Corporate Social Responsibility, Stakeholder Needs and Sustainable Development- Overcoming Contextual and Regulatory Challenges through the Values Paradigm

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Abstract

The emergence of sustainable development as a matter of global concern has been complemented by the recognition of the roles of different segments of society in promoting it. As the Sustainable Development Goals 2015 (SDGs) exemplify, corporations and other private stakeholders are increasingly regarded as active partners in the sustainable development agenda. The tools for advancing corporate and stakeholder involvement in sustainable development therefore includes corporate social responsibility (CSR), which was originally conceived as a voluntary management tool.

Four elements of CSR are arguably critical in relation to sustainable development. First, despite its traditional conception, one of the consequences of the growing global influence of CSR is that corporations, especially the large, high profile and consumer-facing ones, realistically do not have the option of 'doing nothing' with regards to socio-economic issues such as sustainable development. Second, the stakeholder framework of CSR implicitly acknowledges contextualism while sustainable development, as the SDGs show, also accept contextual priorities. Third, notwithstanding the universalist/internationalist theory, the concept of glocalisation recognises that local and global standards can co-exist in a mutually reinforcing manner. The fourth significant factor is the emergent recognition of CSR as a potential complementary regulatory tool by public and private authorities (Osuji, 2015; Osuji and Obibuaku, 2016). As exemplified by regulatory actions in some jurisdictions, the regulation of CSR enables its application to suit the sustainable development agenda of specific jurisdictional contexts. Overall, orthodox CSR practice seems to have followed a 'stakeholder needs' approach which can adapt CSR to promote sustainable development as a voluntary or regulated activity.

Nonetheless, the following questions arise: (1) Are there implications for using the stakeholder needs CSR model in promoting sustainable development in a specific jurisdictional context? (2) Does contextualism allow a 'values' approach to CSR even when it is being used as a regulatory tool (3) To what extent can a 'values' CSR approach improve or complement the stakeholder needs model in addressing sustainable development in specific jurisdictional contexts?

Drawing on the institutional (including Scott (2001, 2008)) and stakeholder theoretic models, this paper argues that a stakeholder needs CSR model may be inadequate for advancing sustainable development, especially in an emerging country context. The issues this raises include disguised motivations, insufficient clarity of goals, unintended assumption of legal responsibility and covert corruption. An alternative to the stakeholder needs model is the values approach which has sociological and institutional foundations. The paper demonstrates that a values paradigm is feasible and may be an imperative aid for applying the stakeholder needs CSR model to sustainable development. The values paradigm can improve effectiveness of a regulated CSR as a sustainable development promotion and private regulation mechanism.

Key words: Corporate Social Responsibility; Glocalisation; Institutional Theory; Regulation; Stakeholder; Sustainable Development; Values.

Introduction

The rise of the global sustainable development movement has led to the acknowledgment of significant roles different strata of society need to play in that regard. There is a growing recognition of the need for collaborative partnerships between multiple stakeholders for the success of the sustainable development agenda. These stakeholders include national governments, regulatory agencies and private persons and organisations. The Sustainable Development Goals 2015 (SDGs) and the Paris Agreement of the United Nations Framework Convention on Climate Change 2015, for example, both demonstrate that corporations and other private stakeholders are increasingly regarded as active partners for the actualisation of the sustainable development agenda.

The strategies for advancing corporate and stakeholder involvement in sustainable development therefore includes corporate social responsibility (CSR), which was originally conceived as a voluntary management tool. Furthermore, the emergent recognition of CSR as a potential complementary regulatory tool for public and private authorities(1) has enhanced its utilisation for advancing sustainable development.

Nonetheless, the scale of the global sustainable development challenge is compounded by the unwillingness of, or lack of awareness by, critical stakeholders such as corporations with regards to the appropriateness and consequences of sustainable development-themed decisions and activities. This is further complicated by cultural diversities and local priorities coexisting with global standards and expectations for sustainable development. Corporations to be 'distantiated'(2) from responsibility for sustainable development by lack of clarity with regards responding to stakeholders and regulations.

This is especially due to fact that CSR 'is often a difficult balancing act'(3) for

(1) Osuji, O. (2015), Corporate social responsibility, juridification and globalization: 'inventive interventionism' for a 'paradox'. International Journal of Law in Context, 11:265-298; Osuji, O. and Obibuaku, U. (2016). Rights and corporate social responsibility: competing or complementary approaches to poverty reduction and socioeconomic rights? Journal of Business Ethics 136(2):329-347; Osuji, O. (2018). Inventive Interventionist Regulation of Sports through Corporate Social Responsibility– Potential and Limitations? Lexis Middle East Law. Available at: https://www.lexismiddleeast.com/ln-search?query=osuji&f%252ESource%2520Name%7CS%5B0%5D=Middle%20East%20News%20Analysis&collection=ln-push&topics%5B0%5D=0&ln_jurisdiction%5B0%5D=0.

(2) Herlin, H. and Solitander, N. (2017). Corporate social responsibility as relief from responsibility: NPO legitimizations for corporate partnerships in contested terrains. Critical Perspectives on International Business, 13(1), pp.2-22, 10.

(3) Waterman Jr., R. (1994). The frontiers of excellence: learning from companies that put people first. London, Brealey, 26.

corporations in the midst of competing stakeholder demands and expectations. Consequently, even when a commitment has been expressed, lack of coordination and inconsistencies can derail the sustainable development agenda at the corporate, national and global levels.

With regards to the use of CSR to advance sustainable development, there are difficult issues relating to the orthodoxy of a ‘stakeholder needs’ approach which can adapt CSR to promote sustainable development as a voluntary or regulated activity. On the one hand, while regulatory actions in some jurisdictions suggest that the regulation of CSR can facilitate its application to suit the sustainable development agenda of specific jurisdictional contexts, there are questions relating to the effectiveness of sustainable development policies and activities when the stakeholder needs model is adopted for such environments. On the other hand, the acknowledgement of contextualism in the concept and understanding of sustainable development arguably allows room for a ‘values’ approach to CSR even when CSR is being used as a regulatory tool.

The main aim of this paper is therefore to investigate the extent the ‘stakeholder needs’ and ‘values paradigm’ approaches to CSR address the institutional (contextual and behavioural) challenges to sustainable development. Within this overarching theme, this paper also addresses the following subsidiary questions: Are there implications for using the stakeholder needs CSR model in promoting sustainable development in a specific jurisdictional context? Does contextualism allow a ‘values’ approach to CSR even when it is being used as a regulatory tool? To what extent can a ‘values’ CSR approach improve or complement the stakeholder needs model in addressing sustainable development in specific jurisdictional contexts?

Drawing on the institutional theory and stakeholder theoretic model, this paper argues that a stakeholder needs CSR model may be inadequate for advancing sustainable development, especially in an emerging country context. The issues this raises include disguised motivations, insufficient clarity of goals, unintended assumption of legal responsibility and covert corruption. An alternative to the stakeholder needs model is the values approach which has sociological and institutional foundations. The paper demonstrates that a values paradigm is feasible and may be an imperative in the application of the stakeholder needs CSR model to sustainable development. The values paradigm can improve the effectiveness of regulated CSR as a mechanism for promoting sustainable development and private regulation.

The arguments in this paper can be summarised as follows. CSR can be context-specific and stakeholder ‘needs’ or ‘values’ driven. CSR can be ‘regulated’ to address ‘stakeholder needs’ or ‘values’. A ‘stakeholder needs’ CSR model may be inadequate for advancing sustainable development, especially in an emerging country context. The inadequacies of the stakeholder needs model include insufficient clarity of goals, unintended assumption of legal responsibility, disguised motivations and covert corruption. A ‘values’ paradigm is feasible and can complement the stakeholder needs CSR model to sustainable development for greater effectiveness. The values paradigm can enable the incorporation of regulated CSR in corporate governance. It can facilitate the use of CSR as a tool for public and private regulation in national and transnational contexts. The values paradigm can promote glocalisation and can improve the effectiveness of regulated CSR in the advancement of sustainable development in national and transnational contexts.

