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# **Multinational Companies’ Corporate Social Responsibility in Light of Contemporary Global Challenges: Opening Pandora’s Box**

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## **Corporate Social Responsibility and Religious Freedom**

This paper builds upon the existing literature on Corporate Social Responsibility (CSR) to offer reflections on a current trend advocated by the Business and Religious Freedom Foundation (RFBF), the UN Global Compact (2014) and authors such as Clark and Snyder (2014); that companies should use their CSR<sup>71</sup> to defend and promote Freedom of Religion or Belief (FoRB), in addition to the more traditional areas of social action. Whilst various actors have encouraged multinational companies (MNCs) to consider their human rights impact and to promote human rights in their CSR, few had specifically advocated for CSR on FoRB.

Given the rise of the “due diligence” approach for companies’ human rights practices in international CSR standard-setting,<sup>72</sup> I argue that it is, indeed, increasingly important for companies to consider the level of minorities’ FoRB in an area when determining how to engage in CSR programmes

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71 For the purposes of this paper, I only refer to non-core-business related CSR and actions taken by MNCs vis-à-vis external stakeholders in local communities.

72 See Taylor (2012) for an interesting discussion of international standards.

with local communities and promote projects that support this freedom. Where companies need to operate in areas with strong religious tensions, their activities may unconsciously perpetuate or support social patterns that exclude or discriminate against religious minorities and companies may be able to positively impact such patterns. Indeed, in conducting CSR, companies have both mitigated and exacerbated developing world problems with some offering emancipating CSR programmes and yet simultaneously (in) directly constraining sustainable development or human rights (Rasche, 2009:194; Goulbourne, 2003; International Alert, 2005; Cannon, 1994:42; Banerjee, 2007:145). Thus, it is important that they can identify transformative, emancipatory structures and behaviors.

Given the lack of time-depth behind initiatives and writings combining FoRB and CSR, an exhaustive analysis of their interaction would be premature and much groundwork remains to be done.<sup>73</sup> Thus, in this paper, I synthesize literary resources on the challenges to both CSR and religious minorities to raise points that companies may wish to consider in the design and implementation of CSR programmes on FoRB. These points are, of course, non-exhaustive as praxis will determine which factors are or will become important in different contexts.

## What is CSR?

CSR, as a research field, lacks a Kuhnian normal scientific paradigm with a prevailing narrative that resolves conceptual tensions between normative descriptions of companies' social responsibilities, CSR's field of operation and how business functions (Lockett et al., 2006:133; Crane et al., 2008:4-7; Melé, 2008). Thus, it is used somewhat interchangeably with other overlapping cognate concepts, which describe its different facets<sup>74</sup>. As such, companies

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73 The purpose of this article is to open new lines of approach to this topic for subsequent treatment by the business community, policy-makers and scholars. I do not purport to have exhaustively or neatly unpacked each of the facets of this complex topic. Indeed, such a treatment would not be possible given the word limits allocated for papers of this journal's special edition on religious minorities. In order to assist those who are new to the topic, I have referenced works that expand upon some of the ideas set out throughout this paper.

74 These include: i) *Corporate Citizenship*, emphasising companies' public sphere involvement (Birch, 2001; Matten & Crane, 2005); ii) *Sustainable Business*, interlinking business, people and the environment so that their flourishing is mutually-dependent (Gladwin et al., 1995; Ramus & Montiel, 2005); iii) *Triple Bottom Line*, referring to companies' shift from a single financial bottom line to encompass social

have some flexibility to construct a version of CSR that suits their interests; however, CSR is constantly (re)defined through their dialectical relationships with stakeholders. Indeed, MNCs' practices negate, reproduce and transform the status quo (Kerr, 2013). Thus, as businesses actualise CSR in new areas, the very nature and norms that characterise this phenomenon change. The fact that the UN Global Compact (2014) has recently published a report on FoRB suggests that it is *becoming* a fully-fledged subcategory of human rights related CSR at the international level.

### Why has FoRB specifically emerged as a CSR concern?

FoRB, as a human right enshrined in Article 18 of the UDHR, is a relative newcomer onto the CSR stage. Its emergence can be correlated to the rise of other international trends. I will discuss these briefly as they provide the context in which this new trend of CSR has emerged.

