

Bryan Horrigan, *Corporate Social Responsibility in the 21st Century: Debates, Models and Practices across Government, Law and Business* (Cheltenham, UK/Northampton, MA: Edward Elgar, 2010), 427 pp.

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In recent years, people have become much more aware how greatly interconnected the whole world is, its different economies, populations, and ecosystems being deeply linked. Issues such as climate change and sustainable development, the universalization of human rights, poverty eradication, and socio-economic prosperity cannot be confined within national borders but can find satisfactory answers only through global mechanisms. One such issue is the phenomenon of Corporate Social Responsibility (CSR), which takes into account one of the most important dimensions of reality: corporations and the importance of their impact on shareholders, society, and world at large.

Professor Horrigan with his ‘Corporate Social Responsibility in the 21st Century: Debates, Models and Practices across Government, Law and Business’ provides a manual of one of the most important issues of our century.

The subject matter of the book under review is a complex concept that goes against the corporate orthodoxy, whereby corporate profit-making for shareholder wealth generation is the prime aim for corporations, those who run them, and governments that regulate them. The story of CSR is the result of the successive evolution of different theories and conflicting visions forming the backbone of what can be considered as a distinctive CSR movement worldwide, which shows a growing business sensitivity to systems of governance beyond government, regulation beyond law, and responsiveness beyond formal responsibility (p. 4).

The core of the concept of CSR turns around an essential element: the responsibility of the business, which has a network of relations with various stakeholders to satisfy, to take into account not only its whole economic performance but also the impact of its activities on the environment and on society in general. Only if the firm is operating simultaneously and equally on the

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three ‘sides’ of the business – economic, environmental, and social – the so-called Triple Bottom Line,¹ can it create real lasting and sustainable value.

This book brilliantly captures the most crucial challenges, analysing both the evolution and history of this phenomenon and giving ample space for future challenges and opportunities related to its use. One of the author’s main purposes is to provide an analysis of CSR through a multidisciplinary approach that takes into account all together law, business and management, and different levels of analysis (regulatory theory, standards, and practices) as well as different occupational roles (e.g., lawmakers, corporate regulators, and company directors). All this fits within a comparative framework that considers the European and Anglo-American perspective and also (revealing the author’s origins) the interesting Australian experience.

The author considers scholarly defence of an aspirational account of CSR to be important; this highlights the need to move from unduly compliance-orientated, duty-focused, and otherwise legalistic accounts of CSR’s relation to mainstream corporate responsibility and governance to a richer account of corporations as both subjects and objects of governance, regulation, and responsibility at organizational, societal, and global levels (p. xii).

The associated analysis of the wide variety of actors across the public, private, and community sectors (both nationally and internationally) gives the opportunity to show how CSR substantiates itself through different dimensions, levels, and types of interventions by political, business, and community thought leaders, public policymakers, individual and institutional shareholders, corporate and investor representative bodies, industry and stakeholders’ bodies, public advocacy groups, non-governmental organizations (NGOs), and – of course – company directors, managers, and other corporate actors.

This book is part of a growing recent literature on CSR: books devoted to CSR in its own right,² as an object of law and regulation³ or as a part of a broader thematic study of corporate responsibility, governance, and sustainability. This

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- 1 Also known as ‘People, Planet, Profit’, it was an expression coined by John Elkington and then articulated in his most successful book: *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*, Capstone Publishing, Oxford 1997.
 - 2 *Ex multis* see S. TULLY (ed.), *Research Handbook on Corporate Legal Responsibility*, Edward Elgar Pub., Cheltenham 2005; S. BANERJEE, *Corporate Social Responsibility: The Good, the Bad and the Ugly*, Edward Elgar Pub., Cheltenham 2007; N. BOEGER *et al.* (eds), *Perspectives on Corporate Social Responsibility*, Edward Elgar Pub., Cheltenham 2008; S. MAY *et al.* (eds), *The Debate over Corporate Social Responsibility*, Oxford University Press, Oxford 2007; A. CRANE *et al.* (eds), *The Oxford Handbook of Corporate Social Responsibility*, Oxford Univ. Press, Oxford 2008.
 - 3 For example, D. MCBARNET *et al.* (eds), *The New Corporate Accountability: Corporate Social Responsibility and the Law*, Cambridge University Press, Cambridge 2009; M. KERR *et al.*, *Corporate Social Responsibility – A Legal Analysis*, Lexis Nexis, Canada 2009.

volume has two aims: as a contribution to a common framework for debating, regulating, and practising CSR and as a broader perspective of the landscape through comparison of different experiences, which can provide tools to understand which direction CSR regulation and practice should best follow.

