



COMMENTARY

Taking the P in political corporate social responsibility seriously

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Abstract

In this commentary, we engage with the study by Carney, El Ghoul, Guedhami, Lu and Wang, titled “Political corporate social responsibility: The role of deliberative capacity.” Their study provides empirical support for earlier claims that deliberative capacity – the capacity of political institutions to enable diverse stakeholders to collectively assemble and voice their opinions – is an important building block to understanding the prominence or lack thereof of corporate social responsibility (CSR) in a country. In so doing, Carney and co-authors contribute to the so-called “Political CSR” or PCSR literature. Yet, their study carries two important shortcomings that can be addressed to bring PCSR research forward in an IB context. First, they ignore a fundamental tenet of the PCSR literature, namely the existence of global governance gaps requiring private businesses to actively engage in political activity. Second, and related to the first, their model and associated variables are misspecified, with independent and dependent variables that are at least partially overlapping. Departing from these shortcomings, we attempt to engage constructively with their work in the interest of advancing the conversation in IB about private sector involvement in democratic will formation to achieve social and environmental responsibility.

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INTRODUCTION

Carney, El Ghoul, Guedhami, Lu and Wang examine the role of deliberative capacity in fostering corporate social responsibility (CSR). In essence, they seek to “advance a mechanism for how firm-level deliberations can be implemented effectively via the broader institutional setting of individual countries” (2022: 1767). Their core argument is “that firm-level CSR will rise as the deliberative capacity of political institutions increases” (ibid: 1767). By deliberative capacity, the authors “refer to the capacity of political institutions to enable diverse stakeholders to collectively assemble and voice their opinions” (ibid: 1767). Furthermore, they consider deliberative capacity in the context of both formal macro-level and informal meso-level institutions, where formal institutions are “officially sanctioned procedures for the creation of commonly shared and enforced rules that govern political, social, and



economic interactions” and informal institutions refer to “socially shared rules, usually unwritten, that are created, communicated, and enforced outside of officially sanctioned channels” (Helmke & Levitsky, 2004: 727).

Based on their extensive quantitative analysis of a large cross-country sample, Carney et al. (2022) intend to make three contributions to the political CSR or PCSR literature. First, they seek to expand this literature by accounting for the influence of deliberative processes that extend beyond the organizational level of analysis that they argue has characterized much prior PCSR scholarship. Second, they consider the interaction effects of firm-level deliberative arrangements with country-level institutions, and how this influences CSR outcomes. Third, they offer a cross-country analysis to obtain greater generalizability than previous studies, which they claim tend to be predominantly qualitative and single-country cases.

Indeed, they are completely right that to advance social and environmental responsibility, an array of societal stakeholders needs to be involved in corporate decision-making. As such, their study underscores “the value of dialogue between managers and stakeholders to generating new, creative solutions that balance commercial and social priorities in a more sustainable way...by engaging in sincere dialogue with a wider set of stakeholders, managers and their firms will be more likely to cultivate support from the local community in which they do business, and develop a more sustainable corporate strategy” (ibid: 1781).

Apart from bringing much-needed attention to PCSR research to IB scholars, we specifically appreciate the managerial implications that their study provides. In essence, as their research underscores, democratizing the corporation, including the multinational enterprise, and concomitant managerial decision-making is critical to finding solutions to some of the most urgent social and environmental challenges of our time. Yet, we feel obliged to alert readers, and specifically IB scholars who may seek to engage with the PCSR literature, to approach the claimed theoretical implications of the work of Carney and co-authors with a necessary degree of caution because of important shortcomings in their theoretical reasoning and empirical execution. As we will argue in greater detail below, two related and fundamental blind spots are embedded in their research. In a way, by revealing these blind spots, we seek to help push PCSR research forward in IB.