At a macro-level, it would be amiss to neglect the causal effects of an almost omnipresent causal mechanism, globalisation, in CSR's rise.<sup>75</sup> Globalisation has benefited businesses, whilst the governmental capacities of many developing countries have diminished, leading recent global CSR narratives to argue that businesses should respond to ever wider-ranging issues. (Sklair & Miller, 2010:474)

Moreover, against the backdrop of new intrastate *network wars*,<sup>76</sup> which are often characterised by ethnocultural violence that centres upon factors such as religious identity (Kymlicka, 1996), globalisation has also been linked to a

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and environmental performances (Gray & Milne, 2002); iv) *Corporate Social Responsiveness*, which focuses upon how companies fulfill their responsibilities to stakeholders (Vercic & Grunig, 2000); v) *Corporate Philanthropy*, which emphasises recipients' inability to demand CSR (L'Etang, 1994; Porter & Kramer, 2002); vi) *Stakeholder Theory*, which assumes that values are an intrinsic part of doing business (Freeman et. al, 2004; Donaldson & Preston, 1995); vii) *Corporate Social Performance*, which is the configuration of socially responsible principles, policies, programmes, processes of responsiveness and observable outcomes in companies' social relationships (Wood, 1991; Sethi, 1975); viii) *Corporate Governance*, whereby companies exceed minimum requirements upon them (Schwab, 2008:110); and ix) *Social Entrepreneurship*, which is the transformation of socially and environmentally responsible ideas into products or services (Schwab, 2008:114).

75 *Globalisation* describes a dialectically interconnected set of discourses and real material transformations (Fairclough, 2010:452).

76 These wars are distinguished by absent, weak or predatory state institutions, the emergence of new and overlapping centres of authority, rising poverty and resource competition (See: Duffield, 2005:16; Rubin et al., 2001:6; Themnér & Wallensteen, 2012; Kaldor, 2005).

rise in religious fundamentalism. Indeed, fundamentalist movements tend to reject the multiple identities offered by globalization, trying “to impose their ‘constructed’ identity as the traditional or acceptable one” (Bengoa, 2000: 12), as the Da’ish militants in Iraq or Boko Haram in Nigeria. Such fundamentalism runs counter to a pluralistic society in which people of different faiths can co-exist as equal citizens.

Additionally, as countries that actively discriminate against certain religious communities (e.g. Burma and Vietnam) increasingly open up to trade (Rogers, 2014; CSW, 2014), if MNCs are to justify the gradualist approach of deciding to maintain operations and create wealth in countries that perpetrate such human rights violations, even if the goal is to bring incremental change, they will need to implement due diligence to avoid complicity.

## Where could CSR on FoRB lead?

In my view, the aim of CSR that sets out to tackle human rights challenges should have human emancipation as its core aim. In a Bhaskarian sense, emancipation can be seen as the shedding of obstacles that oppress a community to enable the free flourishing of each member of society as a condition for the free flourishing of all (Bhaskar, 1993). This idea of a long-term commitment to help a community towards a “sustainable” model of development has been incorporated into CSR brochures and programmes. Transferring this concept into the language of FoRB, Seiple (2012:98) argues that “*sustainable religious freedom is the legally-protected and culturally-accepted opportunity to choose, change, share, or reject beliefs of any kind, including religious ones, and to bring those beliefs to public discussions.*” This is a vision of full citizenship rights for all, of positive and not negative freedom, of what Fredrik Barth calls a “*structuring of interaction, which allows the persistence of cultural differences*” and, as Longva (2012) argues, the most important indicator of its non-actualisation is the denial of rights enjoyed by the rest of society. Achieving a sustainable model of FoRB would entail the shedding of current patterns of discrimination and inequality and the creation of new structures.

## The business case

As a CSR *rite of passage*, advocates for CSR on FoRB have shown their deference to companies’ need to increase profit, profitability and company-public relations, by appealing to the business case that investment on FoRB

can mutually benefit companies and society whilst not endangering their core business. This is a key argument used in the CSR literature for companies to use discretionary spending to help needy stakeholders (Porter & Kramer, 2002:257; Dunfee, 2008:346-347; Martin Curran, 2005; Frynas, 2008:278; Mazurkiewicz, 2004:6-7). The business case arguments for CSR spending on FoRB are compelling.

