

The Localization of Transnational CSR Norms

Chinese Corporations and their Contribution to
“Harmonious Society”

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ABSTRACT

It is nowadays a standard practice for large transnational corporations to engage in and report about their Corporate Social Responsibility (CSR) activities. The idea of CSR has diffused globally, but at the same time different regional and national understandings have developed. In this paper I propose to use constructivist norm localization theory to analyze national-level dynamics in the field of CSR. Localization research in International Relations (IR) has advanced the understanding of how international norms are traveling to different contexts, what role local actors play and how this affects the content of norms. The paper contributes to research on norms by applying it to corporations as norm addressees and to research on CSR in emerging economies and developing countries. The aim of this paper is to provide a framework for understanding and explaining different national CSR practices. I illustrate the argument by looking at the case of China. The idea of CSR entered into the national discourse after 2005 and was introduced as corporate contribution to "harmonious society". Policies and practices of Chinese corporations, however, display some unique characteristics and national Chinese CSR standards were developed that compete with international ones.

ZUSAMMENFASSUNG

Es gehört zwischenzeitlich zum Standardrepertoire großer transnationaler Unternehmen, ein *Corporate Social Responsibility* Engagement zu entwickeln und darüber zu berichten. Die Idee einer unternehmerischen Verantwortung (Corporate Social Responsibility, CSR) hat sich global verbreitet, aber zugleich haben sich unterschiedliche regionale und nationale Verständnisse entwickelt. In diesem Papier schlage ich vor, konstruktivistische Theorieansätze der Normlokalisierung zu nutzen, um nationale Dynamiken im Themenfeld CSR zu analysieren. Die Lokalisierungsforschung in den Internationalen Beziehungen hat zu einem besseren Verständnis beigetragen, wie internationale Normen sich in verschiedenen nationalen Kontexten verbreiten, welche Rolle lokale Akteure dabei spielen und wie dies den Inhalt von Normen beeinflusst. Das Papier leistet sowohl einen Beitrag zur Normenforschung, indem Unternehmen als Adressaten von Normen untersucht werden, als auch zur Forschung über CSR in Schwellen- und Entwicklungsländern. Ziel ist es, einen theoretischen Rahmen vorzuschlagen, der helfen kann, unterschiedliche nationale CSR-Praktiken zu verstehen und zu erklären. Das theoretische Argument wird mit einer kurzen Fallstudie zu CSR in China illustriert. Die Idee von CSR fand um das Jahr 2005 Eingang in den nationalen Diskurs und wurde als unternehmerischer Beitrag zur „harmonischen Gesellschaft“ gerahmt. Die Politik und Praktiken chinesischer Unternehmen zeichnen sich jedoch durch einige spezifische Charakteristika aus. Nationale CSR-Standards wurden entwickelt, die teilweise mit internationalen Standards konkurrieren.

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1. INTRODUCTION¹

Corporate Social Responsibility (CSR) has become a standard practice of major transnational corporations. The idea has diffused globally as part of a “shift in norms for acceptable global business behavior” (Vogel 2008: 269). As part of their CSR or sustainability engagement, corporations have developed policies, they participate in and implement transnational standard initiatives, and they regularly report about their engagement. At the same time, the diffusion of CSR is uneven and different national understandings of CSR have developed. Matten and Moon notice that “social responsibility remains contextualized by national institutional frameworks and therefore differs among countries” (2008: 406).

The existing literature on CSR and transnational private regulation examines different sets of factors that explain the takeover of CSR or CSR-related standards by transnational corporations² (Wolf et al. 2007; Campbell 2007; Shanahan & Khagram 2006): A first set of factors relate to characteristics of the company itself, such as size, corporate culture and structure. In addition, product and production characteristics are highlighted, including the role of sunk costs or market structure. Finally, authors examine the influence of the societal and political environment of companies. This includes the home and host states as well as the transnational environment in which corporations operate. In general terms, it can be assumed that inter-/transnational processes and dynamics are important to explain the increasing global diffusion of standards for responsible business behavior, while national dynamics explain variance, e.g. different national diffusion rates or national CSR characteristics (Coni-Zimmer 2014).

The aim of this working paper is to propose a framework that can be used to analyze different national understandings and practices of CSR. The framework is based on the mainly constructivist norm localization literature in International Relations (IR) highlighting that international norms and standards are not either adopted or rejected in different national settings as proposed by earlier constructivist research. Rather, processes of localization can occur when norms are travelling from the international to national sphere. The localization literature also highlights the importance of frictions between global and national norms, processes of contestation, and the relevance of local actors. The framework presented in this paper is useful to understand the uneven diffusion of CSR among companies in different countries, different national characteristics of CSR and corporate CSR approaches.

