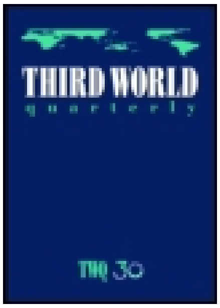

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csr and equality

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CSR and Equality

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ABSTRACT *Institutional reforms associated with neoliberalism and 'good governance' have altered the roles and responsibilities of states and transnational corporations (TNCs) in relation to social development. Increasingly such firms are engaging more directly in social service provisioning through privatisation, claiming to be more responsive to the concerns of multiple 'stakeholders' through 'corporate social responsibility' (CSR), positioning themselves as 'partners' in poverty reduction, and becoming more proactive in standard setting and 'privatised governance'. Given the extent of anecdotal or piecemeal 'evidence' regarding the impacts of CSR, attention has turned in recent years to developing frameworks that identify a range of policies, practices and effects that need to be examined to adequately assess social and developmental aspects. This paper attempts to contribute to this discussion by focusing on the contribution of CSR to equality and equity, understood here in terms of minimising deprivation; enhancing equality of opportunity; correcting gross imbalances in the distribution of income, wealth and power; and social justice. While the primary responsibility for promoting equality belongs to state and multilateral institutions, the CSR agenda, with is emphasis on such aspects as improvements in working conditions, community support, labour and human rights, and stakeholder participation, clearly has implications for equality and equity. Four central components of equality are considered: social protection, rights, empowerment and redistribution. It is argued that the contribution of CSR in relation to these different elements varies considerably. Most CSR initiatives focus on social (and environmental) protection. Belatedly CSR discourse has embraced issues of labour and other human rights but CSR practice associated with the realisation of rights lags well behind. Other dimensions of equality related to empowerment and redistribution remain relatively marginal in the CSR agenda.*

Background

A key debate within academia and civil society relates to whether CSR is simply a palliative for a model of capitalism that generates perverse social and environmental effects, and an instrument for reinforcing corporate

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control over developmental processes and institutions,[1] or a crucial element of 'embedded liberalism'. The latter is characterised by markets that facilitate the mobilisation and allocation of resources for the benefit of humanity, and by the presence of institutions that correct for the imbalances in corporate rights and obligations that have been a feature of economic globalisation and liberalisation.[2]

Assessments of CSR generally focus on discrete aspects such as environmental management, working conditions, labour rights, business–community relations, the so-called business case for CSR, and corporate accountability structures and mechanisms. Increasing attention is now being focused on sets of indicators that provide a more comprehensive framework for assessment. Such frameworks often take as their point of departure the economic, social and environmental components recognised in the concept of 'sustainable development'. Some emphasise labour and human rights dimensions. More recently attempts to examine the relationship of CSR to poverty reduction have focused on various 'micro' and 'macro' impacts of both individual firms and the global value chains with which they are associated.[3]

This paper suggests that assessments of the social and developmental implications of CSR could usefully consider another angle or set of issues related to both equality, which involves levelling or minimising disparities, and equity, with its implications of fairness and social justice. Equity and equality have recently re-emerged as central concerns of the international development community.[4] Greater equality is both a goal in itself and a means to economic and social development.[5] The 'intrinsic' and 'instrumental' reasons for addressing inequality include innate concerns in society for justice, the fact that principles of equality and equity are often integral to legal traditions, including international human rights law, and the negative impacts of inequality on efficiency, growth, poverty reduction and social cohesion.[6]

Examining the connections between CSR and equality is not meant to imply that corporations, or the private sector more generally, have a primary responsibility for promoting equality. Historically, as today, the state and multilateral institutions have played the key role in this regard. Nevertheless, the CSR agenda,[7] with its emphasis on improvements in working and supply chain conditions, community assistance and development, labour and human rights, and stakeholder dialogue and participation, has obvious implications for equality and equity. While conceptualisations and definitions of these terms, or points of emphasis regarding what elements are important from a policy perspective, vary considerably, here attention is focused on how CSR relates to four crucial aspects of equality and equity: social protection, rights, empowerment and redistribution.

