# Corporate Social Responsibility: A Critical Perspective from an Emerging Economy

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## Abstract

The strategic status achieved by Corporate Social Responsibility (CSR) discourses and practices in developing and emerging economies, such as Brazil, in the last decade, is a remarkable phenomenon that has not received the deserved attention from critical management researchers. Drawing upon a framework of analysis that goes beyond the critique centred on the neoliberal discourse the authors of this paper show that the new focus of large corporations in development in both developing and emerging economies; the corresponding strategies undertaken by Global Development Organizations – such as the World Bank and the United Nations –, and the crisis of relevance in strategic management in developed economies, are key issues to explain the extraordinary trajectory of CSR. In the end, drawing upon a critical perspective that contemplates the power of discursive, material and ideological issues that flow from developed toward emerging and developing economies in the era of globalization, the authors of this paper show that the power of colonizing discourses in the United States is a major challenge not only to researchers in emerging economies, but also to Anglo-American critical management researchers.

## 1. Introduction

The strategic status achieved by Corporate Social Responsibility (CSR) in emerging economies, such as Brazil, is a phenomenon that deserves a critical analysis from a perspective that goes beyond critique of the neoliberal discourse. Within the era of globalization, corporations from developed economies have been under pressure to take responsibility, for instance, for the working conditions of their suppliers and employees in developing and emerging economies. Moreover, they have been pushed to foster local development and reduce poverty in those economies.

CSR has been widely portrayed in the literature produced in developed economies as a framework of voluntary initiatives, conceived by management, implemented by management, and evaluated by management, to counter negative impacts on the community. Two underlying assumptions of this literature, in accordance with the neoliberal discourse, may explain the successful performance of CSR in developing and emerging economies in the 1990s: (a) corporations are expected to discipline, regulate and socialize themselves, and (b) corporations are expected to assume responsibilities that the state is not capable of assuming.

The lack of consensus in the Business & Society literature produced in developed economies on what CSR is all about, the historical suspicions in emerging and developing economies on the behaviour and interests of large corporations, and the denial of most researchers in strategic management in accepting CSR as strategy have not impeded the acceptance and diffusion of CSR discourses and practices in Brazil and other emerging economies. Critical researchers from developed economies, especially from the Anglo-American context, argue that the high importance achieved by CSR in the contemporaneous world can be explained by the increasing power of large corporations, the extraordinary influence and reach of the media, the enlargement of transnational lobbying activities, the spread of offshore strategies of assembly and production, and the increasing number of corporate scandals within the era of globalization.

This paper shows that those arguments do not explain with the necessary accuracy the accelerated process of acceptance, diffusion and legitimation of CSR discourses and practices in emerging economies such as Brazil. The authors of this paper argue that the power of Global Development Organizations (GDOs), such as the World Bank and the United Nations, is a critical issue for the explanation of such accelerated process of legitimation and diffusion of CSR discourses and practices in those economies. The pervasive power of those international, which have been overlooked by the fields of Organization Studies (OS) and Business & Society (B&S), also explains why the pursuit of development in emerging and developing economies has become a key issue in the strategies of large corporations and a crisis of relevance in strategic management. Besides, the power of such organizations help explain why critical researchers who pointed out the rhetorical feature of CSR have not problematised the influence of GDOs over CSR discourses and practices and, in more general terms, over academic discourses and practices in general.

This paper shows that the wide and accelerated process of diffusion and legitimation of CSR in Brazil is explained by the fact that markets were liberalized in a more accelerated pace in developing and emerging economies than in developed economies as a result of the strong pressures put by GDOs, in alliance with large corporations and governments from developed economies, to the adoption of 'structural adjustment programmes' or 'new economic model' (MORTIMORE, 2000).

In specific terms this paper shows that CSR is a very interesting case for a critical analysis of the influence of GDOs over the field of Strategic management, which has been portrayed by critical researchers as "the most managerialist of the management specialities" (LEVY et al., 2003, p. 92). Although CSR has been transformed into a key strategic issue by corporations the strategic management literature produced in developed economies – which has been heavily exported to developing and emerging economies – does not embrace the argument that CSR means strategy. This explains why we argue that such critical analysis should be particularly undertaken by B&S researchers from Brazil.

CSR is generally seen to encompass the responsibilities of companies *vis-à-vis* society (legal, ethical, social, and environmental) in addition to the traditional economic responsibilities. The Strategic management literature argues that the business case for CSR still has little empirical basis. Accordingly, mainstream researchers from strategic management argue that CSR does not contribute to the strategic performance of large companies. Some authors might argue that such mismatch illustrates the crisis of relevance faced by the field. More specifically they might argue that the key problem is that the field does not engage with practitioners and practices.

