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CSR and Development: Seeing the Forest for the Trees

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CSR and Development: Seeing the Forest for the Trees*

Julia Sagebien and Melissa Whellams

Abstract This paper examines the role of corporate social responsibility (CSR) in the development agenda. First, it examines highlights of the debate on whether CSR is "good or bad development." It then contextualizes these debates by examining (1) the mainstream debates on whether CSR is "good or bad business management"; (2) how CSR fits within the private sector–led development model; and (3) the institutional infrastructure in which CSR operates. We argue that this contextualization allows for a more sober and realistic assessment of CSR's potential benefits and limitations in the development agenda.

Résumé L'article traite du rôle de la responsabilité sociale d'entreprise (RSE) dans le programme d'action pour le développement. Les auteures examinent d'abord les faits saillants des débats à savoir si la RSE constitue « une bonne ou mauvaise forme de développement ». Elles les replacent ensuite dans leur contexte en étudiant : (1) les principales discussions à savoir si la RSE est « une bonne ou mauvaise forme de gestion des affaires »; (2) la manière dont la RSE s'inscrit dans le modèle de développement axé sur le secteur privé; et (3) l'infrastructure institutionnelle dans laquelle fonctionne la RSE. Elles soutiennent que cette mise en contexte permet d'évaluer de manière plus mesurée et réaliste les éventuels avantages et limites de la RSE par rapport au programme d'action pour le développement.

The business literature is awash with evidence to support the claim that corporate social responsibility initiatives *can* and *do* make a positive contribution to companies, to society, and to the environment. A review of the website of nearly every major national or international corporation will have a link to its enthusiastic CSR report. The business press is also generally "on-board." Many industry associations and international organizations have adopted CSR guidelines and created industry specific how-to primers. Management oriented learned societies devote journal space and annual conference time to CSR management purposes and processes. CSR projects and initiatives are well

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documented in business school teaching case sites, academic and practitioner journals, and in electronic newsletters.

Though CSR is increasingly regarded as "business as usual" and as morally correct as motherhood and apple pie, concern within the corporate ranks about the tangible benefits of CSR expenditures, to the firm and somewhat less so to the intended beneficiaries, is returning to the public (it never left the private) business debates. According to the 2009 McKinsey Survey, while "the perceived importance of corporate environmental, social, and governance programs has soared in recent years, as executives, investors, and regulators have grown increasingly aware that such programs can mitigate corporate crises and build reputations … no consensus has emerged to define whether and how such programs create shareholder value, how to measure that value, or how to benchmark financial performance from company to company" (*McKinsey Quarterly* 2009). This lack of tangible measurable results is likely to strain CSR budgets in the current era of limited resources. However, expectations of good corporate citizenship and the increasing push by governments and civil society towards increased transparency and accountability measures will keep CSR prominent in the corporate agenda.

CSR discourse has also noisily entered the development agenda, if somewhat by default. A review of the websites of major global corporations reveals a plethora of CSR activity in the developing world, often articulated in the discourse of the Millennium Development Goals (UN 2003). CSR has been tasked with minimizing and redressing the social and environmental externalities that often result from the growing commercial and industrial activity. CSR has also been called into action as a way to fill in the "governance gaps" (Ruggie 2002) opened by rapid economic globalization, especially in weak/failed states. According to Ruggie:

> The root cause of the business and human rights predicament today lies in the governance gaps created by globalization—between the scope and impact of economic forces and actors, and the capacity of societies to manage their adverse consequences. These governance gaps provide the permissive environment for wrongful acts by companies of all kinds without adequate sanctioning or reparation. How to narrow and ultimately bridge the gaps in relation to human rights is our fundamental challenge. (189)

This positive view of corporations within development circles "… marks a change from previously established views of corporations as the enemies, unconscious engines, or ungrateful beneficiaries of development." (Bendell 2005, 363).

The news, however, isn't all good. Corporate watchdogs and advocacy NGOs (e.g., Greenpeace, Oxfam, Mining Watch) also provide ample evidence that business activity has significant negative consequences on people and the environment, and that CSR is not meeting its mark, especially in the development world. Examples of corporate malfeasance in the developing world, impunity over human right abuses, and disregard for ecological impacts abound. For these critics, CSR is mostly seen as greenwash, and as limited and naive, and therefore something that *does not* and *cannot* lead to sustainable development.

Development practitioners and scholars, like business executives and NGO staff, are also concerned about the lack of robust empirical evidence supporting the claims of CSR's contributions to development (Blowfield 2007). The narrow focus of the mainstream CSR agenda and particularly its failure to address the more structural determinants of underdevelopment, has raised many questions in learned circles about whether corporations, despite their best intentions, can make reliable agents of development and whether CSR can make broad-based, long-term contributions.

This paper examines the role of Corporate Social Responsibility (CSR) in the development agenda. First, borrowing from the taxonomy developed by Blowfield and Frynas (2005), it examines highlights of the debate on whether CSR is "good or bad development." It then contextualizes these debates by examining (1) the mainstream debates on whether CSR is "good or bad business management"; (2) where CSR fits within the private sector–led development model; and (3) the interaction of firm-centric CSR with other actors within the "institutional infrastructure" in which CSR operates. We argue that the contradictory nature of these CSR-in-development debates can be partly clarified by locating CSR within this broader context. As in the case of the blind men and the elephant, debates about the shape of the whole can best understood by examining the outlines of the parts, and how they all fit together. Similarly, focusing too closely on the CSR and development debates perhaps doesn't allow for the big picture—for seeing the forest for the trees. This contextualizing of CSR-in-development debates should allow for a more sober and realistic understanding and assessment of its potential benefits and limitations and about what companies can and cannot contribute to development. We conclude that CSR efforts, alone, are not capable of making substantial long-term and broad-based contributions to sustainable development. Notwithstanding this, we also argue that CSR contributions, however limited, are a critical component of development and that their impacts can be optimized when leveraged and embedded in a much larger context of social and economic value creation.

There are a number of limitations to this paper. Most importantly, the fundamental orthodoxy of capitalism and of the neo-liberal premises that support a primary role for the private sector in economic development is not questioned. Instead, a global political economy dominated by market forces is assumed to be the global modus operandi for the foreseeable future and what this paper examines is the optimum role of CSR within that.

An additional limitation is that the conception of CSR discussed here is one that corresponds primarily to the CSR of transnational corporations (TNCs) operating in the developing world and thus excludes other types of CSR activity (e.g., CSR in small and medium size and/or national enterprises, etc.). Lastly, we do not offer any new empirical evidence in support of the positions taken by various proponents in the CSR and development debates. Rather, we summarize and organize the debates and then suggest ways to examine CSR in a larger context.

I. Corporate Social Responsibility, Sustainable Development and the Developing World: Clarifying the Building Blocks for a Discussion

Despite the lack of a clear definition of CSR and of its derivative terms (e.g., corporate citizenship), there is agreement that the distinguishing characteristics of CSR are that it is company initiated, voluntary (not legally mandated or required by regulation), discretionary (the company sets the budget and chooses the activities), and managed by the firm as a form of stakeholder engagement and risk management tool. The term *corporate social responsibility* is universally used to define the firm's responsibility to its "stakeholders," parties that can affect or be affected by the actions of the firm (Freeman 1984; Freeman, Harrison, and Wicks 2007). These stakeholders generally include (1) internal stakeholders (e.g., shareholders, management board, managers, employees); (2) primary external stakeholders (e.g., supply chain members, consumers/customers/clients, communities, home/host governments, industry members, etc.); and (3) secondary external stakeholders (society at large and the environment). In this paper *CSR* is used as a generic term. Though they actually stand for somewhat different legal entities, we use the terms *corporation, company, firm,* and *business* interchangeably.