The book is divided into three parts: considering the theoretical and conceptual bases of CSR; depicting a CSR regulatory framework and its comparative options; and showing the possible applications and future perspectives.

The first part analyses CSR in the light of the relevant debates and classifications. So the author first considers the theoretical and conceptual birth of the notion of CSR, taking into account its constitutive elements and also their relationship with different contexts and patterns at the global level. The problems and benefits of this approach to business strategy are examined in present-day context: the new century with its new and different challenges and difficulties: globalization, the instability of the stock markets, environmental issues, the need to ensure the protection of human rights globally, and – last but not least – the advent of the information age that helps emphasize all these issues by making them visible through increasingly extensive and pervasive data.

The approach adopted by the author is truly multidisciplinary embracing economic, financial, social, and legal considerations. He successfully synthesizes his thoughts in a pleasing style despite the complex and precise reasoning.

The author emphasizes the vital role of corporations in the current century, as transnational actors in global governance and regulation, resulting in new expectations regarding the global social responsibility of private enterprises, initiated by the dynamic interplay between civil society organizations and transnational corporations, against the background of traditional dominance by sovereign nation states in defining the global public interest and setting rules for achieving it (p. 6).

The first part ends with an analysis of the most important debates in the field. The author tries to describe the main ideas related to the concept of CSR, the seminal thinkers of the past century, and their transmission to a wider audience. Thus, he reviews famous debates such as that between Adolf Berle and Edwin Merrick Dodd (in the *Harvard Law Review* in 1931) – in which the first claimed that ‘all powers granted to a corporation or to the management of a corporation [...] are necessarily and at all times exercisable only for the rateable benefit of all the shareholders’⁴ and the second hinted at a ‘view of the business corporation as an economic institution which has a social service as well as a profit-making function’⁵ (p. 88) – and also the vision of Milton Friedman, that

4 A. BERLE, ‘Corporate Powers as Powers in Trust’, 44. *Harvard Law Review* 1931, p. 1049.

5 E.M. DODD, ‘For Whom Are Corporate Managers Trustees?’, 45. *Harv. L. Rev.* 1932, p. 1148.

with his ‘*Capitalism and Freedom*’ became a point of reference and basis for many criticisms on the issue, arguing that ‘few trends could so thoroughly undermine the very foundation of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible’⁶ (p. 91). And so on, up to the more recent *The End of History for Corporate Law* by Henry Hansmann and Reinier Kraakman, arguing about the advantages of the *standard shareholder-oriented model* over state-oriented, stakeholder-oriented, and manager-oriented models;⁷ *Misguided Virtue: False Notions of Corporate Social Responsibility* by David Henderson, in which the author criticizes CSR’s exaggerated tendency to place social pressures upon business from public opinion and NGOs, thus undermining the basis of a market economy in their attempt to humanize capitalism and globalization⁸ (p. 115), and the liberal critiques of CSR by Robert Reich in his *Supercapitalism*,⁹ according to which CSR activism by consumers, investors, and the citizens would be more usefully directed towards making governments rather than business address social problems (p. 117).

In the second part, the author aims to map the key ways in which government and legal institutions and mechanisms interact with CSR, the main options for making corporate law and regulatory systems more CSR-sensitive, and the implications of the CSR-related changes in UK corporate law as a landmark 21st century experimental model of CSR-sensitive regulation. Thus, a typical comparative approach lets us analyse how the theories and the debate (in the first part of the book) occur in different legal systems, usefully modelling policy and regulatory approaches elsewhere. So, for example, the European strategy on CSR and sustainable development, trying to reconcile economic growth, social cohesion, and environmental protection, can provide a perspective and an interesting model for other systems¹⁰ (p. 131).

The importance of the relationship between governments and CSR is (as chap. 4 wisely sets out) evidenced by the commitments made by the G8 and G20

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- 6 M. FRIEDMAN, *Capitalism and Freedom*, University of Chicago Press, Chicago [1962] 2002, p. 133.
 - 7 H. HANSMANN & R. KRAAKMAN, *The End of History for Corporate Law*, in Jeffrey Gordon, Mark Roe (eds), *Convergence and Persistence in Corporate Governance*, Cambridge University Press, Cambridge, pp 33-68, and H. HANSMANN, ‘How Close Is the End of History?’, 31. *Journal of Corporate Law* 2005, p. 745.
 - 8 D. HENDERSON, *Misguided Virtue: False Notions of Corporate Social Responsibility*, Institute of Economic Affairs, London and New Zeland Business Roundtable, Wellington 2001, and ‘The Case against “Corporate Social Responsibility”’, 17(2). *Policy* 2001, p. 28.
 - 9 R. REICH, *Supercapitalism: The Transformation of Business, Democracy and Everyday Life*, Alfred A. Kopf, New York 2007.
 - 10 F. PERRINI *et al.*, *Developing Corporate Social Responsibility: A European Perspective*, Edward Elgar Pub., Cheltenham 2006, p. 184.