Following this introduction, the rest of this paper is organised as follows. First, the paper defines CSR and considers its relationship to regulation and its regulatory implications. The second part highlights the role of corporations in sustainable development and this is followed by a discussion of the application of CSR for the purposes of advancing sustainable development. The part also includes discussions of the stakeholder needs and values paradigm approaches to CSR and their impact on corporate governance, especially with regards to sustainable development.

The third part identifies institutional challenges to sustainable development-themed CSR and draws on the institutional theoretic model to examine the contextual implications of CSR and the impact of CSR on behaviour of corporate and other social actors. The fifth part demonstrates that, while the stakeholder needs approach can be utilised to address some institutional challenges, it may be an inadequate response in certain contexts. The sixth part explains how the values paradigm approach to CSR can be used to address institutional challenges and to promote sustainable development in a variety of ways, including by providing extended sustainable development responsibility through gatekeeper responsibility and glocalisation. The final part is the conclusion.

CSR and Regulation

The concept of CSR conveys the idea that for-profit corporations are part of society and as such should not focus on profit maximisation to the detriment of society or any of its segments. Rather, corporations are expected to contribute to the resolution of public interest or social issues. Consequently, Carroll argued that '[b]usiness is expected to be a good corporate citizen, that is, to give back and to contribute financial, physical, and human resources to the communities of which it is a part'[(4)]. This social contribution perspective links CSR to sustainable development since the latter is an important global public and collective interest issue. As detailed in the next part of this paper, the emergence of sustainable development as a social issue of global concern is entwined with growing calls for different social actors, including corporations, to contribute to its promotion within their spheres of activity or influence. Corporations are therefore expected to address sustainable development as part of their CSR roles.

While there is widespread agreement that profit maximisation should not be the sole pursuit of for-profit corporations, it is a different matter with regards to the nature of their social role. One view is that CSR is a purely voluntary activity of corporations that exceeds the legal standards imposed by law. According to this school, the state has little or no involvement in CSR beyond imposing legal standards which CSR advocacy would consider as the minimum level that signposts the beginning of social responsibilities for corporations. This voluntariness orthodoxy is captured in the assertions that 'CSR is 'voluntary by definition'[(5)] and its 'actions basically are voluntary, that is they go beyond what is legally required'[(6)]. Similarly, the UK Department for Business Innovation and Skills stated that 'Corporate Responsibility (CR) is the voluntary action businesses take over and above legal requirements to manage and enhance economic, environmental and societal impacts'[(7)]. Therefore, in response to the question of whether the 'role [of CSR] can be performed through business-as-usual practices, voluntarily and through the market, or does it need to be guided, regulated and driven by broader state-led developmental priorities?'[(8)] the orthodox school is firmly in favour of market-based voluntary decisions of corporations with regards to sustainable development and other matters.

(4) Carroll, A.B. (2016). Carroll's pyramid of CSR: Taking another look. International Journal of Corporate Social Responsibility, 1(3), pp.1-8, 4. https://doi.org/10.1186/s40991-016-0004-6.
(5) van Marrewijk, M. (2003). Concepts and definitions of CSR and corporate sustainability: between agency and communion, Journal of Business Ethics, 44:95-105, 102.
(6) Dam, L. and Scholtens, B. (2012). Does ownership type matter for corporate social responsibility?' Corporate Governance: An International Review, 20(3), pp.233-251.
(7) Department for Business Innovation & Skills (UK). (2014). Corporate Responsibility: Good for Business & Society: Government Response to Call for Views on Corporate Responsibility. London, 3.
(8) Newell, P. and Frynas, J.G. (2007). Beyond CSR? Business, poverty and social justice: an introduction. Third World Quarterly, 28(4):669-681, 672.

Nonetheless, following the acknowledgement that ‘[t]he extent to which a business fulfils its societal obligations must be both a function of what it is legally required to do, and what it chooses to do’(9), the alternative perspective is that CSR can be regulated by law through multifarious methods(10). This perspective has been acknowledged by the European Commission which in 2011 stressed that ‘[c]ertain regulatory measures create an environment more conducive to enterprises voluntarily meeting their social responsibility’(11). Consequently, CSR could be used as a form of regulation, including self-regulation, co-regulation, third-party and state regulation. Furthermore, a regulated CSR can be applied as a (sustainable) development mechanism at the national level using a variety of strategies such as disclosure requirements and provision of private rights and remedies(12). The next part of this paper will now examine why and how different approaches to CSR can be adopted with regards to the pursuit of sustainable development.

Sustainable Development, Corporations and CSR

Like CSR, it is evident from the definition of sustainable development that profit maximisation is antithetical to its ideals. According to the pioneering Brundtland Report, sustainable development is the ‘development that meets the need of the present without compromising the ability of future generations to meet their own need’(13). While it acknowledges the importance of economic needs, the definition shows that economic growth should not be prioritised over other key social considerations by nations and stakeholders like corporations. Similarly, the 2002 Johannesburg World Summit on Sustainable Development confirmed that economic, social and environmental goals are ‘interdependent and mutually reinforcing pillars of sustainable development’(14).

(9) Ward, H. (2008). Corporate social responsibility in law and policy. In N. Boeger, R. Murray, R. and C. Villiers (eds.), Perspectives on corporate social responsibility. (Edward Elgar) 8-38, 10.

(10) Osuji, O. (2011). Fluidity of regulation-CSR nexus: the multinational corporate corruption example. Journal of Business Ethics, 103:31-57; Osuji, O. (2015). Corporate social responsibility, juridification and globalization: ‘inventive interventionism’ for a ‘paradox’. International Journal of Law in Context, 11:265-298; Osuji, O. and Obibuaku, U. (2016). Rights and corporate social responsibility: competing or complementary approaches to poverty reduction and socioeconomic rights? Journal of Business Ethics 136(2):329-347.

(11) Commission of the European Communities (CEC). (2011). A renewed EU Strategy for corporate social responsibility. EU Doc. COM (2011) 681 final, 3.

(12) Osuji, O. (2015). Corporate social responsibility, juridification and globalization: ‘inventive interventionism’ for a ‘paradox’. International Journal of Law in Context, 11:265-298

(13) United Nations (1987). Report of World Commission on Environment and Development: Our common future (Brundtland Report). Available at: http://www.un-documents.net/our-common-future.pdf [accessed 18 March 2018].

(14) United Nations (2002). Report of the World Summit on Sustainable Development. UN Doc A/Conf 199/20, Resolution 1, para.5.

Another inherent aspect of the definition of sustainable development is the recognition that, in addition to national governments and international institutions, social actors from across the public and private sectors can play variegated vital roles for promoting sustainable development. Accordingly, the Intergovernmental Panel on Climate Change in their recent Special Report on Global Warming of 1.5ºC[(15)] highlighted the need for '[s]trengthening the capacities for climate action of national and sub-national authorities, civil society, the private sector, indigenous peoples and local communities [to] support the implementation of ambitious actions'[(16)].

This broad-based responsibility approach to sustainable development reflects the notion of stakeholders' obligation to promote collective or society interests. It is due to the fact that the stakeholder model can be 'the most viable alternative to the competitive individualism which has left many casualties in society, and arguably damaged the quality of life for everyone'[(17)]. For example, while it may be open to some like Charles Handy to argue that in relation to for-profit corporations, '[t]he purpose of a business is to make a profit so that the business can do something more or better. That "something" becomes the real justification for the business'[(18)], the stakeholder model conveys a different perception of business responsibility. Under the stakeholder model corporations 'have to operate within a complex of social and economic relationships'[(19)].