Social protection

What has been the contribution of CSR to social protection, defined here broadly in terms of the welfare and well-being of workers and other groups, or 'stakeholders'. Much of the CSR agenda has been directly concerned with these aspects, focusing, for example, on improvements in working conditions, assistance to communities where company operations are located or support for international development and relief programmes. Considerable attention has also been focused on specific social issues such as HIV/AIDS and post-conflict rehabilitation. Recently there has been an attempt to connect CSR more directly with the contemporary global poverty reduction agenda, through what has been labelled the 'bottom of the pyramid' approach.[8]

While the range of CSR issues addressed by companies that are more proactive in this field has tended to expand, many firms continue to concentrate their CSR activities in arenas external to the company, via philanthropy or corporate social investment in community initiatives. In the USA it is estimated that large corporations allocate 77% of funding for corporate charitable activities to local metropolitan areas which host the corporation.[9] These charitable grants averaged US$3.5 million per large corporation in 2002 but could reach levels of $100 million per annum in the case of companies like Wal-Mart.[10] In the USA the number of corporate foundations doubled from 1295 to 2549 between 1987 and 2003, and their level of grant giving reached $3.5 billion. In real terms this represented a doubling of the value of grants over the same period. Much of this spending was channelled to traditional philanthropic outlets such as educational, health, cultural, sporting and environmental activities and institutions.

Relatively little went abroad. The World Economic Forum (WEF) estimates that the Fortune Global 500 companies provide, annually, cash donations in the region of $12 billion and roughly an equivalent amount ($10–15 billion) in kind. Approximately 10%–15% of this amount is thought to support activities related to low-income countries.[11] Such figures need to be put in context. This level of corporate 'aid' in support of developing countries (roughly $3 billion) represents about 4% of Overseas Development Assistance, which amounted to $80 billion in 2004. Corporate philanthropy associated with developing countries is, however, increasing, causing *Business Week* to declare in 2004, 'global philanthropy is one of the hottest US exports these days'.[12] Such a development reflects not only the mega-grant giving of a few billionaires such as Bill Gates and Warren Buffet, particularly for global health programmes, but also the ways in which corporations are adjusting to the geographical and social realities of global value chains. The WEF notes that total private philanthropic giving may exceed foreign direct investment (FDI) inflows in the case of some poor countries,[13] although this says as much about the skewed nature of FDI inflows to developing countries—flows that are heavily concentrated in just a few countries—as it does about corporate generosity.

While the CSR movement and agenda have evolved and developed in more socially inclusive ways, CSR discourse still runs well ahead of reality. From the perspective of social protection the downside to CSR centres on three main aspects. First, while the rhetoric surrounding CSR gives the impression that much of big business has turned over a new leaf as regards social responsibility, and that its supply chains are following suit, the reality is that only a small percentage of the world's 70 000 TNCs, 700 000 affiliates and millions of suppliers have seriously embraced CSR. This is evident from the numbers of companies that engage actively with leading multi-stakeholder initiatives, such as the UN Global Compact, Global Reporting Initiative (GRI) and the Ethical Trading Initiative (ETI).

Second, the quality of CSR interventions is often weak in the sense that there is often a considerable gap between stated intentions and actual implementation. This has been well documented in relation to certain basic CSR tools. While the range of issues addressed under company codes of conduct, for example, has expanded, procedures related to implementation are often under-developed.[14] This is also apparent in the case of international codes or sets of principles, such as the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the UN Global Compact Principles, and the Equator Principles, which have all expanded while implementation and compliance mechanisms remain weak.[15]

