CSR and Theories of Global Governance:
Strategic Contestation in Global Issue Arenas

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Introduction: The Rise of CSR in Global Issue Arenas

The rise of corporate social responsibility (CSR) is one of the more striking developments of recent decades in the global political economy. Calls for MNCs to demonstrate greater responsibility, transparency, and accountability are leading to the establishment of a variety of new governance structures - rules, norms, codes of conduct, and standards - that constrain and shape MNCs' behavior (Kolk & van Tulder, 2005; Levy & Newell, 2006). MNCs are not only under pressure to respond to these new sources of authority, they are also increasingly engaged in their development (Cashore, Auld, & Newsom, 2004; Haufler, 2001; Newell & Levy, 2006). Frequently, the new forms of governance entail bargaining, conflict, as well as collaboration among business, civil society actors, governmental agencies, and international organizations (Cutler, Haufler, & Porter, 1999; Teegen, Doh, & Vachani, 2004). Haufler (2001: 2) describes CSR as "a potential new source of global governance, that is, mechanisms to reach

collective decisions about transnational problems with or without government participation."

A number of factors accounts for the rise of CSR in the international arena. Foremost is the renewed concern in the 1990s with the power and influence of MNCs, in particular their impact in developing countries on human rights (Cutler, 2006; Utting, 2000; Winston, 2002), the environment (Levy & Newell, 2005; Livesey, 2001), and employment (DeWinter, 2001; Goodwin, 2005). These concerns had come to prominence in the 1970s (Barnet & Muller, 1974; Vernon, 1977), but subsided in the 1980s. There is now growing recognition that the production and marketing operations of large MNCs have a critical impact on environmental stresses, labor market practices, regional economic development, and the broader culture (Barnet & Cavanagh, 1994; Rondinelli & Berry, 2002). MNCs are frequently seen as vehicles of a process of globalization that is, on the one hand, characterized by economic integration and convergence, and on the other by social tensions, uneven development, and growing inequality (Kaplinsky, 2005). As they weave global production networks that bridge geographic, economic, and political divides, they highlight and sometimes exacerbate spatial differences in living and labor standards, healthcare, and individual rights (Henderson et al., 2002; Levy, 2005). Simultaneously, they induce processes of cultural hybridization and diffusion that threaten local identities (Tomlinson, 1999). MNCs can easily, therefore, become symbols of a new age of exploitation, imperialism, and colonialism (Banerjee & Linstead, 2001; Litvin, 2003).

MNCs have, *de facto*, become part of the fabric of global governance. Matten, Crane and Chapple (2003) argue that, under the guise of 'corporate citizenship', large

corporations are displacing states as providers and protectors of civil and political rights. MNCs, in their role as investors, innovators, experts, manufacturers, lobbyists, and employers, play a key role in shaping every aspect of society, from media and entertainment to the environment and employment conditions. For example, the research and marketing decisions of pharmaceutical companies determines who has access to treatments for which diseases and at what prices (Sell & Prakash, 2004; Vachani & Smith, 2004). While this expansion of corporate power is widely viewed as problematic, the growing recognition that corporate power is accompanied by substantial organizational, technological, and financial resources has stimulated consideration of ways to direct these resources toward social goals.

The embrace of corporate capacity has been fuelled by growing concern at an international 'governance deficit'. International economic integration, with its associated transnational environmental and social impacts, creates greater demand for coordinated responses that strain existing institutional capacity (Slaughter, 2004). Newell and Levy (2006: 161) note that "the transnationalization of production and capital and the removal of trade barriers have themselves created the need for orchestrated institutional responses from states. For example, it is the global and transboundary nature of the trade in genetically modified organisms (GMOs) that gave rise to the need for a protocol on biosafety." Governance is frequently portrayed as a public good subject to problems of collective action. Haas (2004: 2) suggests that a "new geopolitical reality is the growing complexity of a globalizing world, whose management requires more holistic or comprehensive policies."

