Business for Social Responsibility

Culture Matters: The Soul of CSR in Emerging Economies

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Preface

At the annual BSR Conference in 2006, we hosted a session to discuss a topic not commonly addressed in the business community — religion. Through this vibrant conversation, led by rabbi, a pastor and an Islamic scholar, we began to understand the powerful interplay of spiritual practice and corporate social responsibility in many parts of the world. What emerged from that discussion was a recognition that, as Allen White writes in this paper, "In a globalizing world, culture still matters." In a world where we like to compartmentalize things like government, business and religion, it's refreshing to discover that in fact these things are often intertwined.

It's for this reason that we have decided to explore how spiritual practices and traditions influence CSR as it is implemented in different cultures around the world. I am excited to introduce this paper as the first in a series of five that explores the relationship between CSR, culture and spirituality in emerging economies. The four papers that follow will focus on China, Brazil, India and South Africa.

In many societies, social responsibility is rooted in spiritual traditions, both religious and secular. Such traditions often shape a society's expectation of business, including how they treat employees, the types of philanthropy they undertake and, in some cultures, how they treat the gods. While this may be of great philosophical interest, it also has deeply pragmatic implications for companies operating in a global economy.

As you will see from this paper and the ones that follow, considering the spiritual practices of the countries where your business operates — and considering how those practices influence society's expectations of a responsible company — can influence your reputation and long-term success in those places. Foreign companies moving into new regions cross not only political but cultural boundaries, where a country's religion and religious history may play a greater role in setting societal expectations for the conduct of business. Equally, domestic companies may be viewed through the lens of spiritual tradition that, if violated, may take its toll on the company's reputation, relations with the community and loyalty from consumers.

Our goal with this series is to increase awareness of spirituality's impact on CSR and to provide practical pointers for specific religious traditions in four major emerging economies. With a better understanding of CSR's local spiritual or religious dimension, your company is more likely to achieve high performance in its CSR strategies, policies and practices.

As globalization pushes us toward greater homogeneity, variations in spiritual traditions will endure in the indefinite future. It behooves companies, both foreign and domestic, to be knowledgeable of such traditions and to integrate them into CSR practices. It is integral to smart, respectful and successful management.

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A Thai Tale

In the early 1980s, DuPont built an agrochemicals reformulation and packaging facility outside of Bangkok. Widely regarded as the chemical industry's world leader in workplace safety, DuPont had built everything to company standards, down to the last nut and screw. They had taken every possible safety issue into account. Or so they thought, until an unexpected question arose: Where to locate the spirit house?

Rooted in ancient animism and later co-mingled with Buddhism, the spirit house is found adjacent to virtually every business in Thailand. Its purpose is to provide an appealing shelter for the spirits (both good and evil), which demand respect from the humans with whom they regularly interact. Mistreating or ignoring the spirits when launching or expanding a business may lead to its failure — clearly a risk plant managers want to avoid.

For DuPont, the decision to build the spirit house was a simple one: It satisfied the local needs of the employees, and it was possible to do so within the parameters of DuPont's safety standards. All the company needed was assurance that the spirit house would not impair emergency evacuation if it was located near the entrance to the factory, the typical site of a spirit house. But for the Thai managers, it was more than a matter of meeting safety standards. It was about ensuring that the cultural and spiritual needs of workers were met.

Negotiations produced a compromise — the spirit house would remain in front of the facility, but positioned so as to avoid any interference with emergency evacuation at a facility that handles hazardous materials. In the end, both parties were satisfied: DuPont was happy with the safety codes of the structure, and the employees felt safe knowing the spirits had a new home from which they could guard the facility. And as offerings of flower garlands, betel leaves, and a wide range of other edibles and non-edibles found their way to spirit house, ancient animism, Buddhist practice and modern agrochemical production led a happy coexistence.

The Nexus of Culture and CSR

In a globalizing world, culture still matters. The perception that transnational commerce is homogenizing business practices is only a partial truth. Spurred by a combination of public pressure, efficiency gains associated with standardization and competitive positioning in an increasingly socially minded market, international norms such GRI, ISO and the Global Compact are gradually moving companies toward a set of shared norms. Yet corporate cultures remain distinct in part because national cultures are different. Every country has a unique culture defined by shared spirituality, beliefs, values and rituals.