The theoretical framework will be illustrated by examining the case of CSR in China after 2005. The case is relevant not only because China is an important producer market for different products from textiles to electronics. In addition, Chinese corporations have become important players on global markets. For example, 124 Chinese companies made it onto the list of the Fortune Global 500 in 2020.³ They have been viewed with a lot of skepticism and even fear related to the fact that Chinese companies seem to follow different (lower) standards than their Western counterparts. While Chinese actors were initially rather skeptical and contested the idea of CSR as a Western concept, external actors started to promote CSR as corporate contribution to harmonious society. Processes of norm localization can be observed that include the development of national CSR standards, the omission of certain elements of the international CSR norm set and the accentuation of certain practices that respond to local needs. There has been quite some research on CSR in China but it has rarely provided an explanatory framework. The

1 An earlier version of this paper was presented at the Workshop “Grounding the Politics of Transnational Private Governance” at the University of Lausanne, Switzerland in 2019 and at PRIF’s colloquium in 2020. I am grateful for advice and feedback from participants, in particular, Diane Schumann, Pascal Abb, Ben Christian, Stefan Kroll, Samantha Ruppel and Irene Weipert-Fenner.

2 In this paper, I mainly focus on large transnational corporations with business activities in more than one country. The idea of CSR also extends to small and medium sized enterprises that might not be active transnationally. Transnational corporations are often portrayed as leading in the discussion about CSR, but this might differ between national contexts.

3 China Power How Dominant are Chinese Companies Globally? | ChinaPower Project (csis.org) last accessed 21 December 2021.

short case study in this paper draws mainly on existing academic literature about CSR in China and, in addition, on primary sources such as publicly available data about CSR reporting and some selected CSR reports of large Chinese corporations that are available in English.

This paper contributes to two fields of research: work on the diffusion and localization of norms in IR and research on CSR. I add to research on norms in International Relations by applying insights to an empirical field and corporate actors who are rather neglected in this stream of literature. The paper also contributes to research on CSR in developing and emerging economies: The implementation of CSR and transnational standards by corporations from developing countries are sometimes described as not well developed due to a lack of knowledge, capacity or will to implement these norms and standards. However, this partly neglects the cultural baggage and experiences that corporations bring with them and the liberal Western bias of CSR norms and transnational regulatory standards that might lead to their contestation or even rejection.

The paper is structured as follows: I will briefly review constructivist research that has looked at the diffusion of CSR in specific industry sectors and on the socialization processes of individual companies. Then I will introduce the discussion on norm localization and how this can be applied to corporations (section 2). I present some evidence on the emergence and diffusion of transnational CSR norms (section 3), before analyzing the case of CSR in China through the lens of localization theory (section 4). In the final section (5), I discuss the potential of the theoretical approach and point to some areas for future research.

2. THE LOCALIZATION OF TRANSNATIONAL CSR NORMS

In this section I discuss the contribution of constructivist literature to explaining the emergence and diffusion of CSR-related norms. I then turn to the literature on norm localization in International Relations and introduce a typology of different local responses to international norms including their adoption, rejection and localization.

2.1 *Norm Diffusion and Socialization*

Early constructivist scholarship in International Relations has contributed significantly to analyzing the emergence of international norms and to explain their diffusion among states. According to a widely used standard definition, a norm is defined as “standard of appropriate behavior for actors with a given identity” (Finnemore & Sikkink 1998: 891). Inspired by world society theory, Finnemore and Sikkink proposed the model of a norm’s life cycle (1998): The phase of norm emergence is characterized by the activities of norm entrepreneurs who “try to convince a critical mass of states (norm leaders) to embrace new norms” (Finnemore & Sikkink 1998: 895). In many cases, NGOs and transnational advocacy networks have been identified as norm entrepreneurs that start scandalizing a certain behavior and advocate a new norm among states. After a critical mass of actors has accepted a norm (tipping point), the norm cascade (second phase) is characterized by attempts of norm leaders to socialize other actors. During the third phase of internationalization, a norm is no longer contested but taken for granted and shared by the overwhelming majority of norm addressees. Based on this idea, Risse and colleagues have proposed the spiral model of norm socialization to describe how states change their policies and behavior in response to international human rights norms. Repeated interactions between international organizations, NGOs and target governments lead the latter to move through several stages: norm violation and denial is followed by tactical concessions, norm adoption and internalization (Risse & Sikkink 1999).

While constructivist scholarship is usually concerned with states as addressees of international norms, several studies highlight that constructivist theories and models can be used to explain corporate policies and behavior (e.g. Kollmann 2008; Dashwood 2012; Deitelhoff & Wolf 2013). Segerlund (2010) applies constructivist insights to explain the rise of CSR in the textile industry, while Dashwood (2012)

focuses on CSR in the Canadian mining industry. Kollman uses constructivist insights to explain the rapid spread of environmental sustainability norms among corporations and argues that it is important to conceptualize business actors as “social or socializable actors” (Kollman 2008: 397). Other scholars have focused on case studies of individual companies, such as Shell and Nike, to examine corporate socialization processes. The socialization of corporate actors follows a similar pattern as proposed in the spiral model introduced above (Deitelhoff & Wolf 2013: 236; Rieth & Zimmer 2004).

The debate about norm emergence and diffusion has been criticized for its perspective on countries and actors in the Global South as rather passive recipients of norms that “had to be induced and to learn a norm’s content and appropriateness” (Draude 2017: 579). The content of a norm was taken as given. It would be defined during international negotiations and then be adopted by states.