Despite the apparent need for more global coordination, states have tended to restrict their roles (Strange, 1996). Ougaard (2006) points to a global trend toward deregulation and privatization, exacerbating the undersupply of governance. Pressures for 'global competitiveness' have constrained resources and eroded the welfare state (Cashore & Vertinsky, 2000; Midttun, 2005). State regulatory powers are increasingly directed toward structuring markets in ways that advance the agenda of national competitiveness by enhancing market-based forms of resource allocation (Braithwaite & Drahos, 2000). In their relations with MNCs, governments of developing countries have moved from restrictive toward more collaborative positions (Murtha & Lenway, 1994), including the encouragement of CSR (Moon, 2004).

The framework of international law and institutions pertaining to social and environmental impacts is somewhat precarious (Cutler, 2006). Efforts in the 1970s by the United Nations Centre for Transnational Corporations to create a binding code of conduct for multinational corporations (MNCs) ended in failure (Kolk & van Tulder, 2005). The inadequacy of existing institutions has received particular notice in the environmental area, where externalities such as acid rain and greenhouse gas emissions are starkly obvious. The environment only receives tangential attention in the major international trade and investment agreements, while a dedicated organization such as the United Nations Environmental Program "is now under funded, overloaded and remote" (Haas, 2004). To plug the 'governance gap', some have made a spirited argument for a Global Environmental Organization, equivalent in scope to the World Trade Organization (WTO) (Bierman, 2001), while others call for strengthening the emerging system of "loose, decentralized, dense networks of institutions and actors" (Haas, 2004: 6). Even in

the European Union, where an emerging institutional framework has both facilitated and

regulated integration, there remains disquiet regarding a 'democratic deficit' of EU-wide

governance mechanisms (Coen, 1997).

Business is increasingly filling this void in global governance. The ICC has

forcefully asserted industry's significance in the case of climate change:

> Industry's involvement is a critical factor in the policy deliberations relating to
> climate change. It is industry that will meet the growing demands of consumers
> for goods and services. It is industry that develops and disseminates most of the
> world's technology…. It is industry, therefore, that will be called upon to
> implement and finance a substantial part of governments' climate change policies
> (International Chamber of Commerce, 1995).

The quotation is remarkable for the way it constructs a business role in governance out of

society's dependence on business. In assuming this role, business has tended to adopt a

more constructive stance on many issues. From the World Business Council for

Sustainable Development to the Fair Labor Association, many corporations are engaging

with organizations that acknowledge the existence of social and environmental problems.

Business engagement with issues of social responsibility is generally attributed to

two broad motivations, financial and political-institutional. It is by now conventional

wisdom for management texts and CSR advocates to assert that taking care of a broad

range of stakeholders is in a firm's best long-term interests (Lawrence, Weber, & Post,

2004). The economic rewards of CSR have been explored in depth in the environmental

area (Hart, 1997; Prakash, 2000; Reinhardt, 2000); on the demand side, there are

attractive niche markets for premium 'green' products, while on the production side,

there are opportunities for reducing costs of energy, materials, and waste disposal. More

broadly, CSR can generate positive market image, improve employee morale, and reduce

liability, insurance and legal compliance costs. MNCs, in particular, could benefit from

supporting growth and market expansion in developing countries (Prahalad & Doz, 1987) and from the standardization of reporting requirements across countries (Ougaard, 2006). Despite plenty of anecdotal evidence supporting these claims, more rigorous empirical studies generally find a weak or insignificant relationship between measures of social responsibility and financial performance (Griffen & Mahon, 1997; Guerard, 1997; Waddock & Graves, 2000). Vogel (2005) argues that market demand for CSR is limited to narrow niche segments, while it is difficult to realize monetary value derived from 'supplying CSR' to stakeholders other than consumers.