First, their study is based on an incomplete conceptual understanding – or lack of awareness – of a very fundamental tenet of the PCSR literature. That is, Carney and colleagues fail to account for the existence of global governance gaps that are the main reason as to why companies should engage in PCSR in the first place exactly in those contexts where government-supplied deliberative capacity is absent (e.g., Matten & Crane, 2005; Scherer & Palazzo, 2007, 2011). Thus, we see a need to bring greater conceptual precision to their underdeveloped and incomplete understanding of PCSR. In doing so, we urge for a better acknowledgement of the vast body of PCSR research that has been done so far in the past. Basically, our argument is that we need to take the P in PCSR much more seriously than Carney et al. do.

Second, and as a consequence of the first omission, their empirical study suffers from serious methodological flaws due to a misspecified conceptual model. This is so because their theoretical logic is based on tautological reasoning in which the independent and dependent variables are at least partially overlapping, thus confounding the explanatory potential of their findings. For instance, their independent variable captures, *inter alia*, “associational freedom” as a determinant for CSR. Yet, it is exactly this very associational freedom – along with other factors that comprise those formal and informal institutions on which Carney et al.’s independent variables are based – that companies ought to provide as part of their PCSR activities in contexts where governments are unable or unwilling to do so – and as research shows companies often do (e.g., Acosta, Acquier & Gond, 2021; Reinecke & Donaghey, 2021; Schüßler, Lohmeyer, & Ashwin, 2022).

Taken together, these shortcomings imply that Carney and colleagues fail to fully reap the opportunity to break new theoretical ground in how we think about PCSR and deliberative capacity in IB research. Instead, rather than offering the substantive contribution that we need to really push IB’s PCSR research agenda forward, their study is limited to providing confirmatory evidence of earlier research about the importance of deliberative spaces for CSR, most importantly the seminal work of Campbell (2007), which Carney et al. also refer to. As Campbell has argued, corporations will be more likely to engage in (non-political, in his case) CSR, (a) if there are strong supporting state institutions based on negotiation and consensus building among corporations, government, and the



other relevant stakeholders, (b) if there are trade or employer associations that promote CSR, and (c) if corporations are engaged in institutionalized dialogue with unions, employees, community groups, investors, and other stakeholders. Notably, however, Campbell (2007) also did not consider the prevailing global governance gaps where exactly those conditions that are said to enable CSR are absent, and instead ought to be provided by business firms in the first place. We specify the above-mentioned shortcomings in greater detail below, seeking to provide constructive suggestions as to how to move research about the role of deliberative capacity in PCSR forward, and how IB could critically contribute to this research agenda.

WHEN A COIN HAS TWO SIDES, ACKNOWLEDGE BOTH

Carney and co-authors characterize PCSR as emphasizing “the importance of deliberations and collective decisions to fostering more socially responsible corporate behavior” (2022: 1766), where PCSR shifts attention “away from aligning CSR with business interests and toward an emphasis on ‘democratic will formation’” (Scherer & Palazzo, 2007: 1109; cited in Carney et al., 2022: 1766). While their observation is correct that a fundamental building block of PCSR scholarship is the emphasis on deliberations among stakeholders, its implications are taken too lightly. In fact, Carney and co-authors miss out to acknowledge the other side of the coin of PCSR, which is much more fundamental to the concept: the P that is put in front of “non-political” or “traditional” approaches to CSR. That is, it is the nature of the societal and contextual conditions that motivate the very need for business firms to engage in *political* forms of corporate social responsibility in the first place.

As Goodman and Mäkinen (2022: 1, *emphasis added*) have recently summarized persuasively, “political corporate social responsibility (PCSR) calls for firms to *implement and engage* in deliberative democracy processes and structures, *addressing governance gaps where governments are unwilling or unable to do so.*” Consequently, PCSR intends to compensate for the inherent limitations and failures in state governance, be it in democratic or non-democratic countries. Thus, business firms could – or should, from a normative stance – take responsibility to fill governance gaps by engaging in socially and environmentally responsible

behavior, self-regulation, and the (co-)production of public goods. The larger the governance gaps that the state (or states) leave unfilled, the larger the need for political responsibilities and engagement of business firms and other non-state actors to maintain the societal order (Eberlein, 2019).