Corporations are therefore a stakeholder group in relation to sustainable development. While it may be correct to assert that corporations are potentially 'active partners' that can contribute to 'economic growth and opportunity-equitable and sustainable'[(20)], the role of corporations in advancing sustainable development is two-fold - positive and negative. On

(15) Intergovernmental Panel on Climate Change (IPCC 48). (2018). IPCC's Special Report on Global Warming 2018. Available at: file:///F:/sr15_headline_statements%20Climate%20change,%20 sustainable%20development,%20consumption,%20CSR%20report%202018.pdf, D3, D7 [accessed 20 March 2019].

(16) The 48th session of the Intergovernmental Panel on Climate Change (IPCC 48) held from 1-5 October 2018 in Incheon, Republic of Korea. http://sdg.iisd.org/events/48th-session-of-the-ipcc/ [accessed 20 March 2019].

(17) Hamilton, L. and Clarke, T. (1996). The stakeholder approach to the firm: A practical way forward or a rhetorical flourish? Career Development International, 1(2), pp.39-41, p.39.

(18) Handy, C. (2019). What's a Business for? Harvard Business Review, December 2002. Available at: <https://hbr.org/2002/12/whats-a-business-for [accessed 15 March 2019].

(19) () Waterman Jr., R. (1994). The frontiers of excellence: learning from companies that put people first. London, Brealey, 26.

(20) Jamali, D. and Mirshak, R. (2007). Corporate social responsibility (CSR): Theory and practice in a developing country context. Journal of Business Ethics, 72(3), pp.243-262, 244.

the positive side, corporations can boost national economic growth and help to address sustainable development issues such as poverty reduction. However, corporations can make negative contributions in using unsustainable production methods, perpetrating harmful practices and promoting or failing to stop such practices especially when they have the power and influence to do so. These positive and negative components of the corporate sustainable development role are equally applicable to CSR as a method of fostering sustainable development. Accordingly, the World Business Council for Sustainable Development pointed out that CSR is 'the commitment of business to contribute to sustainable economic development, working with employees, their families and the local communities'(21).

As discussed above, CSR can be viewed from the voluntary or regulatory dimensions. These two facets can influence corporate motivations for engaging in CSR. There are managerial and institutional explanations for the motivations for CSR engagement(22). Managerial-based motivations often focus on identifying and managing stakeholder needs to ensure good stakeholder relationship in the interest of the corporation. On the other hand, a CSR decision or activity can be in response to regulatory and other institutional demands. In relation to sustainable development, therefore, the functions of corporations can be undertaken voluntarily or determined by national laws and regulations. Nonetheless, CSR from either the 'voluntary' or 'regulated' perspective can reference 'stakeholder needs' or institutional 'values' in pursuit of the sustainable development agenda. These two approaches are examined next.

Stakeholder Needs and Values Approaches to CSR and Corporate Governance

In line with a popular definition of 'stakeholder' as 'any group or individual who can affect or is affected by the achievement of the organisation's objectives'(23), several elucidations of CSR emphasise the stakeholder relationship aspect. Specifically, some definitions, on the one hand, stress the need for corporations to identify stakeholders that corporate activities can affect (negatively or positively). In this regard, an example is the initial

(21) World Business Council for Sustainable Development (2001). Corporate social responsibility. Geneva, WBCSD.

(22) Jain, T., Aguilera, V. and Jamali, D. (2017), "Corporate stakeholder orientation in an emerging country context: A longitudinal cross industry analysis", Journal of Business Ethics, Vol.143, pp.701-719, 702.

(23) Freeman, R.E. (1984). Strategic Management: A Stakeholder Approach, 1st edn. Boston: Pitman Publishing, 46.

definition of the European Commission as 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis'[24].

The Commission's revised definition of CSR as 'the responsibility of enterprises for their impacts on society'[25] is arguably along similar lines of stakeholder needs although the term 'stakeholder' is not explicitly used. On the other hand, some definitions suggest that there are stakeholders whose support is required for corporations to exist in the longer term and, due to the fact that these stakeholders can take favourable or adverse decisions and actions towards corporations, the maintenance of good relationships with them is essential. One example is the definition of CSR as 'a discretionary allocation of corporate resources toward improving social welfare that serves as a means of enhancing relationships with key stakeholders'[26].

While either definitional perspective highlights that CSR involves addressing 'social and economic relations'[27], some difficulties may arise. When there is an emphasis on corporate responsiveness to 'stakeholder needs' it often involves business case and morally neutral justifications. Due to absence of ethical justifications when the moral neutrality position is adopted, corporate actors may be affected by internalisation difficulties and may be solely driven by instrumental factors that are, for instance, unconnected to sustainable development. Consequently, corporations and corporate managers may refrain from CSR if they cannot attach any business case in the foreseeable future to CSR-related decisions and actions[28].

Without doubt, CSR can reflect the 'stakeholder needs' framework in its voluntary dimension as the definitions in the first paragraph of this part show. Nonetheless, regulated CSR can also allude to the stakeholder needs approach. An example is India's Companies Act 2013. Before looking at the relevant provisions of the statute, it has to be noted, firstly, that the Companies Act 2013 reflects an understanding of CSR as corporate responsiveness and contributions to social and development initiatives which is traditionally

(24) Commission of the European Communities (CEC) (2001), Promoting a European framework for corporate social responsibility. EU Doc. COM (2001) 366.
(25) Commission of the European Communities (CEC). (2011). A renewed EU Strategy for corporate social responsibility. EU Doc. COM (2011) 681 final, 6.
(26) Barnett, M. (2007). Stakeholder influence capacity and the variability of financial returns to corporate social responsibility. Academy of Management Review, 32(3):794-816, 807.
(27) Waterman Jr., R. (1994). The frontiers of excellence: learning from companies that put people first (London, Brealey), 26.
(28) Osuji, O. (2011). Fluidity of regulation-CSR nexus: the multinational corporate corruption example. Journal of Business Ethics, 103:31-57.

dominant in India[29]. The statute appears to continue with the tradition although with some mandatory flavour. Section 135 of the statute requires corporations that have a certain level of net worth, turnover or profit to appoint a 'CSR Committee' within the board of directors.

The CSR Committees are empowered to recommend and monitor the CSR policies and expenditure of the business which are, in turn, required to be disclosed in the directors' reports and on the websites of the relevant corporations. Significantly, on a comply-or-explain basis, the statute provides that corporations will need to spend at least two percent of their average net profits over three financial years on CSR activities. Corporations are required to give preference to their local areas of operations in undertaking certain activities described by Schedule VII of the statute as constituting CSR for its purposes.

The activities specified by Schedule VII include: 'eradicating extreme hunger and poverty, promotion of education, reducing child mortality and improving maternal health, combating human immunodeficiency virus, acquired immune deficiency syndrome and other diseases, employment enhancing vocational skills, [and] contributing to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Government for socioeconomic development and relief.'

To strengthen the stakeholder element of the mandatory CSR provisions, the Companies (Corporate Social Responsibility Policy) Rules 2014 made pursuant to the Companies Act 2013 further exclude activities 'undertaken in pursuance of normal course of business of a company' (sections 2(e), 4(1), 6(1)), activities that are exclusively beneficial to the employees of the corporations and their families (section 4(5)), and contributions by corporations to political parties (section 4(7)).

