The Social Lives of Firms*

Globalizing Norms vs. National Corporate Social Responsibility Practices

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This paper examines the extent to which transnational corporations (TNCs) in Western Europe and the US are incorporating global norms of social responsibility and notions of best practice into their management procedures. Since the 1990s various private and public actors including the UN, the OECD and World Wide Fund for Nature have published non-binding, international codes of conduct in an effort to encourage firms voluntarily to improve and make transparent their environmental and social impacts. Research has shown that firms' engagement with these codes varies significantly according to their size, home country and sector. These findings call into question how effective these private regulatory schemes are as well as the conditions under which they can lead firms to improve their performance. We use a content analysis of the corporate social responsibility reports of 40 TNCs from the US and Europe to address these issues. Our findings largely support recent studies that suggest firms from liberal market economies such as the US are less likely to engage substantively with CSR norms / codes than firms headquartered in the coordinated market economies of continental Europe. There is one notable exception in our findings, however. Firms in both the US and Europe appear to be converging around common global norms of environmental care and best practice and engage more substantively with environmental than social issues. This implies that private regulatory schemes, at least currently, are more effective in the environmental than social field.
Typical Structure for a CSR Report
Firm Reporting on their Social and Environmental Impacts: US-Europe Compared

Environmental Impact Areas

- Climate Change
- Energy
- Pollution
- Product impact
- Resource Use

Social Impact Areas

- None
- Freedom of Association
- Diversity
- Health & Safety
- Child Labour
- Forced Labour
- Living Wage
- Bonus policy
- Benefits
- Compliance

Graphs showing the comparison between Europe and USA in terms of environmental and social impacts.
Firm Reporting on Future Environmental and Social Improvement Goals: US and European Compared

Environmental Improvement Goals

Social Improvement Goals
Quality of Reporting on Environmental and Social Impacts / Future Goals: US-Europe Compared

Impact Measures

Environment

Social

Improvement Targets

Environment

Social
Paper’s Conclusions

• Paper illustrates (we hope) the promise of opening the ‘black box’ of firm management practices through content analysis of firm documents to help explain CSR performance outcomes and their variation.

• Home country is an important mediating factor between global CSR norms and firm practices / performance. Our findings largely support the claim that firms in liberal market economies such as the US engage more ceremonially with CSR norms / codes.

• But the environmental area is an important exception. Firms in both regions appear to be converging around global norms and notions of best practice. Possible explanations include:
  – Domestic sources of demand for greater environmental care more similar in the US and Western Europe than in the social area.
  – Environmental norms more embedded in markets than social norms.
  – Demand for environmental CSR (perceived to be) more compatible with profit motive than the norms that underpin social area.
  – More (firm-level) research is needed to address the puzzle of differential firm engagement across CSR areas.