Ultimately, a company's culture is a product of both its corporate parent as well as the broader national culture of the country where it operates. As global companies spread their operations across regions and continents, these cultural attributes are implanted in overseas operations and, to one degree or another, they begin to fuse with and change based on local operating environments. This process of adaptation is not without challenges, as the DuPont case illustrates. Sometimes, the venture fails outright, as was the case when Wal-Mart withdrew from South Korea and Germany due to differences in the shopping culture of those countries. Nonetheless, the inexorable forces of globalization have set the stage for a continuing story of cultural diffusion and adaptation.

These cultural differences are consequential to the character and practice of CSR in both the North and the South. They operate subtly in shaping corporate behavior, in the subconscious of managers and stakeholders, and overtly in formal statements of company policies. They shape the expectations of citizens toward business, the worldview of managers, and the relationships between managers and employees and between the company and community. The communitarian culture of Asian nations has a direct effect on Asian enterprises, and is expressed in how corporations view their responsibilities toward employees and communities. Linkages such as these are difficult to document, and much more difficult to quantify. In this exploratory piece, we emphasize the former, using both hypothetical and real world examples to suggest how cultural influence, and spirituality in particular, might play out in the minds and decisions of company managers.

In China, Confucianism stresses the paramount importance of social networks and the community as the foundation for societal organization. Chinese leadership's current emphasis on the creation of a "harmonious society" may be viewed as the modern interpretation of this tradition. At the same time, acknowledgement of one's position in the social hierarchy, translated into company management practices, implies a likely antipathy toward organized labor and horizontal management structures. Demand for such change in the direction of independent unions and horizontal management systems may well emerge as Chinese enterprises are exposed to international labor standards and supply chain best practices. In a similar vein, it is possible that the increasing willingness of local activists to vocalize concerns about industrial environmental degradation is a sign of a population, including workers, disposed to challenging traditional forms of management-worker hierarchy. Should such pressures materialize, they would reflect significant diminution of the spiritual versus the political and economic forces in Chinese society in the coming decades.

Similar intersections of cultural traditions and business practices are discernible in other emerging economies. In India, the Gandhian tradition of trusteeship toward community, and in South Africa, the tradition of Ubuntu (humanity toward others expressed through mutual responsibility), have subtle but enduring effects on how business views its role in society. And in Brazil, the activist Catholic Church and liberation theology, coupled with seemingly intractable social inequities, drive many Brazilian corporations' commitment to education, health and other social projects.

Thus while globalization and international norms are to some extent homogenizing the practices of large companies, there is little doubt that deeply rooted cultural and spiritual traditions will continue to color how executives and managers see their roles, and the role of their organizations in society. How such traditions play out in the real world of corporate decision-making will, of course, vary across countries, companies and specific issues.

Consider the following hypothetical examples:

A Chinese vehicle manufacturer seeks a long-term partnership with a South African mining company whose CEO is a leading, new generation of black entrepreneur enabled by South African's Black Economic Empowerment program. The mining firm faces a high population of people infected with HIV/AIDs in both its workforce and communities, and because of this, the company has committed to provide major education, diagnosis and prevention programs for 10 years. Both its shareholders and its Chinese customer, positioned as a low-cost vehicle manufacturer, are concerned that the program could lead to the loss of a competitive cost structure of a major supplier. The South African firm wavers, struggling to reconcile its social obligations with shareholder and customer pressures.

An Indian metal manufacturer acquires a Belgium firm in the same sector. The former's social commitments represent 3 percent of its net earnings, a figure viewed as exorbitant by both management and shareholders of the acquired firm. At the same time, organized labor in the Belgium is unwelcome by the new Indian parent unaccustomed to dealing with an organized workforce, and instead favoring informal labor relations aligned with the tradition of trusteeship and responsibility for worker welfare. In the rush to close the acquisition, neither of these issues was fully vetted, thereby creating unanticipated tensions in the newly formed enterprise.

A U.S. electronics firm acquires a Brazilian firm in a complementary line of business. The U.S. firm has a well-developed CSR initiative focused on labor practices in supply chains, including a monitoring and auditing program it executes in cooperation with trade unions and NGOs. The Brazilian firm has no experience in such practices and, in fact, is skeptical of empowering unions and NGOs to conduct factory inspections and produce publicly available data on the violations associated with such inspections. How will Brazil's particular cultural and spiritual traditions, characterized in part by a Christian doctrine that stresses social justice as a core belief, help shape the attitudes of the acquired company in adjusting to the monitoring and auditing expectations of its new owners?