The existence of such governance gaps is in fact constitutive of PCSR and generates two needs: (1) the need to close or at least reduce these governance gaps by corporate engagement so that the public interest for responsible business conduct is served, and (2) the need to embed corporate engagement in deliberative processes so that business firms legitimize their political actions in the eye of the public. This is the very reason why scholars have called for a politically informed understanding of CSR in global value chains and production networks, and continue to do so, amongst other in a recent special issue call for papers in *JIBS* about the global scope of corporate sustainability.¹ This is why the P is put in front of CSR, to distinguish it from traditional forms of CSR which were largely based on the assumption of a functioning division of labor between nation states to provide social welfare and business firms to make a profit (Scherer & Palazzo, 2007).

Yet, Carney and co-authors base their argument, and thus their three intended contributions to the PCSR literature, on the assumption that “the basic preconditions for deliberative dialogue to occur include the existence of an institutionalized setting for the representation of diverse interests and the exchange of varying opinions” (2022: 1769). This, however, is problematic, because the *absence* – rather than the presence – of such institutionalized settings of representation where the rule of law and basic democratic processes are *not* properly working is exactly what has led to the emergence of PCSR scholarship, hence being fundamental to the concept. Implementing and engaging in such settings is what business firms ought to provide as an *output* of their PCSR activities, rather than taking it simply as an *input* for what they do in the name of CSR (Palazzo & Scherer, 2006). To take the P in PCSR seriously implies that assigning corporations a political role, and not purely an economic one, should be the heart of the theory. In Carney et al., this defining aspect of PCSR is only mentioned in passing, playing no role whatsoever in their conceptual reasoning.

Critically, as Scherer, Palazzo and Baumann (2006: 506) have argued in one of the earlier contributions to PCSR research, “in a globalized

world, however, *global governance* – referring to rule-making and rule-implementation on a global scale – is no longer a task managed by the state alone.” Instead, multinational corporations (MNCs), together with civil society groups and other relevant stakeholders, change their role from purely economic actors that operate in more or less intact political-institutional contexts into becoming political actors themselves, often replacing or at least complementing governments. In doing so, they “increasingly participate in the formulation and implementation of rules in policy areas that were once the sole responsibility of the state or international governmental organizations” (Scherer et al., 2006: 506). Philosopher Jürgen Habermas (2001) has described this new institutional context of increasing political significance of non-state actors and decreasing nation-state governance as the “post-national constellation” (see also Doh, McGuire, & Ozaki, 2015; Scherer, 2018). Thus, “political CSR suggests an extended model of governance with business firms contributing to global regulation and providing public goods”, and defining and enforcing public rules (Scherer & Palazzo, 2011: 901; Scherer, 2018).

Because of this acceptance of private agents becoming political actors that provide public goods (or avoiding public “bads”) and rules, rather than relying on the prevailing institutional context, their actions need to be legitimized. This premise makes deliberation and democratic will formation with involved stakeholders core conditions of PCSR (e.g., Matten & Crane, 2005; Palazzo & Scherer, 2006; Scherer & Palazzo, 2007, 2011). In essence, corporate involvement in global governance is said to be only justified if it is based on deliberative democratic principles that promote and legitimize the engagement of business firms jointly with civil society and other stakeholders most prominently in “locations that lack democratic control” or the “rule of law” (Goodman & Mäkinen, 2022; Scherer & Palazzo, 2011: 902). Clearly, IB could contribute much here, as MNCs are key and powerful actors and agents of this kind.

