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Social Responsibility Networks (SRN): The Role of the International Civil Society in Redressing the Negative Effects of Globalization at the Local Level

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Abstract

There is both theoretical and empirical evidence which indicates that the processes of globalization have intensified the onset of social exclusion and environmental problems. Globalized processes may also exacerbate inequalities that, in order to be readdressed, require transnational, transparent, accountable and participative governance systems, with an active and recognised contribution by the local community in the amelioration of these problems.

This paper focuses on transnational participation of civil society actors as well as private corporations and state agencies, which together provide a platform for the development of a broader scope for corporate social responsibility (CSR).

Resumen:

Evidencias, tanto teóricas como empíricas, indican que la globalización de la economía ha intensificado la exclusión social, los problemas medio ambientales y ha exacerbado desigualdades en materia social y laboral. Para revertir estas situaciones se requiere de sistemas transnacionales de gobernabilidad legítimos y transparentes, que cuenten con la participación activa y reconocida de los trabajadores.

Este documento se basa en una investigación empírica en la cual se presenta un modelo de participación transnacional de los actores de la sociedad civil (incluyendo los sindicatos y otras organizaciones de trabajadores), así como también las corporaciones privadas y las agencias gubernamentales. De esta manera se

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desarrolla una plataforma que opera como un sistema de responsabilidad social cuyo alcance sobrepasa a la responsabilidad social empresarial (RSE).

Key Words: Civil society, corporate social responsibility (CSR), globalization, social responsibility networks (SRN)

Palabras clave: Responsabilidad Social Empresarial (RSE), Globalización, Sociedad Civil, Redes de Responsabilidad Social (RSS).

Introduction

Corporate Social Responsibility (CSR) has become universal, possibly because it means different things to different people, and because the concept of CSR is vague, ambiguous, multidimensional and changing (Bredgaard, 2003, 2004; Garriga & Melé, 2004). As described by Bredgaard (2003) CSR is a natural aspect of political decision-making that secures support from different political perspectives, allowing for compromises that make it possible for different actors to be identified with competing political programs. Social responsibility can be used in public relations to achieve an improved corporate image and reputation; to date, economic and management research has identified an empirical correlation between CSR and economic performance (Ahmad, 2003; Carter, 2005; Gray & Smelzer, 1989; Griffin & Mahon, 1997, McWilliams & Siegel 2000, 2001). However, the line of causation is unclear. Bredgaard (2004) posits the question as to whether the company behaved in a socially responsible manner because of its economic success or if the company became economically successful because it behaved in a socially responsible manner?

Modern multinational/transnational (MNC/TNC) corporations, which by definition operate and are managed across national jurisdictions, are increasingly powerful and not always accountable entities. This power and lack of accountability is reflected both at international and national levels. In order to attract and maintain Foreign Direct Investment (FDI) nations have to create favourable conditions for foreign corporations. This conflict between FDI and national sovereignty weakens national governments and limits their regulatory actions at both the national and transnational level, explaining the shift from nation-state regulation towards alternative forms of regulation. These alternative forms rely heavily on voluntary initiatives by the MNC/TNC corporations which are implemented and monitored within the civil society.

This paper attempts to present a theoretical framework to explain the nature and development of social responsibility networks (SRNs).

Contextualizing Corporate Social Responsibility and Globalization

Some authors suggest that corporate social responsibility (CSR) is one of the responses to the social disparities resulting from globalization (Swift & Zadek, 2002). Hopkins (1999) suggests that in order to reverse the negative consequences of globalization, there is a need for a ‘planetary bargain’ between the public and the private sectors. Continuing with the argument, Michael Edwards (2004) suggests that there is a mutual relationship between economic actors and civil society. Edwards (2004) states that no modern society can develop and keep sustainable social goals without access to the surplus that market economies create, and he clarifies this further by saying that “a civil society cannot survive where there are not markets, and markets need a civil society to prosper” (Edwards, 2004, 50).
Within the context of globalization

During the last two decades, globalization has become one of the most contested, complex and contradictory topics in the social sciences.

There are several approaches to understanding globalization across a wide range of disciplines. This plurality is reflected in a diverse set of definitions of globalization. One of the most prominent scholars in the area of globalization is David Held. Held et al. (1999, 16) defines globalization as:

“a process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions – assessed in terms of their extensity, intensity, velocity and impact – generating transcontinental or interregional flows and networks of activity, interaction, and the exercise of power”.