All three hypothetical cases have the markings of the real world. In no case can it be argued that cultural or spiritual traditions are the sole determinants of either the dilemma or the decisions portrayed in these illustrations. When the hard edge of global competition meets the deep edge of human culture and spirituality, the outcome is anything but predictable. But surely one can say with confidence that no party is immune to some sense of societal obligations and must embrace some version of the "golden rule" common to all spiritual traditions.

Four Traditions

Emerging economies represent fertile ground for exploring how culture and spirituality affect business behavior. China, India, South Africa and Brazil — four formidable forces in 21st century globalization — all are undoing rapid development against a backdrop of deeply rooted culture and spiritual traditions. In this sense, they serve as laboratories for testing the resilience of such traditions against the powerful forces of global competitiveness. Will such traditions exert a modulating influence on the evolution of CSR in such countries? Or will globalization trump such traditions and relegate social responsibility to a peripheral role in company strategy, policy and practices?[1]

China[2]

Since 1980, China's economic system has changed gradually from a planned economy to market socialism. As the upheavals associated with the Cultural Revolution and the Great Leap Forward faded, markets began making inroads into the highly centralized, planned economy. Increasingly, economic efficiency and global competitiveness have eroded communitarian values. This transformation has resulted in enterprises becoming more profit and growth driven, which are the principal engines behind China's aspiration to attain global economic leadership and sustain economic expansion to meet the rising expectations and needs of its population for gainful employment and livable wages. At the same time, both domestic and international customers and investors have emerged as powerful stakeholders in shaping managers' decisions, diluting the effect of government domination characteristic of the post-war period.

Beneath the breathtaking pace of the country's economic growth is an ancient culture and spirituality that still influence how China interprets the role of business in society. Confucianism, the most prominent of such traditions, emphasizes enlightened living and duties arising from the individual's role in a web of social relationships. In Confucian philosophy, virtuous individuals help create a peaceful society by setting a good example for others. Traditionally, care for the less fortunate is integral to achieving social betterment and a life of virtue. Confucianism also emphasizes the ties of kinship and close personal relationships, and its virtue of righteousness requires behaving in a way that is appropriate for one's social hierarchy, where the superior bestows approval, protection and favor upon the individual of inferior status.

In recent years, China has seen a revival of spirituality in general, especially among the educated classes seeking respite and a sense of higher purpose amid the intensity of rapid industrialization and consumerism. It is a way of bringing order to a chaotic lifestyle.[3] Another indication of religious revival is the rapprochement with the Catholic Church. Buddhism, with about 100 million followers, is the largest religion in the country, and Protestants number 50 to 80 million. However, Protestantism, along with Falun Gong, is viewed as alien in contrast to centuries-old Buddhist practice, which is currently being revitalized with the acquiescence of governmental authority. Whether this revival and the growth of other faiths less welcome by the authorities translates into more responsible business practices in Chinese companies remains to be seen.

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[1] The following sketches of four countries are developed in great depth in four papers that follow this brief overview of each country.
[2] This section is informed by the forthcoming, companion paper by Lailai Li, entitled "Chinese SMEs and Their CSR Practice."
[3] R. Scott Macintosh, "China's Prosperity Inspires Rising Spirituality," *The Christian Science Monitor*, March 9, 2006, www.csmonitor.com/2006/0309/p01s04-woap.html.

The blend of collectivist and hierarchical traditions in Chinese culture would suggest some tensions in the practice of CSR. The mindset of hierarchy, rooted in spiritual traditions and reinforced by a half century of command-and-control government management of the economy, implies little room for employees to have a voice in setting company policy and practices. Similarly, tolerance for independent unions has not existed to date. Government-affiliated unions are common among China's public enterprises, but their independence from management falls well short of Western standards of independent unions. The broader domain of stakeholder engagement (and stakeholder governance), which signifies power sharing, is another defining element of contemporary CSR best practices. Will the Chinese culture's deeply embedded hierarchical mindset make way for such distributed authority in future management of Chinese enterprises?

Very recently, Chinese leadership has promoted the idea of creating a "harmonious society." This is a reflection of the anxiety that worsening disparities between rich and poor, urban and rural, and Eastern and Western regions will create social unrest and eventually will undermine the country's development goals — and perhaps even challenge the political power structure. It seems logical, though untested, that the political establishment will embrace CSR-relevant laws pertaining to labor and the environment, which fall in line with their vision of a harmonious society. As is so often the case in China, dictates from the top are met with evasiveness or outright opposition from those at the provincial, local or enterprise level, where short-term financial gains to governmental authorities and enterprise managers overwhelm the long-term interests of communities and worker well-being. The case that the two are one and the same has yet to be made in any broad-based or forceful way.