An assessment of social auditing by the Clean Clothes Campaign (CCC) noted some progress in relation to a few brand name companies, but major limitations in the dominant approach, particularly in the retail sector.[16] Company reports and audits are often short on meaningful indicators to measure performance and impacts, and they are not particularly useful for assessing how positive CSR initiatives are faring in relation to negative social and environmental performance. Furthermore, far more attention is likely to be focused on improvements in occupational health and safety as opposed to industrial relations and labour rights.[17] Other concerns about reporting and social auditing systems relate to their cost and complexity, as well as to the proliferation of different methods and institutions. Given the tremendous size of global corporations, their geographical reach, their value chains that may involve thousands of suppliers, and the increasing range of CSR issues, it seems improbable that a third party can keep a tab on all this, and do so in a meaningful way. Commercial auditors often have neither sufficient time, autonomy nor skills to adequately assess the situation of workers and industrial relations.[18]

A third basic weakness of the CSR agenda from the perspective of social protection relates to issues that are marginalised or remain off-limits. Until recently there was relatively little discussion within mainstream CSR circles of negative trends associated with employers' contributions to social insurance and employee health schemes. While the range of CSR concerns related to developing countries has broadened, priority issues are often those of particular concern to activists and others in the North, for example child labour, 'sweatshops' and environmental degradation associated with mining and deforestation. Issues relevant to particular stakeholders in developing countries, such as women workers, sometimes get short shrift. Potentially

CSR has a crucial role to play in relation to women workers, not only because of the state of their working conditions, but also because the rise in female employment has, in contrast to the historical experience of male employment in some sectors, often not been accompanied by access to work-related welfare entitlements associated with social policy.[19]

Much of the literature and learning associated with CSR, particularly within the field of business management, has also marginalised certain developmental concerns of poorer countries related to issues like the cost and impact of CSR initiatives and instruments on smaller enterprises, the situation of informal sector workers, and whether TNCs or large retailers cut and run when their suppliers come under the CSR spotlight.[20] Many companies that are proactive in the field of CSR have improved the working conditions of their core workforce but simultaneously have laid off workers and relied increasingly on sub-contracting, which often implies a deterioration of labour standards. UNRISD studies in South Africa, India and Brazil, and the study by Oxfam and Unilever of the national development impact of Unilever-Indonesia, have highlighted this situation.[21] The analysis of corporate social spending in Brazil, carried out by the Instituto Brasileiro de Análises Sociais e Econômicas, reveals the apparently contradictory situation where companies are spending more per worker on health and safety in their core enterprises, yet the number of workplace accidents and injuries per 1000 workers is increasing. A possible explanation relates to the increasing reliance on sub-contracting.[22]

Many of the world's largest corporations and business associations actively promote CSR while simultaneously lobbying forcefully for macroeconomic, labour market and other social policies associated with forms of labour market flexibilisation, deregulation, and fiscal 'reform' that can result in the weakening of institutions and systems of social protection.[23] Others are actively involved in privatisation schemes related to basic services, which in some developing countries have had negative implications in terms of affordability for low-income groups.[24] In short, CSR generally attempts to curb specific types of malpractice and improve selected aspects of social performance without questioning various contradictory policies and practices that can have perverse consequences in terms of equality and equity.

Rights

Equality depends crucially on the recognition and realisation of the rights of workers, women, children, indigenous peoples and other groups that have historically been oppressed, exploited and marginalised. To what extent does the CSR agenda address these aspects?

The evolution or broadening of the CSR agenda through time has seen 'rights' emerge as an important component. The early emphasis within codes of conduct and voluntary initiatives on improvements in working conditions was later complemented by a focus on labour rights, particularly those enshrined in the International Labour Organisation's core conventions associated with discrimination, forced labour, freedom of association and collective bargaining. Such standards now figure in numerous codes of conduct and form a sub-set of the 10 principles of the UN Global Compact. There have emerged a number of high profile non-governmental and multi-stakeholder initiatives that actively promote labour rights, particularly in the supply chains of certain industries, notably apparel and footwear.