Mazlish (2005) defines globalization as the process of the extension of the free market, embodying a political, social, cultural and economic revolution, which transcends previous nation-state boundaries and preceding sovereignties. Robert W. Cox (2005) presents globalization, or Global Perestroika as he calls it, as a “result of structural changes in capitalism, in the action of many people, corporate bodies, and states, that cumulatively produce new relationships and patterns of behaviour” (Cox, 2005: 140). William I. Robinson (1998, 563-565) defines globalization as a form of capitalism which supersedes the nation-stage of capitalism, which is overcoming all pre-capitalist traces and “integrating the various polities, cultures and institutions of national societies into an emergent transnational or global society” (Robinson, 1998, 565).

Kelly & Prokhovnik (2002) identify three major social science approaches for analysing economic globalization. The first approach is an evidence-based approach to a systematic shift, in which, since the 1970s, cross-national trading and investment has developed in a more integrated and intense manner than in the past. The second approach proposes that interconnectedness tends to revolve around particular developed regions. The third approach suggests that nothing fundamental has changed.

The discourse of globalization is presented by various social theorists as a consequence of modernity1, and Westernization, and a feature of it is compression of the dimensions of time and space in a radical transformation never before achieved (Castells, 1990; Giddens, 1990; Massey, 1999; Mittelman, 1996). Castells (1990, 92) defines the global economy as “an economy with the capacity to work in real time on a planetary scale”. Brenner (1999, 40) suggests that “space no longer appears as a static platform of social relations, but rather as one of their constitutive dimensions; it is historically produced, reconfigured and transformed”.

Sceptical views on globalization (Gordon, 1988; Hirst & Thompson, 1996; Hirst & Thompson, 2000) argue that globalization as an economic phenomenon is not a recent event. The world has experienced continuous changes in the nature of markets, massive flows of international human migration and involvement of foreign currencies in international transactions systematically since the nineteenth century. The outgrowth of social and institutional changes during the first technological/industrial revolution in Great Britain in the late eighteenth and early nineteenth century, including innovations such as applying steam power to transportation, mining and powered machine production, as well as the second

1 “Modernity refers to modes of social life or organization which emerged in Europe from about the seventeenth century onwards and which subsequently became more or less worldwide in their influence” (Giddens, 1990, 1)
technological/industrial revolution, associated with the spread of electricity and advances in physical sciences such as chemistry, plus the transition of technological leadership from Great Britain to Germany and the United States, are examples cited by sceptics to justify the lack of uniqueness of the current era of ‘globalization’. Economic globalization is presented under this point of view as a historical phenomenon rather than a consequence of recent technological transformations (Antón et al., 2000).

The worldwide interconnection of capital markets is one of the most controversial aspects of globalization. This interconnection means that the performance of national capital markets depends on global financial markets' behaviour. The integration of capital markets has opened to investors the possibility of investment in multiple foreign markets. This new opportunity is one of the key features of global financial integration and has led to the dramatic increase in net private capital flows from the North\(^2\) to developing countries (O'Brien, 1992). However, despite this, there is little evidence to prove a relationship between financial integration and growth (Prasad et al, 2003). The informational aspect of the economy is manifested in the incessant expansion of the volume of financial transactions. Increased financial volatility reflects the interdependence of events occurring worldwide (Giddens, 1999). Finance is embedded within all the elements of production chains and factors of production (Dicken, 1998).

Castells (1996, 1999) notes that the economy operates as a worldwide unit in real time, and the unprecedented role of communication and information technology has stimulated new sources of productivity and organization of work. This real-time, technology driven economy is an integral component of the social development of the world (Castells, 1999).

The information economy is defined as the supporting infrastructure (computers, routers, satellites, human programmers, etc.), which sustain electronic business processes (online selling, buying, production management, logistics, etc) and the conduct of electronic trading through computer-mediated network channels (Mesenbourg, 1999).

However, globalization sceptics (Gordon, 1988; Hirst & Thompson, 1996; Hirst & Thompson, 2000) maintain that the idea of a current worldwide economy is an unattainable utopia. They argue that evidence is showing a tendency towards regionalised [free trade] economies, such as the European Union, the South American Common Market (Mercosur), Asia-Pacific Economic Cooperation (APEC), the North American Free Trade Agreement (NAFTA), amongst others. While technological changes and planetary economic integration are acknowledged, sceptics argue against the conclusion that a drastic transformation of the nature of markets is occurring (Levitt, 1983; Hirst & Thompson, 1996; Hirst & Thompson, 2000; Keohane & Nye, 2000; Radice, 2000).