2.2 Norm Localization

Early constructivist work has mainly focused on processes of norm emergence in international politics and the diffusion among states. This literature rarely focused on explaining cross-national variation. As a consequence, a second wave of constructivist research examined how norms are mediated by national processes and structures (e.g. Checkel 1999; Cortell & Davis 2000). The diffusion of norms was understood as a two-level game on the international and national level (Finnemore & Sikkink 1998: 893). The main research conjecture put forward in this literature was that the congruence or fit between international norms and preexisting domestic norms is an important factor influencing whether international norms will be adopted or not. The national context acts as a filter for international norms (Risse & Ropp 1999: 271).

Checkel has proposed the concept of a cultural match defined as “a situation where the prescriptions embodied in an international norm are convergent with domestic norms” (1999: 87). If a “positive” cultural match exists, the adoption of a certain norm is more likely. It is less likely that international norms are adopted by a state, if contradictions between the international norm and preexisting national norms exist. Using this idea to analyze the diffusion of CSR and transnational regulatory standards, the corporate adoption of CSR norms is more likely in countries where a positive match exists between these transnational norms and national norms, e.g. those related to the role of corporations in society or to substantial norms that are part of the CSR norm set (see below). However, the idea of a cultural match (and similar other concepts proposed in the literature) has been criticized as a rather static perspective (e.g. Acharya 2004: 244) neglecting that a match can be actively constructed by international and/or national norm entrepreneurs.

The debate about norm localization and translation has advanced our understanding of how global norms travel to the local level, how local actors and the local normative environment influence responses to and interact with international norms and standards. In his seminal work, Acharya has taken norm research one step further by emphasizing the importance of local⁴ dynamics, processes and actors defining localization as “the active construction (through discourse, framing, grafting, and cultural selection) of foreign ideas by local actors, which results in the former developing significant congruence with local beliefs and practices” (Acharya 2004: 245). Research on the localization of norms has analyzed norm dynamics in different fields from women’s rights, to rule of law and security sector reform (among others Acharya 2004; Zwingel 2012; Zimmermann 2017; Draude 2018).

In terms of outcomes, one important insight of norm localization research is that international norms and standards are not only adopted or rejected on the national level. Rather there is a continuum of responses to international norms. The perspective in this paper is more or less top-down in that I depart from the observation that a transnational CSR norm set has emerged since the mid-1990s (see below). I analyze what happens to this norm set when traveling to different national contexts and how local

4 The “local” is a difficult category in this literature. The binary distinction between the international and the local as well as between international and local actors is simplifying.

actors respond to it. However, it is rather obvious that local actors, events and processes can also engage and influence international processes. This is however not the focus of this paper.

I distinguish three different responses to the transnational CSR norm set in the domestic sphere: norm adoption, norm rejection and localization.

Table 1: Typology of Reactions to CSR Norms

Possible Reactions				
Rejection of international norms and standards	Localization			Adoption of international norms and standards
	Omission of certain elements	Accentuation of certain elements	Addition of certain elements	

Source: own research

The *rejection of international norms* might include the outright rejection of certain norms as well as attempts to ignore them. If states are the addressees of norms, one example is the non-ratification of certain international conventions or treaties.⁵ In a similar vein, corporations can oppose CSR norms and standards, for example by arguing that norms are not applicable or do not fit the context of their business operation. Instances of corporate rejection of international CSR norms have been analyzed in the literature on corporate norm socialization (Rieth & Zimmer 2004; Deitelhoff & Wolf 2013).

The *adoption of international norms and standards* can be found at the other end of the continuum.⁶ International norms are taken over without major changes to their content. The binary coding of adoption vs. non-adoption of treaties or conventions is often used in quantitative studies on norm diffusion. For example, corporations could join transnational CSR initiatives and adopt the norms and standards proposed by these initiatives. However, studies focusing on adoption vs. non-adoption miss the variety of responses that are available to norm addressees when confronted with newly emerging international norm sets.

The third option is the *localization of international norms and standards* including accentuation, addition and omission of some elements. Norm localization refers to different forms of adaptation of international norms to a specific national or local context. *Accentuation* means that international norm sets or standards are adopted but specific elements are highlighted “that are not particularly emphasized in the international agreement” (Eimer et al. 2016: 455). The *addition* of certain local elements to the international norm set is another option to make international norms more relevant for the local context. Finally, norm sets might also be pruned meaning that *omissions* will be made because certain elements contradict local norms and values. These contradictions would otherwise lead to the rejection of international norms and standards (Acharya 2004: 251; Eimer et al. 2016). For example, corporations might adopt the idea of CSR relating to environmental issues but reject responsibilities in the field of human rights or social standards. The result of these different forms of localization – accentuation, addition, and omission – is the emergence of new hybrid standards.⁷

These different responses to transnational CSR norms should be observable in domestic discourses about the role of corporations in society and their regulation. Possible instances of localization include

5 I am aware that this is a rather simplified example, because the non-ratification of conventions or treaties must not necessarily signal the outright rejections of international norms, for example, there might also be conflicts between proponents and opponents of norms in the domestic sphere leading to the result that international treaties or conventions cannot be ratified.