Further clarification of terms is germane to the discussion. There is an equally perplexing debate regarding what constitutes "development" versus what constitutes "sustainable development." This discussion is beyond the scope of this paper. There is, however, a clear understanding that not all development is sustainable development. We use the term *sustainable development* in this paper to refer to development that includes an economic growth component, as well as a social and environmental value, and, as defined in the Bruntland report, as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Idemudia (2008) states that the lack of clear definitions is a casual agent of the confusion about the relationship between CSR and development. Similarly, Prieto-Carron and colleagues (2006) warn that the words *poverty* and *development* are often vaguely defined in the private sector development literature and that the relationship between business CSR activity and poverty reduction is not well understood. However, for the purposes of this paper, the definitions given above suffice.

II. The CSR-in-Development Debates

Like a number of observers (Blowfield 2005; Jenkins 2005; Idemudia 2008), we do not see CSR as having arisen specifically as a response to the business society challenges of TNCs in less developed countries. Rather, CSR is a fairly well established tradition within northern/western business management culture. We attribute the more recent rise of the notion of CSR as a development agent to the intersection of six dynamics: (1)

the sheer size of corporate global activity, power, and influence that resulted from the liberalization of markets of the 1990s; (2) the magnitude of the global challenges posed by externalities such as climate change, growing poverty, and political instability; (3) the limited ability of states, especially in the developing world, to address the impacts of the former two dynamics; (4) the inclusion by national and international development agencies and development banks of the notion of private sector–led development in their agenda; (5) the activism of civil society in a wired world;[1] and (6) the pressure to curtail corporate abuses abroad being felt by the governments of the firm's headquarters' home states. In sum, though companies may or may not have behaved responsibly in their home states, the globalization of markets and supply chains has required a fundamental reassessment of the rights and responsibilities of corporations operating in less developed countries (LDC) host states, especially in those with multiple governance gaps and deeply rooted asymmetrical socio-economic power relations.

Our review of the highlights of the debates of CSR as a development agent suggests that the arguments underlying these debates can be summarized and divided into two broad arguments as shown in Table 1. Though certainly simplistically defined, we define "good development" as that can lead towards sustainable development and "bad development" as one that does not do so.

Table 1. Summary of the CSR in a development context debates

CSR IS GOOD DEVELOPMENT	CSR IS BAD DEVELOPMENT
• Maximizes spillover effects of foreign direct investment (FDI) • Addresses governance gaps • In some areas, corporations can have greater resources than governments • Decreases financial/regulatory burden of the state • Contributes to Millennium Goals and to sustainable development • Can introduce higher levels of performance than those required (or enforced) by local law • Promotes corporate/stakeholder cooperation and coordination towards development goals • Key component in the creation of supply chains that lead to inclusive markets • Reduces social and political conflict and prevents/remediates environmental damage	• Ignores the structural dimensions of poverty and inequality • Usurps the proper role of government • Though formulation involves stakeholder dialogue, the effect of inherent unequal power relations is left unexamined • Calls for change only within the current capitalist framework • Business and development have conflicting agenda • The business case for CSR is duplicitous • Accountability is needed • Corporations lack development expertise • Mainstream CSR agenda is North-driven and gender and race myopic • No matter how good, CSR cannot ever be sufficiently broad based or long lasting because it is voluntary and discretionary • In line with the strategic firms of the firm, and not with the developments needs of communities/states

1. The internet has done for corporate presence in developing countries, what TV did for the war in the Vietnam; it brought it into people's living rooms.

A. Is CSR Good or Bad Development?

1. CSR Is Good Development

In the context of the developing world, CSR is conceptualized primarily as a means through which to expand the benefits of private profit making activities beyond the boundaries of the firm. In this sense, CSR efforts in the developing world allow for corporations to fulfill Donaldson's "maximal duties" by voluntarily going beyond the ethical, legal, and public expectations that society has of business (Weiser and Zadek 2000; Vives 2004; Fox, Ward, and Howard 2002; Maresca 2000) by making direct contributions to the development agenda.

Given that TNCs (including those headquartered in the developing world, such as CEMEX, Tata, Cisneros, etc.) have been the major exponents of CSR in the global South, CSR is often regarded as a form of "FDI plus" that can maximize the spillover effects of FDI. For example, Fox, Ward, and Howard (2002) claim that governments can better ensure that foreign investors contribute to development through job creation, knowledge and technology transfer, and the provision of infrastructure by adopting inward investment policies linked to CSR-friendly practices. These types of policies may include requirements on technology transfer, local economic linkages, local community consultation, or public-private partnerships that seek to align corporate investment with public sector investments.

CSR is also seen as a way to optimize state-led investment in development. For Jenkins (2005), "development agencies have come to see CSR as a way of reconciling support for the private enterprise and a market-based system with the central aim of reducing global poverty" (530). Antonio Vives of the Inter-American Development Bank suggests that "CSR, by its very nature, is development done by the private sector, and it perfectly compliments the development efforts of governments and multilateral institutions" (in Jenkins 2005, 525). Moreover, Blowfield (2004) purports that CSR as a form of voluntary regulation can be effective in developing countries since it can "reduce the financial burden of enforcement from cash strapped governments, theoretically freeing up funds for development initiatives" (63).

In countries governed by weak or predatory states, where governance gaps are most acute, corporations may be more capable of delivering development than governments. Kuper (2004) argues that "if on some occasions corporate leaders are better (morally) motivated than rulers of developed as well as developing states, then we cannot decide by fiat that states are the primary agents of development" (15). To this end, UNCTAD (1999) remarks:

> In countries with weak competitive discipline of efficient markets or lacking "good governance" reflected in effective governmental institutions to represent the public interest, TNC social responsibility requires that the corporation pay special attention to the interests of underrepresented stakeholders that could be adversely affected by business operations. (7)

Certainly a number of "philanthrocapitalists" (*Economist* 2006) such as Bill Gates and Warren Buffet have resources (financial and knowledge) of a large enough scale as to have an impact similar to or sometimes even greater than those being funded and led by national and international public agencies. These private efforts are often structured as foundations (e.g., the Bill and Melinda Gates Foundation and Skoll Foundation) to allow for greater freedom of action and to avoid the restrictions that corporate charters place on executive decisions that affect shareholder wealth.

As an extension of the argument that CSR is an effective means through which to fill governance gaps, CSR is also seen as a means through which to introduce higher levels of performance than those required by local law. As Blowfield and Frynas (2005) argue, where the rule of law is weak, "CSR can be a useful step on the way to better national legislation in countries that have failed to enforce their laws." Sayer (2005) explains:

> Voluntary codes are an immediate way of reducing environmental harm and the suffering caused by the negative social impact of business. But they are also a method of designing and testing the benchmarks, feasible ideas, norms, and standards for more ethical business conduct which will, in future, inform the regulatory frameworks and mechanisms. (265)

Conversely, while it is recognized that legislation is often needed in order to reduce excessive exploitation of labour, reduce bribery and corruption, and level the playing field for corporations, proponents of CSR point out that new legislation could in fact reduce CSR to the lowest common denominator. According to Henriques, "if there were legislation around CSR, then companies will deliver what the law requires, but never more" (Hopkins 2004, 7). Moreover, while some CSR proponents agree with their critics that tougher regulation is optimal, they point out that it is not always feasible (UNRISD 2000). In such cases, voluntary initiatives can be effective way to fill governance gaps (e.g., the Fair Trade movement).