Beyond changes to economic factors, the idea of globalization also reflects cultural transformations. The process of cultural interdependence of geographically dispersed human beings, interconnected through the Internet and its World Wide Web, redefines values at a local scale and at the individual level. Personal aspects of our lives, our private sphere, are challenged everyday, by the ‘penetration of standardised “global” values.

The current concept of globalization is bursting with contradictions. Participation in the world capitalist system [corporate globalization] leads to development in some areas but the development of underdevelopment\(^3\) elsewhere.

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\(^2\) When reference is made to countries in the North, this usually refers to advanced industrial countries, or OECD members, as opposed to ‘developing countries’.\(^3\) Opponents of the Dependency Theory have argued that underdevelopment in the Third World is mainly a consequence of internal factors.
(Brewer, 1990; Castells, 1997; Dhaouadi, 1994; Frank & Cokroft, 1972). On the other hand, the possibility of acquiring goods has been given to “poor” people who otherwise would not have access to them. For example, in a case presented by Stiglitz (2002), the opening up of the Jamaican milk market to U.S. imports in 1992 meant poor children could get milk more cheaply, but this also hurt local dairy farmers. Globalization has also brought factories to many places in the developing world giving people employment alternatives to farming as the only source of labour occupation (Stiglitz, 2002). However, both globalizers and anti-globalizers share the same paradigm: we are in a globalising world. The divergence is on how to act within it (Kumar & Liu, 2005).

Since the protest in 1999 at the World Trade Organization (WTO) meetings in Seattle, followed by meetings and protests in Quebec, Bangkok, Barcelona, Geneva, Johannesburg, and Hong Kong, every major meeting of the International Monetary Fund (IMF), the World Bank and the WTO have become a scene of conflict and turmoil exposing capitalism and its neoliberal version as a source of social, cultural and ecological disasters (Amin & Houtart, 2002; Florini & Simmons, 2000; IFG, 2002; Stiglitz, 2002; Taylor, 2002; Welford, 2002).

Stiglitz ⁴ (2002) analyses the globalization agenda of advanced industrial countries in relation to developing countries, in which more advanced industrial countries insist that the developing countries markets are opened to the goods of the wealthier countries, while at the same time declining to open their own markets to the developing countries produce. Continuing to subsidise agriculture in the more advanced industrial countries and insistence on the elimination of subventions on industrial goods, make competition unfavourable. This has reduced countries opportunities for cultural adaptation to the rapid pace of change, and it has created a crisis of massive unemployment followed by longer-term problems of social dissolution such as urban violence and ethnic conflicts (Castells, 1983; Stiglitz, 2002).

Perhaps, for the first time in history, the entire world is capitalist, with few economies surviving without linkages with capitalist markets (Castells, 1999). For a practical and convenient setting of boundaries, this paper situates the beginning of the current world ‘globalized stage’ on the 9ᵗʰ of November 1989, the day of the dismantling of the Berlin Wall. 1989 was witnessed by the entire world as a symbolic representation of the homogenization of the dichotomised world, since the Bolshevik Revolution in October 1917 divided the earth into capitalist and non-capitalist worlds.

The Role and Space for the Global Civil Society

There are several definitions of “societas civilis” and multiple debates on how to include civil society organisations in societal processes. However, the conceptualisation of civil society as a sphere of human activity and a set of institutions outside the state and government (Cohen & Arato, 1992; Gellner, 1995; Hall, 1995; Seligman, 1995) seems to be a common denominator in the discussions.

An early approach to civil society was postulated by Rousseau (1762). In Rousseau’s Social Contract, civil society is conceptualised as a free and equal relationship between the individual and the state (Matravers, 1998). Keane (2005) argues that until the nineteenth century, the separation between civil society and the state was not clear, in the same way that there was not a distinction between civil society and ‘the market’. It is important to highlight that the ‘pre-global’ form of civil society was composed of economic actors, as well as civic

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⁴ For Stiglitz (2002) globalization is a process partially driven by forces manipulated by the interests of supranational institutions such as the IMF, WTO and the World Bank.
organisations operating in the public sphere\(^5\) (Mazlish, 2005).

The development of the concept of civil society can be seen as a response to the capitalist system, to mediate conflicts between social life and the market economy through traditional bonds of kin and community. Alternatively, it can be seen as a universal expression of the collective life of individuals that goes beyond the individualistic nature of capitalistic systems and the state. The conceptualisation of civil society can also be seen as a reflection of historical circumstances and a manifestation of social responses to forms of inequality. The conceptualisations of civil society both in tradition and in the literature are associated either with the market and the private sphere (i.e. Ferguson, Smith, and Marx), or with politics and the public sphere, but not the state (i.e. Hegel, Gramsci, and Alejandro Colas).