6 It might be argued that the adoption of international norms represents an ideal type that rarely or never occurs because the take-over of norms always includes processes of interpretation and meaning-making to translate them into a specific national context.

7 Hybridity is a concept that is used in the literature on the local turn in International Relations and in particular in studies on peacebuilding. In the literature on peacebuilding, scholars have vividly debated the imposition of Western liberal standards on host societies. Hybridity is one concept that is employed to investigate how international norms merge with local ones, the result being the emergence of new hybrid standards.

the emergence of national CSR initiatives with particular features that respond to the local context and local needs or it can be observed by analyzing corporate CSR approaches and comparing the elements of corporate CSR approaches with transnational norms and standards. It is important to note that the response to international norms and standards is never static but that can change over time. For example, local actors might initially reject international norms and standards and decide to adopt or adapt them at a later point in time (or the other way around).

The literature on localization has highlighted the important role of local entrepreneurs that engage in the promotion and translation of international norms (Acharya 2004; Merry 2006). The adoption and localization of norms is more likely, if local norm entrepreneurs ('insider proponents') exist. They can construct a fit between international norms and local norms. Local actors are usually more credible than international ones; it is likely that they argue and act with greater sensitivity for the local context.

"While the initiative to spread transnational norms can be undertaken either by local or foreign entrepreneurs, diffusion strategies that accommodate local sensitivity are more likely to succeed than those who seek to supplant the latter. Hence outsider proponents are more likely to advance their cause if they act through local agents, rather than going independently" (Acharya 2004: 249).

Most scholarship emphasizes the role of civil society organizations that can act as international and national norm entrepreneurs (e.g. Acharya 2004; Merry 2006). In addition, localization research has paid particular attention to development agencies as promoters of change in developing countries (Bonacker et al. 2017). When analyzing the national diffusion of CSR, national governments are also important actors that can drive the diffusion of CSR-related practices. State actors can reject the idea of CSR and transnational private regulation, but they can also welcome and promote the idea. Not least, research on the role of corporations in global governance has shown that corporations themselves can become norm entrepreneurs and leaders engaging in norm development and promotion (Flohr et al. 2010).

Constructivist research has also highlighted processes of framing and grafting. Drawing on social movement theory, scholars have elaborated on the importance of framing as a strategy of norm entrepreneurs during the phase of norm emergence (Finnemore & Sikkink 1998: 897). Framing refers to a process whereby existing practices are interpreted as a problem to be solved, relevant causes are identified and a solution to the problem is offered (Deitelhoff 2006: 141). While constructivist scholars have analyzed such processes on the international level, processes on the local level are also taking place to "make an outside norm congruent with a preexisting local normative order" (Acharya 2004: 244). When traveling from the global to the local level, local norm entrepreneurs might use framing as a strategy to actively construct linkages between newly emerging transnational norms and preexisting domestic norms. If successful, the frame is adopted "as new ways of talking about and understanding issues" (Finnemore & Sikkink 1998: 897).

2.3 Summary

Transnational corporations operate in a global context that is characterized by the emergence of transnational CSR norms and standards. These CSR norms formulate expectations for appropriate behavior of business actors. At the same time, transnational corporations are embedded in normative environments in their home and host states. The main argument in this paper relates to the national context. International norms and preexisting national norms can be largely congruent, but they can also be in conflict. I argue that norm localization research provides a useful perspective for making sense of different national level adoption rates of CSR standards, for understanding national characteristics and practices of CSR. Though corporations are addressees of transnational norms for responsible business behavior, they are not passive recipients of norms but have agency. Norm localization research has pointed to the variety of observable responses to international norms: Corporations can contest and reject transnational norms, they can adopt international norms without major changes, or they can adapt international norms and standards by accentuating, adding or omitting certain elements. This typology

can be used to examine local responses to transnational CSR norms and standards in different countries.

In the following section, I will briefly highlight evidence on the emergence and diffusion of transnational CSR norms, before turning to the case of China to illustrate the added value of the localization approach. China was chosen to illustrate the theoretical argument because it belongs to the so-called BRICS countries that are expected to contest the liberal world order (for example Matthews & Zürn 2019). The idea of CSR is part of this liberal world order and respective standards have often been developed without significant participation from the Global South, making rejection and contestation even more likely. Considering that China is contesting the liberal world order in several policy fields including transnational private governance (e.g. the contributions in Matthews & Zürn 2019; Coni-Zimmer et al. 2019), it can be expected that Chinese actors do not only engage in contestation but also try to localize newly emerging international norms. In addition, China is a particularly interesting and important country for the world economy, firstly, as a producer country for global markets and, secondly, because more and more Chinese companies are active on global markets (see below). Finally, data on the diffusion of CSR displays an interesting pattern signaling the increasing adoption of the idea after 2005.

