The Capitalist Economy and CSR: Contradictions and Inconsistencies: From CSR to Business in Development

Peter Davis

Introduction

In 1996, *Life Magazine* (Schanberg, 1996) carried a front cover showing a picture of a 12 year-old Pakistani boy called Tariq hand-stitching a Nike football. The article claimed that, for his work he would be paid the equivalent of 60 US cents. Over the followings months and years, more and more allegations came to light that manufacturing firms, especially in the clothing and apparel sector, were responsible for labour abuses in developing countries. For example, a 1997 survey of sports shoe manufacture in China (CorpWatch, 1997) found that, ‘all categories of the companies’ Codes of Conduct – health and safety, freedom of association, wages and benefits, hours of work, overtime compensation, non-discrimination, harassment and child labour are being violated’. The resulting public outcry, combined with legal and other threats led to the adoption of CSR policies and labour codes by many apparel and other companies. Nike, for example committed itself to ‘engage with civil society, governments, and the private sector to affect systemic change to labour and environmental conditions in countries where we operate’ (Nike, 2010).

Yet, 2013 saw the launch of a major initiative (ILO, 2013), under the auspices of the International Labour Organization (ILO), to address serious labour deficiencies in the garment industry in Bangladesh. The collapse of the Rana Plaza factory in the outskirts of the capital, Dhaka with the loss of more than 1,100 lives, and fires at other plants made it
very clear that the industry had significant issues of worker welfare which
were not being adequately addressed by companies’ CSR programmes.
What is going on? Does this mean that the whole process of CSR has
been little more than an expensive and ineffective cover-up, or are there
other issues that need to be explored?

In the wake of this episode, more opprobrium has been heaped on
companies, and quite legitimate questions raised about the sincerity
of their CSR claims. What receives less attention, however, is the role
of government, and their role in why events like Rana Plaza continue
to happen. As the ILO observed in relation to the Rana Plaza issue: ‘It
was not about an accident in one building. It was about an issue that
had severe implications for many countries, particularly Europe and the
United States. It was about global governance, global rules and regu-
lations’ (ILO, 2013). This chapter explores how well the international
community, in particular host governments in developing countries and
the bilateral and multilateral aid agencies that support them, is doing to
work with companies on these issues.

For companies: the challenge of implementation

It is important to observe, however, that while it is often pretty straight-
forward for CSR issues to be highlighted by NGOs and others, from the
corporate perspective putting these issues right is much more compi-
lcated and takes time. Companies like Nike and BP did not set out to
cause labour and human rights abuses: the issues they faced arose from a
lack of awareness about the consequences of business decisions they had
taken. The challenge for companies, therefore, has been in how best to
address these factors, not as a knee-jerk CSR response, but in a way that
builds responsible practice into everyday operational practices.

As the example of Rana Plaza demonstrates, there remains a gulf
between CSR rhetoric and operational practice. However a growing
number of examples demonstrate that some companies at least are
making this journey. However, the examples, such as those below, also
demonstrate the complexity of the task, and the operational challenges
that companies face in making this step:

BP, Azerbaijan

The Baku-Tblisi-Ceyhan (BTC) pipeline from Baku in Azerbaijan to the
Mediterranean coast of Turkey was built between 2003 and 2005 by a
consortium led by UK-based oil major, BP. From its inception, the BTC
was highly controversial, not least because the agreements between the