Converting the emerging labour rights discourse into meaningful interventions has been more difficult. Companies often pick and choose which labour rights they include in their codes of conduct. Large TNCs that project themselves as CSR leaders often ignore standards related to freedom of association and collective bargaining in their policy statements.[25] Even some of the more high profile CSR initiatives, such as the Global Compact, which have emphasised issues of human rights appear to pay limited attention to key aspects of rights, such as those relating to women and gender equality.[26]

Where companies have collaborated with NGOs and multi-stakeholder standard-setting initiatives that promote labour rights, the results have been mixed. A recent evaluation of the ETI notes progress in relation to labour rights as the weakest aspect of this scheme, which aims to promote and improve the implementation of corporate codes of practice covering supply chain activities.[27] A study of labour rights in the sportswear industry notes limited progress, even in the context where the World Federation of Sporting Goods Industries and several leading companies are collaborating with the Play Fair Alliance, a network of civil society organisations that promotes labour rights. Some advances were apparent in relation to transparency, co-operation with trade unions and NGOs, workers' training and the prevention of discrimination in certain factories. The report also notes, however, that 'business practices frequently undermine and contradict their stated commitment to respect trade union rights'. Such practices include cutting contracts of suppliers that have respected labour rights, sourcing from Export Processing Zones or China, where certain basic labour rights are not respected, and turning a blind eye when suppliers employ workers on short-term contracts, which act as a disincentive to unionisation.[28]

Several non-governmental or multi-stakeholder institutions promoting labour rights dimensions of CSR have also adopted fairly weak procedures for assessing compliance with agreed standards. Indeed, some of the most vibrant certification activity, notably that associated with schemes such as SA8000, takes place in China, where labour rights, such as freedom of association and collective bargaining, are not even recognised. Schemes that have adopted fairly rigorous assessment methods, such as the CCC and the Worker Rights Consortium (WRC), tend to be limited in their capacity to scale up their activities. Several Global Union Federations have promoted their own variant of codes of conduct and CSR implementation accords with TNCs via Global Framework Agreements. Such agreements commit signature corporations to uphold an agreed set of labour standards throughout their global corporate structure. This is potentially an important development, in that it extends the arena of union-management negotiation from the national to the global level. In practice, however, the quality of implementation and review procedures can vary considerably, and in the absence of international arbitration and mediation institutions, as well as human and financial resources, Global Union Federations have limited options for seeking redress in cases of non-compliance.[29]

Through time the CSR agenda has expanded to embrace more explicitly the broader set of rights enshrined in the Universal Declaration of Human Rights. This has been in response to exposés of corporate complicity in human rights abuses, particularly in the extractive industries and to related pressures from activists and consumers. It is also a reaction to new CSR institutions such as World Bank/International Finance Corporation (IFC) guidelines related to indigenous peoples, the UN Global Compact, the Financial Times/London Stock Exchange's (FTSE) ethical indices (FTSE4Good), the Voluntary Principles on Security and Human Rights,[30] and the draft UN Norms on the Responsibilities of TNCs and other Business Enterprises with Regard to Human Rights (hereafter referred to as the UN Norms). The guidelines of the GRI have also been revised to strengthen, *inter alia*, indicators related to human rights.

The incorporation of human rights in the CSR agenda is important not only for socio-legal reasons but also because it can provide a framework for operationalising CSR by invoking a range of issues that require action. Potentially this can act as a corrective to the more piecemeal and fragmented approach that is common among companies engaging with CSR. Furthermore, since the human rights agenda is only deemed to be relevant to companies when it applies to their 'sphere of influence' or 'complicity' in human rights abuses, it necessarily focuses attention on a company's relations with, and its impacts on, multiple stakeholders, including governments, consumers, workers, communities and future generations.