The weakness of the economic argument for CSR suggests its political character. Utting (2000: 27) cites a former executive of a large oil company as remarking at a U.N.-sponsored CSR workshop that if the win-win argument were so compelling, "then we wouldn't be sitting around this table." The executive reminded participants that it was NGO and consumer pressure that had changed corporate behavior. For Utting (2002: 62), CSR "reflects changes that are occurring in the balance of social forces - notably the growth of NGO and consumer pressures." Companies have a political motivation to engage proactively with societal pressures, to "allow business to not only deflect or dilute certain pressures but also be in the driving seat to ensure that change took place on terms favorable to business" (Utting, 2002: 68). In a similar vein, Levy (1997: 132) has framed corporate environmental management as an effort to maintain "political sustainability" in the face of social and regulatory challenges. In this view, CSR is a means to accommodate pressures, construct the corporation as a moral agent (DeWinter, 2001; Marchand, 1998), reduce the threat of regulation, and marginalize more radical activists. Likewise, Shamir (2004) argues that MNCs have sought to shape the meaning of CSR in

ways that deflect its radical potential, by stressing voluntarism rather than legal obligation or public accountability.

MNCs face particular challenges in sustaining their legitimacy, as they present opportunities for activists to highlight the stark contrasts across regions in consumption patterns and working conditions (Kostova, 1999; Levy, 2005). In developing countries, MNCs often carry the baggage of popular resentment against colonialist histories and contemporary global inequalities (Ougaard, 2006), while local governments might have reason to encourage these resentments. In industrialized countries, large MNCs such as Nike, Starbucks, and Wal-Mart have come to symbolize discontent with the environmental, social, and economic impacts of global economic forces (Klein, 2000). MNCs have been put in the spotlight by the confluence of the rise of CSR discourse combined with the growth of social movements with the capacity to monitor and publicize MNC operations (Keck & Sikkink, 1998; O'Neill, 2004; Winston, 2002). As Utting (2000: 27) notes:

> the capacity of environmentalists, human rights organizations, consumer and other social interest groups to put TNCs under the spotlight and mount national and international campaigns has increased tremendously in the 1990s. This reflects not only the quantitative growth of civil society organizations around the world, but also the communications revolution.

Business in Global Governance

The term 'global governance' refers to the emerging multi-layered and multi-actor system of global authority. We define global governance broadly here to mean the rules, institutions, and norms that order, channel and constrain economic activity and its impacts in relation to international issues of public concern. It therefore includes not only national level regulation and formal international agreements, but also private

mechanisms such as codes of conduct, discursive and normative frames, and market structures (Levy & Newell, 2006; Prakash & Hart, 1999; Slaughter, 2004).

Governance structures take many forms. Multilateral institutions have long provided governance mechanisms for 'market-enabling' (Levy & Prakesh, 2003) regimes which provide the structure, stability, and secure property rights required for markets to function. It is only quite recently, however, that international governance structures are emerging around more 'regulatory' regimes. Global governance implies rule creation, institution-building, and enforcement. Yet it also implies a soft infrastructure of norms, and expectations in processes that engage the participation of a broad range of stakeholders. Dauvergne (2005) describes the emergent informal governance structure for tropical forests, noting how the mixture of local politics, industry structures, and certification standards provides a weak system of protection. This conception of governance displaces government from its traditional, sovereign role in securing order. For Rosenau (1992: 2), governance "embraces governmental institutions, but it also subsumes informal, non-governmental mechanisms… Governance is thus a system of rule that is as dependent on intersubjective meanings as on formally sanctioned constitutions and charters."

The concept of global governance builds from the well-developed literature on regime theory in international relations (Young, 1994). Regime theory concerns itself with "norms, rules, principles and decision-making procedures around which actors' expectations converge in a given area of international relations" (Krasner, 1983: 2). Regime theory has been subject to critique for its state-centric bias, though it increasingly recognizes the significance of private actors and informal, normative structures (Higgott,

Underhill, & Bieler, 2000). More troubling is the tendency to portray regimes as rational, technical solutions that successfully overcome problems of collective action among states in pursuit of the common good (Prakash & Hart, 1999). In doing so, it tends to neglect the significance of broader power relations and resulting asymmetries (Levy & Newell, 2005). Indeed, an observer of many complex, protracted negotiations could easily be forgiven for concluding that distributional impacts are far more important to participants than the ostensible goal of a regime. The Kyoto Protocol, for example, is likely to fail dismally in slowing greenhouse gas emissions, but does provide funding for technology transfers to developing countries, as well as valuable emission credits.