An examination of company websites shows that CSR programs are moving away from strictly philanthropic initiatives (such as building schools and hospitals) towards investments in projects focused on sustainability. For example, companies are now working more with local governments, non-government organizations, and communities themselves in more participatory ways to design, develop, and implement community development projects that best serve the long-term interests of community members.[2] Though traditionally companies have not possessed much development know-how, anecdotal evidence reveals that the number of skilled development practitioners working in CSR departments in the developing world is growing. Proponents of CSR as an agent of development claim that because CSR programs are becoming more

2. The Business Partners for Development Program, managed by the Overseas Development Institute, provides a number of examples of these types of tri-sector partnerships between business, government, and NGOs aimed at fostering community development. For further information, see www.bpd-naturalresources.org/.

sophisticated and staff better informed, they are progressively becoming more capable of making a greater contribution to development than in the past.

Development-oriented CSR investments are also highly beneficial to the firm. Not only do they provide good examples through which to demonstrate good citizenship to many corporate audiences, from employees to financiers to potential public and private investment partners, but they also provide the basis on which local communities often grant firms the required “social license to operate.”

In the twenty-first century, CSR is becoming de rigueur for firms operating in the developing world. It is expected by shareholders, home/host states, and local communities. The question remains, however, of whether or not CSR makes a real difference in the quality of life of those it is intended to benefit. Below is a review of some of the salient points of the critiques of CSR as an effective agent of sustainable development.

2. CSR Is Bad Development

A significant shortcoming of CSR as a development tool argument is that it often ignores the structural dimensions of the business-poverty relationship (Prieto-Carron et al. 2006). Lund-Thomsen (2005) observes that CSR does not challenge the global-level, structural causes of conflicts between companies and stakeholders. Similarly, Blowfield (2005) remarks that if poverty is a result of structure rather than a matter of capacity, access, and opportunity, then CSR is unlikely to provide a solution. For example, it is questioned whether fundamental issues of land rights and resource distribution can be adequately addressed merely by a corporation’s improvement of their social and environmental performance in a region. This problem is articulated by Kemp (2001), who argues that while the notion of CSR is not under question, its application and relevance are, and by Utting (2005), who argues that in order for CSR to make a significant contribution to development, the CSR agenda needs to address the structural and policy determinants of underdevelopment and the relationship of TNCs to those determinants.

A key weakness of CSR is that it calls for change, but only within the current capitalist framework. According to Blowfield (2005), “[CSR] treats capitalist assumptions and values (e.g., commoditized labour, the rights of capital) as universal norms even when these might run counter to the well-being or experience of workers and local communities” (522). Consequently, it has been argued that “CSR as a discipline lacks the means to consider its own orthodoxy” (Blowfield and Frynas 2005, 510).

According to Kemp (2001), “It is pertinent to ask whether CSR and voluntary initiatives, which are largely western led, comprise a diversion from the real issues of legislative reform and multilevel political and social development” (35). Some critics suggest that it is no coincidence that CSR is being promoted by the same institutions that advocated market liberalization and privatization (Doane 2005; Hopkins 2004; Jenkins 2005; Blowfield 2005; Kemp 2001). Doane (2005) explains: “Rather than shrink away from the battle, corporations emerged brandishing CSR as the friendly face of capitalism, helped, in part, by the very movement that highlighted the problem of corporate power in the first place" (para. 3).

The notion of "development done by the private sector" is somewhat worrisome, given that the objectives of business and development are often conflicting or incompatible (Frynas 2005; Blowfield 2005). The "privatization of governance" (Prieto-Carron et al. 2006) calls into question the political legitimacy of actors. Doane (2005) maintains that it is difficult for the market to deliver long-term social benefits because the short-term demands of the stock market provide disincentives for doing so. For example, if corporate executives are obligated to maximize shareholder profits, it is difficult for them to justify corporate expenditures on community development or the environment if these expenditures reduce profits. While most critics do not deny that *some* corporations have managed to simultaneously deliver long-term social benefits and short-term financial returns, it is argued that these cases are the exception, rather than the norm (Fig 2005). Moreover, it has been noted that CSR often only addresses the social and environmental issues that business is willing to accept as negotiable (Blowfield 2005).

Related to the last point is the criticism that CSR ignores key development issues (UNRISD 2000). For example, a company's CSR policies are more likely to prohibit things like slavery and child labour, yet ignore the right to a living wage and freedom of association. Blowfield and Frynas (2005) explain that outlawing the former two practices does not cost a company too much money and could in fact help the company avoid consumer backlash. Raising employee wages and permitting unionization, however, could negatively affect the company's financial bottom line. In a similar vein, the mainstream CSR agenda has been criticized for failing to challenge companies in areas where their corporate citizenship is most tangible and effective—the payment of taxes and royalties (Jenkins 2005; UNRISD 2000).

The CSR agenda is written by corporations, and the extent to which it benefits corporations rather than meets larger social and environmental objectives is hard to discern. To this end, Blowfield and Frynas (2005) point out that "we need to consider how far the business case shapes not only the choice of issues or relevant constituents, but also the very discourse that delineates the boundaries of CSR" (512). Utting (2003) agrees, noting that the CSR agenda must become more "South-centered" and claims that the current CSR agenda may be used more to vindicate the actions of corporate managers, northern consumers and some NGOs, than as a means to improve the conditions of workers and communities in the developing countries. He argues:

> The CSR agenda tends to be somewhat "northern driven" and focuses on a fairly narrow set of issues, sectors and companies. Various social and environmental issues or business activities of concern to workers and communities in developing countries may not get much attention … Aspects related to workers' empowerment, industrial relations and labour rights, and the conditions of workers in sub-contracted activities, receive far less attention. (Utting 2003, Development impacts of CSR, para. 1)

A review of CSR reports will demonstrate that, to varying degrees, company CSR programs have resulted in greater environmental protection and conservation, increased access to health care, better sanitation, and improved labour practices for many people in developing countries (Sagebien et al. 2008). However, it remains uncertain whether these improvements act to better the lives of any people beyond the small number of those who come into direct contact with these companies. Thus the analysis of CSR must ask: "for whom do CSR bells really toll?" Because western- and northern-based companies are leading the charge in CSR, many CSR initiatives are indeed focused on addressing developed country priorities such as the reduction of greenhouse gas emissions, employee engagement, and corporate governance. Consequently, issues of poverty reduction and human rights abuses become secondary on the CSR agenda. While companies are investing in community development, the projects are for the most part piecemeal and localized, so they do not effectively contribute to development on a regional or national scale.

As mentioned by Blowfield (2007), though, we know a lot about CSR, but most of what we know reflects business concerns and little about how CSR affects the major societal issues it was intended to address. He argues that, in part, this is due to the nature of the sources of information on CSR (mostly case studies, company documents, and ratings) and on a focus on instrumental outcomes (that is, outcomes rather than impacts).