An increasing number of companies are incorporating references to human rights in their policy statements. A recent survey of the *Fortune* Global 500 corporations found that 91% of the 102 companies that responded had an explicit set of principles or management practices related to human rights, and concluded that 'no survey conducted a mere five years ago would have yielded comparable results'.[31] The survey also found that some rights figure more prominently in official company policy than others. The right to health and to an adequate standard of living generally received less attention, especially among US firms.[32]

Policy statements, of course, do not necessarily translate into concrete advances in relation to the realisation of human rights. The case of the oil industry is a clear example of this, with most of the oil majors referencing human rights in their principles and codes of conduct. At the same time several corporations, such as BP, Unocal and Total, continue to be on the receiving end of bad practice 'awards' (or nominations) for human and labour rights abuses, while others, such as Shell and Chevron, figure prominently in awards for environmental malpractice.[33]

The apparent gap between rhetoric and reality suggests the need for periodic monitoring of corporate activities. In the case of the oil industry this is extremely difficult given the remote and often dangerous locations where companies operate, and the highly limited capacities of both NGO watchdog organisations and state inspection units in developing countries. The alternative of corporate self-evaluation and reporting, which appears to be on the increase, has obvious limitations, while the design and use of new tools such as human rights impact assessments are still in their infancy.[34]

The process of ratcheting up the responsibilities of TNCs *vis-à-vis* human rights is politically sensitive and provides a good example of the ongoing tensions between voluntary and legal approaches to improving corporate social and environmental performance. This is clearly seen in the case of the UN Norms. These were drafted in an attempt to address some of the weaknesses that characterise the UN Global Compact and voluntary initiatives more generally, namely picking and choosing among standards, weak compliance with agreed standards, and free-riding. Six of the Global Compact's 10 principles, which participating companies agree to adhere to, relate directly to labour and human rights. While the Global Compact has been successful in internationalising CSR discourse, relatively few of the over 2500 participating companies provide comprehensive evidence of compliance with the 10 principles. Furthermore, a study conducted in 2004 found that only 9% of participating companies were taking actions that they would not otherwise have taken had they remained outside the initiative.[35]

The UN Norms pull together a wide range of standards derived from international law that applies to states, but which are commonly found in multi-stakeholder initiatives related to CSR. They state that all TNCs and related companies have an obligation to uphold such standards, and propose an implementation and monitoring mechanism. They push the envelope even further by calling for 'adequate reparation' in cases where stakeholders are affected by non-compliance. Some of these harder aspects were anathema to certain business interests and governments, and the interim report of the UN Secretary-General's Special Representative on Business and Human Rights suggested that the UN Norms were 'a distraction' and that the route forward lay with 'principled pragmatism'.[36] A few large TNCs did, however, take a proactive stance by joining the Business Leaders Initiative on Human Rights which is trial testing the UN Norms.

Empowerment

Some interpretations of equality emphasise not only equality of opportunity but also equality of outcomes. To achieve this it is necessary to challenge structural dimensions of development that result in highly skewed patterns of distribution of both resources and power.[37] An important aspect in this regard, which is emphasised by certain rights-based approaches to development, is not only the recognition and realisation of rights, but also the idea that inclusive and equitable development depends on the capacity of the disempowered and disadvantaged to exert claims on the powerful. The struggle for equity, therefore, is fundamentally a political struggle which involves increasing the voice and influence of weaker groups in society and reconfiguring the balance of social forces through accountability and other mechanisms that keep corporate power in check. To what extent has CSR facilitated these aspects?

One of the most significant developments in relation to empowerment relates to the fact that CSR has been a useful mobilising tool, particularly in the North but also increasingly in the South. As Shamir points out 'the more the public domain is privatised, the more the private is politicised and becomes a matter of public concern'.[38] Activism associated with CSR issues has rallied numerous civil society groups and organisations around a common concern related to the negative impacts of large corporations in relation to social and sustainable development, and the growing imbalances between corporate rights and obligations under globalisation and liberalisation. CSR instruments and institutions are being used to defend and enhance the interests of workers, communities and other groups and stakeholders. This is apparent, for example, in relation to new social movements and forms of transnational activism centred on such issues as 'sweatshops', fair trade, corruption and environmental pollution,[39] as well as in broad-based groupings of civil society organisations that test and apply CSR instruments. An example of the latter is OECD Watch, an international network of 47 NGOs, that monitors the application of the OECD Guidelines on Multinational Enterprises.