One might then conclude that such mismatch between the strategic management literature and the strategies of corporations is explained by difficulties faced by the field to deal with the increasing power and reach of corporations within the era of globalization. One may argue that this problem is explained by the historical difficulty of the field of Organisation Studies to recognise in an adequate manner the increasing political power of large corporations (STERN & BARLEY, 1996; BARLEY, 2007) and, more recently, to recognise the increasing political power of Global Development Organizations (STONE, 2004; COOKE, 2004; St CLAIR, 2006; BANERJEE & LINSTEAD, 2001).

Actually, the strategies of large corporations evolved from a focus on competitive advantage in the 1980s toward a focus on sustainable competitive advantage in the early 1990s and, more recently, toward a focus on development (global development, international development and regional development). Several reports argue that development is being pursued and fostered by transnational corporations in almost every corner of the world in the era of globalization, as much as by Global Development Organizations, such as United Nations and World Bank. A sound example is the Global Compact program implemented by the United Nations (BRUGMANN & PRAHALAD, 2007)[1]. Such extraordinary enlargement of the scope of strategic management in a short time and the incapacity of the field of OS to recognise and represent large and powerful organizations in the international system help explain the contemporaneous debates within Strategic Management about the relevance of academic knowledge.

Critical researchers might conclude that such mismatch is explained by the ideological and oppressive feature of the academic knowledge produced by the field of Strategic Management (ALVESSON & WILLMOTT, 1996; SHRIVASTAVA, 1986). They might argue that such mismatch is explained by the imposition of 'false' discourses produced in developed economies onto less developed economies. This paper shows that this is a rather incomplete perspective for us to comprehend the remarkable trajectory of CSR in Brazil.

## 2. Strategic management in crisis

The wide variety of CSR definitions in the literature produced in developed economies (MARGOLIS & WALSH, 2003) makes particularly difficult a precise understanding of what CSR is all about. This picture is particularly more problematic in emerging and developing economies. What deserves mentioning, especially in developing and emerging economies, is that CSR is not a synonymous to pure philanthropy or mere wilfulness as it used to be in the 1960s and 1970s. Several corporations around the world have transformed CSR into a strategic issue within the era of globalization (see PRAHALAD & HART, 2002; PORTER & KRAMER, 2006; BRUGMANN & PRAHALAD, 2007). Their CSR strategies have been by heavily supported by GDOs, such as World Bank, United Nations and International Monetary Fund. In spite of these evidences and political support the field of strategic management in so-called developed economies denies the argument that CSR means strategy.

The enlarged scope of corporate strategy within the era of globalization makes strategy practices and discourses closer to higher order objectives such as regional, local or global development than to traditional objectives such as profits and competitive advantage. A key underlying reason for such transformation is that the traditional distance between corporations and governments has diminished in a dramatic fashion in the last two decades due to the liberalization of markets, especially in developing and emerging economies (STREETEN, 2005). This helps explain why powerful stakeholders, such as GDOs, have an increasing stake on the strategies undertaken by large corporations as much as on the discourses mobilized by the strategic management academy.

CSR is generally seen to encompass the responsibilities of companies *vis-à-vis* society (legal, ethical, social, and environmental) in addition to the traditional economic responsibilities (CARROLL, 1999). As it is agreed that the business case for CSR still has little empirical basis a few researchers in strategic management in the US embraced CSR. In accordance with the definition(s) of strategy they have been used to reproduce in their academic discourses and practices most researchers argue that there remain doubts on the extent to which CSR actually contributes to the strategic performance of large companies.

The debate in the strategic management literature has been focussed on the extent to which the benefits of CSR are valuable for companies or certain stakeholders from a major economic standpoint. Such debate overlooks non-economic issues as much as non-market strategies and non-market actors in accordance with the basic tenets of the neoliberal discourse. This debate overlooks more complex issues raised by the range of different stakeholders and interests mobilized by CSR strategies and programs undertaken by corporations in different parts of the world – in alliance with GDOs and governments.

The resistance of the field of strategic management in addressing with some depth non-economic issues, non-market strategies, non-market actors and the corresponding complexities raised by the different types of stakeholders involved with CSR strategies especially helps to explain why academics themselves enlarged the group of discontents with the strategic management discipline more recently.

> "We have been accused of encouraging our business students in the behaviours that led to recent ethics and accounting failures in large firms such as Enron, Tyco and WorldCom. Perhaps most important, those of us committed to scholarship in the field increasingly have an unsettling sense that we are not working on the most important strategic issues of our time. [T]he number and intensity of constituencies discontented with strategic management seems to be rising and should not be ignored" (MAHONEY & McGAHAN, 2007, p. 80).

Instead of sorting out the crisis of relevance, influential academics in strategic management show overtly their discontentment with the discipline (e.g., HAMBRICK, 2004; WHITTINGTON, 2006). Their arguments lead us to understand that the discipline impedes them to teach and research the things that are really strategic. In accordance with the analysis undertaken by Whittington and associates (WHITTINGTON et al., 2003) and also with the fact that strategic management gurus (as Michael Porter and Carl Prahalad) are the ones who embraced the argument that CSR means strategy, it seems that researchers themselves are not in position of governing such an important field. This picture leads us to very important questions: (a) who is governing the field?; (b) what is the truth of strategy?