However, in contrast to the stakeholder needs approach adopted in India's Companies Act 2013, it is arguable that CSR can be driven by values, voluntarily assimilated or imposed by regulation. While CSR is one of the expressions used to describe 'values-driven' business activities[30], however,

(29) Mitra, M. (2009). It's Only Business! India's Corporate Social Responsiveness in a Globalized World. New Delhi: Oxford University Press India. See also Gouda, S., Khan, A.G. and Hiremath, S.L. (2016). Corporate Social Responsibility in India. Trends, Issues and Strategies. Hamburg: Anchor Academic Publishing.

(30) Painter, M., Sareh Pouryousefi, S., Hibbert, S. and Russon, J. (2019). Sharing Vocabularies: Towards Horizontal Alignment of Values-Driven Business Functions. Journal of Business Ethics, 155, 965-979, 965.

as explained above, it is not necessarily values-driven and can be motivated by instrumental reasons that are linked to profit maximisation, especially in the longer term. To be ‘values-driven’ may mean that a ‘business is generally understood to refer to enterprises that espouse visions, missions and behaviours grounded in ethical values, rather than simply financial considerations or fear of litigation or other sanctions’(31).

In this regard, there is a definitional possibility for CSR to incorporate and prioritise values. For instance, CSR can be described as ‘voluntary corporate commitment to exceed the explicit and implicit obligations imposed on a company by society’s expectations of conventional corporate behaviour’(32). As a corollary to the fact that ‘conventional’ rules of society expect its human members to conform to shared ethical values and to refrain from being propelled exclusively by self-interest, the values-driven CSR gives a high priority to ethical, shared and collective interests of all segments of society in contrast to the profitability desire of for-profit corporations.

In the values paradigm for CSR, therefore, ‘values’ is used in the sociological sense of broad guidelines for behaviour. The backdrop is the sociological acknowledgment that ‘[t]alents, needs, knowledge, values, norms, laws and culture regulate hopes and expectations, determine access to resources and constrain behavioural possibilities [while] our physical, psychological and social infrastructures temper our ability to exercise freedom’(33).

The values paradigm goes further than simply identifying and addressing stakeholder needs. It determines or influences beliefs of truth or falsity, judgements of right or wrong of decisions and actions, and conceptions of good and bad culture or practice. By focusing on applying certain ‘values’ to measure the appropriateness and suitability of conduct, the values paradigm assists in preventing undesirable activities that may be cloaked with CSR. It can also trigger and promote the ‘appropriate’ attitude towards voluntary and regulatory activities or goals. To this extent, attitude can be described as ‘a relatively enduring organisation of beliefs, feelings, and behavioural

(31) Painter, M., Sareh Pouryousefi, S., Hibbert, S. and Russon, J. (2019). Sharing Vocabularies: Towards Horizontal Alignment of Values-Driven Business Functions. Journal of Business Ethics, 155, 965-979, 965. See also Barrett, R. (2006). Achieving value-added corporate performance management. Credit Control, 27(7/8), pp.34–38; Painter-Morland, M. (2008). Business ethics as practice. Cambridge: Cambridge University Press.

(32) Falck, O. and Heblich, S. (2007). Corporate social responsibility: doing well by doing good. Business Horizons, 50, pp.247-254, 247.

(33) Braithwaite, V. (2009). Defiance in taxation and governance: resisting and dismissing authority in a democracy. Cheltenham: Edward Elgar, 33.

tendencies towards socially significant objects, groups, events or symbols'[34]. With the 'right' attitude, social actors can work genuinely towards the promotion of society's goals and not for their own selfish interests. If the right attitude is absent, corporations and other 'organisations create symbolic structures as visible efforts to comply with law, but their normative value does not depend on effectiveness so they do not guarantee substantive change'[35].

It is arguably easier to demonstrate 'symbolic compliance' when the emphasis is on identifying and addressing stakeholder needs without being accompanied by overarching values for measuring the decisions and activities undertaken. If there is some realisation that '[t]he proper governance of companies will become as crucial to the world economy as the proper governing of countries'[36], then it is pertinent to ensure the existence and sustenance of strategies that direct corporations towards appropriate decisions and behaviour and proper governance in favour of sustainable development. While a popular definition provided by the UK Cadbury Committee is that corporate governance is 'a system by which companies are directed and controlled'[37], the stakeholder needs approach and the values paradigm are both, in fact, reflected in prevailing conceptions of corporate governance.

The stakeholder needs approach to corporate governance is aptly captured in Prentice's insistence that that corporate governance 'at its broadest level involves the issue of the relationship between the stakeholders in a company and those who manage its affairs'[38]. Other definitions that reflect the stakeholder needs approach include: '[t]he process by which corporations are made responsive to the rights and wishes of stakeholders'[39]; 'the determination of the broad uses to which organisational resources will be deployed and the resolution of conflicts among the myriad participants in organisations'[40];'the

(34) Braithwaite, V. (2009). Defiance in taxation and governance: resisting and dismissing authority in a democracy. Cheltenham: Edward Elgar, 150.
(35) Edelman, L., Petterson, S., Chambliss, E. and Erlanger, H. (1991). Legal ambiguity and the politics of compliance: affirmative action officers' dilemma. Law & Policy, 13, p.73, 75.
(36) The statement was made by a former president of the World Bank, James Wolfensohn, cited in The Economist 2 January 1999, 32.
(37) Cadbury, A. (1992). Report of the Committee on the Financial Aspects of Corporate Governance. London: Gee.
(38) Prentice, D.D. (1993). Some Aspects of the Corporate Governance Debate. In D.D. Prentice and P.R.J. Holland (eds.), Contemporary Issues in Corporate Governance. Oxford: Oxford University Press. Oxford, p.25.
(39) Demb, A. and Neubauer, F.F. (1992). The Corporate Board: Confronting the Paradoxes. Long-Range Planning, 25(3), p.9.
(40) Daily, C. Dalton, D. and Cannella Jr, A. (2003). Corporate governance: Decades of dialogue and data. Academy of Management Review, 28(3), pp.371-382, p.371.

system of checks and balances, both internal and external to companies, which ensures that companies discharge their accountability to all their stakeholders and act in a socially responsible way in all areas of their business activity'[41]; and 'the design of institutions that induce or force management to internalize the welfare of stakeholders. The provision of managerial incentives and the design of a control structure must account for their impact on the utilities of all stakeholders in order to induce or force internalization'[42].

In contrast, there is an implicit role for the values paradigm when corporate governance is described as 'the whole set of legal, cultural, and institutional arrangements that determine what public corporations can do, who controls them, how that control is exercised, and how the risks and return from the activities they undertake are allocated'[43] or 'all the influences affecting the institutional processes, including the appointing of the controllers and/or regulators involved in organizing the production and sale of goods and services'[44]. This is similarly the case when corporate governance is expounded as being 'concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations, and society'[45].

Clearly, the distinction between the stakeholder needs and values approaches is significant. And the adoption of either approach can influence the behaviour of corporations and corporate actors. It can be a factor in the mode of corporate governance which actually determines whether and how corporations act in particular circumstances. Consequently, the next part examines the consequences for sustainable development when either the stakeholder needs approach or the values paradigm is adopted, especially when there are institutional challenges confronting CSR.

(41) Solomon, J. (2007). Corporate Governance and Accountability. John Wiley & Sons, 14.
(42) Tirole, J. (2001). Corporate Governance. Econometrica, 69 (1), pp.1-35.
(43) Blair, M. (1995). Ownership and Control: Rethinking Corporate Governance for the Twenty First Century. Washington, DC: The Brookings Institution, 3.
(44) Turnbull Committee (1999). Internal Control: Guidance for Directors on the Combined Code. London: The Institute of Chartered Accountants in England and Wales.
(45) Cadbury, A. (2000). Corporate Governance: A Framework for Implementation Overview. Washington, DC: The International Bank for Reconstruction and Development / The World Bank.