Various multi-stakeholder initiatives such as the ETI and SA8000 have also opened up some spaces for dialogue and negotiation where trade unions and NGOs can speak on behalf of workers and communities. Concerns have arisen regarding the question of who speaks for whom, with trade union organisations, in particular, concerned that some NGOs that are unaccountable to workers claim to speak on their behalf.[40] Civil society organisations that join such initiatives sometimes have to walk a tightrope, given the fine line that exists between promoting subaltern interests and legitimising institutions that may reinforce corporate power.

Some of the more effective institutional initiatives involving standard setting, monitoring and/or certification appear to be those that are organically linked to social movement activism,[41] such as the WRC, the CCC and the Forest Stewardship Council. Transnational links that enable northern-based NGOs and trade union organisations to act as a conduit for channelling grievances and negotiating solutions through CSR and other institutions for groups engaged in struggles at the grassroots play a crucial role in what has been called 'counter-hegemonic globalisation'.[42] From the perspective of participation and empowerment, however, a major weakness of the CSR 'movement' has been the limited participation of stakeholders from developing countries in consultation and decision-making processes associated with CSR and in the design of CSR instruments and institutions.[43]

Some initiatives, such as the CCC, the WRC and national monitoring schemes like the Grupo de Monitoreo Independiente de El Salvador, attempt to promote monitoring and verification methods that not only gather information from workers but use the auditing process to channel information to workers and encourage social dialogue. In the main what predominates, however, are fairly conventional social auditing techniques that, at best, can only scratch the surface and, at worst, constitute policing mechanisms.[44] A study carried out in Costa Rica among banana plantation workers, which examined the potential contribution of certification or multi-stakeholder initiatives such as SA8000 and the ETI to workers' empowerment, found serious limitations with 'rapid social auditing'. It proposed replicating the methods of certain organisations that promote 'participatory workplace appraisal', under which social auditing would not only check that spaces for empowerment exist but also attempt to create such spaces.[45]

One of the areas of greatest weakness in relation to both social protection and empowerment relates to the extremely limited attention within the CSR agenda to the vast majority of workers, producers and enterprises in developing countries that are associated with micro- and small enterprises, small-scale agriculture and the so-called informal sector. As the Oxfam/Unilever report referred to above points out, the question is how to use CSR practices to strengthen the position of weaker stakeholders throughout the value chain.[46] While some large global corporations have responded to civil society and consumer pressures to improve conditions in their supply chains, such attention has yet to penetrate significantly beyond upper-tier suppliers. As noted above, the CSR agenda has tended to ignore processes of sub-contracting that involve more precarious forms of employment and the casualisation of labour. Another concern is that conventional approaches to CSR may be consolidating a 'labour aristocracy' and restricting the capacity of firms in developing countries to absorb labour from the informal sector.[47]

When considering the issue of CSR and empowerment, it is also important to examine the counter-side of the power equation, namely the power of TNCs and corporate elites. Theoretically there are strong grounds for assuming that CSR reinforces corporate power. This is implicit in the so-called business case for CSR and the fact that it is many of the world's largest TNCs that have engaged more proactively with this agenda. It is explicit in a body of political economy analysis that draws on Gramscian theory. The latter suggests that the CSR agenda is an important feature of a mode of domination that has enabled large corporations and business elites to fend off criticism and regulatory threats, and to reinforce their power and influence by actually accommodating certain oppositional demands, intervening proactively in the CSR arena, and attempting to lead the CSR movement.[48] It has also been suggested that CSR is an important feature of 'new ethicalism', that is, the turn to morals and ethical norms as a means of shoring up the neoliberal agenda in a context where legal and other institutional arrangements have proved insufficient.[49] This type of analysis also points to the considerable spaces that exist for social movements and some marginalised social groups to advance in terms of articulating and realising specific demands, or in relation to so-called 'counter-hegemonic' struggles.[50] CSR is an important terrain of struggle, one where organised business interests have proven to be extremely adept and savvy.