A related criticism regarding the predominantly northern-driven CSR agenda is that it could present a barrier to entry for small and medium-sized enterprises (SMEs) in developing countries. While CSR is promoted as a *voluntary* mechanism to improve the social and environmental practices of business, the IISD (IISD et al. 2004) explains that it has become more of a "market entry requirement" for SMEs. As more and more large multinationals incorporate CSR into their supply chain management, there is fear that they will discriminate against SMEs that do not have the financial resources to adopt CSR practices. Blowfield and Frynas (2005) point out that in this way, CSR can act as a burden rather than a benefit to developing countries:

> Ironically, a firm's commitment to CSR can actually lead to these marginalized groups being seen as a threat to the company's claim to responsible operation. Some major sporting goods companies, for instance, have reduced the amount of outsourcing to smaller producers in part because it is difficult to monitor those facilities. (508)

The fact that CSR could conceivably create more problems than solutions for developing countries leads to a further criticism of CSR: corporations lack development expertise (Frynas 2005; Christian Aid 2004). Development projects are likely to fail if companies do not have the time or experience necessary to tailor projects to specific countries or regions, involve the beneficiaries of CSR in the project design, or integrate CSR initiatives into a larger development plan (Frynas 2005). For example, Bendell (2005) notes that initial corporate responses to campaigns against child labour in the sporting goods industry in Pakistan led to many children losing their jobs and seeking work in more hazardous or abusive industries (163). This need to broaden expertise is one of the main reasons that there has been greater engagement with stakeholder communities and that tri-sector partnerships between business, NGOs, and government have been established.

While some critics do not necessarily take issue with CSR, they remain skeptical about corporations' stated intentions to act responsibly. According to Frynas (2005), this skepticism is justified due to the mounting evidence of a gap between the stated intentions of business leaders and their actual behaviour. As a result, non-government organizations such as Rights Action and Christian Aid claim that CSR is used to mask the sometimes devastating environmental and social impacts multinational companies can have on communities (Christian Aid 2004). By pointing to their token "development projects" corporations can divert attention away from some of the more deleterious activities they may be involved in. Corporations have been accused of using CSR as a public relations tactic to improve their public image

The voluntary nature of CSR poses its own set of problems. It is argued that CSR is used by companies to block tougher national or international regulation of corporate activities (Lund-Thomsen 2005; Christian Aid 2004). In addition, it is argued that in the absence of binding regulation, companies are free to determine the range and level of obligation they are expected to fulfill (Newell 2005). Because CSR is entirely voluntary, there is a worry that the worst corporate offenders will be left unrestrained and the victims of their actions will have little or no means of reparation (Christian Aid 2004). This was a significant criticism from NGOs following the Canadian government's decision to adopt a voluntary CSR Framework for Canada rather than something more binding.[3] The movement towards corporate "accountability" (legally bound) is growing (Bendell 2005).

In sum, Utting and Marques's (2010) analysis of the failure of CSR to deliver substantial positive development results argues that "what was at fault was not simply a number of strategic and operational limitations but indeed the intellectual project surrounding CSR itself" (3). The authors present a comprehensive critique of mainstream academic work focused on CSR, pointing to four analytical and empirical limitations of CSR thinking in a developing world context, namely, that CSR thinking is largely (1) ahistorical; (2) empirically weak; (3) theoretically thin; and (4) politically naive.

III. Seeing the Trees as Part of the Forest

Many of the arguments in the debate appear contradictory because they are, like trees in a forest, single parts of a much larger whole. An understanding of where the CSR-in-

3. In 2009, the Canadian government officially launched its Building the Canadian Advantage initiative, which includes a voluntary CSR Framework that Canadian mining and oil and gas companies are expected to adhere to when operating in developing countries.

development arguments are located in a larger context can help more soberly identify what CSR can and cannot do in a developing country context.

Edward and Tallontire (2009) have organized the business and development debates using a heuristic model that simultaneously addressees (1) the role of business in development—as an instrument for delivering development or as a shaping force in society—and (2) the perception of development itself—as a transformation of social systems or as more instrumental poverty reduction/public goods delivery. Their model goes a long way in demonstrating the tensions that are inherent in the relationship between business and development and in "locating" the debates.

Idemudia's (2008) review of CSR in the development literature reveals three interrelated factors that lead to the difficulty in substantiating whether CSR can or cannot make a difference to development: (1) lack of definition of CSR and development; (2) overemphasis on corporate responsibility and too little attention to reciprocal responsibility and local context; and (3) limited analytical focus in the research agenda.

We frame the analysis of the debates within a framework that focuses on three key questions: (1) How do the mainstream CSR debates on whether CSR is good or bad management affect the CSR-in-development agenda? (2) What is the contribution of the private sector, overall, to development and where does CSR fit into this scheme? (3) What is the impact on firm-centric CSR of the global institutional infrastructure within which firm-centric CSR operates?

A. How Do the Mainstream CSR Debates on Whether CSR Is Good or Bad Management Affect the CSR-in-Development Agenda?

We felt it was necessary to examine the mainstream CSR debates (Table 2) separately from the CSR-in-development debates (Table 1) because, though often broadly consultative in its processes, CSR is developed and implemented by executives and is managed and decided by executives with the strategic interests of the firm at heart; it is thus a firm-centric managerial decision. Moreover, CSR did not arise as a response to the challenges of TNCs in developing countries but rather it is a well-established business practice in developed countries and headquarters. The question for executives and shareholders, then, is whether CSR is good or bad business management.

We defined good business management as that which meets the objectives of the firm, and bad business management as that which does not meet the objectives of the firm.[4] Granted, these "good vs. bad" categorizations are debatable, as is the criteria used for selection (is the objective of the firm a single bottom line of profit or a broader triple bottom line?).

CSR discourse has gained a great deal of visibility in the first decade of the twenty-first century. Compendiums assembled by Crane and colleagues (2008), Scherer and Palazzo (2009), Visser and colleagues (2007), and McBarnet, Voicelescu, and Campbell

4. This taxonomy is derived from the *Economist*'s 2005 discussion of CSR as either good or bad capitalism.

(2007) present a vast array of issues and debates that are actually much broader than those presented below. What we present below is a subset of the issues in mainstream CSR debates that we believe are most germane to the discussion of CSR in development.

TABLE 2. SUMMARY OF THE CSR AS GOOD OR BAD MANAGEMENT DEBATES

CSR is good business management	CSR is bad business management
• Acts as a form of reputation and brand equity builder/protector • Serves as a risk management tool (e.g., labour disputes, social unrest, government interference) • Gives companies a competitive advantage by attracting socially responsible investors and consumers • Helps attract and retain top talent by increasing employee satisfaction and job morale • Leads to better financial results • Improves access to financing of company and of projects • Provides a license to operate • Creates good value and acts like a proxy for good management for investors • Good corporate behaviour and voluntary approaches avoid pressure for home/host country and international regulation	• Brand value cannot be built or held without good financial performance • Expenditures compromise the legally mandated pursuit of shareholder wealth • Development is the government's responsibility • Corporate executives are not qualified to make decisions regarding environment/society • Undermines how capitalism best serves the public good by diverting management attention and resources away from wealth creation • No conclusive evidence that CSR leads to better financial results while it is evident that it involves costs • No conclusive evidence that consumers will prefer ethical products/ethical companies in most circumstances

A number of fundamental questions underlie these debates. How one answers these fundamental questions is a major determinant of the reasons given to categorize CSR as being either good or bad business management. Below we examine some of these key questions.