In the US some less orthodox authors in the field (in fact it is not clear whether those authors 'belong' to the field of strategic management from the perspective of the majority) agree with the argument that in the nowadays business is not merely responsible for generating profits but also wealth and well-being. They understand that within the era of globalization strategic management is getting closer to the concept of development, especially in developing and emerging economies, than of profits and competitive advantage. Accordingly, those (apparently) less orthodox researchers in the field of strategic management argue that "although some market and non-market activities may at times raise concerns, business remains the principal engine for improving societal well-being" (BARON, 2006, p. 653). This explains why non-market strategies and non-economic issues have an increasing importance for large corporations. In accordance with the basic tenets of the neoliberal discourse managers are portrayed as the ones who are responsible for the deployment and balance of market and non-market strategies in different parts of the world.

> "The best means of achieving economic efficiency is through the private enterprise system as implemented through the corporate form with incentives provided by the institutions of private property and markets as the institution for organizing economic activity. The failure of the former Soviet Union and Eastern Europe and the extensive privatisation of the of government-owned corporations in both developed and developing countries reflect the conclusion that private enterprise and the reliance on markets are the keys to economic growth and social well-being" (BARON, 2006, p. 657).

In spite of the diffusion of the claim for a broader role of business in society, which challenges the classical argument that free enterprises should concentrate on shareholder value maximization, the debates on CSR within the strategic management literature still focus on economic-driven concepts such as competitive advantage, strategic value and market value (MACKEY et al., 2007). This misleading perspective gives support to the conclusions that the business case for CSR still has little empirical basis.

The resulting mismatch between the specialized academic literature and reality does not mean the powerlessness of strategy (or, if you prefer, strategic management). Critical researchers correctly point out that strategy can be seen nowadays in an ever-widening circle of those problems which are chosen to be addressed by what they call "the most managerialist of the management specialities" (LEVY et al., 2003, p. 92).

Corporations pursue global strategies and operate in global industries. In spite of the neoliberal discourse that corporations operate in free markets around the world the fact is that most of the markets are regulated. The regulations governing the operations of corporations are often national or regional. Regulatory heterogeneity, especially in developing and emerging economies, demands matching complexity in the strategies and operations of those companies. This explains why corporations from developed economies pursue convergence instead: "just as convergence in tastes worldwide creates opportunities for multinational corporations to produce globally standardized products, so too convergence of regulations allow multinational corporations to adopt globally standardized methods of operation, which can lower costs and reduce policy uncertainty" (RAMAMURTI, 2005, p. 343).

The pursuit of convergence within the era of globalization explains the importance of the dissemination of certain strategy discourses – especially with the material and institutional support of GDOs – and also why it is not so important for corporations, GDOs and government from developed economies that academics understand what strategy is about (even though it still is important that they produce or reproduce the right discourses). As a guru, academic and advisor of transnational companies and governments, especially in developing and emerging economies, Michael Porter challenged the field of strategic management more recently by embracing the argument that CSR means strategy. He argued that, for the sake of the common good (actually he does not differentiate 'public good' and 'common good' in his texts and speeches), business companies and non-governmental organizations (NGOs) must start working together through the deployment of CSR strategies rather than keep fighting as enemies.

Another renowned guru, Carl Prahalad, also challenged the strategic management discipline by mobilized the same discourse. In accordance with the neoliberal discourse Prahalad that for the sake of common good, especially in emerging and developing economies, corporations from developed economies and social activists should foster cooperation: "the liberalization of markets is forcing executives and social activists to work together (…) They are developing new business models that will transform organizations and the lives of poor people everywhere" (BRUGMANN & PRAHALAD, 2007, p. 80).

The literature in the field of Business & Society points out the costs and limitations of CSR that have been neglected by CSR strategy discourses. Drawing upon the neoliberal discourse B&S authors put into question the extent to which large corporations are trustworthy in ethical or moral terms. Some authors go a little further and argue that a key problem is that CSR has been grounded on the notions of citizenship, voluntarism and self-regulation, at expense of the notion of State regulation. David Vogel (2005), for example, argues that if business is to do more, government will have to prescribe conduct.