CSR, as a multi-actor and multi-level system of rules, standards, norms, and expectations, exemplifies this broad conception of global governance. In organizational terms, CSR constitutes an institution, defined as "socially constructed, routine-reproduced programs or rule systems" (Jepperson, 1991: 149). Institutional theory has traditionally sought to explain aspects of corporate behavior that could not be attributed to competitive market pressures (Scott, 1987). Clemens (1999: 445) defines institutions as "models, schemas, or scripts for behavior. Consequently, institutions endure because these models become 'taken-for-granted' through repeated use and interaction or 'legitimate' through the endorsement of some authoritative or powerful individual or organization." Doh and Guay (2006) argue that the legitimacy of CSR is conditioned by the national context, so that the "relatively more advanced awareness of and support for CSR in Europe," in contrast to the United States, "provides an environment that is more responsive to NGO influence in a number of contemporary public policy issue-areas, such as global warming, trade in GMOs, and pricing of anti-viral pharmaceuticals in

developing countries." The Global Compact, a CSR initiative sponsored by the United Nations, is designed to leverage institutional pressures in order to diffuse best CSR practices within a 'learning network' of major MNCs (Ruggie, 2002).

Institutions are increasingly understood from a poststructural perspective as discursive formations that constitute people's identities and subjectivities (Phillips, Lawrence, & Hardy, 2004). Global governance can likewise be viewed as a pervasive mode of power that emanates from the constitutive and disciplinary effects of discourse (Hewson & Sinclair, 1999). CSR, in this framework, represents a set of discursive texts and practices that construct corporate subjectivity and the fields within which corporate operations take place as domains of socially responsible action. Practices of social auditing and reporting represent a form of discipline that functions to standardize, rank and categorize CSR performance. The surveillance of corporate activities thus translates CSR from an abstract set of norms and expectations "into a quantifiable and standardized audit instrument that lends itself to objective and consistent measurement" (Sethi, 2002). This moment of 'examination' represents, for Foucault (1977: 184), "a normalizing gaze, a surveillance that makes it possible to qualify, to classify and to punish."

The rapidity with which large corporations have adopted various CSR standards and reporting mechanisms, such as ISO 14000, the Global Reporting Initiative (GRI), and annual social reports, is quite astonishing, given the absence of financial inducements or regulatory coercion (Kolk, 2005b; Kolk & van Tulder, 2005). One attraction of these standards is that many are based on the documentation of managerial processes rather than assessment of outcomes. Compliance can thus provide a degree of legitimacy without necessarily imposing substantial costs. Accounting firms eager to expand their

auditing business have become advocates of the standards. A Foucauldian perspective, suggests that the imperative to classify and tabulate represents a deeper and more fundamental logic of modernity. Moreover, the specific form taken by these standards and reporting mechanisms reflects their discursive lineage from corporate financial accounting systems and regulatory oversight mechanisms.

Yet CSR is clearly not the only structure of global economic governance with discursive legitimacy. Indeed, CSR might well conflict with what Gill (1995) terms "disciplinary neo-liberalism." Firms, workers, consumers, and even states are subject to a governance system that combines economic forces of competition with consumerist and free-market ideologies, and the discursive discipline of credit ratings and financial accounting. This system is actively maintained within a political economy of corporate lobbying and influence, and is reproduced within the ideational realm of advertising, mass media, universities, and consultancies (Carroll & Carson, 2003; Morgan, 2001). The tensions inherent in the coexistence CSR and neoliberalism highlight the contested terrain of global governance. In the following sections we point to two distinct perspectives on CSR; as a more socially-embedded and democratic form of governance that emanates from civil society, or alternatively, as a privatized system of corporate governance that lacks public accountability.