1. What are the essential responsibilities of the firm and to whom is it accountable?

According to Friedman (1970) "there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (91). This reasoning is often understood to mean that as long as a company operates within the law, CSR is redundant.

Conversely, CSR is premised on the notion that corporations and society are bound by a reciprocal social contract in which businesses fulfill economic needs and social goals in exchange for the use of society's resources (e.g., Goodpaster and Matthews 2003). Based on social contract theory, Simon, Powers, and Gunneman (1972) introduce the concept of a moral minimum to help corporations gauge the degree of responsibility they have to society. The moral minimum states that all citizens, both individual and institutional, are to avoid and correct self-caused social injury.[5] In the same vein, Donaldson (1989) outlines minimal and maximal duties of corporations to society.

5. Social injury being "activities which violate, or frustrate the enforcement of, rules of domestic or international law intended to protect individuals against deprivation of health, safety or basic freedoms" (Simon, Powers, and Gunneman 1972).

Minimal duties include (1) enhancing the welfare of consumers and employees; (2) respecting the rights and justice of the people in society; and (3) minimizing harm or other adverse effects such as depletion of natural resources and misuse of power. Similarly, Idemudia (2008) suggests a need to balance "affirmative and negative injunction duties" more critically.

In the absence of regulation, companies are left to decide what obligations they have and to whom within the spectrum of minimal and maximal duties. Since CSR is "discretionary" and aims to improve stakeholder relations, the needs of the internal stakeholders will likely be met first, and the needs of the external primary and then secondary stakeholders (however the firm defines them), will be triaged based on the strategic concerns of the firm.

Zadek's (2001) notion of generations of CSR is useful in understanding a possible evolution of corporate concern from minimal to maximal duties. Most CSR programs are conceptualized within what Zadek (2001) calls first generation CSR, where companies "can be responsible in ways that do not detract from and may add commercial value to their business" (14). For many, this means complying with the law, having good employee and investor relations, and, for the more eager ones, engaging in traditional philanthropic and charitable activities. For the vast majority of these companies, CSR programs are conceptualized within local, community, and national boundaries. If sophisticated enough, these programs will follow "strategic philanthropy" (Porter and Kramer 2003) that can reinforce the companies' business models. It could be claimed that quite often these types of efforts simply repackage their existing employee policies and charity programs under the new CSR rubric in order to better "report" it for rankings surveys.

For "second generation" companies the "business case for CSR"—the notion that responsible companies are "likely to be the ones which prosper in the future" (Zadek 2001, 14)—is evident and desirable. Beyond companies in "green" and/or "ethical" niches, there are probably few companies for whom this win-win scenario is easily attainable. In third generation CSR, corporate citizenship is "likely to make a significant contribution to addressing the growing levels of poverty, exclusion and environmental degradation" (14). In a parallel fashion to Sharp Paine's discussion of the need for a "value shift" in the business ethics discourse, these third generation CSR companies have realized that CSR, like ethics, does not necessarily pay, but it does count (Sharp Paine 2003).

2. *Does maximization of wealth really make a society "better off"?*

Corporate CSR reports allege that CSR adds value to society. Critics, however, claim that it decreases collective welfare, undermines the market economy, reduces economic freedom, and deflects business off its primary role of wealth creation (Henderson 2001, 2005; Kerr 2004). Proving that it either adds or decreases value to society is nearly impossible since the rationales used to prove either position reflect the underlying ideological paradigms about the proper role of states and markets in bringing about societal welfare. This belief will, in turn, affect one's position regarding whether companies themselves should exert a "visible hand" through CSR or let the "invisible hand" of the market guide outcomes for society. For example, a recent op ed in the *Wall Street Journal* stated that:

> The idea that companies have a duty to address social ills is not just flawed … In cases where private profits and public interests are aligned, the idea of corporate social responsibility is irrelevant … In circumstances in which profits and social welfare are in direct opposition, an appeal to corporate social responsibility will almost always be ineffective, because executives are unlikely to act voluntarily in the public interest and against shareholder interests … But it's worse than that. The danger is that a focus on social responsibility will delay or discourage more effective measures to enhance social welfare in those cases where profits and the public good are at odds. (cited in Karnani 2010)

In other words, CSR decreases social welfare because it requires that executives compromise shareholder earnings, make decisions that they are not qualified to make (Korten 1996), interfere with government responsibilities, and impose costs on their stockholders, customers, and employees. Moreover, market forces, such as competition, limit a corporate executive's ability to manage a corporation in the public interest (Korten 1996; Doane 2005) and CSR is a luxury that is often placed on the sacrificial chopping block when the going gets rough (Doane 2005).

CSR is intended to complement the regulatory framework established by governments, rather than relieve governments of their duty to serve the public interest. Blowfield (2004) reasons, "For government and private development agencies faced with stagnant or declining funds, business offers a way of increasing resources and revenues, and CSR is one route to working with companies" (61). However, critics of the "private policy" that this implies suggest that it may reduce governments' motivation to fulfill their responsibilities to their citizens and potentially foster communities' dependence on a corporation. This dependency is cause for concern primarily because corporations and foundations lack the democratic credentials to serve the public good, and only elected government officials are accountable to the polity (Korten 1996).

3. Should the visible hand of the state interfere?

It is argued that "participation in voluntary initiatives will offer learning opportunities about compliance, the result being that corporations will have less reason to fear and resist the introduction of compulsory codes" (Kuper 2004, 12). However, regulation restricts corporate freedom to act and industry resistance tends to be fierce. For example, in Canada, proposed legislation making companies in the extractive sector liable for their illegal actions committed in a foreign country (e.g., proposed Bill C 300) is garnering strong resistance from the industry.

However, regulation is again being seen as perhaps, a "good thing." For example, regulation, especially in the financial markets, is back in vogue (see Griffith-Jones, Ocampo and Stiglitz 2010). High profile corporate scandals (e.g., the Bernie Madoff Ponzi scheme), environmental disasters on American shores (e.g., the BP oil rig explosion and spill), and the global financial crisis sparked by the meltdown of the US housing market has shown cracks in the "market knows best" model.

4. Can CSR build and hold brand value?

Advocates of CSR claim that it can help companies improve their reputation and public image by strengthening the ties between companies and its stakeholders, as well as the communities in which they operate. According to analysts at Interbrand, the top consulting firm on brand value, "for the companies in the analysis, 13 cents out of every dollar of brand value is linked to CSR efforts." However, Interbrand is quick to also point out that "as this analysis is one of simple correlations, this should not be interpreted as causal. There is the possibility that larger companies with more revenue … can afford to partake in CSR efforts." (Silverman 2010).

Perceptions of good citizenship, often built slowly and at great cost, can be lost very quickly. For example, despite its earlier efforts to brand itself as the green "Beyond Petroleum," as a result of its management of the 2010 Gulf of Mexico spill, BP experienced a precipitous drop in not only the share value of the company, but in "brand value" of the BP brand (Interbrand 2010).