This debate is grounded on the ideological discourse which separates the State and the market. In other words it reproduces the classical view of the role of business in society, which is based on the rationale that the free enterprise is the best means of achieving the efficient use of society's resources and maximizing human well-being. Such ideas, which have become even more powerful within the era of globalization, make more difficult the discovery of the 'truth' of strategy in general terms and of CSR strategies in particular. Muller (2006, p. 196) states that, "paradoxically, proactive CSR strategies among autonomous subsidiaries appear to be predominantly in accordance with home-country and international policies, despite their non-bidding character, instead of tailored to the *host*-country context."The authors of this paper agree with the argument that if we wish to discover the 'truth' of strategy we should "take seriously the agency of corporate and state actors in privileging and protecting economic and political advantage" (LEVY et al., 2003, p. 100). We go a little further in this paper by arguing that a way of undertaking such task is by taking seriously the agency of GDOs, in alliance with corporations and governments from developed economies, in pushing the legitimation and diffusion of CSR discourses and practices in developing and emerging economies.

**3. Global Development Organizations (GDO) as Hidden 'Stakeholder'**

A first key reason for the widespread deployment of CSR strategies in developing and emerging economies is the political, economic and ideological power of GDOs in those contexts (see GEORGE, 1997). A few authors in the CSR literature produced in developed economies who recognise the importance of GDOs take those organizations as one of the many 'stakeholders' to be taken into account by business organizations. In other words they give the same degree of importance to every stakeholder. Customers, suppliers, employees and GDOs have the same weight in CSR programmes and strategies (BURKE & LOGSDON, 1996). Such standpoint does not fit the argument that the World Bank, for instance, is a major global actor as much as a major global knowledge actor – i.e., "a transnational expertised state-like institution that sets the scene for both global politics and global knowledge" (St CLAIR, 2006, p. 77).

In spite of the criticisms on the actual role of business in society, organizations such as International Monetary Fund (IMF), World Trade Organization (WTO), Organization for Economic Cooperation and Development (OECD), United Nations Conference on Trade and Development (UNCTAD), and United Nations (UN) defend the positive contribution of business companies to combat poverty and other social problems in emerging and developing economies (see KOLK & VAN TULDER, 2006; PRIETO-CARRÓN et al., 2006).

From a "growth at all costs" approach of the 1950s and 1960s, the World Bank's rhetoric, for instance, moved toward the mission of "fighting poverty by stimulating free market democracy" (BANERJEE, 2006). Even though its main focus was on local business, the Millennium Development Goals, which include the objective to halve the income poverty by 2015, refers to a 'global partnership for development' in which there is a key role for multinationals corporations (UNDP, 2004).

Accordingly, GDOs portray developing and emerging economies as obstacles for the purpose of pursuing the corresponding 'human face' to capitalism in their documents and policies (see DUNNING, 2006, for the idea of a morally responsible capitalism). They portray local government as the main problem and large corporations as the legitimate leaders of such 'global strategy'. More specifically they argue that corporations are capable of making the market economy work in developing economies even though it is very different from what we can see in developed economies.

The market economy is described by GDOs and by the strategic management literature as a key requisite for the alleviation of social problems. However, in practice, GDOs, in alliance with large corporations and governments from developed economies, do not follow the principles of the market economy they prescribe. A major problem is that market economy has been taken as synonymous to democracy in the US and also as the main means to development in spite of all the contrary evidences (BARLEY, 2007). The literature produced by GDOs and the official documents disseminated in developing and emerging economies state that CSR strategies enable large corporations to provide sustainable solutions not only to social problems but also to the development of emerging and developing regions (FOX, 2004; PRIETO-CARRÓN, 2006).

It is clear then that GDOs could not be taken as a 'mere stakeholder' if we want to understand the strategic status of CSR in developing and emerging economies. Moreover many analysts have shown that GDOs take the side of developed economies at expense of developing and emerging economies. Dolowitz argues that “one of the reasons international organizations develop and publish benchmarks and league tables is to place political leaders and national political systems under pressure to engage in policy transfer” (2006, p. 270).

Correspondingly, one of the main strategies undertaken by GDOs within the era of globalization has been the construction and dissemination of common agendas, policies and ideas around the world. These strategies are particularly powerful for combining discursive, material and ideological resources. Emerging and developing economies are key targets for those strategies undertaken by GDOs.

> “International governing organizations, such as the OECD, G-7, IMF and the UN and its various agencies, are increasingly playing a role in the spread of ideas, programs and institutions around the globe. These organizations influence national policy-makers directly, through their policies and loan conditions, and indirectly, through the information and policies spread at their conferences and reports” (DOLOWITZ & MARSH, 2000, p. 11).

**4. Beyond the neoliberal discourse**

The main theory of globalization, which reproduces the basic tenets of the neoliberal discourse (see HELD and McGREW, 2000), is grounded on the principle of free market. In other words it draws upon the theory of neoclassical economics. In response, some critical authors have argued that the key problem within the era of globalization is that large corporations became excessively powerful. From the standpoint of those authors, government and NGOs should deter the power of large corporations. These apparently opposite sides are misleading because both reproduce the ideological discourses that separate state and market. More specifically, those arguments ignore the key differences between ‘neoliberalism as theory’ and ‘neoliberalism in practice’ (THOMAS, 2007).