In general, Western models of stakeholder engagement, much less stakeholder governance, are concepts that will face substantial barriers in Chinese companies. In a hierarchical society such as China, surmounting such barriers will require both a full embrace by the political leadership and, in turn, the imposition of rules to enforce such embrace. As social safety nets weaken, companies may be expected to fill the void left by government programs. But doubts remain that this, in fact, will materialize.

Of course, in a country as huge and complex as China, on-the-ground company cultures vary, notwithstanding the homogenizing effect of many decades of government's strong hand. China's system of enterprise includes a variety of forms, ranging from state-owned enterprises (85 percent of the top 500 companies), former state enterprises converted into joint stock companies, private-sector firms, and enterprises with foreign investment either in the form of joint venture of wholly owned subsidiaries. If and how these various forms dilute or absorb centuries-old cultural traditions can only be ascertained through on-the-ground investigation

In short, the cross currents of tradition and modernization, and of indigenous and imported behavioral norms, make for fluid conditions among Chinese companies. On the one hand, central government policy is moving toward recognition of responsible practices as a necessity for successful business operations. New guidelines for public enterprises' social responsibility now cover high-quality products and services, healthy working conditions, environmental protection and prosperous societies.[4] On the other hand, notwithstanding government mandates, managers wrestle with fundamental questions concerning the balance between social responsibility and self-enrichment amid the pressures of an increasingly open, intensely competitive global economy.[5]

Will China's rich tradition of cultural and spiritual heritage ultimately modulate pressures to continue the frenetic growth of the past decade? The country's history of subjugation and resulting antipathy toward the imposition of external norms will increasingly confront the forces of global expectations that heretofore have been largely defined by Western nations. But with the inexorable rise of Chinese economic power, over the next decade, China's historical traditions may yet reassert themselves and create a blended, uniquely Chinese version of CSR.

India

In the centuries prior to Indian independence, the British East India Company exercised economic dominance in the country, creating a far-flung commercial empire that operated virtually free from control by Indian authorities. With it emerged a tradition of corporate philanthropy beginning in the late 19th century. Merchant families who also participated in the nation-building process frequently made donations to temples and other social causes.

As the independence movement gradually accelerated in the 20th century, the rise of the Gandhian philosophy of trusteeship took root in all aspects of Indian society, including the private sector. Gandhi described large businesses as "trusts" of the people's wealth and emphasized the larger social purpose that industrial wealth should serve in independent India.[6] Society was providing capitalists with an opportunity to act as stewards to manage resources on behalf of societal good. This perspective translated into a new wave of contributions to support schools, colleges, hospitals, technical training programs, public health and rural development that, to this day, remain commonplace among large Indian corporations. The goal was not simply to improve physical infrastructure and education, but to target deeply entrenched social inequities by making changes such as elevating the social status of the untouchable classes and empowering women. In this sense, trusteeship was broadly defined, and it became part of the larger political changes sweeping the country in years before, during and after independence.

Gandhian philosophy is further illustrated in its connection to environmental protection, an issue emblematic of how this tradition may influence Indian management psychology. "The earth provides enough to satisfy every man's needs, but not every man's greed," Gandhi observed. "God forbid that India should ever take to industrialism after the manner of the West. … If [our nation] took to similar economic exploitation, it would strip the world bare like locusts…. We may utilize the gifts of nature just as we chose, but in Her books, the

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[4] State-Owned Assets Supervision and Administration Commission of the State Council, "Notification of Issuance of the Guideline on Fulfilling Social Responsibility by Central Enterprises," 2008.

[5] Stephen B. Young, Caux Round Table, email communication, December 9, 2007.

[6] Tatjana Chahoud, et al, "Corporate Social and Environmental Responsibility in India — Assessing the UN Global Compact's Role," German Development Institute, 2007.

debits are always equal to the credits."[7] The behavioral norms embodied in these views by no means found their way into general practices among Indian companies. But they did, nonetheless, align with the post-colonial sentiments of the time, wherein protectionism from Western influences became the banner of the soon-to-follow Nehruvian years.