5. Can CSR serve as a risk management tool?

Although companies may have the legal right to operate, they may not have society's approval to do so and must also seek a "social license to operate." This is especially important for firms in the extractive sectors, given that they must make substantial long-term capital investments and that, unlike manufacturing firms, they must operate "in situ." For example, Canadian mining company Barrick has invested substantial amount of money and resources on thorough CSR programs and meeting international standards (e.g., ISO 14001). However, they remain a favourite target of anti-mining, human rights, and environmental advocacy NGOs (Sagebien et al. 2008). For both BP and Barrick, their efforts to be good citizens—and be perceived as such—are going to be tested every step of the way.

6. *Can CSR improve a company's financial attractiveness?*

Though a positive correlation between socially responsible companies and their financial performance has been shown, there is no conclusive evidence that this is necessarily the case. Causality is disputable; the value of what is being measured, by whom, for what purpose and how, is not clear. For example, McKinsey Global Survey results:

> indicate agreement that environmental, social, and governance programs do create shareholder value, though the current economic turmoil has increased the importance of governance programs and decreased that of environmental and social programs. Nonetheless, a significant proportion of respondents don't fully consider these programs' financial value when assessing the attractiveness of business projects or companies. Some think the value is too

> long-term or indirect to measure, and others just aren't satisfied with the metrics available. Moreover, there are notable differences between CFOs and professional investors in a few areas, including how much value these programs create, which specific environmental, social, and governance activities create value, and whether such programs are a proxy for good management. (*McKinsey Quarterly* 2009, 1)

A report published by the United Nations Conference on Trade and Development (UNCTAD 2010) examined the CSR practices of the world's 100 largest transnational corporations (TNCs), as well as the sustainable investment practices of the world's 100 largest institutional investors. The report finds that although most of the largest TNCs now issue CSR reports, the quality of those reports varies widely, as does the amount and the kind of information provided. This makes direct comparison of corporate performance very difficult and limits the usefulness of the information for investment decision-making and for managerial benchmarking, since only 13 of the top 100 institutional investors publish an annual report on their firm's own sustainable investment policies and practices.

According to the Network for Business Sustainability's systematic review of the academic and practitioner knowledge (159 studies) on Best Practices in Valuing Business Sustainability (Pelozza and Yachnin 2008), 63% of the studies reviewed showed that investments in "sustainability" (a topic closely associated with CSR) enhanced the financial bottom line, while 15% of the studies claimed that they did not. The rest (22%) had mixed results.

Sustainability initiatives, however, suffer from a perceived lack of measurability, making it hard to link the investments to the bottom line. Reporting frameworks, such as that provided by the Global Reporting Initiative (GRI), have helped standardize reporting formats. However, the passage of legislation mandating standardized reporting, for example through stock exchange listing requirements, is becoming more widespread (e.g., in Denmark). Again, opinion is divided regarding whether this type of state visible hand, is a good idea (since it is mandated and comparable) or not (because it is too rigid and hard to change and not adequate for such a fast learning curve).

Though the jury is still out on the returns offered by corporate social responsibility, CSR advocates maintain that acts of corporate social *irresponsibility* can decrease a corporation's profits (Vogel 2005; Hamann and Kapelus 2001). Hamann (2003) explains that poor community relations can cause costly delays in a business's operations. Moreover, it is argued that companies cannot afford to be socially *irresponsible,* since high profile cases of environmental and social devastation can severely tarnish a company's reputation—witness the case of BP.

If CSR has no clear financial or market return, it can be argued that it is only an ill-advised expense. On the other hand, while it is true that CSR might impose some costs on employees, customers, and stockholders, so do other "justified" expenditures such as excessive executive remuneration and expensive marketing campaigns (Moon 2005).

The positive correlation between CSR and finance, however, is making progress in several very important areas. Ethical consumerism and socially responsible investment (SRI), as market niches, are growing trends.[6] Project financing, especially in the extractives industries is becoming more socially and environmentally demanding. Most international financial institutions (IFIs) and private banks have signed onto the Equator Principles[7] which require them to conduct an analysis of the social and environmental past and planned future performance of their borrowers before approving project financing and risk insurance.[8] In many cases, especially in that of "export development corporations" (e.g., Export Development Canada), fulfillment of social and environmental guidelines is a requirement that is carefully audited. International third party certifications such as ISO 14001 (environmental management systems) are highly sought after by companies as proof that they are doing this "right."

White (2004) suggests that while a number of elements influence a corporation's decisions—such as securities regulations; corporate governance; capital ownership; corporate and, to a lesser degree, voluntary initiatives (such as CSR); international norms; company codes and policies; and company leadership—it is the core attributes that exert the most influence over its actions. These core attributes are designed to make the corporation an engine of private wealth creation by enshrining "shareholder primacy, limited liability of equity holders, and corporate personhood—the rights of corporations under law to protections and privileges accorded human beings" (White 2004, 22). Consequently, White argues, "If the corporation is to be transformed from primarily a private value generator to a public benefit generator (or a balance of the two), it is essential to decode, analyze and, as needed, alter its genetics" (22).

In order to address the difficulties that shareholder primacy causes to the consideration of other stakeholders, as well as the absence of consistent transparency standards that would make it possible to differentiate between a "good company" and "good marketing," experiments with corporate genetics are being conducted. Though still in their infancy and so far restricted to small enterprises with a social mission, "B Corporations" are breaking new ground in the process of institutionalizing the interests of non-shareholder stakeholders. Their legal structure is aimed at expanding corporate accountability by requiring in the company charter that the B Corporation have transparent and comprehensive performance standards that allow consumers to know if a businesses is aligned with their values, investors to drive capital to higher impact investments, and governments and multinational corporations to implement sustainable procurement policies (B Lab 2011).

6. As evidence of this, see www.socialfunds.com/.

7. The Equator Principles are a set of standards for determining, assessing, and managing social and environmental risk in project financing. They have been adopted by international financial institutions to ensure projects they finance are developed in a manner that is socially and environmentally responsible.

8. The IFC Performance Standards, developed by the International Finance Corporation, are a set of eight comprehensive standards and associated implementation guidelines (Guidance Notes and Environment, Health and Safety Guidelines), which are underpinned by a social and environmental review procedure and disclosure policy. The Performance Standards were developed in consultation with key stakeholders (including clients and NGOs) and are based on the 10 Safeguard Policies formerly applied to international project finance lending by the IFC. The Performance Standards have since been adopted by the Equator Banks as the requirements for projects they finance.

7. Can CSR help companies attract and retain top talent?

Willard (2002) suggests that one way top talent could reward or punish their own company would be to stay in or leave their job. Due to the high costs associated with employee recruitment, Willard argues that socially responsible companies could save money because they would experience less staff turnover. CSR can make staff feel more positive about the company they work for, particularly expatriates working for companies in developing countries where they witness widespread poverty despite the presence of their large wealth-generating operations. The ever-increasing inclusion of CSR-related topics (e.g., business ethics, value-driven leadership) in the MBA curriculum suggests that employers expect their newly hired staff to be conversant with this topic. Recent high profile (and expensive) cases of fraud by young executives are only likely to increase vigilance regarding the ethics of new hires.

8. Can CSR increase market share and preferential industrial/government sourcing?

Again, there is a lack of conclusive, empirical evidence that consumers will pay more for socially responsible products or services. A Research Network for Business Sustainability survey of knowledge (Cotte and Trudel 2009) reveals that consumers will buy responsible products only if "quality, performance, and price are equal," though the group of consumers most interested in socially responsible products is growing across the world. In this case, it is good business after all.