CSR as more democratic governance:

The rising discursive currency of CSR can be viewed in the context of the emergence of global civil society and the diffusion of state authority to more decentralized networks of actors. Brown et al. (2000: 275) defines civil society as "an area of association and action

independent of the state and the market in which citizens can organize to pursue purposes that are important to them, individually and collectively." Teegen et al. (2004: 466) view NGOs as the "organizational manifestations of civil society interests," defining them as "private, not-for-profit organizations that aim to serve particular societal interests by focusing advocacy and/or operational efforts on social, political and economic goals, including equity, education, health, environmental protection and human rights." Civil society is clearly growing in importance as an element of global governance. Haas (2004: 3) notes that a key feature of the "new geopolitical reality is the proliferation of new political actors and the diffusion of political authority over major governance functions, particularly in the environmental sphere. These new actors include NGOs, MNCs, organized transnational scientific networks known as epistemic communities, global policy networks, and selective international institutions that are capable of exercising discretionary behavior independently of the wishes of their dominant member states."

This diffusion of authority is widely perceived to represent a positive development that promises greater democracy, accountability, and capacity in solving problems requiring collective action at the international level (Lipschutz, 2005; Slaughter, 2004). Bruyn's (1999) vision of a "moral economy" revives the liberal utopian promise of a self-regulating cooperative civil society. Keck and Sikkink (1998) argue that the networks constructed by economic actors, firms, scientists and activists multiply channels of political access and make international resources available to actors in domestic struggles, leveling the playing field to some extent. Similarly, Florini (2000: 28) contends that "the information revolution increases the capacity of non-state actors relative to states" and corporate actors. Falk (1995: 1-2) insists that a dramatic extension

of democracy and a growing sense of allegiance to global civil society, though unlikely, would offer the most promising path to "humane governance," which he defines in terms of addressing four key global social problems: poverty, environmental degradation, lack of human rights, the prevalence of violent conflict, and environmental degradation.

In relation to CSR, Murphy and Bendell (1999) coin the term "civil regulation" to refer to the pressure exerted on business to comply not only with governmental regulations but also with norms and standards advocated by civil society actors: "We believe that civil society organizations are also playing significant roles in promoting environmental and social management. The evidence of anti-logging, anti-oil and anti-child labor protests illustrates that NGOs are increasingly setting the political agenda within which business must work" (1999: 57). Murphy and Bendell argue that the phenomenon of CSR should not be celebrated as an expression of corporate altruism or the discovery of win-win opportunities; instead, they acknowledge that CSR is a political response by business to social pressure. Rather than view this as a fundamental limitation, however, they find room for optimism in locating the source of agency and authority in the organizations of civil society, claiming that "the challenge is therefore to seize the opportunities afforded by corporate environmental politics, not lament its existence" (1999: 57).

CSR as privatized governance:

Locating CSR as part of a trend toward the privatization of governance provides a more critical perspective that views the locus of authority within the corporate sector rather than in elements of civil society. Critics argue that terms such as CSR, corporate

citizenship, and sustainable development reflect a corporate-economic rather than a social or ecological rationality (Banerjee, 2003; Matten et al., 2003). Cutler et al. (1999: 3) observe that "a significant degree of global order is provided by individual firms that agree to cooperate, either formally or informally, in establishing an international framework for their economic activity." In relation to CSR, these frameworks might comprise codes of conduct such as the 4C industry code for coffee (Kolk, 2005a), standards for social reporting and auditing such as the Global Reporting Initiative (Ougaard, 2006), or product labeling standards such as the Forestry Stewardship Council (Dauvergne, 2005). The concept of governance extends to the norms and authority structures in which these agreements are embedded. Acknowledging this, Cutler et al. (1999: 9) use the term "private regime" to refer to "an integrated complex of formal and informal institutions that is a source of governance for an economic issue area as a whole." Though they recognize that private authority ultimately derives sanction and legitimacy from the state and society, they express concern with the blurring of boundaries between the state and private authority. Ougaard (2006: 243) echoes this point in emphasizing the public, political character of CSR but a lack of democratic accountability: "When corporations engage in voluntary efforts, they make decisions on the allocation of scare resources for public purposes."