It is difficult to generalize to what extent Gandhian philosophy influences Indian business practices today. Certainly, the communitarian dimension continues to play a role, especially among large firms such as Tata, which have a long tradition of social contribution enabled by a tightly controlled, family-dominated ownership structure that insulates the firm from shareholder pressures. At the same time, the vast network of cottage industries in the country remains unorganized and readily exploited in terms of labor practices and fair wages.

Roles of businesses slowly changed between 1960 and 1980, a post-independence period dominated by a "mixed economy." During this time, large, state-owned companies took part in prominent state-sponsored CSR activities, and Nehruvian socialism encouraged private industries to play an active role in the economic and social development of the country. As a result of the emergence of economic and trade liberalization, non-family-owned businesses started to increase, blending Gandhian trusteeship and Nehruvian social responsibility, and paving the way for the contemporary CSR practices in India.

Since the 1980s, economic reforms have increased the presence of multinational corporations in the country and transformed some Indian businesses into global enterprises. Nonetheless, the philanthropic tradition continues. Corporations such as Tata and the Birlas Group established charitable trusts that provided financial grants for social causes. At the same time, stakeholder engagement has emerged as a second, complementary instrument in the practice of CSR. Gradually, corporate leaders began to recognize communities not simply as recipients of corporate philanthropy, but as partners with a legitimate stake in company operations. This shift was triggered in part by the increased presence of multinationals such as IBM and Unilever, for which stakeholder engagement is a well-established business practice. At the same time, as Indian businesses assert a strong presence in developed countries through mergers and acquisitions and market penetration of goods and services, they increasingly will confront pressures to adopt CSR standards and certifications found in such countries.

Interestingly, as the economy grows, the Indian middle class expands, and the high-tech infrastructure develops, historical spiritual traditions are experiencing something of rebirth among those caught up in the rapid economic growth. As Amelia Gentleman wrote in the *International Herald Tribune* in 2005, "While Western workers pop antidepressants and tranquilizers to beat stress, India seeks relief from the pressures of its emerging materialistic society with a booming spirituality industry."[8] Manifestations of these trends are visible in the actions of large firms that hire gurus to support new employees entering a highly competitive, stressful work environment. Some firms are even encouraging managers and

[7] Peter Applebome, "Applying Gandhi's Ideas to Climate Change," *New York Times, March 30, 2008.*
[8] Amelia Gentleman, "In India, Spirituality is Going Commercial," *International Herald Tribune*, June 11, 2005.

workers to take advantage of traditional meditation and yoga techniques to help manage such stress, especially for those in the burgeoning high-tech sector.

Indeed, the threads of community responsibility and spiritual practices, both deeply rooted in the Indian political and religious experience, are visible in Indian business today. As in China, the forces of globalization are transforming Indian corporations as trade liberalization proceeds apace, protectionism diminishes, and companies emerge as equal players to their Western counterparts in activities such as mergers, acquisitions and outsourcing. The degree to which the country's cultural traditions are sustained amid such major shifts, and whether they find their way into CSR practices in the coming years remains an open question.

South Africa

Deeply rooted in South African culture is the concept of "Ubuntu," which refers to the belief that "a person is a person through other people." It is a kind of humanism that means people live with a strong sense of mutual responsibility, and it defines individuals in terms of relationships. Ubuntu is woven into African thought in many dimensions, spanning the religious, spiritual and secular.

Nelson Mandela, South Africa's former president, helps to provide a link between Ubuntu and personal enrichment, through business means or otherwise:

> *A traveler through our country would stop at a village, and he didn't have to ask for food or for water. Once he stops, the people give him food, entertain him. That is one aspect of Ubuntu, but Ubuntu has various aspects. Ubuntu does not mean that people should not enrich themselves. The question therefore is: Are you going to do so in order to enable the community around you to improve?*

Applying Ubuntu philosophy to business, a company is responsible for contributions beyond its own commercial success. Irresponsible business behavior leads to social alienation or environmental degradation within the company's sphere of influence. Thus, offloading external costs to achieve enrichment would be antithetical to Ubuntu concepts.

The 2002 "King Report on Corporate Governance in South Africa," widely regarded as one of the seminal statements of enlightened corporate governance, cites Ubuntu as foundational to its recommended governance practices. King asserts that good governance is inextricably linked to incorporation of all stakeholder interests, not just shareholders, in managing the firm. The parallels with Ubuntu are explicit: The responsibility for fellow humans is not just a matter of interpersonal relationships; it extends to organizational-community relationships, as well. In order for companies to succeed in balancing economic efficiency and social benefits, they need to apply an inclusive approach, recognizing that business coexists with the citizenry it serves.

