

Examining corporate social responsibility of multinational corporations: The validity of international guidelines

PhD (C.) Henris Balliu

Department of Public Law, Faculty of Law, University of Tirana

PhD Ejona Bardhi

Department of Public Law, Faculty of Law, University of Tirana

Abstract

This paper will begin with a discussion of the concept of Corporate Social Responsibility, what it entails and the inapplication of the concept to cross-border issues.

Secondly, the discussion will lead into an analysis of Multinational Corporate Entities, focusing on ways in which the parent company can be held liable in the courts of the home state.

The Corporate Social Responsibility (CSR) concept presents not only a picture of theories but also a number of approaches, which are disputable, vague, complex and ambiguous. This article critically analysis the concept of CSR in relation to the liability of Multinational Corporate Entities.

By examining the main CSR hypothesis and related approaches under four pillars:(a) are corporations only interested in wealth creation (b) are there enforceable laws or guidelines under OECD and International Law as to establish liability of corporations(c) can Multinational Corporate Entities be held criminally liable (d) moral theories, based on ethical responsibilities of corporations to society.

Multinational Corporate Entities operate in what has been described as “a vacuum between ineffective national laws and non-existent or unenforceable international laws”. (Corporate Social Responsibility Human Rights and the Law, Amao Olufemi,2011)

Under International Law the MCEs are narrowly recognized and usually not directly bound by International Law. The effort as to the way MNEs operate with regard to Corporate Social Responsibility have resulted in soft laws and/or self-regulation.

Moreover, it is imperative to address the role of MNEs in developing countries in relation to the pivotal impact in their economies. The need for such economic injections has overlooked the necessary steps that such corporations are required under soft laws or international guidelines to follow. Governments should not believe that they are helping businesses by failing to provide adequate directions or instructions as to human rights impact of corporate activities. All states have a legal obligation to protect human rights.

As the concept of CSR has been evolving so has the criticism. It is from an economic perspective that CSR has been criticized for being vague in its aims set for itself and alienating Foreign Direct Investment from developing countries which economies greatly rely on as to the quality of life for their citizens.

While from a legal dimension of CSR considers the concept as a means of accommodating legal changes to accomplish CSR objectives.

Keywords: Corporate, Social, Responsibility, Entities.

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