Corporate Social Responsibility in the Regulatory Void

Does the Promise Hold? Self-Regulation by Business in South Africa and China 1993-2006

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Abstract

Under which conditions do firms engage in corporate social responsibility (CSR) in the context of a regulatory void? Tackling this question the thesis suggests a set of theoretical propositions that explain the engagement of firms in CSR. A number of new factors are theorized that derive from the application of transaction cost economics and of the concept of asset specificity to the analysis of intra-firm relationships between management and specific sub-units. These factors are ‘human asset specificity’ and ‘production-specific assets’. Also, the thesis argues that ‘filter’-effects of the institutional set-up of national arenas, which have so far not been accounted for, are factors that explain patterns of CSR across countries. In addition to these newly theorized factors, the thesis identifies those factors that figure prominently in the literature as explanations for CSR, such as ‘investments in a brand name’, ‘NGOs’, ‘associations’, ‘public-private-’ and ‘private-private partnerships’.

Subjected to systematic qualitative empirical assessments in the context of the South African textile and automotive industries and the Chinese textile industry, it emerges that those factors usually pointed to by authors and practitioners alike as explanations for CSR lack empirical basis. To be more precise, environmentally and socially aware consumers, NGOs, associations as well as public-private and private-private partnerships are factors that do not explain CSR to the extent commonly assumed. Those factors, however, that were newly theorized in this study gain strong support in the empirical assessment. These factors are ‘human asset specificity’, ‘production-specific assets’ and the ‘filter’-effects of national arenas.

In conclusion, the study suggests that CSR is best viewed as the unintended outcome of intra-firm asset specific investments as well as of ‘filter’-effects deriving from the institutional context. The promise of CSR appears to hold surprisingly well, though for other reasons than commonly assumed.
Jury: László Bruszt (EUI), Adrienne Héritier (EUI/RSCAS) (Supervisor),
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Short bio: Christian studied political science in Berlin and Seoul, graduating with a thesis on Thucydides and ancient Greek international law (in 2004). After his studies he worked for some time for a consultancy in Mannheim before he was accepted as a PhD researcher at the European University Institute in Florence (in 2005). His PhD thesis (defended in April 2010) inquires under which conditions firms engage in corporate social responsibility. Between 2006 and 2010 Christian also worked as a research assistant to a Berlin-based research project of the center „governance in areas of limited statehood“ (SFB 700). The project investigated in how far and under which conditions firms in areas of limited statehood contribute to a strengthening of the regulatory capacities of state agencies. For his PhD studies and this project he conducted extensive field research in South Africa and China.

Christian now works as a Research Associate at the Center for Transnational Relations, Foreign- and Security Policy (Freie Universität Berlin), where he continues his research in the fields of global governance, business and politics and intellectual history of International Relations