3. THE EMERGENCE AND DIFFUSION OF TRANSNATIONAL CSR NORMS⁸

In this paper, CSR is understood as a transnational norm set (or norm bundle) that includes a number of interconnected norms. Its emergence is related to an incremental process⁹ that has involved different stakeholders including states, civil society, business, and international organizations. In the 1990s, corporations faced increasing civil society activism related to the negative consequences of globalization, the violation of human rights and social standards as well as environmental degradation that occurred related to their business activities. This process of scandalization of certain malpractices is typical for the phase of norm emergence (see section 2, Finnemore & Sikkink 1998). Well-known are campaigns against brand name companies from the textile and apparel industry that violated basic labor standards in their supplier factories in Asian countries (Segerlund 2010). Similarly, companies from the extractive sector became infamous for their violation of human and environmental rights of local communities, from oil companies in Nigeria to mining companies in the Congo (Zimmer 2010).

The announcement of the UN Global Compact by then UN Secretary-General Kofi Annan marked a watershed in that it directly addressed corporations (not states) and asked them to join forces with the United Nations and incorporate ten broad principles in the areas of human rights, labor, environment, and corruption into their business practices (Rieth 2009). In the following years, a large number of transnational standard initiatives promoting responsible business behavior emerged. These included self-regulatory initiatives developed by corporations as well as multi-stakeholder initiatives developed jointly by corporations, civil society and states actors. Examples include SA8000, and the Fair Labour Association that offer standards for the textile industry or the Extractive Industries Transparency Initiative and the Voluntary Principles for Security and Human Rights addressing oil, gas and mining companies. Moreover, several existing state-based standards were substantially revised and updated. For example, the OECD released new versions of their Guidelines for Multinational Enterprises in 2000 and 2011. The Guidelines are voluntary and non-binding for corporations, but they include some binding elements for OECD governments. In addition, several more specific guidance documents for corporate actors were published by the OECD. In sum, these developments highlight that the transnational normative environment in which corporate operate changed and is characterized by emerging

8 For the empirical sections of this paper compare Coni Zimmer (2014 and 2017).

9 This incremental process differs from what scholars often describe as processes of norm emergence where new norms are the result of mainly intergovernmental negotiations between states and laid down in international treaties and conventions to be ratified by states.

expectations that corporations voluntarily, i.e. independently from state regulation, uphold certain standards during their business activities (Deitelhoff & Wolf 2013; Coni-Zimmer 2014).

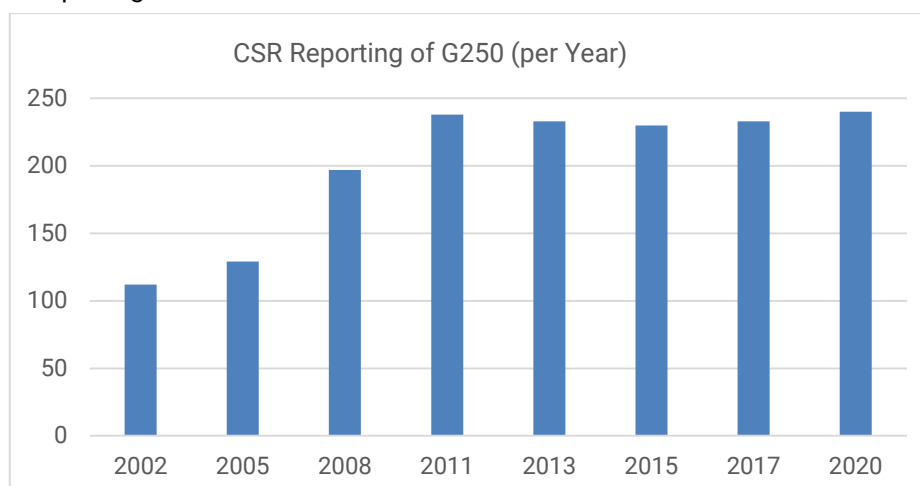
The CSR norm set includes the expectation that corporations minimize their negative impact on societies and the environment and, beyond that, contribute positively to the development of affected societies (Coni-Zimmer 2014, 209–211). This basic expectation is related to different fields such as human rights, social standards and environmental protection. Two characteristics of the norm set are important to highlight: It is rather broad and not very precise. Taking the UN Global Compact as an example, the initiative covers human rights, social standards, environmental protection and anti-corruption. Some standards, such as the OECD Guidelines, are even broader, while others, such as the ILO Tripartite Declaration or the UN Guiding Principles on Business and Human Rights, are more limited to one thematic field. As a consequence, some standards complement each other in terms of issues covered and economic sectors addressed, while others compete because they address similar topics and the same sector. In sum, the institutionalization of CSR has increased since the mid-1990s and leads to the expectation that CSR norms increasingly diffuse among corporations as addressees. Because the norm set is broad and not very precise, it can also be expected that processes of localization will take place whereby the norm set is interpreted and adapted to the respective national and corporate context.

