Chapter 12

Economic Nationalism and Corporate Social Responsibility

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ABSTRACT

This chapter addresses conceptual relationships between corporate social responsibility (CSR) and a set of related phenomena typically labeled as economic nationalism, economic patriotism, economic protectionism, populism, and antiglobalization. The research question addressed is whether this set of related phenomena redefines or at least affects CSR in significant ways that practitioners and scholars should include in the conception of CSR and, if so, how theoretically. Such investigation is affected by two essential circumstances. First, CSR remains a topic of continuing theoretical controversy: specific “responsibility” of any business anywhere is not a resolved matter. Second, economic nationalism and related phenomena—which appear to be rising in importance—are opposed to the economic, political, and social globalization effects following the 1995 founding of the World Trade Organization (WTO). The chapter seeks to refine CSR for varying conditions as shaped by economic nationalism, economic patriotism, economic protectionism, populism, and antiglobalization.

INTRODUCTION

This chapter investigates the implications of increasing economic nationalism for corporate social responsibility (CSR) theories and practices. Economic nationalism, one approach to international economic relationships, emphasizes that state policies and home-country businesses should promote national self-interest relative to international cooperation if occurring at national cost. Countries differ in economic nationalism or increased economic nationalism, which facilitates a comparative perspective. Economic nationalism is a continuum from relatively low, especially in open economies in Switzerland and the Nordic countries, to relatively high in countries like the United States, China, and Russia.

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The main ideas and findings of the chapter are as follows. Economic nationalism is part of a rising tide of related phenomena, including economic patriotism, economic protectionism, populism, and antiglobalization (Nelson, 2017). These phenomena are part of the broad context for the economic nationalism discussed in this chapter. CSR theorizing and practices can adjust to increasing variation in economic nationalism conditions. Viewing economic nationalism as a set of state-level policies, an empirical question is whether CSR of specific businesses are responding to variable country conditions. CSR implications may differ considerably based on privately-owned domestic businesses and privately-owned multinational enterprises (MNEs), both distinct from state-owned enterprises (SOEs) operating domestically or increasingly internationally. The chapter draws on empirical data and case instances to validate these arguments.

Economic nationalism involves varieties of three kinds discussed in this chapter. One variation is the increasing international aggressiveness of China and Russia (an oil producer), as each is a one-party authoritarian regime of different types (Associated Press, 2018b). Iran (also an oil producer) and North Korea, both pursuing nuclear weapons and regional dominance, are special situations of international aggressiveness. A second variety is a negative reaction to globalization in some advanced economies, most notably to date the U.S. and the UK, which is in the process of Brexit from the European Union (EU). A third variety (of different types) involves developing countries, including Brazil, India, South Africa, and Saudi Arabia (an oil producer).

The objectives of the chapter are as follows:

- The chapter aims to provide a conceptual discussion of the basic ideas concerning CSR in relation to economic nationalism. Other related phenomena (i.e., economic patriotism, economic protectionism, populism, and antiglobalization) are the broad context for economic nationalism.
- The chapter offers working definitions of this set of phenomena.
- The chapter places economic nationalism within the setting of international economic relationships established through the World Trade Organization (WTO). It gives attention to disputes occurring between the U.S. and the North American Free Trade Agreement (NAFTA), as well as between the UK and the EU.
- Beyond the conceptual discussion and working definitions, another objective is to note company examples and empirical evidence concerning SOEs illustrating the crucial issues.
- The final objective is to propose refinements of CSR for accommodating economic nationalism as a real-world consideration. The author suggests that CSR theorizing must address the likelihood of alternative models for business-society relationships considering the shift from a WTO-oriented freer trade and investment setting to a more hostile environment for international economic relations. This shift occurs in conjunction with a resurgence of aggressive nations, including China, Iran, North Korea, and Russia.

The chapter proceeds as follows. The background section provides working definitions of the basic terms, together with a review of related literature. The third section addresses refining the CSR conception considering problems in the WTO approach and the emerging UN human rights regime. The fourth section considers solutions and recommendations for these issues. The fifth section addresses future research trends. The conclusion reviews the essential points of the chapter.
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