> “Neoliberalism is, in reality, the global trend towards the privatisation of the means of production, and the *selective* liberalization of trade, investment, labour and finance. ‘Neoliberalism’ simply denotes what is actually happening, and it is a fundamental and commonplace mistake to equate it with the well established and respectable theory of ‘neoclassical economics’ (…). [It] is a system of complex historical interactions between the IFIS (international finance, G7 government, and transnational corporation (TNC) lobbyists” (THOMAS, 2007, p. 50). [italics in the original]

Accordingly, both sides neglect the arguments that GDOs are state-like institutions (St CLAIR, 2006) and that “the corporation in all its forms are ultimately a creature of the state” (PRESTON, 2005, p. 81). More specifically and accordingly both sides neglect the roles played by GDOs in developing and emerging economies. The following passage reinforces the argument that GDOs and large corporations from developed economies took CSR as an important colonization resource within the era of globalization. A major target has been the developing economies, especially the emerging ones.

> “Globalization … is constructed by relationships of power, domination and subordination. Historically, control over markets and raw materials often involved the use of military power as was prevalent during colonial times. Thus, globalization has its historical roots in the modern era where military strength secured the global control of raw materials, which, through industrialization, enabled the creation and control of world markets sustaining

> competitive and competitive advantage of the industrialized countries. Today, international institutions and transnational corporations are writing the rules of globalization. Global political exchanges often involve coercion (the various trade embargos orchestrated by western powers), surveillance (as evidenced by several World Bank and IMF policies), legitimacy (as offered by the World Trade Organization), and authority (granting of 'most favoured nation' by the United States) (BANERJEE & LINSTEAD, 2001, p. 689).

CSR is also called 'stakeholder capitalism' in the US. Its underlying message is that business corporations should take the position of the state. Henderson describes CSR as a doctrine which holds that businesses embrace the notion of 'corporate citizenship' in order to work in close conjunction with a range of different 'stakeholders' to further the goal of 'sustainable development' (HENDERSON, 2001, p. vii) and does not make clear what CSR is about in political terms (see CSR regimes in TULDER & ZWART, 2006).

The CSR discourse is obviously more both appealing and problematic in developing and emerging countries than in developed countries for three main reasons. First, the structure of the international division of labour and poverty. Second, the more active influence of GDOs in developing and emerging countries. Third, the neocolonial feature of the knowledge produced by the fields of Management and Organization Studies in developed economies (PRASAD, 2003).

The authors of this paper agree with those who argue that researchers in emerging countries should be concerned with the ideological or ideational underpinnings of CSR (PRIETO-CARRÓN et al., 2006, p. 979). From a postcolonialism critical standpoint which takes into account discursive, material and ideological resources (COOKE, 2004) a critical concern in developing and emerging economies is that corporations' voluntary initiatives may have mandatory aspects and national regulatory frameworks may incorporate the use of voluntary instruments (GRAHAM & WOODS, 2006). Actually, ruling the legal frameworks and regulatory regimes in developing economies has been described as a key strategic objective of multinational corporations (MNCs) within the era of globalization (SHAMIR, 2004).

Developing economies have been portrayed in the business literature[2] as plagued with the increasing problem of human misery as if GDOs and large corporations themselves were not to blame. As a result MNCs were portrayed by management and organization academics, as much as by some political leaders and NGOs, as agents that should fight poverty, hunger and social injustice in developing regions. Some authors argue that MNCs might act in the same fashion as not-for-profit organizations as Oxfam (MARGOLIS & WALSH, 2003).

Drawing on ideas, agendas and policies put forward by GDOs, the strategy literature on CSR reproduces in their discourses a sort of 'all or nothing' solution to capitalism. Emerging economies have been portrayed in developed countries as countries with serious social and political problems. Those problems could not be sorted out without the help of the strategies undertaken by MNCs as governments in emerging countries are described as incompetent, ineffective and corrupt. Without an economic intervention of MNCs and GDOs in those countries certain problems, such as misery and poverty, would escalate and become global. More specifically, without the 'voluntary' intervention of MNCs, private national matters would become common global disasters. These global disasters would escalate and lead to the disruption of capitalism (SKLAIR, 2001, refers to social and ecological crises).

Other corresponding higher-order issues explain why emerging economies have become a key target for GDOs and also for different literatures produced in the US. Key financial institutions and GDOs have pictured emerging economies as capable of challenging the US dominance within the international context (WILSON & PURUSHOTHAMAN, 2003).