The enforcement of private regimes frequently takes place through reporting, auditing and inspection by other private authorities (Kolk, van Tulder, & Welters, 1999). Sanctions include withdrawal of a product or facility from certification and, more importantly, damage to public reputation and brand name. Not bound by the same customs and expectations as state-based regimes, with their requirements for

consultation, representation and transparency, private regimes allow for faster decision-making, some insulation against state regulation, favorable publicity, reduced transaction costs and access to markets. States might also favor self-regulation because it lowers the financial and political costs of forging and enforcing policy (Prakash & Hart, 1999). In some cases, industry initiatives lead to the emergence of hybrid private-public governance systems. For example, private initiatives to develop trading systems for carbon emissions are likely to serve as templates for later regulatory structures (Rabe, 2004). Industry-level codes such as the ISO 14001 environmental management standards began life as a private initiative but were later incorporated into governmental trade and purchasing requirements (Clapp, 1998).

The privatization of governance can also be seen in the substantial corporate influence over more formal global regimes. Levy (1998) has argued that the unprecedented influence of the fossil fuel lobby over U.S. climate policy derives from a combination of three sources of power: instrumental power, operating through a dense network of relationships between business and the state; structural power, derived from the state's dependency on business for investment, employment, and tax revenues; and discursive power, stemming from the construction and framing of scientific, economic, and policy dimensions of an issue. In a similar way, Andrée (2005) has described how the economic, political, and discursive strategies of biotechnology companies helped shape a conducive global regime, in the face of significant opposition. Some issues motivate diverse sectors to pursue a unified political strategy. MNCs in the software, entertainment, and pharmaceutical industries were very active in drafting accords that

strengthened and extended international protection of intellectual property rights under

the auspices of the WTO (Sell, 2002).

A broad notion of governance extends beyond corporate engagement with

external institutions, rules and standards. The day-to-day production, employment,

research and marketing practices of large companies play a critical role in shaping

environmental impacts, labor market practices, income distribution, and even consumer

identities. In the coffee sector, for example, the branding and production strategies of

companies such as Nestle and Starbucks have successfully shored up their market power

in the 'value chain', with deleterious consequences for developing country growers

(Kolk, 2005a; Talbot, 2004). In the case of ozone depletion, the technological strategies

of leading chemical companies helped shape the content and implementation of the

Montreal protocol for ozone-depleting gases, a phenomenon that Falkner (2005) terms

'technological power'. The privatization of entire sectors in some countries in recent

years, such as water and energy, signifies a broad transfer of governance functions to the

corporate sector, frequently to foreign MNCs. Significant consequences are likely for

quality, reliability, access, and pricing (Levy & Newell, 2006).

CSR as Contested Governance

CSR, we contend, encompasses contradictory moments, with tendencies toward greater

democratic accountability as well as toward privatized, unaccountable power. In the

following sections, we develop the argument that CSR represents contested political

terrain as well as a strategic tool deployed in political struggles over corporate

governance. As Ougaard (2006: 236) puts it, "the CSR movement is a discursive and

material struggle about business practice; it represents a politicization of the social content of the institutions that govern private economic activity." Indeed, we argue that CSR entails a political struggle that extends beyond particular business practices to include the nature of corporate governance. The meaning of CSR itself is a key point of political struggle, reflecting the ambiguous meaning of 'responsibility'; business could assume a degree of responsibility *for* social outcomes, while retaining full authority and autonomy, or it could be held responsible and accountable *to* society in a way that cedes substantive authority to multiple stakeholders, including labor and elements of civil society. Here we examine CSR as contested global governance through the theoretical lenses of Karl Polanyi and Antonio Gramsci.