Small- and medium-sized enterprises that have made a greater commitment to being socially and environmentally responsible are often favoured by international buyers up the supply chain (e.g., Rugmark and Fair Trade certifications). This latter point, however, has been criticized for making it more difficult for SMEs to get contracts because it increases operating costs (wages, monitoring, etc.)—costs that are, more often than not, not borne by the international buyers.

9. If CSR is good/bad management, is it also good/bad development?

For those who support the notion that CSR is good business management to begin with, the notion that CSR can make a positive contribution to development is probably not a far-fetched one. Since CSR brings benefits to corporations themselves, as well as to its stakeholders in developed and developing countries, it results in a "win-win" scenario for both the companies and society at large. Even for those who support the notion that CSR is bad business management, it can be argued that if CSR facilitates a license to operate in the developing world, and it reduces risk, perhaps it is not such bad management after all. CSR in this case is likely seen as a necessary cost of doing business abroad.

B. What Is the Contribution of the Private Sector, Overall, to Development and Where Does CSR Fit into This Scheme?

In his discussion on the difficulty of proving the causality between a company's action and major societal issues, Blowfield (2007) notes that "rather than framing the debate in terms of the impact of CSR, it might be more fruitful to think about the value of business to society … the value of business to development goals" (693). This section explores the role of CSR within the private sector development model in more detail.

Much of the impetus behind the market liberalization policies of the 1990s lay in the belief that the organizing principles of the market, when given a supportive and enabling public policy environment, would result in economic growth and, eventually, in shared prosperity for the majority of citizens. CSR's role within this larger "private sector as agent of development" scheme is seen as that of providing a better interface between the business concerns and the development agenda. For example, according to the UK Department for International Development, "By following socially responsible practices, the growth generated by the private sector will be more inclusive, equitable and poverty reducing" (in Jenkins 2005, 525).

McKague and colleagues' (2004, 7) adaptation of Schulpen and Gibbon's (2001) framework on private sector development is helpful in conceptualizing layers of embedded discourse. Private sector development involves several imbedded layers: *macro* level international and national enabling environments, *meso* level institutional structures (e.g., financing mechanisms, trade and entrepreneurship promotion), and *micro* level contributions of companies (e.g., job creation, technological and human capital knowledge transfer). McKague and colleagues (2004) suggest that CSR is a *meso* level institutional structure. Seen within this broader context, CSR's limitations, as well as the grandiose claims made about its potential, become more understandable—in that the term *CSR* is often used interchangeably to refer to a number of many of the higher and lower level dynamics of the entire private sector–led development model, many of which a company, no matter how well intentioned, can affect but has no capacity to control.

Furthermore, when examining the *micro l*evel contributions of corporations to development, McKague and colleagues (2004) suggest that the potential corporate contribution to/in developing countries can be organized into three main categories: "1) contributions arising from core business activities (pay taxes, create jobs, improve supply chains, etc.); 2) the contribution from companies engaging in innovation and policy dialogue and institution building; and 3) the benefits of social investment and philanthropy" (McKague et al. 2004, 8). Again, this model sheds light on both the possible contributions and inherent limitations of CSR by highlighting how it represents only a part of the overall contributions that, in principle and sometimes in practice, the private sector and corporations can make to development.

The role of the private sector as an agent of development, however, goes beyond the "top down" efforts of state deregulation (or re-regulation) and large TNCs and their CSR to include "bottom up" approaches involving "the poor." For example, the notions of "making markets work for the poor" and "unleashing entrepreneurship" have been promoted by development agencies like the UNDP (Martin and Zedillo 2004) and NGOs such as CARE Canada (Watson 2004). According to Watson, development theory and practice has undergone three distinct historical phases or waves:

> The first wave addressed needs in the developing world through organizations in the voluntary sector such as churches, community groups and NGOs, consisted of charitable contributions from concerned individuals … The second wave of development assistance operated through governments and multilateral institutions, and was dominated by the state. This wave sought to redistribute domestic tax resources based on an enlightened concept of national interest in which aid flows fulfilled a commitment to basic human rights … Whereas the first two waves addressed needs and upheld rights, the third wave seeks to take advantage of opportunities. By creating the conditions necessary for successful entrepreneurship in the developing world, the third wave enables the poor to take ownership of their livelihoods and harness the engine of private sector growth for social returns. (4)

Watson's progression implies the relative inadequacy of the first two waves of development, and as such, bears some resemblance to the current critique of development aid as being utopian in vision, poor in its achievements, and very much in need of decentralized grassroots efforts (Easterly 2006). It is thus useful in understanding the relatively recent impetus for the promotion of *bottom-up* approaches to the role of the private sector in development such as micro-enterprise, micro-finance, property registries (De Soto 2000), social venturing/social entrepreneurship, and local enterprise networks (Wheeler et al. 2005).

The recent emphasis on tri-sector development-oriented partnerships suggests that development theorists, policy-makers, and practitioners are weaving a new tapestry made out of the activities and policies belonging to all three waves. For example, micro entrepreneurs in developing countries are linked to supply chains of TNCs selling products in developed countries. These efforts are facilitated by state and international development agencies and NGOs and funded by micro-credit institutions, philanthropic foundations, social venture funds, and direct civil society investments (e.g., Kiva). These kinds of "inter-wave" initiatives show great promise as a means to facilitate the potential positive contributions of CSR in development.

In order to further maximize the possible benefit of firms on development, corporate decision-makers have been encouraged to find ways to go beyond the confines of CSR initiatives and bring pro-poor and pro-environmental concerns to bear on the core business strategies and activities of the firm. In this line, Prahalad (2005) and Hart (2005) suggest that TNCs' core business activities are capable of mobilizing enormous technical, human, and financial resources to deliver innovative solutions to the product and service needs of the 4 billion people that live at the "bottom of the pyramid" (BOP), and to create "market-oriented ecosystems" that facilitate the participation of the poor in the market. Supply chains structures that have been re-configured and are being managed along CSR lines have also provided means through which to integrate the values and concerns of sustainable development into the core business activities of the firm. Prahalad and Hart's conception of the impact of the private sector (beyond and apart from CSR) move corporate benefits of development up the ladder from micro level contributions to meso level institutional contributions.

C. What Is the Global Institutional Infrastructure within Which Firm-Centric CSR Operates and How Does This Affect CSR Outcomes?

Firm-based CSR activities exist within the activities and disabling/enabling dynamics of a host of organizations and their policy mechanisms. For example—to mention just a few—codes (e.g., UN Global Compact); principles (e.g., Equator Principles); indexes (e.g., FTSE 4Good, Dow Jones Sustainability Index, Jantzi Social Index); reporting mechanisms (e.g., Global Reporting Initiative); rankings (e.g., *Globe & Mail,* Corporate Knights, Jantzi-Macleans); research firms (e.g., KLD Research and Analytics); investment funds (e.g., Domini Funds); CSR NGOs (e.g., Canadian Business for Social Responsibility, a member of the Americas wide network Forum Empresa); certification schemes (e.g., ISO); industry association guidelines (e.g., International Council of Mining and Metals' Sustainable Development Framework); project financing criteria (e.g. International Finance Corporation's Performance Standards on Social and Environmental Sustainability); laws with national (e.g., tax laws) and extra-territorial reach (e.g., the proposed Bill C-300 regulating Canadian mining companies); electronic newsletters (e.g., CSRWire); academic journals (e.g., *Journal of Corporate Citizenship* and *Journal of Business Ethics*) and trade publications; activist NGOs (e.g., Corporate Watch); civil society and community-based organizations (e.g., Brazil's Landless Workers Movement). In sum, a new complex and rich "institutional infrastructure for corporate responsibility" is emerging (Waddock 2008).