Influential institutions in the US argue that emerging economies should collaborate with the US rather than to oppose it (BOYER & TRUMAN, 2005). The conflict between emerging economies and the US could lead the world to a scenario of disruption marked by the global spread and strengthening of terrorism and war. Such higher-order standpoint is reproduced in the CSR literature produced in the US, as follows:

> "Consider this bleak vision of the world 15 years from now (...). Terrorism remains a constant threat, diverting significant public and private resources to security concerns. Opposition to the global market system intensifies. Multinational companies find it difficult to expand, and many become risk averse, slowing investment and pulling back from emerging markets. Now consider this much brighter scenario: Driven by private investment and widespread entrepreneurial activity, the economies of developing regions grow vigorously, creating jobs and wealth and bringing hundreds of millions of new consumers into the global marketplace every year. China, India, Brazil, and, gradually South Africa became new engines of global economic growth, promoting prosperity around the world. The resulting decrease in poverty produces a range of social benefits, helping to stabilize many developing regions and reduce civil and cross-border conflicts. The threat of terrorism and war recedes. Multinational companies expand rapidly in an era of intense innovation and competition." (PRAHALAD & HAMMOND, 2002, p. 48).

CSR strategies in emerging economies means, in the words of two of the most prominent authors in the US, "lifting billions of people out of poverty and desperation, averting the social decay, political chaos, terrorism, and environmental meltdown that is certain to continue if the gap between rich and poor countries continues to widen" (PRAHALAD & HART, 2002, p. 3). In the words of Michael Porter, MNCs are expected to play in emerging and developing economies the role that both governments and NGOs have failed to undertake in developing economies.

> "By providing jobs, investing capital, purchasing goods, and doing business every day, corporations have a profound and positive influence on society. The most important thing a corporation can do for society, and for any community, is contribute to a prosperous economy. Governments and NGOs often forget this basic truth. When developing countries distort rules and incentives for business, for example, they penalize productive companies. Such countries are doomed to poverty, low wages, and selling off their natural resources. Corporations have the know-how and resources to change this state of affairs, not only in the developing world but also in economically disadvantaged communities in advanced economies" (PORTER & KRAMER, 2006, pp. 91-92).

MNCs have been portrayed in the CSR literature as capable to create the free market (for and on behalf of the poor) and alleviate social problems. In other words MNCs would fulfil in the contemporaneous world the World Bank's historical argument that market plays a central role in achieving social well-being.

> "... the Bank has shown over the 1990s a willingness to develop its understanding of what constitutes poverty and how it can be eliminated. During the writing of the 2000 World Development Report, attempts were made to balance the Bank's longstanding emphasis on economic growth and the central role of free markets in

> achieving it, with a new emphasis on the need to empower the poor and to institute government controls on capital inflows where they might be necessary to temper the volatility of capital flows" (KIRBY, 2002, p. 199).

In sum, the World Bank helped establish the worldwide understanding that poverty is not the privilege of some countries or regions. Poverty, as much as terrorism and war, affects all.

**5. The power of CSR discourses**

**5.1. The power of CSR discourses in developing and emerging economies**

A key reason for the extraordinary trajectory of the CSR literature in developing and emerging economies is the demise of debates on the role of governments and states as a result of the emergence of concerns with governance within the era of globalization. The massive production and dissemination of pro-market and liberalizing ideas (REED, 2002) was accompanied by dominant discourses in which the elusive notion of stakeholders – the so-called 'stakeholderism' (BANERJEE, 2000) – replaced the notion of communities[3].

CSR discourses produced in developed economies often disregard the debates about the negative impact of both GDOs and large corporations on poverty and other social issues (RONDINELLI, 2003; BANERJEE & LINSTEAD, 2001; COWLING & TOMLINSON, 2005). They also disregard the fact that, in practice, the strategies of those large corporations help marginalize communities even further (BANERJEE, 2006), especially in developing economies (REED, 2002; PRIETO-CARRÓN et al., 2006).

Conventional regime theory tends to ignore the contribution of non-sate actors to the management of cross-border issues. The concept of governance, on the contrary, is frequently used to convey the idea that public actors have no monopoly over the resolution of public matters and that they increasingly contribute with other actors (see RONIT, 2001) in various stages of the policy-making process (HELD & KOENIG-ARCHIBUGI, 2003, p.321).

Privatization of state-owned organizations and market-driven reforms of the state that were undertaken in several countries in the era of globalization, especially in developing and emerging economies, and some of the resulting reactions against it gave the material and ideological support to the construction and diffusion of the literature focused on 'social matters'.

In parallel, the political debate between 'private goods' and 'public goods' was displaced by the idea of 'common goods'. The emphasis given to social matters and common goods in the CSR literature produced in developed economies support the misleading 'equal importance' thesis – i.e., that in world politics states have been joined by other actors that are 'equally important' (ROSENAU, 2000, p.187).