One indicator to trace the global diffusion of CSR is to look at corporate reporting, i.e. the publication of dedicated reports by corporations concerned with CSR. The consulting firm KPMG regularly conducts a survey of Corporate Responsibility Reporting since 2002. Results show an increase in CSR reporting among the largest 250 global companies (G250) from 45% in 2002 to 79% in 2008 and 95% in 2011, reporting is stable on this high level since then (KPMG 2002, 2008, 2011, 2020, see graph 1). Data from KPMG also shows this trend among N100 companies, a sample of the largest 100 companies in different countries.¹⁰ The reporting rate among N100 has also risen steadily from 18% in 2002 to 80% in 2020 (KPMG 2020: 10).

Data shows also that CSR does not spread with equal pace in all countries. For example, almost 100% of companies in the UK and Japan published CSR reports already in 2008 and more than 80% did so in emerging economies such as Brazil and South Africa (KPMG 2008). In contrast, a rather low level of CSR reporting was found in countries such as Mexico, Norway, and Denmark during the same year (KPMG 2008). Even the most recent survey still shows huge cross-national variation with almost 100% of the N100 reporting in countries such as Mexico, the US and Sweden and a much lower level of reporting in countries such as Turkey (56%), Greece (59%) and Saudi Arabia (36%) (KPMG 2020: 13–15). This quantitative data gives a first impression but does not offer in-depth insights into the content of CSR reporting and activities nor does it provide an explanation for the global trend of diffusion or different national diffusion rates.

¹⁰ China was covered in the survey only since 2011, reporting has risen from 59% of N100 in 2011 to 78% in 2020 (KPMG 2011, 2020).

Graph 1: CSR Reporting of the G250



Source: own representation, based on data from KPMG (KPMG 2002, 2005, 2008, 2011, 2014, 2017, 2020)

4. CORPORATE SOCIAL RESPONSIBILITY IN CHINA

In this section, I illustrate my theoretical argument with evidence from the Chinese debate, focusing on the early phase of CSR-related developments (around 2005). The idea of CSR was initially rejected by Chinese actors, but then successfully framed as a corporate contribution to harmonious society and consequently taken up by corporations. However, processes of localization can be identified that include the development of Chinese CSR standards and the pruning of the CSR norm set.

4.1 Background on the Chinese Economy and Diffusion of CSR

The Chinese (economic) context has some specific characteristics that are relevant when analyzing the diffusion of CSR: The People's Republic of China was founded as a communist state in 1949. The economic system was restructured as a socialist planned economy and largely isolated from international markets (Heilman 2004; Naughton 2007). Large state-owned enterprises (SOEs) played an important role in this economic system and, as a consequence, have remained an important group of economic actors until today (Naughton 2007: 300). In 1978, Deng Xiaoping started a gradual process of reforming the economy. The planned economy was complemented with elements of a market economy. This reform process also included the opening up to foreign investors (Naughton 2007: 55–82). The resulting hybrid economic model is described as a “socialist market economy” or “Capitalism with Chinese Characteristics” (Huang 2008). Specific characteristics of the current economic system include not only the still prominent role of SOEs (though they have faced an increasingly competitive environment as part of the reform process) but also the fact that the state still holds an important role in directing the economy.

During the 1990s, China became important as a producer country for consumer goods, such as textiles and electronics. As part of their global supply chains, Western companies have contracted Chinese ones to produce goods that are then sold on global markets. Western brand name companies soon faced civil society criticism for the working conditions in their supplier factories in China and other Asian producer countries. These conditions included the violation of basic social standards such as working overtime, not paying living wages or the non-compliance with health and safety standards. Western brand name corporations were made responsible for grievances of workers and, as a reaction to growing pressure, started to develop individual codes of conduct for their suppliers or adopted transnational standards. These standards usually require that suppliers uphold certain standards and

often include provisions for monitoring, audits, or certification. The initial reaction of Chinese actors to these attempts of supply chain management will be discussed in the following section.

In addition, it is also important to note that Chinese companies started to invest abroad during the 1990s. The government initiated the 'go global' strategy to encourage companies to invest abroad including lowering restrictions for foreign investments and tax reductions (Buckely et al. 2008). As part of their operations abroad, Chinese companies that intended to become global players were increasingly confronted with competitors from other countries; the takeover of standards and practices from these companies became an important strategy to be perceived as modern and competitive (Zhile 2007; Ahnert 2008).

The idea of CSR started to spread in China only around 2005. A study of CSR activities of the largest 100 Chinese companies highlights that only 35 out of 100 companies provided some information on CSR in 2007 (Gao 2009: 29), though the number of companies did increase rapidly in the following years. A surprising result is that large state-owned companies were among the leaders of this trend, while they are more often portrayed as laggards in the broader CSR literature. However, in China they published more than two thirds of all CSR reports in this early phase (SynTao 2010: 9). In 2020, the number of the N100 reporting on CSR has risen to 78% (KPMG 2020). Against the background of the localization framework introduced above, it can be expected that initial low uptake of CSR (indicated by the low number of CSR reports published in China, SynTao 2010) signals the rejection of the international CSR norm set with changes occurring around 2005.