Seen through the above PCSR lens, we have to conclude that Carney and colleagues motivate their study based on an insufficiently developed or half-limbed research gap. They argue that our understanding of “the effectiveness of firm-level deliberations remains limited without an understanding of the socio-political environment of the countries in which CSR activities are implemented” (2022: 1767). Yet, they completely overlook the vast body

of research that has investigated exactly those societal and contextual conditions that have led to the emergence of PCSR in the first place (see recently, e.g., Scherer & Voegtlin, 2020). As a rich body of literature has shown, albeit surprisingly limited research in the IB field, companies, including MNCs, increasingly operate in contexts of serious governance gaps. Due to unwillingness or inability of nation-state governments to act, there is a partial or complete lack of regulatory and enforcement mechanisms for ensuring socially and environmentally responsible business conduct (e.g., Boddewyn & Doh, 2011; Ehrnström-Fuentes, 2016; Frynas & Stephens, 2015; Marano, Tashman, & Kostova, 2017; Matten & Crane, 2005; Mena & Palazzo, 2012; Scherer & Palazzo, 2007, 2011; Wickert, 2016).

As a consequence, the world’s major and life-threatening ecological and social problems, such as climate change, deforestation, access to water, structural inequality, human and labor rights abuses and exploitation of workers, have emerged in largely ungoverned globalized markets and supply chains that typically cross-national borders (Scherer, Palazzo, Rasche & Spicer, 2016). These governance gaps have led civil-society actors to urge private businesses to assume quasi-governmental, political roles in collaboration with non-governmental organizations (NGOs) and other civil-society stakeholders (Boddewyn & Doh, 2011; Valente & Crane, 2010). PCSR thus fundamentally departs from traditional conceptualizations of CSR by assigning private actors an extended political – rather than purely economic – role that goes “beyond traditional philanthropy or corporate social responsibility (CSR) programs in that they place firms in quasi-governmental roles where major decisions about public welfare and social provision have to be made” (Valente & Crane, 2010: 52).

Given this fundamental and very important tenet of PCSR – the need for democratic deliberation *because* of global governance gaps – the claimed contributions by Carney and colleagues to the PCSR literature, as well as their underlying motivation for doing so, rest on shaky ground, being based on a substantially underdeveloped and theoretically incomplete understanding that overlooks important premises of this literature. This problem surfaces, for instance, when looking at their first contribution, where they intend to examine alternative “arenas of deliberation” (Fung, 2003; cited in Carney et al., 2022: 1780) at the country level. They



argue that there is a gap in the PCSR literature “with regard to understanding alternative deliberative settings” because scholars have “largely focused on understanding how business engages in deliberations and collective decision-making with other stakeholders, such as multi-stakeholder initiatives [...] or the interaction between MNCs and local suppliers in the application of MSI standards [...]” and that “this has contributed to an emphasis on private regulation in place of governmental regulation”.

This argumentation, however, is imprecise, because PCSR scholarship has naturally focused on private self-regulation to compensate for lack of government regulation because effective regulation and limited statehood are exactly those contextual conditions of the wider socio-political environment that characterize governance gaps. Also, it is those formal and informal institutions that Carney et al. generally presume to be in place that are in fact missing, something that has been described as institutional voids (e.g., Mair, Marti & Ventresca, 2012). For one, formal institutions are officially sanctioned procedures for the creation of commonly shared and enforced rules that govern political, social, and economic interactions (North, 1991). This reflects exactly the type of governance gaps that motivate PCSR in the first place. Similarly, informal institutions that refer to “socially shared rules, usually unwritten, that are created, communicated, and enforced outside of officially sanctioned channels” (Helmke & Levitsky, 2004: 727) are precisely those that business firms ought to create to ensure social and environmental responsibility, together with relevant local stakeholders and through deliberation in those widespread contexts where PCSR is an issue.

Yet, Carney et al., (2022: 1767) refer to informal institutions as including, amongst other aspects, the “freedom of individuals to assemble and form private associations and organizations, or associational freedom (the meso-level institution).” This, however, mirrors Principle 3 of the UN Global Compact,² one of the largest voluntary regulatory schemes in the world to promote human rights protection, labor norms, environmental standards and anti-corruption to which thousands of companies have committed themselves (e.g., Rasche, Waddock, & McIntosh, 2013; Wickert & Risi, 2019): “Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.” Creating such conditions is thus one of the key activities that

businesses ought to consider as part of their PCSR strategy in those contexts where governments are unwilling or unable to do so, as shown by, for instance, Acosta et al. (2021) and Reinecke and Donaghey (2021).

