

# Book Review: Corporate Social Responsibility, Private Law and Global Supply Chains by Andreas Rühmkorf

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**Rühmkorf, Andreas. *Corporate Social Responsibility, Private Law and Global Supply Chains*. Northampton: Edward Elgar, 2015. xvi + 264 pages. Hardcover, \$125.00.**

Human rights and environmental protection have evolved as pivotal issues within Corporate Social Responsibility (CSR) guidelines for companies with international reach. The United Kingdom (UK) has grappled with developing a consistent method of enforcing corporate governance in support of these ideals within the international market. In his book *Corporate Social Responsibility, Private Law and Global Supply Chains*, Dr. Andreas Rühmkorf, a lawyer and professor of commercial law, proposes how English private law can be used to ensure corporations that utilize global supply chains are held accountable for violations of their own corporate governance. The author examines case studies of fifteen UK-based corporations which issue their own governance based on the European Union's *recommendations* for corporate code of conduct. Although any inherently transnational CSR guidelines implemented remain primarily under the auspices of English law, Rühmkorf's analysis of these guidelines is valuable despite the United Kingdom's recently passed referendum to withdraw from the European Union.

Rühmkorf enumerates four subcategories within English private law to impose a higher duty for companies headquartered in the United Kingdom to practice Corporate Social Responsibility principles. This analysis includes: 1) the usage of directors' duties as an avenue to promote CSR, 2) the study of first tier corporations that include CSR guidelines in supply chain contracts, 3) consumers' claims under certain English statutes that assert corporations who have engaged in misleading business practices have in fact violated their own CSR principles, and 4) the use of class action lawsuits under tort law for such violations.

The author analyzes section s172(1)CA of the United Kingdom's Company Act of 2006 which upholds a Board of Directors' right to determine the best interests of the company although it is still obliged to balance the interests of other stakeholders such as employees and suppliers based on the enhanced shareholder theory. Thus, in this context, CSR is at the corporation's discretion as courts are hesitant to interfere with the daily operation and management of private entities. Rühmkorf then presents an interesting legal approach explaining that shareholders may use their stake to enforce CSR goals on a corporation through derivative actions under the UK's Stewardship Code of 2010. However, the author again concludes that such an action would likely have little to no impact in holding corporations accountable for violations of CSR policies as shareholders are the primary beneficiaries of corporate financial gain.

Thereafter Rühmkorf discusses the United Nations Guiding Principles on Business and Human Rights and how UK-based companies which incorporate CSR guidelines in their global supply chain contracts may use jurisdiction as an enforcement mechanism. For instance, when

an English company specifically states within an executed contract that English courts have jurisdiction, those entities which voluntarily availed themselves of such contracts must adhere to those terms. The author also mentions the Brussels I Regulation, a European Union law which states that an entity based in any European Union member-state and party to a contract has jurisdiction in such disputes. Rühmkorf also delves into great detail regarding various tiers of contracts, standard purchase orders, and produced goods which comprise the global supply chain, in order to determine whether contractual terms may be enforced against third party beneficiaries. Based on the UK's Contracts Act of 2009 and the Privity of Contract Doctrine at common law, it is unlikely that a first tier UK-based corporation has the ability to impose such standards on tenuous sub-contractors unless the primary agreement expressly incorporates such a clause.

In addition, Rühmkorf assesses the doctrine of legal misrepresentation to empower consumers to seek remedy against a company for CSR violations. However, the enforcement of the consumer's civil lawsuit due to a company's misrepresentation to adhere to CSR guidelines is based on whether or not the consumer's purchase is inherently defective. The buyer's claim is limited unless the purchase is defective or not what it is purported to be. Beyond boycotting, a consumer is generally unable to enforce CSR guidelines as Parliament designated this duty to regulatory agencies. Nevertheless, Rühmkorf does assert that buyers who were induced to purchase based on CSR assurances and incurred additional costs as a result, may institute class action lawsuits against corporations to encourage CSR and as a deterrent to prevent future deviance. Finally, he discusses the post-2014 Amendments to the UK's Consumer Protection From Unfair Trading Regulations Act as a legal alternative for consumers to hold corporations liable for CSR breaches. The Amendment provides that a consumer's single purchase with a company is a contract. However, a consumer's product claim can be easily remedied by a simple return for refund and therefore does not have the impact of influencing corporate conduct unless performed en masse.

Rühmkorf admits that current English law limits avenues in which a consumer or privy members of a corporation can effectively enforce Corporate Social Responsibility principles. Rühmkorf's analysis is riddled with caveats which lead to the overarching conclusion that corporate governance is a voluntary act and private means to enforce CSR principles are restricted. Thus, unless specified by law, CSR is difficult to enforce against corporations and therefore can only be highly encouraged. He concludes his broad analysis by proposing amendments to current English statutes in order to improve the promotion of CSR guidelines for English-based companies.

Rühmkorf is not the only academic who has published recent findings regarding corporate responsibility values, the influence of statutory provisions, and the methodology of enforcement. However, English laws regarding this issue have changed rapidly since 2005 and

with the continued evolution of a global economy, including the political turmoil brewing within the European Union, Rühmkorf provides a valued addition in understanding the benefits of a holistic CSR business model and a company's duty as a socially responsible international market participant. Rühmkorf's work will be of use to those interested in Corporate Social Responsibility, and the law, economics and politics surrounding international supply chains.

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