Institutional Challenges to CSR-Themed Sustainable Development

A key a challenge to corporate promotion of sustainable development is the need for its institutionalisation in 'the regulations, norms and mindsets'(46). Consequently, it may be necessary to examine the institutional theory in order to clarify this challenge after all it has been pointed out that the theory 'offers a powerful explanation of both individual and organisational actions and processes'(47).

A central plank of the institutional theory is the notion of 'institutions'. According to Hoffman institutions are 'rules, norms, and beliefs that describe reality for the organisation, explaining what is and is not, what can be acted upon and what cannot'(48) while Hodgson defined institutions as 'systems of established and prevalent social rules that structure social interactions'(49). The concept of institutions has been further unpacked by Scott(50) into three distinct categories of regulatory, normative and cognitive or cultural institutions(51). The regulatory institutions are explicit laws and regulations made and enforced by governments and public bodies. While the normative institutions constitute of norms, values and beliefs consciously shared by members of society and used by them to determine and interpret the behaviour of social actors, the cognitive institutions refer to measures that are largely implicit and unconsciously applied by members of society. As a cognitive institution, for instance, culture refers to 'individual and collective beliefs, social norms, and various attributes of individuals' preferences that are somehow influenced by their environment, but typically slow moving'(52).

What the institutional theory shows is the importance of the quality and clarity of rules and principles from institutions for determining the behaviour of corporations and other social actors. As Ohnesorge pointed out, 'economic

(46) Bansal, P. (2002). The corporate challenges of sustainable development. Academy of Management Perspectives, 16(2), pp.122-131.

(47) Li, J., Moy, J. Lam, K. and Chu, W. (2008). Institutional pillars and corruption at the societal level. Journal of Business Ethics, 83(2), pp.327-339, 328.

(48) Hoffman, A.J. (1999). Institutional evolution and change: Environmentalism and the U.S. chemical industry. The Academy of Management Journal, 42(4):351-371, 351.

(49) Hodgson, G. (2006). What are institutions? Journal of Economic Issues, 40, pp.1-25, 2.

(50) Scott, W. (2001). Institutions and organizations. Thousand Oaks: Sage Publications, Inc.; Scott, W. (2008). Approaching adulthood: the maturing of institutional theory. Theory and Society, 37(5), 427-442.

(51) See also MacCormick, N. and Weinberger, O. (2013). An Institutional Theory of Law: New Approaches to Legal Positivism. Springer; Pillay, S. and Kluvers, R. (2014). An institutional theory perspective on corruption: The case of a developing democracy. Financial Accountability & Management, 30(1), pp.95-119.

(52) Aghion, P. and Howitt, P. (2009). The Economics of Growth. Cambridge, MA: The MIT Press, 421.

behaviour, whether by individuals or by firms, is affected by the institutional setting in which actors find themselves'[53]. Hofsted similarly argued that the behaviour of social actors can be determined by 'a structure in their organisations, institutions, and relationships which makes events clearly interpretable and predictable'[54].

Since institutions can be public or private and formal or informal and can make use of a range of strategies to influence the behaviour of members of society, it is arguable that '[r]ather than seeing CSR purely as a realm of voluntary action, institutional theory suggests seeking to place CSR explicitly within a wider field of economic governance characterised by different modes including the market, state regulation and beyond'[55]. When CSR is applied as a tool for advancing sustainable development, its effectiveness may be affected by how coordinated the applicable institutions are and how determinative they are of the appropriateness of relevant decisions and activities of social actors.

With regards to the contextual challenge, it is important to mention that one of the highlights of the institutional theory is the understanding that different countries and regions may have dissimilar needs[56]. On the positive side, contextualism, as acknowledged by the institutional theory, can assist 'in capturing institutional complexity, processes of institutional diffusion, and reciprocal influences between the organization and its context'[57]. It can enable contextual needs to be identified and prioritised within the sustainable development umbrella. This is implicitly appreciated in the definition of sustainable development provided by the Brundtland Report of 1987[58]. The definition actually reflects a compromise[59] that promotes sensitivity to local needs and goals of developing and other countries in addition to consideration

(53) Ohnesorge, J.K. (2007). Developing development theory: law and development orthodoxies and the Northeast Asian experience. University of Pennsylvania Journal of International Economic Law, 28, pp.219-308, 268.

(54) Hofsted, G. (1994). Cultures and organizations. London: HarperCollins, 116.

(55) Brammer, S., Jackson, G. and Matten, D. (2012). Corporate social responsibility and institutional theory: new perspectives on private governance. Socio-Economic Review, 10, pp.3-28, 7.

(56) Kang, N. and Moon, J. (2012). Institutional complementarity between corporate governance and corporate social responsibility: A comparative institutional analysis of three capitalisms. Socio-economic Review, 10(1), pp.85-108.

(57) Jamali, D. and Neville, B. (2011). Convergence versus divergence of CSR in developing countries: An embedded multi-layered institutional lens. Journal of Business Ethics, 102, pp.599-621, 600.

(58) United Nations (1987). Report of World Commission on Environment and Development: Our common future (Brundtland Report). Available at: http://www.un-documents.net/our-common-future.pdf [accessed 18 March 2018].

(59) Rajamani, L. (2003). From Stockholm to Johannesburg: The anatomy of dissonance in the international environmental dialogue. Review of European Community and International Environmental Law, 12(1), pp.23-32.

of issues such as environmental protection that may have a more global impact.

A context-based differentiated responsibility for sustainable development is more explicitly accepted by subsequent international instruments on sustainable development such as Principle 7 of the Rio Declaration 1992 and Articles 3(1) and 4(1) of the United Nations Framework Convention on Climate Change 1992. Furthermore, the SDGs confirm that '[e]ach country faces specific challenges in its pursuit of sustainable development' (paragraph 22) and suggest the need to appreciate 'different national realities, capacities and levels of development and respecting national policies and realities' (paragraph 56).

Nonetheless, while contextualism can facilitate the identification of 'institutional necessities' that entail CSR to be 'systematic, focused and institutionalized'(60), the sustainable development agenda can, again, be affected by the rules and principles of the institutions applicable in a particular context. This is with respect to whether those rules and principles are sufficiently determinative of the quality and suitability of the decisions and activities undertaken by corporations and other social actors in furtherance of sustainable development.

The preceding discussions have applied the institutional theory to show the existence of contextual and behavioural challenges to sustainable development. These institutional challenges raise questions about the extent the stakeholder needs and values approaches can help to address them if CSR is utilised to promote sustainable development. The next part examines this issue, firstly, in relation to the stakeholder needs approach before considering the values paradigm.

Stakeholder Needs CSR and Institutional Challenges to Sustainable Development

It is argued in this paper that there are four main difficulties with the exclusive application of the stakeholder needs CSR approach to sustainable development. These difficulties include: (a) insufficient clarity of sustainable development goals; (b) possible unintended assumption of legal responsibility by corporations undertaking CSR in furtherance of sustainable development; (c) possibility of disguising actual motivations for engaging in purported sustainable development-themed CSR activities; and (d) covert corruption,

(60) Jamali, D. and Mirshak, R. (2007). Corporate social responsibility (CSR): Theory and practice in a developing country context. Journal of Business Ethics, 72(3), pp.243-262.

which is a particularly harmful example of concealed motivations for sustainable development.

First, the stakeholder needs approach arguably may not aid the clarity of sustainable development goals when CSR is utilised. This relates back to the definition of sustainable development and its application to CSR. On the one hand, while according to the Johannesburg World Summit on Sustainable Development 2002, economic, social and environmental factors are ‘interdependent and mutually reinforcing pillars of sustainable development’(61), the acknowledgement of contextualism in the concept of sustainable development makes its adaptation to different national environments imperative. On other hand, if corporations are allowed to simply focus on identifying and addressing stakeholder needs without having some overarching values for guidance, there is a greater degree of flexibility for corporations to pursue activities within the CSR umbrella that may or may not actually advance sustainable development. It is then possible for CSR in that instance to be determined by ‘personal discretion, hindsight and initiative’(62) that may be unrelated to sustainable development.