in the field, governmental involvement in multi-stakeholder CSR networks worldwide, and literature on governmental CSR roles, functions, and related actions.¹¹ It even more clearly shows the importance of the international framework on CSR, through the development of an international system of CSR law and regulation and through the contribution of an emerging body of comparative CSR-related law. In fact, there is increasingly a ‘certain amount of cross-fertilization of regulatory ideas and tactics, as different home states watch and learn from each other’¹² (p. 168). All this contributes to the development of an international consensus through state and corporate practices, necessary for any new customary international laws and treaties governing CSR. At the same time, various forms of leadership – in particular sectors and models related to CSR – make their appearance in the global ‘legal market’. Therefore, some authors suggest that business should look ‘to the European Union for product safety and environmental standards, to the United States for corporate governance guidelines, and to international NGOs for human rights and labour rights rules’¹³ (p. 172).

The third part focuses on the applications of CSR and some of the most interesting challenges that it will face in the coming century.

Chapter 7 focuses on the British system and its reform by the Companies Act 2006, which embodies the government’s adopted policy of ‘enlightened shareholder value’ (ESV). Chapter 8 presents ‘the putting into practice’ of CSR for business, seen in the light of strategic interest in reporting about the commitment to the ‘triple bottom line’, in order to establish business credibility with stakeholders and competitors. This is especially important considering the competitive advantage – which is reputational, technological, and economic (e.g., energy savings and cost reductions) – over companies that are unaware of the issue and are seen as being culpable. On the contrary, CSR can become ‘much more than a cost, a constraint, or a charitable deed – it can be a source of opportunity, innovation and competitive advantage’.¹⁴ Chapter 9 considers the implementation of CSR in the field of human rights, with a broad overview of the work of the UN Secretary-General’s Special Representative on Business and

11 *Ex multis* T. FOX *et al.*, *Public Sector Roles in Strengthening Corporate Social Responsibility: A Baseline Study*, The World Bank, Washington 2002; J. LEPOUTRE *et al.*, ‘Dealing with Uncertainties When Governing CSR Policies’, 73. *Journal of Business Ethics*, p. 391; P. HOHNEN, *By Invitation: The G8 and Responsible Business: Wading into CSR Waters*, Ethical Corporations, 12 Jun. 2007.

12 J. ZERK, *Multinational and Corporate Social Responsibility: Limitations and Opportunities in International Law*, Cambridge University Press, Cambridge 2006, pp. 284–297 and 303.

13 M. WHITMAN *et al.*, ‘The Responsibility Paradox!’, 6(1). *Stanford Social Innovation Review* 2008, p. 31.

14 M. PORTER & M. KRAMER, ‘The Competitive Advantage of Corporate Philanthropy’, *Harvard Business Review* December 2002, p. 83.

Human Rights (UNSRSG), setting a new platform and agenda for human rights policy, regulation, and practice for government. However, in this sector the future remains somewhat uncertain, since the legal framework consists of a mix of state-based responsibility for developing universal agreements on CSR and human rights, non-state regulation of business and human rights arising from transnational corporate and civil initiatives, development of national and international dispute and remedial measures concerning human rights claims against corporations, extension of nation-state and extra-territorial responsibility for rights affecting corporate activity, and expansion of correlative legal and regulatory mechanisms.

The final chapter deals with the CSR as a major global project, given the magnitude of the interests involved - from human rights to environmental protection - and the international dimension of the instruments prepared, including rules of soft law and codes from international organizations and bodies such as the Organisation for Economic Co-operation and Development (OECD), International Labour Organization (ILO), UN, World Bank, and EU. In this project, says Horrigan, 'the world is still in the process of settling its 21st century terms of engagement with CSR' (p. 374).

In conclusion, the book under review has the merit of conducting a really broad interdisciplinary analysis. Moreover, it enriches the literature through a contribution that combines deep theoretical and academic research with the touch of a lawyer dispensing advice and practical methodologies of working with CSR - so as to exploit its full potential - aimed at directors, managers, and business advisers. The work may interest scholars and students from different disciplines and countries, with an interest in CSR, but also be useful for national, intergovernmental, and international institutions and actors whose areas of work relate to CSR in lawmaking, law reform, policymaking, and official regulation, and anyone interested in CSR who leads or manages corporations, works or invests in them, or otherwise deals with them in the marketplace and the wider community.

The author writes in the last lines of the book '[t]he old ethics asked "why" about CSR. The new ethics ask "how"'. Professor Horrigan's book may rightly help answer this question.