Polanyi and Gramsci on contested governance

Polanyi's (1944) insights into societal responses to the failures of 19th century market liberalism provide valuable historical context for understanding contemporary CSR. Polanyi documents how the English industrial revolution was accompanied by the development of an economic and political theory of market liberalism, which claimed that unfettered markets could successfully self-regulate to achieve prosperity, stability, and political freedom. Polanyi (1944: 57) recognizes that market liberalism represented a fundamental historical transformation: "Instead of economy being embedded in social relations, social relations are embedded in the economic system." Polanyi argues, however, that market liberalism is a dangerous utopian myth. Real markets, once disembedded from society, tend toward unstable booms and depressions, and impose massive social and environmental costs. "Such an institution could not exist for any

length of time without annihilating the human and natural substance of society" (1944: 3). Consequently, the imposition of laissez-faire required a paradoxical expansion of the repressive powers of the state.

Inevitably, contends Polanyi, society reacted by engaging in a "double movement", in which "a network of measures and policies was integrated into powerful institutions designed to check the action of the market" (1944: 76). The Keynsian welfare state, however, lost ground and legitimacy during the latter part of the 20th century, which saw "an intellectually and politically powerful renaissance of neo-*laissez-faire*" (Offe, 1984: 149). The neoliberal movement has successfully managed to legitimize and institutionalize a process of economic liberalization, deregulation and privatization (Crouch & Streeck, 1997; Harvey, 2005).

The rise of CSR can be understood as a contemporary double-movement against global neoliberalism. Soaring disparities in income, the emergence of global environmental problems, and the outsourcing of increasingly skilled operations to developing countries, are all leading to demands for protection against the anarchy of unregulated market forces. In Polanyi's terms, CSR is an attempt to establish a more socially embedded form of economic governance. As with earlier manifestations of the double-movement, CSR has been embraced by 'enlightened' elements of business concerned with the systemic instabilities generated by the radicalization of discontented groups, erosion of the global environmental commons, or financial crises.

Where CSR differs most sharply from historical efforts to restrain markets is in its reliance on the private realm rather than the state. NGOs increasingly adopt strategies that bypass states and attempt to pressure businesses directly through "non-state market

driven governance systems" (Cashore, 2002). CSR can shape assumptions regarding consumer behavior, competitors' reactions, and regulatory responses, thus molding the market environment within which corporate strategy is developed. Crucially, CSR does not compromise the fundamentals of the market system; indeed, it proclaims the harmony of financial and social interests. "Under non-state-market-driven and governance, the relatively narrow institution of the market and its supply chain provides the institutional setting within which governing authority is granted and through which broadly based political struggles occur" (Cashore, 2002: 504).

Though CSR has clearly achieved considerable success in shifting corporate practices and attitudes regarding many issues, a private governance system carries considerable risks. The state still remains an immensely powerful source of authority, without whose sanction any effort to constrain corporate behavior will be limited. NGOs have also been challenged regarding their representational legitimacy and public accountability (O'Rourke, 2003). The extent to which CSR reembeds markets within the social realm is thus highly questionable. Indeed, the CSR movement has avoided challenging the core economic structures and managerial prerogatives of contemporary market societies, which retain a high degree of legitimacy.

Polanyi's depiction of the double-movement as an inevitable reaction to the vicissitudes of the market underplays the significance of political struggles against particular manifestations of market-based governance. A Gramscian perspective, by contrast, understands CSR in the context of strategic contests among interested actors around politically charged issue arenas (Levy & Egan, 2003). Rather than presume broad social consensus on the need to constrain market forces, the Gramscian concept of

hegemony suggests that constructing this consensus is a political project of building alliances, strategic negotiation, and public debates. The stability of a governance system relies on a combination of coercive power, economic incentives, and normative and cognitive frames that coordinate perceptions of interest. The particular practices of CSR that emerge around an issue therefore reflect the balance of forces among competing interest groups.