The incomplete understanding of the PCSR literature of Carney et al., and their concomitant contributions, also surfaces when looking at the composition of their sample of 34 largely OECD countries, which is either inadequate to address the context of PCSR altogether or at least implies a heavily biased country sample that does not link particular countries to the salience of specific or more general governance gaps. Here, Carney and colleagues miss out to specify critical differences between, for instance, liberal democracies and authoritarian or oppressive regimes that are both included in the sample. Regrettably, they do not seize the opportunity to link particular countries to the salience of specific or more general governance gaps, and they do not account for the substantial impact this might have on the relationship between the state and private corporations (e.g., Kourula, Moon, Salles-Djelic & Wickert, 2019).

In sum, the one-sided (and hence limited) understanding of the PCSR literature that Carney and colleagues show in their writing ignores the very potential and relevance of PCSR as a critical and very important form of a politically active role of MNCs to contribute to societal welfare in places where local institutions, formal and informal, fail to do so. In an IB context, PCSR implies a call for a revised and transformed perspective on MNCs (and global value chains, more generally), which the latter turned into active and politically engaged agents that contribute to worldwide welfare by compensating for institutional voids that emerge around the globe. This is why MNCs’ political role should be at the very core of IB work in the PCSR tradition, requiring not only a different theoretical lens than the one suggested by Carney et al., but also a different type of empirical study. It is to the latter that we now turn.

THE PROBLEM WITH TAUTOLOGICAL REASONING IN CSR

As we have argued above, the creation and governance of formal and informal political institutions by private enterprises, and particularly deliberative capacities in contexts where they are absent, is exactly what PCSR is all about. Hence, if modeled quantitatively, these factors need to be considered,

at least partially, as a *consequence* of PCSR, and not only as a causal precondition. This is a reverse causality issue. Carney et al. (2022) focus on one side of the causality coin, precisely being the one that is less fundamental to PCSR. Moreover, in their specification of the empirical model and choice of measures, they further muddy the waters, implying that they not only underutilize the data they have but also provide evidence that is confounding. In this section, we briefly discuss these empirical methodological flaws, feeding into suggestions for future IB work to clear these muddy waters in the next section.

First, Carney and colleagues operationalize the dependent variable with a measurement of CSR based on the Thomson Reuters ASSET4 ESG database, but precisely this measurement conflates the dependent with their independent variables. This is so because this measurement includes, amongst other elements, adherence to the ten UN Global Compact Principles that reflect many of the factors that constitute PCSR. For instance, by signing up to the UN Global Compact, companies commit to provide freedom of association not only in contexts where concomitant institutional infrastructures and relevant laws and regulations exist, but specifically in those contexts where they do not and would thus have to be created based on self-regulatory activities by businesses (see Principle 3). Thus, if PCSR is about the provision of these institutional structures, and if doing so is considered a socially responsible business activity, then not only their conceptual model would be tautological (see Popper, 1959; see also Priem & Butler, 2001, for a similar argument about tautological reasoning in the resource-based view of the firm), but also would their right-hand measure capture part of their model's left-hand side.

Recall the content of UN Global Compact Principle 3 above. Despite this, Carney et al. (2022: 1770) argue that "a greater degree of freedom for individuals to assemble and form professional and private organizations produces higher levels of firm CSR within that country." As an independent variable, they use Freedom House's (2018) Associational and Organizational Rights (Associational Freedom). Associational Freedom measures "the freedom of assembly, demonstrations and open public discussion; the freedom for nongovernmental organization; and the freedom for trade unions, peasant organizations and other professional and private organizations" (Teorell, Dahlberg, Holmberg, Rothstein, Alvarado Pachon, & Svensson,

2019: 299; cited in Carney et al., 2022: 1771). In doing so, again, they conflate the independent and the dependent variables in problematic ways, because aspects of what is considered PCSR (e.g., the private provision of public goods, including deliberative capacity) are presumed to lead to more of something that is also included in the definition of PCSR, namely furthering social or environmental goods.