4.2 *Initial Rejection*

The initial skepticism and rejection of CSR norms can be illustrated by referring to the example of SA8000, which is a transnational standard that seeks to improve working conditions in the manufacturing industry. The standard is very prominent in the textile industry. SA8000 is only one of several standard initiatives and most of them follow a similar logic: a standard is developed, often with input from different state and non-state actors, then offered to, and adopted by Western brand name companies. The latter are expected to enforce the standard in their supply chain, i.e. in companies that are often located in countries of the Global South (Coni-Zimmer et al. 2019: 329). Many transnational companies from the textile and apparel industry require certification according to SA8000 or a similar standard from their suppliers. While China is one of the focus countries of the initiative and the number of certified factories is quite high (Coni-Zimmer et al. 2019: 328), the standard was originally viewed with skepticism by the Chinese actors.

Lin aptly summarizes the arguments put forward in the early Chinese debate about SA8000 (Lin 2007): A first line of arguments refers to SA8000 as a form of protectionism by developed economies. When Western companies enforce SA8000 in their supply chains, Chinese producer companies must cover the additional costs for implementing standards. As a result, Chinese companies lose part of their competitive advantage because production gets more expensive. If companies decide not to implement the required standard, they are denied access to Western markets (Lin 2007: 332; Chan 2005). Second, and related, the distribution of power between Chinese and Western companies was problematized. Western companies are more powerful and coerce Chinese companies to implement certain standards. At the same time, Western companies demand low prices and short delivery times when placing orders. Third, it was argued that SA8000, and the idea of CSR more generally, amount to Western imperialism. Elements of the CSR norm set, such as freedom of association or free unionization, are controversial or rejected by Chinese elites. It is argued that such values should not be imposed on Chinese actors (Lin 2007: 327–39). Finally, it has also been argued that CSR is not suited to corporations of developing economies and must be adapted to local conditions. This is demonstrated by the following quote of a Chinese official:

"To enhance corporate social responsibility requires active and steady efforts, which must be based on the specific situation in China. China is a developing country. [...] The corporate social

responsibility should not be carried out by the same means as those in developed countries. It is impossible for us to blindly pursue too high a standard that goes beyond our development level" (Zengwei 2007).

External actors, including international organizations, international NGOs and development agencies, started to promote the idea of CSR in China in the early 2000s (Guo 2008). For example, the German development agency GIZ and Swedish SIDA started larger projects that intended to raise awareness about CSR. While these agencies used different strategies such as providing training, organizing dialogue processes, and promoting research, it is interesting to note that both agencies' activities targeted Chinese state actors as well as corporations (Coni-Zimmer 2017). Around 2005, the discussion about CSR started to change in China. The government and corporations started to take up the idea of CSR.

4.3 *Framing CSR as Contribution to Harmonious Society*

In 2005, the Chinese leadership introduced the ideas of "building a harmonious socialist society". The concept was presented as a guiding principle for the development of China by then President Hu Jintao with the aim to balance "economic growth, concern for the environment, and achieving a narrowing of China's wealth gap" (Shankleman n.d.: 52). At this time, China began to experience several negative consequences related to its rapid economic growth. Problems included the unequal distribution of income between cities and rural areas, massive unemployment and poverty, scarcity of resources, and increasing environmental problems (Zheng & Tok 2007; Zhile 2007). Harmonious society became not only an important leitmotif for the development of Chinese society but also of "symbolic importance for advancing CSR" (Lin 2010: 88; Zheng & Tok 2007). CSR was soon framed as corporate contribution to building a harmonious society (See 2009).

External actors (such as development agencies) used the framing of CSR as contribution to harmonious society when trying to convince Chinese state and economic actors that it would be beneficial to adopt the idea (Coni-Zimmer 2017). When the idea was taken up and promoted by state actors, companies followed suit. Given the important role of the state in directing the economy and having influence on activities and strategies of state-owned companies, it is not that surprising that the latter were leading the way (see above). For example, the oil company CNPC, which is one of three large state-owned oil companies stated in its first CSR report published in 2006:

"We hope that the release of this first CSR report will serve as a new starting point from which we can advance together with all relevant parties to accelerate the construction of a harmonious society through the harmonious development of our cooperation" (CNPC 2006: 3).

4.4 *Localization of Transnational CSR Norms*

In the theoretical section of this paper, I propose that norm localization can take different forms including the omission, the accentuation, and the addition of certain elements to the CSR norm set (see section 2). Based on existing research, I identify localization dynamics in the development of national CSR standards and on the level of corporate CSR approaches.

First, different national level CSR guidance documents were developed by Chinese actors through which Chinese actors appropriated the concept to their needs (Lusteau et al. 2018). For example, the State-owned Assets Supervision and Administration Commission (SASAC) issued CSR guidelines for state-owned enterprises in 2008. SASAC controls more than 100 large state-owned enterprises. The 'Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities' discusses why CSR is important for Chinese state-owned companies by referring to the idea of achieving a harmonious society and arguing that CSR improves the international reputation and competitiveness of Chinese enterprises (SASAC 2008; Shankleman n.d.; Lin 2010). Accordingly, SOE should

“[...] regard the implementation of CSR as an important content of setting up modern enterprise and enhancing their competitiveness. By transforming the pattern of growth and achieving sound and rapid development, they should implement CSR according to the practical situation of the country and the circumstances of themselves [...]” (SASAC 2008).