Currently, the term 'civil society' reflects a set of institutions both local and global mediating between individuals and the state, and whose membership operates under the principle of voluntarism. The escalating voluntary activity and the creation of private, non-governmental or non-profit organisations in recent decades are evidence of what Salamon (1994) identified as the ‘associational revolution’\(^6\) in which state functions are exercised and audited by apparatuses outside the traditional structures. Civil society can also be seen as diverse forms of civic representation and participation, to which individuals identify themselves and upon which they subsequently act. The concept of civil society is also presented as the ‘arena of contestation’ which mediates the relationship between the individual, society and the state (Howell & Pearce, 2002). In that sense, civil society has a role in compensating for the decline of traditional forms of political participation such as voting, union membership and party affiliation (Salamon, 1994). Furthermore, the evolution of the term civil society has been facilitated by the advancement, flexibility, adaptability and speed associated with new information and communication technologies (Juris, 2005). Also the rise of consumer culture, media responses and co-optation of ‘culture-jamming’ by corporate entities, the decline of leftist social movements and the assimilation of trade unions has lead to a decline in the progress of 1960s based ‘new left’ politics. CSR can be viewed as part of that transformative process which led Fukuyama to pronounce the triumph of globalized neo-liberalism as the ‘end of history’ in the 1990s.

The idea of civil society has been viewed from different positions. For Hall (1995), the idea of civil society diminishes the formation of social agency and human responsibility (Hall, 1995:3), since it detracts from the institutional bases of society. It involves a historical determinism given that, as pointed out by Gellner (1995:54), “a man is tied to a culturally defined pool”. Pérez-Díaz (1995) identifies ‘civil society’ as a combination of continuous traditions and core socioeconomic and political institutions framed by a specific historical experience. For Antonio Gramsci, society is made up of the relations of production (capital versus labour); the state or political society (coercive institutions); and civil society (all the non-coercive institutions in society) (Cox, 1983).

Several authors have noted that the 1990s concept of civil society has moved from national to international settings and onto the global stage (Edwards, 2004; Florini & Simmons, 2000; Taylor, 2002). At this time the term civil society re-entered the social sciences, crossing disciplinary boundaries and focusing on the relationship between society, economy and the polity (Anheier et al, 2001; Anheier, 2005; Hall, 1995).

\(^5\) In that sense Multinational Corporations (MNCs) would be part of the public sphere; and the move towards corporate social responsibility ratifies this notion.

\(^6\) Salamon (1994:109, 114) postulates that the rise of ‘civil society’ might signify to the 20th century, what the rise of “nation-state” meant to the 19th century.
Since the 1960s there has been an increase in the number and diversity of social movements, reflecting a range of different issues (Kelly & Breinlinger, 1996), and at the same time there has been a corresponding decline in class-based social movements and a fragmentation of identity in a post-modern society (Hall, 1995). A move has been observed from general categories such class, community or union membership towards smaller scale local interest groups reflecting particular needs and identities. An individual may belong to several different groups, each meeting different and specific needs. This social fragmentation, along with the increasing ability of both production systems and marketing to target niche markets, has opened up opportunities, both to corporations to target their branding at social concerns, and activists to target brands to pressure for change.

According to John Keane (2003), the rise of cross-border public demonstrations has contributed over the last decade to the idea of the emergence of a civil society on a world-scale, which is complex, multi-dimensional and dynamic in character due to the immeasurable plurality of its actors and therefore its interests. When civil society networks integrate their strength over significant lengths of time, enough to mobilise fundamental change, they can be classified as social movements (Castells, 1997; Edwards, 2004). Edwards (2004) also affirms that “NGOs or non-profit intermediaries” provide a noteworthy part of civil society’s connective tissue through building capacity, providing specialist support and advocating services and alliances.

What is Global Civil Society?

Global Civil Society (GCS) is defined by Anheier et al (2001) and by Florini and Simmons (2000) as “the sphere of ideas, values, institutions, organisations, networks, and individuals located between the family, the state, and the market and operating beyond the confines of national societies, polities, and economies”. The term GCS is widely used within academia, mass media and the general public (Taylor, 2002). According to Anheier et al. (2001) the diverse trends of the global civil society can be arranged into (i) the actions against transnational corporations or global capitalism; (ii) the response based on the evidence of a need for infrastructures to spread democracy and development, and (iii) groups based on global solidarity which provide support to the oppressed. The term “global civil society” is interpreted by Taylor (2002) as a progressive multi-organisational field, characterised by innovative networks with a transformative purpose.