Evidently, CSR of this type is both a conceptual and legal possibility. For example, CSR can be referenced in the statement that ‘responsible business activities are discretionary and reach beyond the rule of law’(63). This view was supported by an English High Court in *R (on the application of People & Planet) v HM Treasury*(64). In that case, the court declined to permit an application for judicial review of the decisions and policies of a corporation in relation to climate change and human rights. Although climate change and human rights are key areas of sustainable development, the court was of the view that ‘to seek to impose [the court’s] own policy in relation to combating climate change and promoting human rights on the board of the Royal Bank of Scotland, contrary to the decision of the board’ of directors of the corporation

(61) United Nations (2002). Report of the World Summit on Sustainable Development. UN Doc A/Conf 199/20, Resolution 1, para.5.
Intergovernmental Panel on Climate Change (IPCC 48). (2018). IPCC’s Special Report on Global Warming 2018. Available at: file:///F:/sr15_headline_statements%20Climate%20change,%20sustainable%20development,%20consumption,%20CSR%20report%202018.pdf, D3, D7 [accessed 20 March 2019].

(62) Jamali, D. and Mirshak, R. (2007). Corporate social responsibility (CSR): Theory and practice in a developing country context. Journal of Business Ethics, 72(3), pp.243-262.

(63) Dentchev, N.A., van Balen, M. and Haezendonck, E. (2015). On voluntarism and the role of governments in CSR: Towards a contingency approach. Business Ethics: A European Review, 24(4), pp.378-397.

(64) R (on the application of People & Planet) v HM Treasury (2009) EWHC (Admin).

would amount to an undue interference with the board's discretion. There were no core values that the relevant corporate policies and decisions could be subjected to.

The second difficulty with the adoption of the stakeholders needs approach is the possibility that CSR policies and activities may be used as evidence of a corporation's assumption of legal responsibility for the relevant stakeholders even if this is not the intendment. This legal exposure arguably exists despite the orthodox position in CSR scholarship that, for instance, described CSR as 'actions basically are voluntary, that is they go beyond what is legally required'(65), 'voluntary corporate commitment to exceed the explicit and implicit obligations imposed on a company by society's expectations of conventional corporate behaviour'(66), and 'a firm's voluntary actions to mitigate and remedy social and environmental consequences of its operation'(67). Another example of the orthodoxy of absence of legal obligations is the assertion that 'CSR pertains simply to policies and activities aimed at creating public goods (or mitigating public bads) which firms pursue beyond their legal requirements'(68).

Nevertheless, the argument in favour of possible unintended assumption of legal responsibility can be buttressed by references to consumer protection law and the tortious law of negligence. In the US case of *Kasky v Nike*(69) and German case pf *Lidl lawsuit (re working conditions in Bangladesh)*, the claimants (a consumer and a consumer protection body respectively) instituted legal actions on the grounds that the defendant corporations engaged in unfair trading by publishing false and misleading CSR statements which consumers would rely on in making their purchasing decisions. While neither case ultimately was decided on the substantive merits of the claims, the respective applicable unfair trading laws of California, US and Germany allowed claims by consumers and consumer protection bodies to challenge CSR-related disclosures. In neither instance was the defendant corporation legally required to make the CSR disclosures. Furthermore, the corporations did not intend to

(65) Dam, L. and Scholtens, B. (2012). Does ownership type matter for corporate social responsibility?' Corporate Governance: An International Review, 20(3):233-251.
(66) Falck, O. and Heblich, S. (2007). Corporate social responsibility: doing well by doing good. Business Horizons, 50, pp.247-254, 247.
(67) Fransen, L. (2013). The embeddedness of responsible business practice: Exploring the interaction between national-institutional environments and corporate social responsibility. Journal of Business Ethics, 115, pp.213-227, 213.
(68) Berliner, D. and Prakash, A. (2012). From norms to programs: The United Nations global compact and global governance. 6 Regulation and Governance, 6:149-166, 219.
(69) Kasky v Nike 27 Cal. 4th 939, 946, 45 P.3d 243, 247, 119 Cal. Rptr.2d 296 (Cal. 2002)

owe any legal obligations towards the consumers that got acquainted with the disclosures they made.

The case of *Chandler v Cape plc*[(70)] exemplifies the possibility of claims in the law of negligence against corporations undertaking CSR in order to address the needs of stakeholders. It can be recalled that due to the twin principles of corporate personality and limited liability, every corporation is a separate legal entity[(71)] and a parent company is not legally responsible for the activities of its subsidiaries and is not required to assume the liabilities of the subsidiaries even when the corporations have the same shareholders and directors[(72)].

However, in *Chandler v Cape plc*, a parent company was held to have voluntarily assumed, and failed, a duty of care in negligence to employees of its subsidiary company by imposing its health and safety policies on that company. In other words, the parent company would not have been legally liable had it chosen to do nothing towards the labour standards of its subsidiary company. Arden LJ who delivered the judgment of the English Court of Appeal panel stated: '[T]his case demonstrates that in appropriate circumstances the law may impose on a parent company responsibility for the health and safety of its subsidiary's employees. Those circumstances include a situation where, as in the present case, (1) the businesses of the parent and subsidiary are in a relevant respect the same; (2) the parent has, or ought to have, superior knowledge on some relevant aspect of health and safety in the particular industry; (3) the subsidiary's system of work is unsafe as the parent company knew, or ought to have known; and (4) the parent knew or ought to have foreseen that the subsidiary or its employees would rely on its using that superior knowledge for the employees' protection.'

Arguably, this judicial decision has implications for CSR practices. It can create a dilemma for corporations on whether to take up social responsibilities beyond the strict confines of the boundaries of their strict legal obligations. In any event, a reference to some underlying values may be helpful to corporations keen to demonstrate the extent of their commitments. It is instructive that, in response to a recent decision of the UK Supreme Court[(73)] on the jurisdiction of English courts over negligence claims against parent companies of foreign subsidiary

(70) Chandler v Cape plc [2012] EWCA Civ 525.

(71) Salomon v Salomon & Co. [1897] AC 22; Prest v Petrodel Resources Ltd [2013] UKSC 34.

(72) The Albazero [1977] AC 744; Re Union Carbide Gas Plant Disaster at Bhopal India 634 F.Supp. 842 (SYDY 1986), 25 ILM 771 (1986), affirmed as modified 809 F.2nd 195 (2nd Cir. 1987), 26 ILM 1008 (1987), cert. den. 108 SCt 199 (1987); Adams v Cape Industries Plc [1990] 2 WLR 786, [1990] BCLC 479; Re Polly Peck International Plc (No.3) [1996] BCLC 428.

(73) Vedanta v Lungowe [2019] UKSC 20.

companies, Martyn Day, a partner of Leigh Day solicitors that represented the claimants, commented: 'I hope this judgment [*Vedanta v Lungowe* 10 April 2019] will send a strong message to other large multinationals that their CSR policies should not just be seen as a polish for their reputation but as important commitments that they must put into action'(74).

The third difficulty with the stakeholder needs approach is that it can create room for actual motivations for CSR-themed decisions and actions to be disguised to the detriment of sustainable development. By simply using CSR to address identified stakeholder needs without references to certain values, the approach may open up opportunities for corporations, with or without the collaboration of the stakeholders concerned, to pursue goals that may not be related to sustainable development although the relevant decisions and actions may be labelled as such.