The conflicts of governments and communities in the developing world do not arise from poor corporate behaviour alone. Rather, these dynamics are conditioned by a much broader political economic context (e.g., poverty, inequality, environmental damage, etc.). Research is recently focusing on the systemic constraints faced by CSR, which arise from wider systems of social governance (Frynas 2008). Thus firms can best address these historical systemic imbalances by designing CSR strategies that enable, rather than disable, the positive impacts of other actors in the institutional infrastructure of CSR outlined above, in addition to the traditional structure of the home/host state and of civil society. Leveraging systemic dynamics, rather than depending on isolated voluntary and discretionary firm-centered corporate activities will become increasingly important as the social, economic, and ecological pressures of twenty-first century society begin to grow in intensity.

This notion of the need for systemic multi-actor solutions to the systemic problems of development echoes the ideas advances by Idemudia (2008). Idemudia calls for co-responsibility of all actors and for reciprocal duties, and highlights the need to leverage all contributions optimally, as well as the need to balance affirmative and negative injunction duties more critically. Sagebien and Lindsay (forthcoming) propose a model that addresses these concerns and develops the institutional framework notion outlined above in more detail, arguing that without systemic support from the institutional infrastructure of CSR, the reorientation of corporate behaviour required to address deep systemic problems seems almost unthinkable, but with a systemic view, it may be possible to strategically leverage the capacities of a variety of actors in order to move synergistically in a new direction.

IV. Discussion and Conclusion

The debates surrounding CSR as good/bad development are both fervent and multifaceted. This review of the debates reveals a mosaic of seemingly contradictory conclusions and curious agreements and suggests that the benefits and the limits of CSR are both real. In other words, a company's CSR program has the *potential* to contribute to sustainable development although these contributions are, thus far, limited in scope. We agree with Newell (2005, 556) that "CSR can work, for *some* people, in *some* places, on *some* issues, *some* of the time." The question remains, however, how can we maximize the potential of CSR within the development agenda so that "*some*" includes more?

We argue that perhaps a helpful first step is to locate CSR within a number of constructs, given that the contradictions surrounding the exaggerated claims made about CSR in development, as well as the rabid criticism made about its limitations, arise, in part from confusing the part (CSR) with the whole (management/private sector–led development/CSR institutional framework) and vice versa. Clearly, underlying these constructs are political/economic theoretical perspectives along a left/right axis. But these theoretical perspectives were not examined directly in this paper.

"Management" is a firm-specific *micro* pursuit, while "development" is a society based collective and *macro* pursuit of "large scale systematic transformation" (Edward and Tallontire 2009). Thus, the character of the good/bad business management and the good/bad development debates changes to reflect these very different micro versus macro basic orientations. As long as development-related decisions under the rubric of CSR are reached within the confines of the firm (i.e., they are voluntary and discretionary), managerial logic will prioritize the interests of primary stakeholders (such as shareholders and employees) over the interests of internal and external secondary stakeholders. Moreover, CSR is, ultimately, headquarters managed (read "northern driven") and it must be articulated by CSR managers as a way to advance corporate strategic objectives—otherwise it will probably not get a "green light" from upper management.

It is plausible to assume that for those who see CSR as good management, CSR can also be seen as good development. It perhaps within this logic that undue expectations about CSR's development potential arise. Firms will, more often that not, lack sufficient know-how and resources to make CSR the broad-based societal transformative process that would qualify it as sustainable development. Thus, CSR may be good management but, perhaps, not quite good (enough) development, because the visible hand of CSR alone is inadequate to the task of achieving sustainable development.

Adherents to the view that CSR is bad management would likely agree with the proponents that CSR is bad development, but for different reasons. On the right of the debate, because it takes executive resources away from the maximization of shareholder wealth, it is not only bad management but also bad for society. On the left, on the other hand, CSR is bad development because firm privileges do not match firm responsibilities and because development is best conducted by government agencies with the consent and input of the intended beneficiaries. This view holds that firms should not usurp and interfere with the right of the state to regulate itself for the sake of the well being of all of its citizens. However, even for those who think CSR is bad management, managing in developing countries has special requirements and CSR may just happen to be one of them. For example, obtaining a license to operate in countries ridden with governance gaps is simply a way to manage risks.

While some of the above statements may cause shudders in advocacy NGO boardrooms and in development studies classrooms, they are truisms of business practice and are defended by executives and business students. However, this is not really only a question of morality (i.e., the *a*morality of the firm) but rather a question about different assumptions on how to best achieve optimum collective outcomes and of the proper role for various agents (the state, the private sector, and civil society) in this process.

CSR is only a small part and a relatively recent construct (more like an afterthought) within the "private sector–led development" notions that accompanied the neo-liberal policies of the 1990s and 2000s. Growing poverty, global environment threats, and a deep global financial crisis, however, bring forward the question: Does the free-market development model that has been in vogue for the last 20 years actually work? Has it delivered the promised optimum outcomes, either in the developing or in the developed world? The answer: It is back to the drawing board not only for CSR, but also for the global free market experiment. Former US Federal Reserve Chairman Alan Greenspan acknowledged on October 2008, under questioning by the House Oversight Committee, that he had made a "mistake" in believing that banks, operating in their own self-interest, would do what was necessary to protect their shareholders and institutions. Greenspan, in a "state of shocked disbelief," called that "a flaw in the model … that defines how the world works" (Associated Press 2008).

Critics and proponents of CSR in development alike must be realistic about what companies can and cannot do, legally and/or within corporate culture and values. CSR is by definition a firm-centric activity, and as such, a narrow, voluntary, and discretionary activity incapable of delivering sustained comprehensive and equitable development. Rather than expect CSR to deliver more than it can, we must strive to develop conceptualizations of the relationship between business and society that include synergistic interactions between all pertinent actors in the institutional framework of CSR (e.g., markets, social movements, historical inequities, institutional integrity, regulatory regimes, information flows, etc.). The intention and the mechanisms for the firm to behave ethically and responsibly at home and abroad in relation to its stakeholders and society at large will always be needed, but we must explore ways to leverage the dynamics of other actors in the CSR institutional framework in order to achieve optimum development results.

Lastly, echoing Prieto-Carron and colleagues (2006), Blowfield (2007), Frynas (2008), and others, business and development academics must include in their research agenda the task of creating protocols and methodologies that can allow for better assessment of the economic, social, and environmental impacts of CSR as an agent of development. This effort would promote not only better measurement of impacts but comparability of results and discernment of whether specific CSR initiatives are good or bad development. A theoretical as well as a field-based applied undertaking should help better define the outlines of the parts and of the whole.

Knowing what trees make up the forest allows for better management. Knowing how these trees work together to make up the forest also allows for better management. CSR is but one of the tools of one of the multiple actors (the firm) in an ecosystem of governance that can foster for sustainable development under the right conditions. The exploration of these conditions, and of how to foster them, should be a key item in the research agenda of business and development scholars alike.

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