Guest Editorial

Globalization and CSR in Asia

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Whether companies should exercise some ‘social responsibility’ beyond economic outcomes, and how they should go about doing so, has exercised scholars for more than 50 years. For the most part, prevailing perspectives have reflected the cultural norms and regulatory frameworks of North America and Europe. Interest beyond these contexts is a relatively recent – and still developing – body of scholarship.

Undoubtedly, globalization is, in part, responsible for the emerging interest in CSR in Asia. Not only have moves toward greater economic integration ushered in new opportunities for businesses in Asia, but it has also raised a number of new challenges. Trade liberalization and economic reform have opened up new markets for labour and raw materials, generating unprecedented potential to produce wealth, but these developments have been accompanied by new concerns that also deserve close inquiry.

Despite trends towards globalization, however, many companies continue to operate in an environment where laws and regulations are established on a national basis. Issues of global governance are challenging: on the one hand it appears critical to respect the autonomy of nation states, yet the current financial crisis reminds us that there is an urgent need to develop some kind of common framework that ought to apply universally.

The same applies for corporate responsibility and business ethics. Relativism and pragmatism, humility and mutual respect for others’ values is certainly a basic requirement in all endeavours outside one’s own socioeconomic and cultural sphere. But the downside of pragmatism is lack of principle. It is true that Western companies and organizations have taken the lead in terms of norms and standards in business ethics and CSR. There is no reason to be ashamed of one’s own principles if they are considered valuable to defend human rights, the dignity of people at work and respect for the environment. Working and environmental standards that are applicable on a global basis obviously differ from country-to-country standards, for many reasons. But what is important is the spirit, not the letter – and that counts, eventually, in our actions.

Asian corporations and Asian countries are obviously afraid of being obliged to follow rules that would not respect their values and ethical principles. They do not want either to fall victim to a new avatar of Western domination that would impede their development. They now react in taking initiatives at

regional, national and corporate levels. The debate is open and this is why it is so interesting to listen to the voices of Asian scholars on those issues.

Taken broadly, globalization is more than economic integration – it is also the increasing integration of social and cultural norms. As such, some old questions are receiving new scrutiny – should companies, for example, operate according to different standards abroad than they do at home? How do companies operating in a globalized context balance the age-old notion of relativism with that of avoiding cultural imperialism? How can business be respectful in its operations, but also consistent? Is there a ‘global’ business model – and should it be dictated by what prevails in the West?

As shown in the selected papers, some questions are new and ultimately benefit from the ‘globalization’ of scholarship. For instance, how are Asian companies that operate abroad to deal with emerging social and environmental challenges – especially those such as climate change, that are global in nature? How should Western companies operating in Asia address these, as well as local, concerns? Is globalization generating homogenization of management practices? How, therefore, is something like corporate responsibility translating into how Asian businesses operate in their home contexts? Are there important cultural influences on ideas of ‘obligation’ and ‘responsibility’ that are significant in Asian contexts, but that challenge Western notions?

In the call for papers for this special issue we cast the net wide in an attempt to shed light on these and other unanticipated questions and issues. Loong Wong – our opening paper – touches on one of the most pressing challenges to the globalization debate, that of sustainable development. Wong also reminds us that the role of the State is central to how sustainable development will unfold in China. China is a country with worldwide ambition commensurate to its size. The last thing Chinese people want is for their country to remain a ‘rule-taker’ dependent on the West for new rules and concepts. Challenge to any kind of attempt at Western domination will of course come from China. As Loong Wong tells it, it will be comprehensive and articulate.

Lorenzo-Molo, on the other hand, attempts to make sense of why Western understandings of CSR do not appear to be taking hold in the Philippines. The Philippines is a country with important problems of state and corporate governance. Paralleling similar concerns in the West, the institutionalization of CSR in this context requires a movement beyond quick fixes to address underlying ethical concerns.

Japanese companies, long heralded as progressive in employment practices and in terms of innovation and efficiency, are not immune from issues of CSR. With his usual sharp mind, Chikudate reminds us that efficiency pushed too far may lead to a lack of basic effectiveness, but also to grave issues of respect of human rights. Chikudate conflates employment with CSR and examines the practices of the Toyota Motor Corporation and JR West. In these cases, it is

revealed that cultural norms operating in Japanese businesses can have unintended and serious implications for the effects of some CSR activities. In Japan the client is not a 'King' but a 'God'. Employees must be ready to sacrifice a part of their life for the sake of the organization. Life in Japan was always hard and a high work ethic considered a must. It was acceptable and life-fulfilling as long as the Japanese business system was protected from outside and the social contract allowed to maintain 'slacks', permitting everybody to keep a reasonable work-life balance. Combined with neo-liberal principles, the system becomes lethal for those who cannot keep the pace and it could even be a danger for users of the provided goods and services. Therefore, indeed, it raises serious questions about its long-term sustainability in its current state.

In other contexts, such as India, leadership appears salient to how CSR can be successfully implemented. Lakshman profiles the experiences of ICT Ltd in grappling with questions of social responsibility. The choice of case for this paper is interesting, the more so because ICT is a big tobacco maker and a company that has been involved in a well-known fiscal scandal, two elements that are bound to lead to critical opinions from Western countries. Moreover, the case deals with a subject that is very complex and controversial. Although nobody doubts that ICT could be the source of empowerment for people 'at the bottom of the pyramid' under some conditions, the relationships between ICT and development are not straightforward at all. ICT can also create new relations of power and control.

Kannabiran drills down into the specifics of CSR and considers the role of stakeholder engagement in the management of the supply chain. Following a number of cases of other companies, local and multinational, it is a timely paper telling us of the crucial importance of stakeholder engagement in CSR strategy and of the long-term approach and management commitment it requires.

Taken together, these papers each provide timely insights into how CSR is influencing business practice in Asia. As in the West, the context is multi-faceted and multi-layered. Not only are there macro and social influences on the activities of business organizations, but companies themselves must consider carefully the implications of transplanted CSR initiatives on their prevailing organizational cultures.

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