Overarching fundamental values may be needed for the appropriate motivation to be adopted for sustainable development. As Braithwaite explained, motivational postures can be constituted by 'sets of beliefs and attitudes that sum up how individuals feel about and wish to position themselves in relation to another social entity…Postures are subjective – they bind together the cognitive, emotional and behavioural components of attitude. They provide the narrative within which the authority's message is given meaning. They have coherence for the self and are socially acceptable to significant others'(75).

It can be problematic when the motivation for CSR decisions and actions is not genuinely connected to the sustainable development agenda. As Baden and Harwood argued, 'once CSR loses its foundation in ethics it becomes not only irrelevant, but counter-productive as it distracts attention from more effective solutions to social and environmental impacts'(76). Rather than providing solutions, CSR in this instance can be damaging by promoting unsustainable practices. The concealment of motivation can, for instance, lead to covert corruption clothed as sustainable development endeavours. Since corruption 'distorts economic and social development'(77), when decisions and actions

(74) Leigh Day (2019). Legal Briefing: Lungowe and Others v Vedanta and KCM: Parent Company Liability Clarified. April 2019. Available at: file:///F:/Vedanta%20v%20Lungowe%20Leigh%20Day%20brief%20jurisdiction%20Supreme-Court-final-brief-Zambia.pdf [accessed 12 April 2019].

(75) Braithwaite, V. (2009). Defiance in taxation and governance: resisting and dismissing authority in a democracy. Cheltenham: Edward Elgar, 20.

(76) Baden, D. and Harwood, I.A. (2013). Terminology matters: a critical exploration of corporate social responsibility terms. Journal of Business Ethics, 116, pp.615-627, 617.

(77) Stapenhurst, F. and P. Langseth, P. (1997). The Role of the Public Administration in Fighting Corruption. Journal of Public Sector Management 10(5), pp.311-330, 311.

influenced by corruption are disguised as CSR, sustainable development can be impeded, and unsustainable practices may be promoted.

A central idea behind anti-corruption rules is the need to avoid conflicts of interests. A conflict of interest can arise between a principal and an agent, between a principal represented by an agent and a third party, or between an agent representing a principal and a third party. Corruption can then be defined as ‘the misuse of public office, public resources or public responsibility for private -personal or group – gain’(78). From this definition, there is official corruption when public offices, resources and responsibilities are misused or abused to promote private benefits.

The description of private benefit as being constituted by either individual (benefit to the decision-maker or action-taker) or the group (to which the decision-maker or action-taker belongs) is particularly relevant to the discussion of CSR as potentially being constituted by disguised corruption. This can be illustrated by the following account of a ‘CSR project’ by a multinational company in a host country.

The fact that covert corruption is possible through CSR-labelled decisions and actions is exemplified by a controversy that involved the Italian construction company, Gitto Costruzioni Generali Nigeria Ltd (GCG), in 2012. GCG built a church in the hometown of the then Nigeria’s president, Goodluck Jonathan, and ‘donated’ it to the president’s community. The company claimed that it built and donated the church as part of its CSR(79). According to GCG, ‘Corporate Social Responsibility is an established practice in our Mother country (Italy) and Italian firms in Nigeria have engaged in this practice rendering free construction, medical and advisory services as well as providing scholarships to various communities within Nigeria.’

In corroboration of GCG’s position, a presidential spokesperson stated: ‘Yes, a contractor who has worked and continues to work in Bayelsa State and other parts of Nigeria thought it fit, in fulfilment of its corporate social responsibility, to facilitate the renovation of the small church in the President’s home town of Otuoke… It is indeed ironic that the groups and individuals now castigating the President because a company freely chose to fulfil its corporate social

(78) Szeftel M. (2000). Clientalism, corruption and catastrophe. Review of African Political Economy, 407.

(79) See ThisDay (2012). A most questionable gift: The Italian construction company Gitto’s church gift to Jonathan. ThisDay Editorial. 1 April 2012. Available at: http://saharareporters.com/2012/04/01/most-questionable-gift-italian-construction-company-gittos-church-gift-jonathan-thisday [accessed 22 March 2019].

responsibility by helping to renovate a communal place of worship are also amongst those who constantly berate companies doing business in the Niger Delta for not doing enough to support the development of their host communities'(80).

However, a leading Nigerian newspaper, *ThisDay*, in its editorial of 1 April 2012 opined: 'Of course there is the argument that it is only a church building but Gitto is not known to be a missionary outfit; it is a construction firm that bids for and wins contracts in Nigeria. Against the backdrop that the record of the company with regards to performance has left much to be desired, it becomes more obvious that the president goofed in accepting the questionable gift and worse still, that he would seek to justify it… We note particularly that corruption thrives in Nigeria today because public officials do not know how and where to draw the line. It is therefore no surprise that some of these foreign construction companies do things they dare not try in their home countries. Gitto is surely no Santa Claus; it is a profit-seeking company accountable to its shareholders. When the company therefore spends millions of dollars on a "gift", its management would expect returns so it is easy to understand why the costs of contracts in Nigeria are the highest in the world'(81).

Many commentators were equally doubtful of the motivations of GCG even after the company had proclaimed that the church project was all about CSR. For example, one online commentator ('Lekan') stated on 5 April 2012: 'New dictionary meaning of BRIBE is corporate social responsibility. Abati has now introduced another definition of BRIBE. He has introduced new dimension to propagation of corruption and bribery by defining as corporate social responsibility. It is dangerous dimension to incorporate this bribe to president as social responsibility of 'corrupt contractor'. SHAME ON Rueben Abati for legimatizing bribe'(82). These comments show that CSR which is not underpinned by certain primary values can be a cause, and a manifestation of, corruption in its covert form. This is clearly antithetical to sustainable development.

(80) See Ogbu, A. (2012). Jonathan: I don't own any church. ThisDay 5 April 2012. Available at: http://www.thisdaylive.com/articles/jonathan-i-don-t-own-any-church/113030/ [accessed 22 March 2019].

(81) See ThisDay (2012). A most questionable gift: The Italian construction company Gitto's church gift to Jonathan. ThisDay Editorial. 1 April 2012. Available at: http://saharareporters.com/2012/04/01/most-questionable-gift-italian-construction-company-gittos-church-gift-jonathan-thisday [accessed 22 March 2019].

(82) See PM News (2012). Otuoke church: Jonathan committed no crime. PM News 4 April 2012. Available at: https://www.google.com/search?client=gmail&rls=gm&q=churches+in+italy&um... [accessed 22 March 2019].

Values Paradigm CSR and Institutional Challenges to Sustainable Development

The above discussions have demonstrated that if the stakeholder needs CSR approach is not coupled with the values paradigm, there may lack of clarity with regards to the goals of, legal responsibility for, and appropriateness of motivations for sustainable development. Even covert corruption may result from CSR solely based on the stakeholder needs approach. In that case, it will be difficult to regard CSR as 'empirically [consisting] of clearly articulated and communicated policies and practices of corporations that reflect business responsibility for some of the wider societal good'(83).

In other words, CSR may not clearly advance the sustainable development agenda without being guided explicitly by some certain values that are also context-specific. The behavioural impact of the values paradigm is an important feature for sustainable development due to its promotion of a proper governance system. As Young argued, '[a]n effective governance system is one that channels behaviour in such a way as to eliminate or substantially to ameliorate the problem that led to its creation. A governance system that has little behavioural impact, by contrast, is ineffective'(84).

The behavioural impact of the values paradigm can be manifested in different contexts. One of the merits of the values paradigm is that it can facilitate the use of CSR for private regulation of behaviour in different contexts, especially when corporations are in a position of power and influence. It can assist in promoting individual responsibility, corporate responsibility and corporate group responsibility by providing appropriate overarching essential guidelines for motivations and behaviours in aid of sustainable development applicable in those contexts. The values paradigm CSR can also promote an extended sustainable development responsibility through the incorporation of gatekeeper responsibility and glocalisation in the guidelines for decisions and actions.