The lack of attention to potentially tautological reasoning and conflated measures also surfaces in the third contribution – the cross-country nature of their analysis – that Carney and colleagues intend to make. There, they argue that "work in the PCSR literature has primarily focused on theory development and empirical analysis in the context of a single case or country context" (Carney et al., 2022: 1780), and "this has created a gap with regard to the generalizability of the findings and with regard to assessing the impact of a country's democratic advancement on deliberative arrangements considered salient for enabling firm CSR activities" (ibid). While we concur with the limited ability for generalizability of qualitative (case) studies, they again confound the lines between what are to be considered the independent and the dependent variables. As we have shown above, a critical component of PCSR is to create those deliberative arrangements in the first place in those contexts where they are considered absent.

This misspecification of what constitutes a PCSR activity and what would be a consequence (or determinant) of PCSR is not only problematic methodologically, but also surprising given that Carney and colleagues, in their discussion, acknowledge that "MNCs may use their power as lead actors in the supply chain to act as 'guarantors, capacity-builders and enforcers of workplace dialogue between managers and workers in their supplier factories'" (Reinecke & Donaghey, 2021: 459; cited in Carney et al., 2022: 1778). Collectively, these conflation and the tautologies in their reasoning substantively limit the explanatory potential of their findings. While the core of their argument is that "deliberative capacity at varying levels enhances firm CSR activities," they simply fail to acknowledge that if the P in PCSR would be taken seriously, enhancing deliberative capacity is a critical and fundamental PCSR activity (Carney et al., 2022: 1778).



MOVING RESEARCH ON DELIBERATIVE CAPACITY, GLOBAL GOVERNANCE, AND PCSR FORWARD

Notwithstanding suffering from problematic theoretical and related methodological shortcomings, Carney and colleagues make an important point that could potentially lead to much needed research into the reciprocity between deliberative capacity and PCSR as two inseparable sides of the same coin. And we agree that IB scholarship has a lot to offer here. In our view, what the research by Carney and colleagues is, albeit implicitly, calling for is more emphasis on multi-level analysis and longitudinal research that explores the two-way interaction between PCSR and the development of deliberative capacity over time, as well as a contextualized understanding of PCSR that includes cross-country comparisons, specifically of the Global North vis-à-vis the Global South. In fact, as Scherer (2018: 397) argues, globally operating businesses, which are the heart of IB's research agenda, are facing heterogeneous institutional environments that not only include "a big variety of more or less democratic rule of law states", but also failed and weak states, as well as strong and economically potent but oppressive states.

From this perspective, Carney et al.'s set of countries should preferably be expanded to include many more observations from many more of these countries featuring serious institutional voids (e.g., failed or fragile states as listed in the "Fragile States Index"³), to then examine the reversed causality that is implied by the very notion of PCSR. Adding such countries would help address the major theoretical shortcoming of their research – i.e., the oversight of governance gaps and the P in front of CSR. The authors, and future research more generally, could draw on that or a similar Index and reanalyze their data by measuring the strength of governance gaps in the countries of their sample, which includes several weak(er) states from Asia and Latin America. As is the case with all traditional regression analyses, their estimates reveal average effects across countries, so hiding the underlying variation that might be more interesting from a PCSR perspective.