While the CSR agenda is concerned with some aspects of corporate accountability, it does not fundamentally question the economic power and political influence of TNCs. While both aspects of power are difficult to measure,[51] attempts to do so indicate the tremendous size of the largest CSRs, which make up between 20 and 30 of the world's largest 100 economic units (national economies and corporations).[52] According to UNCTAD, the value-added of the top 100 non-financials increased as a percentage of global GDP from 3.5% to 4.3% between 1990 and 2000.[53] What is more significant is the increasing control exercised by the largest corporations over global value chains as a result of sub-contracting and other arrangements. According to one estimate, the top 800 non-financial corporations (measured by stock market capitalisation) may, in effect, directly and indirectly control up to 50% of global GDP, if one takes into account both upstream and downstream activities of the company.[54] From the perspective of CSR and equality the worrying aspect of this analysis is that such issues remain largely off-limits in the mainstream CSR agenda.

Redistribution

Perhaps the weakest aspect of both CSR discourse and practice relates to redistribution. Before considering this aspect, it is important to identify what the elements of a redistributive CSR agenda might be. Presumably they would relate to progressive shifts in the distribution of income within enterprises and value chains that favour labour, small producers and other low-income stakeholders, and poorer countries; they would include fair and transparent fiscal policies and practices conducive to progressive taxation, and lobbying for redistributive policies or at least not lobbying for regressive policies that have perverse social, environmental and developmental impacts.

While aggregate data on CSR spending are hard to come by, there is little to suggest that it alters in any meaningful way the relative returns to capital and labour. Indeed, the rise of CSR coincides with a phase of capitalist development where returns to capital have generally outpaced returns to labour, with the share of profits in the national income of many countries having increased and that of wages and salaries having declined. Data on income distribution in the US indicate the dramatic changes that have occurred in recent decades. The share of national income in the USA accounted for by the top 1% of income earners, which had remained stable at around 8% from the mid-1950s to the mid-1980s, increased to 15% by 1998.[55] In a similar vein, 'the ratio of the median compensation of workers to the salaries of CEOs [in the USA] increased from just over thirty to one in 1970 to more than four hundred to one by 2000'.[56] Even the significant increase in the dollar value of corporate giving noted earlier, which occurred in the USA during the 1990s, appears less impressive when compared to the performance of profits. Whereas corporate charitable contributions increased by 4.2% a year, the annual increase in corporate profits was 5.6%. Furthermore, in relation to pre-tax income there was a decline from a peak of 2% in 1986 to 1% in 1996.[57]

In the USA, in particular, corporate contributions to social insurance and healthcare have declined, and employers have transferred more of the burden of pension costs and health insurance to employees.[58] Such contributions are particularly low in the retail sector, where less than half of employees receive health benefits and part-time workers are usually ineligible. High-profile companies like Wal-Mart and Starbucks have come under fire for their practices, given the fact that only 47% and 42% of workers receive health benefits, respectively,[59] as well as the fact that many of their workers must continue to rely on public assistance programmes, which imply large costs for taxpayers.[60]

Two of the most explicit CSR initiatives related to redistribution within the enterprise or the value chain involve 'living wages' and 'fair trade', both of which pay, in effect, premium (above-market) prices to labour and small producers, respectively. While there has been much discussion about living wages within CSR circles since the late 1990s, particularly in connection with CSR reforms in the apparel and footwear sectors, there has been little progress in practice, beyond compliance with minimum wage legislation.