In particular, gatekeeper responsibility promotes the idea that 'private parties who are able to disrupt misconduct by withholding their cooperation from wrongdoers'(85). Bearing in mind that CSR can be used for holding 'firms

(83) Matten, D. and Moon, J. (2008). Implicit and explicit CSR: A conceptual framework for a comparative understanding of corporate social responsibility. Academy of Management Review, 33(2), pp.404–424, 405.

(84) Young, O.R. (1994). International Governance: Protecting the Environment in a Stateless Society. Ithaca: Cornell University Press, 30.

(85) Kraakman, R.H. (1986). Gatekeepers: The anatomy of a third-party enforcement strategy. Journal of Law, Economics, and Organization, 2(1), pp.53-104, 53.

responsible for actions far beyond their boundaries, including the actions of suppliers, distributors, alliance partners, and even sovereign nations'[(86)], this extended responsibility is easier to impose when it is guided by specific values. The specification of values can enable responsibility to be exercised easily and for clearer reasons in respect of the operations, supply, purchasing and consumption chains of corporations. It can also clarify the nature and limits of the relationship corporations can have with government agencies and officials.

Furthermore, the governments of home and host states of multinational corporations can apply the values paradigm to exercise extraterritorial influence and control over those corporations. Extraterritorial regulation by the home and host governments using the values paradigm can include the imposition of responsibility for tackling governance failures arising from official corruption and other 'institutional voids' in some national contexts.

Another advantage of the values paradigm is the clarity of glocalisation of sustainable development standards. This will promote balanced duality due to the acknowledged co-existence of global standards of sustainable development with the need to respond to local priorities. While it may be true that universalisation helps to 'create a template which can be applied only if we infuse them with the factual circumstances of a given society, of its own patterns of disadvantage, the structure of its ruling elites, and its prevailing symbolic meanings of stigma'[(87)], the reality is that 'the idea of "think global, act local" recognises that most CSR issues manifest as dilemmas, rather than easy choices'[(88)]. In other words, the values paradigm can facilitate the benefits of both universalisation and local adaptation for the success of CSR-driven sustainable development.

The values paradigm will provide room for clearer and more effective contextual adaptation for sustainable development in line with the SDGs. For example, paragraph 59 of the SDGs acknowledges the need for 'different approaches, visions, models and tools available to each country, in accordance with its national circumstances and priorities' while paragraph 63 confirms that 'each country has primary responsibility for its own economic and

(86) Davis, G.F., Whitman, M.V.N. and Zald, M.N. (2008). The Responsibility Paradox. Stanford Social Innovation Review, Winter, pp.31-37, 32.

(87) Sadurski, W. (2004). Universalism, Localism and Paternalism in Human Rights Discourse. In: Sajó, A. (ed.). Human rights with modesty: The problem of universalism. Leiden: Martinus Njihoff. pp.141-160, 154.

(88) Visser, W. (2010). The age of responsibility: CSR 2.0 and the new DNA of business. Journal of Business Systems, Governance and Ethics, 5(3), pp.7-22, 17.

social development'. Furthermore, it is becoming increasingly accepted that development that is country-specific can reflect culturally-adapted practices[89]. It is further instructive that the recognition of 'institutional logics' demonstrates that CSR can be adaptable to different contexts due to differences such as religious beliefs and cultural norms[90]. The application of the values paradigm can facilitate the effective application of institutional logics to sustainable development.

Conclusion

Against the backdrop of the emergence of sustainable development as a matter of global concern requiring the participation of different segments of society and the emergent recognition of CSR as a potential complementary regulatory tool by public and private authorities, this paper investigates the use and effectiveness of the stakeholder needs and values paradigm approaches to CSR as a strategy for advancing the agenda. The paper examines the notions of CSR and sustainable development and explores how their combined effectiveness can be better promoted since corporations are a critical group of social actors. The choice of either the stakeholder needs or the values paradigm approach can have far-reaching consequences of both CSR and sustainable development.

Either approach can have an influence on the mode of corporate governance and can determine the nature, motivation and impact of decisions and actions within and outside corporations and with respect to sustainable development matters. Nonetheless, the institutional theory demonstrates that there are potential contextual and behavioural challenges to CSR and sustainable development arising from the nature and role of institutions operating in particular national and subnational contexts.

On the one hand, CSR, in both its voluntary and regulated dimensions, is a singularly attractive strategy for encouraging corporations to engage in sustainable development due to the growing expectation by a range of stakeholders in favour of corporate participation in the resolution of public interest and socioeconomic issues. Corporations are increasingly regarded by stakeholders as having the power and influence or being in a position to contribute to the advancement of sustainable development. Corporations, especially the large, high profile and consumer-facing ones, realistically may

(89) Robertson, D. (2009). Corporate social responsibility and different stages of economic development: Singapore, Turkey, and Ethiopia. Journal of Business Ethics, 88(4), pp.617-633.

(90) Jamali, D., Karam, C.M., Soundararajan, V. and Yin, J. (2017). CSR logics in developing countries: Translation, adaptation and stalled development. Journal of World Business, 52(3), pp.343-359.

not have the option of 'doing nothing' with regards to demonstrating their interest in, policies in favour of, and actions regarding, sustainable development and other issues of public interest. Nonetheless, the underlying justification of CSR by the stakeholder theoretic model suggests that contextualism is a critical aspect of CSR in both its voluntary and regulated form. As such, CSR may require the identification of peculiar needs and priorities in specific contexts.

On the other hand, the concept of sustainable development allows for its contextual adaptation despite the crucial role of the universalist or internationalist theory in its emergence. This is captured in the idea of glocalisation which recognises that local and global standards can co-exist in a mutually reinforcing manner. It is instructive that the SDGs, for instance, accept the co-existence of local needs and contextual priorities with the global goals and the necessity of addressing both dimensions within the umbrella of sustainable development. This can allow the application of CSR for tackling sustainable development issues within a specific national context. There is no doubt that sustainable development-themed CSR decisions and actions can proceed on the basis of identifying and responding to stakeholder needs within the operating context.

However, some difficult issues may arise to question the effectiveness of exclusively adopting the stakeholder needs CSR model in promoting sustainable development. The difficulties relate to possible lack of clarity of sustainable development goals, assumption of legal responsibility unwanted by corporations undertaking sustainable development-themed CSR and concealment of actual motivations for engaging in activities purported to further the sustainable development agenda. In fact, when motivations are so disguised, sustainable development-themed CSR can potentially be a cover for participating in, or encouraging, official corruption. These are real possibilities when CSR is not underpinned by certain basic values.

The alternative values paradigm CSR can be used as a regulatory tool for addressing sustainable development in specific jurisdictional contexts as an improvement on, or complement to, the stakeholder needs model. The values paradigm can have a significant behavioural impact for the benefit of the sustainable development agenda. It can facilitate the use of CSR for private regulation of the decisions and actions of social actors from both the private and public sectors within and even outside the territorial jurisdiction of the regulating state. By adopting the values paradigm, regulators can provide appropriate overarching guidelines for the evaluating the motivation and behaviour of social actors. Regulators will also be in a better position to promote individual responsibility, corporate responsibility, corporate group responsibility, gatekeeper responsibility and glocalisation even when corporations are operating across different national and subnational contexts.

Overall, the values paradigm seems better suited for addressing the context and behaviour based institutional challenges to CSR and sustainable development. It can provide room for linking expressed commitments to sustainable development with real and positive impact and, therefore, proffer lessons for regulators, corporations, practitioners, scholars and other stakeholders.

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