The information revolution is moving towards a society which “takes global form and transcends nation states”, and expands the role of transnational institutions such as the UN, beyond the power of national governments and local boundaries (Mazlish, 2005). The evolution of communication technologies has increased the vulnerability of companies, and therefore the demand for transparency and ‘embeddedness’ of environmental, social and human rights in the economic order become an integral part of the new wave of globalisation (Welford, 2002).

Forms of civil society can be understood as a response to the [perceived] demand for representation, but can also be understood as a response to pressures to make representation a legitimate political exercise. To illustrate this, Salamon (1994) proposed that these pressures are generated from what he identified as “below”, “outside” and “above”. Pressures from “below” reflect grass-root initiatives; “outside” pressures reflect public institutions; and pressures from “above” are imposed by government policies. It can be suggested that civil society develops its space from individual initiatives, institutional programmes, and state/multi-state policies, which are interrelated through a form of social tissue that acquires economic, political, cultural, and psychological significance via networks. Therefore, in the Information Age, the network society reflects a new form of social organisation that has replaced the industrial society (Castells, 2005).
Initiatives to address labour practices transcending national legislative regimes originated in the nineteenth century through international trade secretariats, international labour mobilisations and organisations. This culminated in the founding of the International Labour Organisation in 1919 (Haworth & Hughes, 1998; Kaufman, 2004).

In summary, the concept of global civil society can be defined as the myriad of individuals/institutions operating under the principles of networking and voluntarism, which collectively seek changes in the social order and perceived inequalities, transcending individual interests and national boundaries. In other words, global civil society can be defined as the social structures that maintain solidarity, bind and translate them into actions amongst social actors beyond legal structures and reflecting historical contexts.

**Social Responsibility Networks**

Gonzalez-Perez & McDonough (2007) defined a social responsibility network (SRN) as a network of civil society actors (including stakeholders from private corporations) and state agencies that together provide a platform for the design, implementation and monitoring of initiatives to readdress the negative effects of globalization.

A SRN approach is concerned with the initiatives made by stakeholders regarding social, labour and environmental responsibilities, which cannot be statutorily enforced by law, but are influenced by either market forces or by a sense collective/shared responsibility and leadership.

Methodologically, SRN consists of a mapping based on value chain analysis. The SRN mapping allows the positioning of stakeholders at the global level, and the identification, design and implementation mechanisms for the improvement of living and working conditions of those at the bottom of the chain at the local level.

There is evidence (see Gonzalez-Perez, 2007) of improvements in the working and living conditions for the workers in the banana industry using SRN in both banana producing regions in Colombia (Urabá and Zona Bananera Santa Marta). This indicates that a SRN acts as a para-regulatory approach when legal enforcement is lacking.

Regarding the governance of the SRN, it was identified, that a system committed to social change requires the setting up of specific actions to increase positive behaviour and decrease negative actions within a common framework of reference. Such a system requires the definition of roles and responsibilities within the system for each stakeholder. Therefore, it was concluded, that clear indicators and mechanisms for early detection, continuous measuring, analysis and rigorous reporting on socially responsible (SR) performance must be set up. It is critical to highlight that systems for social responsibility require mechanisms such as social labelling facilitating and encouraging the correction of negative practices.

In spite of the presence of SRN, it is still necessary to establish and reinforce standard regulatory institutions both at local and transnational level. Open and voluntary spaces for communication and dialogue will be important mechanisms for this. Common areas of interest such as food security, climate change, regulation of international markets, fair trade policies, and alternative forms of economic development require a transparent and moderated dialogue amongst stakeholders.

**Conclusions**

As a conclusion, it can be said, that globalization of politics and economics has challenged local dynamics affecting the role of business within
societies. The business community, as part of the civil society, has to assume leadership for meeting and exceeding societal expectations. In order to do this, businesses are moving from an individualistic philanthropic CSR approach towards a collective approach, working together via networks with governments and other actors within the civil society at the domestic and international levels, oriented to sustainable problem solving.

A social responsibility network (SRN) represents the interconnections of civil society actors at the local and international level, as well as private corporations (CSR) and state agencies, which together provide a multi-level platform for social change. In other words, it defines the social structures of social responsibility (SR) that go beyond corporate strategy (CSR) and include initiatives led by the civil society and state agencies that do not have the force of law.

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