Eden (2006) in the introduction to a JIBS special issue on politics, corruption and CSR, keyword searches for specific periods have limitations in providing insight into the evolution of interest in the broader realm of social responsibility considerations. The overviews only covered parts of the 1990s/2000s, not earlier years. Perhaps more importantly, authors may have examined the role of international business in society without using the CSR label or another particular search term defined post hoc. To help address this gap, this article discusses the evolution from the 1960s onwards, not focused on counting number of occurrences of particular keywords and related articles, but instead on highlighting the overall trajectory of environmental, social and ethical concerns in international business and of MNEs' consideration of their sustainable development impacts broadly defined. Given that JWB was found to publish on these topics regularly from 1990 onwards and has been in existence since 1965, I will particularly examine some of its contents using illustrative articles, also from the first 25 years in comparison to JIBS. This may help to put claims that topics are new, of growing concern, or increasingly complex (cf. Doh & Lucea, 2013; Holtbrügge & Dögl, 2012) into the right historical context, by taking a somewhat longer-term perspective. Three subthemes are discussed in more detail – the environment; ethics, rights and responsibilities; poverty and sustainable development – considering main contributions and promising areas to further the field. First, however, conceptualizations of IB and of social responsibility will be briefly examined, to explain the understanding that will guide the article.

2. IB and social responsibility: conceptualizations

2.1. The (corporate) social responsibility notion

There are many different views on what social responsibility entails, as I indicated in an earlier piece resulting from a keynote speech (Kolk, 2010a): definitions abound, no clear consensus regarding the exact meaning, while various new/related (sub)-concepts have been emerging as well. Although the number of CSR conceptualizations has decreased somewhat over the years, also with an eye to operationalization for quantitative studies, Votaw's 1973 characterization still seems valid: "The term [social responsibility] is a brilliant one: it means something, but not always the same thing, to everybody. To some it conveys the idea of legal responsibility or liability; to others, it means socially responsible behavior in an ethical sense; to still others, the meaning transmitted is that of 'responsible for' in a causal mode; many simply equate it with a charitable contribution; some take it to mean socially conscious; many of those who embrace it most fervently see it as a mere synonym for 'legitimacy', in the context of 'belonging' or being proper or valid; a few see it as a sort of fiduciary duty imposing higher standards of behavior on the businessmen than on citizens at large." (quoted in Carroll, 1999, p. 280).

As mentioned in Kolk (2010a), a possible distinction can be made between those definitions that perceive CSR to consist of activities to advance a social cause beyond compliance (e.g. Portney, 2008; Rodriguez et al., 2006), and those that do not focus so much on the voluntary nature beyond the law but rather, more broadly, as managing a firm in such a way that it can be "economically profitable, law abiding, ethical and socially supportive" (Carroll, 1999, p. 286). Especially the first approach hinges upon delineating legal obligations, with CSR beginning where the law ends. While this may seem a clear-cut definition, problems emerge when one considers that most firms operate in a large

number of different contexts with widely varying legal rules and norms (cf. Brammer, Jackson, & Matten, 2012), something that also applies to levels of implementation and enforcement. It is also the case that firms are often fined, or that they do not fully conform with legal requirements without being punished for that, so even meeting the law is not standard for all. Moreover, recent years have seen the adoption of laws for CSR in some jurisdictions (cf. Osuji & Obibuaku, 2014). Therefore, the 'beyond compliance' criterion does not reflect the realities of international business very well; and even 'law abiding' poses difficulties across borders. What multinationals do face, however, especially if they are large, visible and active in countries with different norms and standards than their home country, is the growing pressure to account for social, environmental and ethical problems occurring in various locations of operations.

Societal expectations vis-à-vis business have increased more generally, as part of 'blurring boundaries' between the roles of public and private actors. This trend has sometimes been directly linked to the debate on CSR or to other notions such as sustainability, the triple bottom line, sustainable development, corporate citizenship or human rights. It should be noted that the various concepts involve partly distinct debates, with concomitant traditions, foci and framings; sometimes attention for certain topics can be traced back to particular streams of literature. For example, a body of knowledge on environmental management (and organizations and the environment) has laid the foundations for understanding 'the greening of business', and so have business ethics and business and society (or 'social issues in management' in terms of the Academy of Management) with regard to CSR and corporate citizenship; and development studies in relation to sustainable development. These literatures have also drawn attention to the importance of stakeholders, in addition to the more traditional concern for shareholder value expressed in corporate governance approaches.[2] Although the different concepts continue to coexist, a certain convergence can be seen, looking at contents of the discussion, the terminology used and the tendency to cover the whole range of issues (e.g. Devinney, Schwalbach, & Williams, 2013; Kang & Moon, 2012). An illustrative example is corporate accountability and non-financial disclosure, adopted by many multinationals under a variety of headings, such as sustainability, CSR and corporate citizenship reports, in a stand-alone format, or included in the annual financial report (Kolk, 2010b).

Thus, building on the practices as they have emerged, it seems best to approach social responsibility from the perspective of the issues, whether regulated or not, and pressures, from whatever origin and regardless of the specific label or concept, with which MNEs are confronted (cf. Kolk, 2010c). The generic term is thus used here to cover environmental issues such as climate change, pollution and resource depletion, and the social and ethical dimensions of MNEs' activities – inside and outside the firm, often in connection with communities and workers. It resonates in broader societal repercussions and expectations from regulators and other stakeholders, also regarding the need to (help) promote economic development of underprivileged groups and individuals, which MNEs face in their activities across borders in particular. They can choose to deal with the range of issues in a reactive, or pro-active/pre-emptive manner, and address them in their strategies, governance structures and/or organizational processes one way or the other, which in the end may affect firm survival and performance on the various dimensions. Such an approach fits the more current, normative drive of IB, as expressed by Collinson, Doz, Kostova, Liesch, and Roth (2013, p. 8) in their proposed domain statement for the Academy of International Business (AIB), "to

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[2] Corporate governance will not be examined in more detail here as it is the subject of another article in this issue (by Ruth Aguilera).