Hylton et al. (2008) show that the existence of “*laws burdening religion reduce economic growth and are positively associated with inequality.*” Moreover, empirical research by Grim et al. (2014) shows that FoRB contributes to better business outcomes as suggested by religious economies theory (Grim & Finke, 2007). At the macroeconomic level, they identify a positive relationship between global economic competitiveness and FoRB as exemplified by countries with lower government restrictions on religion having lower social hostilities involving religion. They also find a tandem effect, whereby the instability connected with rising religious restrictions is bad for businesses. For example, instability can decrease contract stability, disrupt companies’ activities and lowers investment opportunities.

## Points for corporate reflection

I will now briefly discuss five points that MNCs should consider if engaging in CSR with religious minorities in the communities in which they operate.

### ***1. The changing nature of religious minorities complicates their categorization and, thus, their identification***

Religious minorities can be defined as a group whose collective religious conduct is different from that of the majority (Bengoa, 2000). However, a minority may have long coexisted with others as nations in a state or have arrived through immigration. It may have homelands or not.<sup>77</sup> Moreover, a minority’s existence is not static and changes diachronically. It may have previously been (or become) a majority or constitute a majority elsewhere. Its historical emergence and incorporation into a society shape its collective institutions, identities and aspirations (Kymlicka, 1996), so that no two groups

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<sup>77</sup> The label of *indigenous people* has not yet been applied to a religious minority, although this may change if self-determination on religious grounds becomes accepted (Longva, 2012:9).

are exactly the same. The minority's relationship with society also changes in a dialectical relationship vis-à-vis other social groups. In a Buberian "I and thou" sense, the gaze of the other is definitional of a minority's identity and it should evolve so as not to be assimilated. Indeed, minorities can share many cultural values and practices with majorities.

Additionally, whilst religion may be one focus marker of a minority's social categorization, this is not unproblematic as identities are dynamic, changing, overlapping and somewhat porous and individuals may simultaneously belong to other social groups. Religious factors should not be considered in isolation; class, economic power and domestic and regional politics can also influence a minority's social capital and field (Longva, 2012)

## ***2. Acknowledging or benefitting minorities can be politically sensitive and costly; as such, a one-size-fits-all approach to CSR on FoRB is unlikely to be successful***

CSR is political in that its existence points to social absences that different levels of government have not met. In this vein, using CSR to promote (underdog) minorities' "fundamental freedoms," whilst morally responsible, implies that (top-dog) states are failing to perform their basic role of defending their citizens' human rights.

On the one hand, governments may actively promote inclusive policies with varying degrees of success and be grateful of MNC support.

On the other hand, some states may have self-interested reasons to actively promote or facilitate the domestic persecution of religious minorities. Religious minorities may be culturally but not politically loyal to a country or their links to diaspora, or overseas co-religionists may fuel suspicion, causing national governments to question their loyalty. As such, transnational networks can shape domestic policies vis-à-vis minorities.' (Longva, 2012:16)

Moreover, governments may prefer to seek a homogeneous citizenry. Indeed, the de facto or de jure recognition of minorities (or their absence) is politically strategic (Kymlicka, 1996). Even where a Constitution imposes a religion, excluding others, it may fail to specify a sectarian affiliation so that certain intra-religious minorities may not legally exist. (Longva, 2012:20)

In addition to non-recognition, a political elite may, for example, pursue ethnic cleansing or genocide, coercive assimilation, economic discrimination,

segregation, deny other political rights, discriminate through targeted social regulation, or cater to established religious groups' interests to raise support through financial subsidies, constitutional guarantees or other privileges. The potential negative long-term social or political consequences may be secondary to their short-term ability to maintain power. However, as Hylton et al. (2008:7) note, once negative church-state relations are established, governmental processes can be much more easily corrupted to favour certain groups over others in the distribution of posts or distortion of laws and law enforcement. Discrimination and marginalisation are tightly linked to minorities' poverty, particularly in the third world, which in turn can further exclude them from the global society and exacerbate ethnic, racial and religious differences and social hostilities (Bengoa, 2000:7-8). Such patterns are difficult to reverse as the dominant religions may feel threatened by rising concerns for minority rights and create a backlash. (Durham, 2011)

Importantly, religious minorities can both suffer and perpetrate structural and physical violence. Literature that depicts minorities simply as victims conveys the erroneous impression that they are not part of their societies, committing the Humean fallacy of saving one's little finger instead of the world of which it is itself a part. Whatever their role in causing any problems they face, communities often respond by mimicking the majority and participating in the hardening of identity boundaries, (re)producing patterns of mutually exclusive practices that can fuel conflict if unchecked (Longva, 2012). This complicates the task for those trying to identify the causes of violence; moreover, not only can the causal mechanisms that enable and/or hinder violence differ, but some causal powers may remain unactuated in one context, whilst triggering serious human rights violations in another.