The involvement of large companies in fair trade schemes has sparked a heated debate regarding their developmental implications. Proponents see this as, potentially, a crucial mechanism to ensure that fair-trade markets break out of their very niche status. Critics see it as a dilution of fair-trade standards and a means by which large companies can position themselves competitively in a relatively small but growing market. In relation to redistribution a key question is the premium price received by producers. When the fair-trade system was introduced for products like coffee, the premium price was nearly double the market price. This meant that the increased prices paid by northern consumers, and the restructuring of the value chain (both in terms of fewer intermediaries and improved margins for small producers), potentially had significant redistributive implications. Leaving aside the question as to how much of the premium price is actually received by producers, it is important to note that the involvement of large companies in sectors such as fair-trade coffee has occurred at a time when the gap between the market and fair trade price has narrowed considerably. This suggests that large firms may in effect be free-riding on a brand created under very different circumstances and that their involvement has few, if any, redistributive implications. Other benefits of fair trade, notably its role in empowering small producers and their organisations, are also marginalised by the larger firms that enter this arena.

Another key redistributive element relates to taxation and corporate fiscal practices. Here there has been some positive movement via the growing attention to issues of corruption and greater transparency as regards corporate payments to governments. Anti-corruption is a core element of the OECD Guidelines for Multinational Corporations, and was added as a 10th principle to the UN Global Compact in 2004. It is also a central concern of activist campaigns such as Publish What You Pay, and the Extractive Industries Transparency Initiative. While corruption has emerged as a CSR issue, progressive taxation has not. There is little to suggest that the position of the corporate CSR community is very different from that of organised business interests that lobby for ongoing reductions in corporate taxation and a lowering of tax rates for the highest income brackets in which CEOs find themselves. CSR takes place against a backdrop where fiscal policy is becoming increasingly regressive: as tax structures shift in favour of consumption taxes, the contribution of corporate taxation to total tax has remained fairly stable at the relatively low level of 8% to 9% in the OECD area, and corporate income tax rates continue to decline.[61]

Furthermore, transfer pricing and other mechanisms that result in the under-reporting of profits and tax avoidance are not only rife but are reportedly practised by companies projecting themselves as CSR leaders.[62] The leading auditing and certification firm, KPMG, has several executives facing prosecution for actively promoting tax evasion. Even more recently, in September 2006, another proactive CSR company, GlaxoSmithKline, had to pay the US Internal Revenue Service (IRS) a $3.4 billion fine for transfer pricing, the largest ever single payment made to the IRS to resolve a tax dispute.[63]

Conclusion

While states must assume primary responsibility for crafting institutions that can deal with inequality, CSR discourse positions large corporations as actors concerned with a variety of issues that have obvious implications for equality. The above discussion suggests that the CSR agenda has focused mainly on aspects of equality that have to do with social (and environmental) protection. More recently it has broadened to embrace labour rights and other human rights. Progress in terms of realising rights, however, lags well behind the rhetoric. Aspects related to empowerment remain weak, while redistribution still figures only marginally on the CSR radar.

Should we expect more progress in this regard? If CSR is to complement the efforts of state institutions in promoting equality, there appear to be two central challenges. The first involves filling major gaps that characterise the CSR agenda, in particular the gulf that continues to exist between words and deeds, and the fact that crucial components of equality related to empowerment and redistribution still remain marginal. Second, if CSR, even in its truncated form, complemented the efforts of government, civil society and multilateral actors in areas of social protection and rights, then it could play a constructive role in relation to equality. Where the CSR agenda is particularly problematic, however, relates not only to limits regarding the scale, scope and quality of CSR interventions and institutions, but the fact that it is part and parcel of a broader 'reform' agenda that promotes both market liberalisation and self-regulation, often at the cost of labour rights, decent wages, employment security, corporate social welfare, universal social provisioning, and both state and trade union regulatory capacity. Unless these aspects are addressed, piecemeal additions and adjustments to the CSR agenda are unlikely to do much to further its contribution to equality.

Notes

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