Revealing this variation by clustering the sampled countries may help to shed a first light in how a country's specific governance gaps about certain social and environmental issues are related to businesses' PCSR activity. To guide such sampling,

researchers could use a well-known autocracy-democracy index from political science, such as V-DEM (<https://www.v-dem.net/>), or any other index that identifies the country-level degree of governance gaps (see for a careful assessment of different alternatives, Vaccaro, 2021). If the data include information on the home countries of businesses, the international angle of their study could be strengthened further by examining how features of the country of origin may interact with the host country's characteristics. This would be insightful, because in some countries such as India and Germany or France, we can even witness a "return of the state" and resurgence of public regulation of previously voluntary CSR issues that used to be left to private regulation but where such regulation failed to improve relevant social or environmental conditions (e.g., Kourula et al., 2019).

Furthermore, Carney and co-authors voice – and rightly so – the standard and well-established critique of qualitative research as limited in its ability to offer generalizable findings. Notwithstanding this criticism, the type of quantitative research they employ is equally limited in its ability to provide rich insights and detail into phenomena in those contexts where they take place – both issues that have been widely acknowledged by general management (e.g., Bansal & Corley, 2012; Langley, 1999) as well as IB scholars (e.g., Birkinshaw, Brannen, & Tung, 2011; Reuber & Fischer, 2022). Thus, the work of Carney and colleagues can be taken as a case in point underscoring the need for the yet very scarce multi-level and mixed methods research in PCSR that, amongst others, aims to tease out the complexities of how firms operate in contexts of global governance gaps "on the ground", and how this varies across countries (cf. Eden & Nielsen, 2020; Knight, Chidlow, & Minbaeva, 2022). Gathering such datasets will be challenging, but worth attempting for the reasons given above.

When engaging in such research, it is important that scholars acknowledge that PCSR essentially rests on a normative framework of what business firms ought to do, from a social responsibility perspective, when operating in or across contexts where governance gaps exist (e.g., Schembera et al., 2022). Whether business firms meet these expectations, and actually fulfil their task to further the provision of public goods, is a question that has concerned a myriad of scholars (e.g., Maher, Huenteao, & Quintremán, 2022; Rhodes & Fleming, 2020). For example, Goodman and Mäkinen



(2022: 1) remind us that the “underlying assumption that the implementation of PCSR will enrich democratic processes in society has been exposed and challenged.” In their conceptual study, they argue that despite the premise of PCSR theory to “thicken” the democratic fabric of a society, “corporate democratization at meso level can have the opposite effect and may actually erode macro-level democratic control of society and the economy.” We concur with Goodman and Mäkinen and others (e.g., Kourula et al., 2019) that this calls for more attention to multi-level analysis in PCSR research in order to account for the interdependencies and repercussions between state-level public institutions and the responsibilities of business firms toward those institutions (see also Boddewyn & Brewer, 1994). Here, we believe that IB research is also well-positioned to further disentangle the relationship between PCSR and firm size, where prior research has pointed out that also small and medium-sized enterprises are frequently embedded in globalized supply chains and production networks, and that PCSR is thus not an issue just for MNCs (e.g., Baumann-Pauly, Wickert, Scherer & Spence, 2013; Wickert, 2016).

What we consider an equally important subject for future research in IB is to examine the consequences of collective business and government attempts to “thicken” macro-level democracy. For instance, as Goodman and Mäkinen (2022) and others (e.g., Banerjee, 2022; Ehrnström-Fuentes, 2016; Rhodes & Fleming, 2020) have argued, private sector involvement in the provision of public welfare and the engagement with deliberative and democratic processes may possibly “de-democratize” society even in settings where

democratic institutions are well-established. Further scrutiny and cross-country comparison, for instance based on multiple in-depth case studies that consider the power and political interests of multinational corporations, is thus urgently needed. Carney et al. are right that PCSR is a topic that should be studied through an IB lens. And although they provide a first step, we argue in this commentary that the flaws in their work point the way to an exciting and highly important line of IB PCSR work.

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NOTES

¹<https://resource-cms.springernature.com/springer-cms/rest/v1/content/18416482/data/v2>

²<https://www.unglobalcompact.org/what-is-gc/mission/principles/principle-3>

³<https://fragilestatesindex.org/>

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