State-owned enterprises are expected to comply with existing laws and regulations, to engage in different issue areas such as environmental protection, product quality, and labor standards and participate in public welfare programs (SASAC 2008). In terms of obvious omissions, it is notable that human rights are not mentioned in the document, while the participation in public welfare programs seems a rather specific concern responding to Chinese needs and based on the historically important role of SOEs in providing public functions.

Empirical evidence on the CSR engagement of Chinese corporations points to localization dynamics. For example, based on a survey among corporations, Xu and Yang conclude that Western and Chinese CSR engagement is partly converging but that additional “indigenous” categories of Chinese CSR can be identified. Indigenous categories identified are “acting in good faith” and providing employment opportunities (Xu & Yang 2010). Another study of CSR reporting finds that corporations cover issues such as paying taxes, sharing responsibility with the government, and avoiding layoffs. This can be understood as a response to the specific needs of an emerging economy (Yin & Zhang 2012).

In my own research, I have analyzed and compared CSR reports of British and Chinese corporations from the oil industry covering the period until 2010. The British companies did start with reporting about CSR almost a decade earlier than their Chinese counterparts.¹¹ The analysis shows that Chinese companies report on environmental issues, labor standards, and questions of energy security. However, the companies remain largely silent on issues such as human rights as well as anti-corruption and transparency (Coni-Zimmer 2014: 266–7). Compared to the international debate about CSR in the oil industry and to Western oil companies, this is an obvious omission. Companies from the oil industry face different human rights challenges in their operations including the rights of local communities and dealing with public and private security forces that protect their facilities. Human rights responsibilities of transnational corporations from the oil industry have therefore been highlighted in different industry guidelines and standards (such as the Voluntary Principles on Business and Human Rights). Similarly, the issue of revenue transparency and the related responsibilities of companies is another topic that is widely debated internationally and taken up by initiatives such as the Extractives Industries Transparency Initiative (EITI). The two leading British companies Shell and BP have been harshly criticized for their operations abroad but have been among the frontrunners in developing many international standard initiatives, such as the Voluntary Principles on Security and Human Rights and the EITI. They have corporate human rights policies and report about their membership in international initiatives. Chinese corporations refer to human rights but only discuss labor issues. In addition, they do not report about transparency issues and are not participating in international CSR initiatives (though these are partly referenced). Taking into account the national political environment in China, where issues such as human rights are highly controversial, resulting omissions of parts of the norm set are not surprising.

5. CONCLUSION

The aim of this paper has been to propose a norm localization approach to understand the reception of transnational CSR norms and standards in different world regions and states. I introduced a typology of national/local responses to transnational CSR norms including the rejection of norms and standards, the adoption of norms and standards as well as their localization including accentuation, addition, and

¹¹ BP published its first CSR Report in 1999 and Shell in 1998, the three leading Chinese companies published their first reports in 2005 (CNOOC) and 2007 (CNPC and Sinopec).

omission of certain elements. This highlights that there is a variety of local responses to CSR norms and transnational governance schemes.

The theoretical idea was illustrated with a short case study on CSR in China, mainly focusing on the early phase of discussion, development and implementation of CSR-related standards in the 2010s. Initially rejected, state and private actors changed their attitude around 2005. This might be partly explained by the changing economic context and problems resulting from the exponential growth of the Chinese economy. In addition, framing of CSR as a corporate contribution to harmonious society played an important role. The attitude of state actors was particularly important in the Chinese case because the state has an important role in directing the economy. Chinese actors started adapting the idea to the local context by developing national CSR guidelines and standards. Corporations have developed CSR approaches that accentuate certain practices relevant in the Chinese context (e.g. paying taxes and avoiding layoffs) and omit other elements that are considered as important in the international discourse (e.g. corporate responsibilities for human rights).

The results illustrate that the content of the transnational CSR norm set can change when travelling to different world regions and nations. At the same time, the definition and reception of such norm sets should be seen as a dynamic process. The home state environment and the cultural baggage of corporations matters for how they receive the idea of CSR. While there is a certain tendency to describe the activities of corporations from the Global South as imperfect or not well developed, the aim of this paper is to provide a better understanding and explanation for different CSR practices. Analyzed through the lens of localization approaches, it is reasonable to expect that CSR approaches of corporations from different world regions and countries differ. This must not be necessarily bad as the accentuation or addition of certain practices might be important to contribute to solving specific societal problems. At the same time, it is still possible to criticize certain practices and the omission of certain elements (e.g. the neglect of human rights in the case of Chinese CSR approaches). Norm research has shown that criticism plays an important role in socializing actors. Corporate CSR approaches are not static but can develop over time.

The localization framework makes sense for analyzing national variations and characteristics of CSR. It should be understood as complementary to research highlighting other factors that influence corporate CSR and its effectiveness. The framework could be used to systematically examine the localization of CSR norms and transnational standards in different industries and countries. For example, the discussion in other BRICS countries constitute a set of interesting cases (e.g. the role of Black Economic Empowerment as a driver for CSR in South Africa or the development of national standards in India's textile industry).

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