The emergence of concerns with governance within the era of globalization helps explain why CSR discourses have been transformed into a strategic issue by large corporations and GDOs within the era of globalization and why they achieved an extraordinary trajectory of legitimation and acceptance in developing and emerging economies. The passage below illustrates the power of such discourse:

> "U.S. companies are improving living conditions in Latin America every day and in a variety of ways. They promote ethical and responsible business behavior, market-oriented business practices, respect for the rule of law, and volunteerism and community activism. They also set high environmental, health and safety standards in their Latin American operations and encourage local suppliers to adopt similar practices. Compared to employees in local companies, their employees enjoy competitive to superior compensation, benefits and training. Finally, these

> companies deliver advanced technologies that improve the quality of life and promote sustainable economic development. In short, by exporting to Latin America not only their products and services, but also their principles, high labor and environmental standards and technologies, U.S. companies are improving the standard of living in Latin America" (Business Roundtable, 2007, p. 1).

The increasing power of large corporations and GDOs within the era of economic globalization pushed the worldwide diffusion of the idea of stakeholder and corresponding theories. The resulting democratic picture is particularly problematic, especially in developing and emerging countries (but not only in those economies, as pointed out in BARLEY, 2007), among other reasons because governments of developed economies do not have (grounded on international law) the power to intervene in domestic issues in developing and emerging economies.

The contribution of governments of developing and emerging economies and NGOs to global governance is still limited vis-à-vis the 'equal importance' thesis. Large corporations and GDOs (such as IMF, World Bank and WTO) participate actively in the international policy-making processes and together represent the major interests of developed economies. In the end the corresponding "transnational regimes overlap with and sometimes are functional equivalents of the international regimes established by governments" (HELD & KOENIG-ARCHIBUGI, 2003, p. 323).

The alliances between corporations, GDOs and governments from developed economies help explain why in developing economies public policy making is characterised by extremely serious asymmetries, as pointed out in the following passage:

> "On the one hand, individual countries find it increasingly impossible or undesirable to tame the activities of MNCs. Poor or impoverished countries, often in desperate need to attract direct foreign investment, are reluctant to introduce legal measures (e.g., minimum wage requirements, child labor prohibitions, health and safety standards, environmental protections, collective bargaining rights, etc.) that may deter MNCs from investing or that may cause MNCs to relocate their production sites. Moreover, MNCs are in a position to effectively escape local jurisdictions by playing one legal system against the other, by taking advantage of local legal systems ill-adapted for effective corporate regulation, and by moving production sites and steering financial investments to places where local laws are most hospitable to them" (SHAMIR, 2004, p. 672).

**5.2. The power of CSR discourses in the US**

In the US stakeholder theorists argue that government intervention becomes unnecessary as the "stakeholder principles are implemented throughout corporate America" (BUCHHOLZ and ROSENTHAL, 2004, p.144). The suppression of the state in those discourses reproduces the ideological separation of state and market. This dominant standpoint in the US illustrates the argument made by postcolonial authors who point out that 'colonizers' are affected by the 'colonizing discourses' (see PRASAD, 2003). This state of things helps explain why CSR has been transformed into a major topic in the literature produced in the US and why it has been supported and used by GDOs and corporations in developing and emerging economies within the era of globalization.

Drawing upon a perspective that he calls ''imperialistic', Charles Perrow challenges the centrality given to large 'organizations' by the literature produced in the US. In explaining his 'imperialistic' perspective he points out that the key problem is that in the US "large organizations have absorbed society" (1994, p.726). More specifically, he argues:

> "…that the appearance of large organizations in the United States makes organizations the key phenomenon of our time, and thus politics, social class, economics, technology, religion, the family, and even social psychology take on the character of dependent variables. […] Politics changes drastically when large organizations appear. Politicians come from them, work through them, and are beholden to them. […] By 'large organizations absorbing society' I mean that activities that once were performed by relatively autonomous and usually small informal groups (e.g., family, neighborhood) and small autonomous organizations (small businesses, local government, local church) are now performed by large bureaucracies" (PERROW, 1994, pp.725-726).

The literature produced in the US contributes to the spread of the idea that 'social matters' are not 'public matters' in the sense taken by researchers closer to the fields of public administration and public policy and that 'common goods' are more in the hands of corporations than in the hands of government. From the standpoint of those researchers, State and governments should not administer 'public matters' such as poverty. In the dominant CSR literature, however, states and governments are portrayed as partners of large corporations. In the contemporaneous strategy literature produced in the US, governments and states are portrayed as subordinate to large corporations, especially in developing economies.

With the disappearance of the fear that communism would spread in the so-called Third World, the U.S. State Department created a new argument to increase its budget: supporting US businesses. As a result the 1990s saw not only change in the interests of the State Department, the creation of new institutions to support US business abroad – such as the Advocacy Center –, and shifting roles for long-existing ones – as the Department of Commerce –, but during this period "US laws were also strengthened to protect US property overseas and even to extend the definition of US property" (WELLS, 2005, p. 442).

