

Review of Catherine Malecki: Corporate Social Responsibility. Perspectives for Sustainable Corporate Governance

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This book presents a very important paradigm shift toward a responsible, ethical, care-based and sustainable corporate governance. The author argues with innovative commitment that we face a new stage of the evolution toward corporate governance. Corporate social responsibility (CSR) is now a much more integrated part of corporate governance, and there is a historical continuity of this development of corporate governance and CSR. In particular, the European Union has contributed to this development with its policymaking and implementation of CSR through different recommendations, resolutions, communications, consultations and action plans. With this, we are moving beyond a purely economic concept of corporate governance toward an institutionally integrated and socially embedded concept of corporate governance. We can say that there has been a revolution of corporate governance with the introduction of the CSR agenda in Europe, and this important book with the precise title *Corporate Social Responsibility. Perspectives for Sustainable Corporate Governance* explains this shift with the focus on legal politics, private law and corporate law.

Catherine Malecki shows that the political and legal work of the European Union with CSR has moved CSR to mature levels of global CSR governance and made the CSR agenda a truly European effort of society. We are truly beyond the neoliberal idea of “the business of business is business” if we look at the legal intentions and values of legislation, policymaking and legal practice of corporate governance. It is an important part of this development is the legal model of transparency and information integrated in the European model of non-financial corporate reporting related to CSR activities and CSR performance of the company. This soft law approach has contributed to make CSR a virtue of business and corporate governance that functions as a soft law instrument that contributes to the reinforcement of the hard law of the regulation of business organizations. What is interesting in the explanation of the soft law model of social responsibility as a virtue as foundation of corporate governance is that the soft law approach has been essential for a new shaping of the hard law model of corporate governance. This model becomes much more value-based and social with the influence of the soft law legislations models of CSR on the hard law models of corporate governance.

On this basis, Catherine Malecki discusses the most important dimension of sustainable corporate governance. It is important that sustainability is the key focus of the corporation. This also relates to a long-term strategy as having an influence on a director's pay and give shareholders better voting rights if they are committed to sustainability. Corporate



governance with focus on sustainability includes a stakeholder-oriented, participative and collective concept of governance, which includes human dimensions in the concept of governance, including respect for vulnerability, integrity and dignity. This would, for example, involve a behavioral concept of governance, with better representation of different and diverse stakeholder groups with multiple origins, for example, women or people with different social backgrounds on the corporate boards.

It is furthermore essential to sustainable corporate governance that it is cognitive, technical and thereby moving beyond only economic representation of activities in traditional financial reporting. It is important to include non-financial, social and environmental information in corporate reporting for sustainability to give the company possible social competitive advantage and benchmark. Sustainable corporate governance is here not only about transparency and decision-making but also about communication of social behavior where the company achieves increased corporate legitimacy. Catherine Malecki introduces the concept of world-corporate governance, where corporate reputation and establishment of legitimacy involve fight against corruption, respect for human rights and social and environmental commitment of the corporations in the world. Indeed, this happens in cyberspace with electronic website interaction of the company with its stakeholders. Moreover, this involves genuine public relations of CSR and corporate governance, contributing to a sustainable public order of national and international society.

Rightly, Catherine Malecki asks the question whether this new form of world-corporate governance as CSR is too much for the corporation. Critical voices argue that the increased *responsibilization* of business beyond tradition legal and ethical limits leads to an overload of tasks of the business corporation which ignores the most important duty of a business organization, namely, to make money within the limits of laws and custom of society. As argued by the neoliberal economist Milton Friedman and his followers, too much focus on CSR in corporate governance may lead to inefficiency and loss of business focus of the corporation. Addressing this topic, Catherine Malecki considers CSR and world-corporate governance to be general elements of our present evolution of business governance. The sense of responsibility is present for all stakeholders, including business, investors, different industries, the state and local community, so there is a general focus on the need for more responsibility in corporate governance. Is this becoming too much? Here Catherine Malecki argues that as we start from a general lack of responsibility with many environmental and human disasters, it is a big advantage for future generations that the focus of responsibility has become so strong in corporate law and corporate governance.

Thus, Catherine Malecki asks the question whether there is a perspective for the common good in this new paradigm of corporate governance. The law of corporate governance with focus on CSR and sustainability moves toward protection of environmental sustainability and contributes to take care of vulnerable stakeholders. This is documented by the resolutions of the European Parliament in the European Union. Accordingly, from this perspective, CSR and sustainable corporate governance seem to be strongly realized in the practice of legislation and behavior in Europe. However, Catherine Malecki also hesitates in considering this as a fact of law and legal practice when she states: "The road that leads to CSR will be a difficult one and will imply preventing, anticipating, repairing and taking into account of the environmental, social and societal dimensions of CSR commitments in the sort of worldwide version that is the necessary condition if it is to be a success. Reconciling the goals and the demands of a profit-generating and therefore effective sustainable corporate governance will thus be quite some balancing act" (p. 451).

With this book, Catherine Malecki documents that CSR and corporate governance law is far beyond a traditional positivist or realist concept of law. What we see in CSR and

corporate governance law is much more than specific rules and regulations. It is indeed a vision of a good society and a statement of values for business and corporations in the European Union. Catherine Malecki's book can be read as a presentation of this new discourse of law a focused on the common justice for all stakeholders and on the good corporate citizenship of business organizations as responsible members of society. But CSR and corporate governance law of sustainability are more than "aspirational talk" and soft visions of a better society. What is interesting in the legal developments of soft and hard law of corporate governance is that we face the emergence of new much more ethical and political concepts of law, where businesses contribute to the creation of the good society of sustainable development for future generations. This book gives us first sight understanding of this development with detailed analysis of soft and hard laws of corporate governance and sustainability.

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