Such co-existence implies several things: Spiritual collectiveness is prized over individualism, as this determines the communal nature of life, where households live interdependently. African culture is generally nondiscriminatory and does not promote prejudice, which explains reconciliation at business levels. According to Ubuntu, coexistence with other people is highly valued, implying that people are only respected because of their cordial coexistence with one another. There is an inherent trust and belief in fairness of all human beings, which in turn fosters the idea of universal brotherhood.

Ubuntu tenets are woven throughout the King report. Ubuntu's focus on the collective well-being of society through mutual responsibility is translated into language of corporate governance covering issues as diverse as transparency through sustainability reporting, business ethics, safety, health (including HIV/AIDS), environment and human capital. One cannot overstate the uniqueness of this approach. When compared against governance codes such as the OECD Principle for Corporate Governance and the corporate governance principles of the International Corporate Governance Network (ICGN), the King framework demonstrates an unparalleled focus on the broader societal interests that extend well beyond the shareholder-centric focus of virtually all mainstream governance norms and frameworks that have emerged in North America and Europe.[9]

In spite of this, actual corporate behavior among South African companies does not always adhere to generally accepted principles, even ones as influential as those in the King report. Nonetheless, companies' application of the Ubuntu tradition is a living example of how cultural traditions may influence business practices both within and outside the country of origin.

Consider the example of the mining sector, one of South Africa's most critical industries.[10] Mining companies generally have been leaders in CSR reporting, especially since mining is seen widely as an activity with an intensive social and environmental footprint. Especially since the end of the Apartheid era in 1994, mining companies have come under intense pressure to extend their accounting of stakeholders' interests beyond employees, shareholders and regulators to include local communities and governmental authorities. In a similar vein, in the food and beverage sector, CSR reporting features prominently in companies with international exposure, such as SABMiller, Illovo, Tongaat Hulett and Pioneer Foods, whose CSR policies are guided by the King report.

One may also interpret South Africa's Black Economic Empowerment (BEE) program as a reflection of Ubuntu philosophy.[11] While the group's creation was clearly driven by the severe economic disparities between black and white South Africans in the post-Apartheid era, BEE's emphasis on inclusiveness and shared responsibility derives from Ubuntu beliefs, which has created a uniquely South African slant to CSR practices. BEE requires all government agencies, public enterprises and companies to adhere to set of practices that yield steady gains in bringing blacks into positions of ownership, control and management of enterprises. This aligns human resources and employment policies to foster benefits to

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[9] Further evidence of the bridge between spirituality and business is the decision by the Johannesburg Securities Exchange to mandate compliance with the King code as a listing requirement.

[10] Paul Kapelus et al, *Corporate Social Responsibility (CSR): Implications for an ISO Standard,* African Institute of Corporate Citizenship, 2004.

[11] William E. Jackson, et al, "The Price of Corporate Social Responsibility: The Case of Black Economic Empowerment Transactions in South Africa," Working Paper Series, Federal Reserve Bank of Atlanta, 2005.

blacks, and establishes procurement policies and social investment that lead to greater inclusiveness. Thus, BEE, through the lens of history, is a modern-day incarnation of Ubuntu, used to address one of the most potentially destabilizing realities of post-Apartheid South Africa — the persistence of black-white social stratification.

Brazil[12]

In Brazil, CSR traditionally is associated with the diffusion of certain values and ethical principles related to democratization and progressive religious thinking.[13] In a country of enormous cultural and spiritual diversity, Brazilian business tends to be un-bashful about blending spirituality and business practice. At the same time, severe and persistent social disparities provide ample space and considerable pressure for companies to demonstrate their commitments to the country's disadvantaged populations.

Social consciousness was first introduced to the business sector by the Associacao de Dirigentes Christaos de Empress do Brazil (ADCE-Brasil), which was founded in 1961. Two publications by this association prompted discussions regarding the social role of business, attempting to link business management with social responsibility in 1965 and 1974 respectively. The ADCE network has reaffirmed Brazil's Catholic tradition of charity that was originally inspired by the Encyclical Letter of Pope Leo XIII, Rerum Novarum (1891). ADCE aims to deepen business understanding of the implications of the Christian vision in competitive practices. Today, the organization has 1,500 active associates and a larger network of more than 4,500. Its goal remains the promotion of Christian values in Brazilian companies, focusing on social contributions, dignity and ethics.