Drawing upon a postcolonialism critical standpoint which takes into account not only discursive but also material issues, the authors of this paper argue that a critical concern in developing and emerging economies is that corporations' voluntary initiatives tend to have mandatory aspects and national regulatory frameworks tend to incorporate the use of voluntary instruments (GRAHAM and WOODS, 2006). Actually, ruling the legal frameworks and regulatory regimes in developing economies has been described as a key strategic objective of MNCs within the era of globalization (SHAMIR, 2004).

Authors in corporate social strategy argue that "poverty reduction requires systemic change, and MNCs are the world's most efficient and sustainable engines of change (…) MNCs have the unmatched power and competence to reduce global poverty" (LODGE & WILSON, 2006, pp.19-21). They state that the superiority of MNCs is even more relevant in developing and emerging economies, in accordance with policies, agendas and ideas&& of GDOs. More specifically, they point out that both states and governments in less privileged economies are neither capable nor trustworthy.

## 6. Concluding remarks

The critical perspective developed in this paper aimed to go beyond the neoliberal discourses that inform both mainstream and critical researchers. Such critical perspective from an emerging economy seems to be relevant not only because of the disquieting dominance of the US literature in Latin America (IBARRA-COLADO, 2006) and other regions, and the privilege given to large companies and US governance preferences by such literature (HININGS & GREENWOOD, 2002; CLEGG, 2002; BARTUNEK, 2002; CLARK & ROWLINSON, 2004), but also because it shows that GDOs play a key role in the international dissemination of powerful strategy discourses such as CSR.

Drawing upon the notion of stakeholder from a more encompassing approach this paper argues that this mismatch can be explained by the increasing influence of GDOs – in discursive, material and ideological terms – over the field of strategic management. Firm stakeholders are defined in the specialized literature as those constituents that have an interest, or 'stake', in their relationships with a given firm. Correspondingly, knowledge stakeholders are defined in this paper as those constituents that have an interest, or 'stake', in their relationships with knowledge.

Based on a critical perspective that goes beyond the state-market dichotomy, which is typically used by both mainstream and critical researchers from developed economies, GDOs are portrayed in this paper as a sort of powerful knowledge stakeholder that is capable to mobilize, from the vantage point of developed economies, the interests of both states and markets. This helps explain why GDOs have been overlooked by both mainstream and critical researchers in the field of Organization Studies and, correspondingly, why the field of strategic management remains blind toward those very powerful organisations.

This resulting analysis illustrates in a particular way, from the perspective of developing and emerging economies, the argument that knowledge as a key resource is not free of politics (and power) nor is politics (and power) independent of knowledge (St CLAIR, 2006).

As a strategy discourse mobilized by GDOs, corporations and governments from developed economies, CSR is powerful because, as pointed out by some critical researchers, it has the power of concealing the 'truth of strategy'. From such standpoint, the mismatch between the strategic management literature and corporations in developed economies and the extraordinary trajectory of CSR in Brazil and other developing/emerging economies are explained by a collective interest – led by GDOs, in alliance with corporations and governments from developed economies – of pursuing convergence in global terms and also avoiding that researchers and other social actors get access to what strategy and knowledge are about within the era of economic globalization.

In the end we point out the importance of further collaboration between researchers from so-called developed and developing economies in the fields of strategic management and Business & Society to foster knowledge alliances that could attenuate the extraordinary power of GDOs. A key issue to be taken into account is the influence of GDOs over the management academy in a time in which development has been uncritically transformed into a central issue for (and by) large corporations.

The critical standpoint developed in this paper, aimed at understanding the extraordinary trajectory of CSR discourses and practices in developing and emerging economies, should be fostered by researchers not only in developing and emerging economies but also in developed economies. The authors of this paper suggest that such argument is even more important in the US given the extraordinary power – in material and ideological terms – of corporate-driven and market-driven discourses in that country (EPSTEIN, 1973, p.9). Accordingly, the authors of this paper argue that the major task for critical researchers from emerging economies is to engage with the US academy rather than just opposing it from the margins.

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**Notes**

[1] McKinsey analysts describe the Social Compact Program as a "global movement that aims to encourage businesses to pay closer attention to their social impact has gained momentum in recent years. It received a boost in 2000, when the United Nations got involved: Secretary-General Kofi Annan launched the Global Compact, a voluntary association that asks corporate participants to uphold ten principles relating to human rights, labor, the environment, and non-corrupt business conduct. Ever since, the Global Compact has pursued this agenda by publishing universal guidelines on corporate social responsibility and creating a network that companies, nongovernmental organizations (NGOs), labour groups, and UN agencies can use to share ideas about how to create better corporate citizens". (BLAIR et al., 2004)

[2] The CSR literature started with a focus on less problematic social matters and business conduct in the so-called developed economies. In accordance with the agendas established by GDOs over the 1990s the focus shifted toward more problematic social matters and development concerns in developing and emerging economies.

[3] It is made clear in the statement that prosperous business "owes something back to the community from which it draws its profits" (BADARACCO, 1998: 265).