### ***3. Companies should avoid asymmetric relations***

MNCs need to manage communities' expectations of what can be achieved through CSR programmes and avoid assistentialism. These challenges affect all CSR activities and need to be addressed at the initial community consultation processes before CSR activities begin. Indeed, CSR is not a panacea for long-standing structural problems in society. MNCs have struggled to achieve sustainable development projects and, as such, are unlikely to produce sustainable FoRB alone or overnight.



Related to this point, whatever the intention of the individual company, elitist egocentric atomicity<sup>78</sup> and abstract universalities<sup>79</sup> may prevail in a given country. The presence of MNCs and the wealth that they generate can help to perpetuate local elite interests or hinder change, thereby furthering asymmetric dependencies.

In this vein, international religious freedom, as CSR (see: Fleming & Jones, 2013), may be viewed (however justly) as being part of a Western imperialistic project. The morphing of public and private spheres where governments leave MNCs to act in their absence may also raise concerns over emergent forms of neo-corporatism and unaccountable power-sharing. (Holmqvist, 2009; Banerjee, 2007)

Practically, in implementing transformative praxis, MNCs cannot expect to change everything overnight, but they should engage with communities in a process of iterative and processual change, avoiding any imposition of alien structures. Societal make-up is inevitably influenced by a conscious scrutiny of some beliefs and an unconscious acceptance of others; thus, praxis is determined by *totems and taboos*. The imposition of modern arrangements may erode, and not build, social capital by failing to recognise accepted social and cultural norms. Thus, companies should reflect upon such norms to avoid programmes that may appear costly and illegitimate (Clever, 2001:34). In this vein, it is important for MNCs to include and gain the support of *obstructionist constituencies*, who otherwise seek to maintain the status quo by circumventing institutional constraints. (Rajan & Zingales, 2006)

#### 4. A positivistic approach is inadequate

Of course, private individuals cannot be left to determine public interest; however, industry managers may not have the necessary knowledge, soft skills, or ability to tackle social issues (Martin Curran, 2005; Frynas, 2009; Lee, 2006). Engineers have traditionally favoured conducting technical initiatives with quantifiable results, which may miss certain intangible factors. This means that whilst business consultations with local communities are primarily qualitative, many result in lists of local requests rather than further discussion of developmental challenges, resulting in costly, but ineffective programmes. (Frynas, 2009; 2005)

78 A self-centeredness that fails to acknowledge man's relationship to other humans.

79 The justification of an action that is tailored so as to enable a hidden agenda to prosper.

### *5. Finding the right local partners for CSR initiatives*

Given the potential sensitivities of religious minorities and other groups, care should be taken to understand and identify who represents their views and who to engage in consultations that no group feels disenfranchised. Subcontracting work to local partners should also be sensitively considered. Not only might certain company subcontractors commit unethical actions, but the local community should be able to trust them. (Halme et al., 2009; Haltsonen et al, 2007:48)

Civil society can provide valuable partners (such as NGOs and local associations with community experience) in the design and implementation of CSR programmes, bringing risk management, social legitimacy and reputational benefits.<sup>80</sup> Indeed, MNCs that solicit its guidance can sometimes avoid negative reprisals (Kourula, 2009:399; Teegan et al, 2004:475). However, NGOs also have their own interests. Indeed, some groups have posed as NGOs to get money and yet others may defend narrow agendas at the expense of the greater community interest. (Kerr, 2013)

In conclusion, thus, FoRB represents an exciting new area of CSR, but one that brings its own set of challenges. Companies should proceed, but should do so sensitively and with well-tailored programmes if they are to make a difference over time.

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80 As Kourula (2009:395) notes, civil society influences corporate policies by engaging with companies in: i) strategic partnerships or cooperation agreements; ii) common projects; iii) research cooperation or contracting; iv) certification; v) offering employee volunteering opportunities; vi) sponsorship; vii) survey; viii) roundtables; and ix) dialogue.