The harmony of business and social interests posited by CSR advocates is thus not something to take for granted, but rather represents a discursive accommodation and material compromise that emerges from the strategies of various parties. NGOs pragmatically couch their demands discursively in win-win terms as they try to draw some elements of business into a progressive coalition supporting CSR objectives. Business frequently embraces CSR discourse and practice because it sustains corporate legitimacy and autonomy in the face of challenges from civil society while deflecting and marginalizing demands for more radical change (Levy, 1997). The contestation between industry, environmentalists, and state agencies over the evolving global system for governing greenhouse gas emissions illustrates this perspective on CSR (Levy & Egan, 2003). CSR thus represents a classic Gramscian accommodation between unfettered market forces and pressures for greater social control. CSR can achieve this hegemonic status precisely because it embodies elements of Polanyi's double-movement as well as the business response to the double-movement. Typically, business agrees to concessions that modify corporate practices at the margin, but which do not challenge the fundamentals of managerial authority or market rationality. As a mode of governance, CSR accords a measure of legitimacy to external stakeholders, but reserves to corporate

management the role of benign stewardship of societal resources. CSR is also constrained by the nesting of governance systems within the global financial and trade system. Business hegemony at this level is generally more firmly entrenched and less permeable to the discourse of CSR. Various WTO rulings, for example, reflect the precedence of free-trade principles over environmental concerns.

Conclusions and Implications

This paper has developed a framework in which CSR represents the contested terrain of global governance. Advocates view CSR as a move toward a form of civil regulation that is more responsive and accountable to social concerns, while critics see it as a privatized system of corporate governance that displaces the regulatory authority of the state and is frequently more geared toward public relations than substantive change. Our framework draws from Polanyi and Gramsci to argue that CSR is an emergent form of governance that can redress, to some degree, the governance deficit that exists in the international arena, and that reflects strategic contests as well as common ground among competing social forces. CSR is emerging as a set of discourses and practices that reflects the particular balance of forces in a contested issue arena. This political-strategic approach stands in sharp contrast to more conventional perspectives that develop a normative and ethical case for CSR, backed up with positivist arguments asserting a financial case for such behavior.

Activists and academics have found CSR to be a powerful discourse that can be deployed strategically to influence corporate norms and practice. Advocating for CSR can generate legitimacy for stakeholders, shift societal expectations of business, create

media attention, directly pressure business, bring attention to win-win opportunities, and even shape market environments to expand those opportunities. For business, CSR comprises an element of corporate political strategy that offers social legitimacy, some attractive market opportunities, and protection against more severe activist demands and regulatory pressure. CSR therefore rests on a rather precarious balance of conflict and cooperation. At the same time, CSR is limited by the logic of the marketplace. It relies primarily on the pressure exerted by NGOs and consumer activism in affluent countries on MNCs with vulnerable brand names. CSR does little to empower workers in developing countries, neither has it reversed adverse labor market trends in industrialized countries, such as wage stagnation, rising inequality, and the erosion of health care and pensions.

From a Gramscian perspective, it is not surprising that CSR, as a hegemonic accommodation, largely reflects the dominant cultural, economic, and political role of business in society, and the permeation of the discourse of competitiveness and free markets into state and social structures. Yet Gramsci offers us "optimism of the will", the conviction that collective action, organization, and smart strategy could overcome conventional sources of power. Rather than view the current status of CSR as a disappointing endpoint, CSR can be viewed as a long-term strategy that challenges corporate power on numerous fronts. A particular CSR arrangement, such as a code of conduct, might dampen pressures for change, but it might also prepare the stage for a new round of struggle in which NGOs build on their successes to demand effective monitoring and enforcement. Indeed, some elements of the CSR movement are increasingly using the language of business *accountability to* society rather than

responsibility for society (Newell & Wheeler, 2006). CSR is thus not just a struggle over

practices, but over the *locus* of governance authority, offering a potential path toward the

transformation of stakeholders from external observers and petitioners into legitimate and

organized participants in decision-making.

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