In its contemporary manifestation, this Christian influence leads most companies to interpret CSR as social projects in areas such as poverty, violence, child labor, education and environmental protection. To some degree, the Christian influence on CSR has discouraged "strategic philanthropy," which aims to align philanthropic activities with core business activities. Some perceive that a company's attempt to connect the benevolent with commercial motives as tainting the firm's activities, slanting it in the direction of self-interest when the most pressing needs for corporate resources are in areas that have little or no direct returns to the company.

Gradually, CSR practices have expanded from the traditional domain of social projects via provisions in Brazil's new constitution of 1988. In this document, labor rights were extended from urban to rural workers, new state agencies were introduced to act as mediators between firms and society, and decision-making processes started to become more decentralized. By the 1990s, CSR actors and institutions expanded to include political parties, NGOs, trade unions, the media, local government, consumers, shareholders and business associations. Today, companies such as ABN AMRO, Natura and Petrobras are leading CSR practitioners

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[12] This section is informed by a forthcoming, companion paper by Cibele Salviatto, entitled "The Influence of Religion and Spirituality on Corporate Social Responsibility in Brazil."

[13] Paola Cappellin and Gian Mario Giuliani, "The Political Economy of Corporate Responsibility in Brazil," UN Research Institute for Social Development, Technology, Business and Society Programme Paper No. 14, December 2004.

with programs reflecting both the early, relatively narrow interpretation of CSR, as well as the more recent, broader interpretation.

In addition to these large corporations, a number of SMEs overtly link spirituality to management practices. Superbom, a small food company, is associated with the Seventh Day Adventist Church, and embeds the church's beliefs pertaining to justice, mutual respect and peaceful conflict resolution in its management style. Seresa, a banking data-management firm, professes management's commitment to Christian principles, in particular ensuring security and safety in the workplace. Anjo Quimica, a chemical manufacturer, commits to "Christian management" in terms of a horizontal governance structure, employment of those with substance addictions and coverage of employees' educational expenses. These companies demonstrate a focus on the internal aspects of corporate responsibility, a complement to the external, community orientation of larger Brazilian firms.

Culture Does Matter

Four countries, four traditions. Globalization has opened economies and companies to the forces of unprecedented, transnational flows of capital, technology, resources and information. Best practices in one company quickly become known and adopted by partners and competitors alike. Open-source concepts across the globe tap and meld the intelligence of individuals, whether they specialize in software, medical innovation, or information access driven by the likes of Linux and Wikipedia. IBM, among others, sees the world as its talent base, using experts from every continent, whether as employees or ad hoc collaborators, to solve problems and advance technological know-how.

Notwithstanding this intense meshing of global financial, natural and human capital, cultural and spiritual traditions continue to exert influence on how managers define the role of their companies in society, and how they implement their brand of CSR. When farmers and activists in India's state of Orissa demonstrate against Europe-based ArcelorMittal about the displacement and land acquisition associated with the firm's construction of a huge steel plant, one may discern a violation of the trusteeship and communitarian concepts of Ghandian philosophy. When Alcoa commits to a US$35 million investment in Brazil's community hospitals, a water system, and training, and approximately US$3 million in payments for environmental damages associated with a proposed bauxite mine, it's evident that Brazil's long-standing expectation of business to share its wealth for social projects is still influential. And when Chinese factory managers engage in concealment, double record-keeping, and the use of tainted ingredients in consumer products, it's possible to construe this conduct as the result of the managers' deep-seated deference to authority or employees' unease with whistle-blowing.

Of course, situations such as these could occur in most any country. It would be ill-advised to overstate the influence of cultural and spiritual traditions on management, worker, public and government behavior. At the same time, CSR champions should recognize how such traditions shape behavior. Without recognizing the influence of cultural and spiritual traditions, company leaders may face unwelcome surprises that could jeopardize consumer and investor confidence in a company's management acumen.

In this overview, we only begin to illuminate the implications of culture and spirituality for CSR. The papers that follow take a deeper look at this multifaceted and complex relationship in four emerging economies. By so doing, we hope to assist CSR champions in all enterprises — large and small, domestic and global — to make wise choices that align with, rather than contradict or undermine, traditions that form to the soul of the societies in which they operate.