

Response to José Ignacio Maricsal Torroella

Lorna Gold

Introduction

José has outlined the three moments that have brought business ethics to a strong emphasis on Corporate Social Responsibility at the beginning of this century. In this ‘third moment’, he says that globalisation is throwing up challenges that expose the shortcomings in our current understanding of business ethics. Amongst these, he cites capital mobility, short-termism, inequality and unemployment as the new issues business ethics has to face.

This list of issues could, in fact, be endless. As I work in the sector of International Development, I would hasten to add several other challenges to José’s list: the growing impact of environmental destruction, the precarious international security situation and the spread of HIV/AIDS, to mention a few. At the same time, there is an urgent need to increase levels of Foreign Direct Investment in the poorest countries, whilst ensuring that the common good and peoples’ human rights are adequately protected. In each of these global problems our understanding and application of CSR has a pivotal role to play – and our lack of understanding is a major obstacle in addressing them. This growing list of urgent issues where enterprise is in direct interface with other state and non-state actors serves to highlight the timeliness of this conference.

José raised a number of important issues around the implementation of CST in his stimulating paper. His description of the work of Marhnos and the social balance sheet raised several key questions: how can we achieve a *genuine* responsibility quite apart from the “ethics pays” rationale? How can this ‘deep rooted’ application become *sustainable* in the long-term?

The problem with the “ethics pay” rationale

As José said, CSR is nowadays seen as an “*instrument for the businessman to be successful, to increase his market share, to establish better synergy relationships...*”. It is rooted in the widespread belief that “ethics pay” (i.e. profits flow from good ethical practice). This relationship between CSR and profit has been critiqued in recent years, not least due to its links to marketing. High-level initiatives such as the UN Global Compact¹ and the OECD Guidelines for TNCs² have arguably had limited impact. As one commentator says: “Whilst the Compact has played a role in drawing attention to the responsibilities of the private sector and the environment, it is not yet having any real impact in influencing and changing corporate policy on the ground.”³ There are no conditions for membership of the Compact – making it nearly impossible to distinguish and act on those violating its principles.

The hard reality is that ethics do not always pay – they involve hard economic choices on the ground in order to uphold the declarations made in conference halls. This is

¹ UN Global Compact <http://www.unglobalcompact.org/>

² OECD Norms www.oecd.org

³ Mephram, David <http://www.policy-network.net/php/article.php?sid=4&aid=282>

especially true in many poor countries where we work. Poor regulation and weak governments lead to corruption, fuelling conflict and human rights violations. World Bank research, for example, shows that around 50 armed conflicts have a strong link to natural resource exploitation – and the private sector is often involved in this exploitation.⁴

Within broader civil society organisations, this failure to see progress has generated loss of trust in the private sector.⁵ There is a widespread belief that CSR is no more than an elaborate smokescreen to make their practices more palatable to the growing numbers of ethically savvy consumers. Whilst it is not fair to tarnish everyone with the same brush, the general consensus is that substance of change has been lacking. This growing scepticism is especially worrying for those who are genuinely committed to CSR.

This intertwining of CSR and marketing underscores a much deeper philosophical debate around how one evaluates the ‘good’ of the company and its legitimacy. From Adam Smith’s perspective, and those who continue to pursue the neo-liberal tradition, the economic good of the company remains the only reliable indicator of its contribution to the common good. Any pursuit of ‘social goods’ per se, out of a sense of goodness, skews the pricing system and hence, is not the responsibility of business. The dramatic rise of the CSR movement demonstrates clearly that this is not the case – and that gaps exist between the economic profit and the social good. José has amply demonstrated how companies such as his own have sought to fill this gap through a voluntary “social balance sheet” which sits alongside the economic one.

The gaps created by voluntary initiatives have led to calls for social responsibility to be made compulsory through enforceable legal instruments alongside the voluntary codes of conduct. Certainly, there is a strong case also for strengthening the international legal framework with respect to CSR and social and environmental standards, as well as human rights. It is only then that shareholders and directors will begin to see CSR as an integral part of business and part of their obligation to stakeholders rather than an optional “add on”. Legal enforcement would provide a strong rationale for socially responsible intervention or non-intervention on the part of company directors.

But the introduction of such obligatory measures, whilst important in many cases as a means to facilitate greater social responsibility, do not represent a sustainable solution. The underlying rationale for evaluating business remains unchanged, and the costs of policing such a system means that only the worst case scenarios will be addressed. Such measures are important in setting the outer boundaries of acceptable behaviour, but do little to change the underlying thrust of business activity. It does not pave the way for a radical transformation of business activity in addressing the global issues of our time. For that, something more is needed.

Towards a new spirituality of work

⁴ See Global Witness www.globalwitness.org

⁵ See Christian Aid (2004) *Behind the Mask: The Real Face of Corporate Social Responsibility* London: Christian Aid

José's experience in implementing CSR, however, can offer insights into how such a transformation could come about. José highlighted how CST can provide a much richer framework for CSR. In his experience, it was his commitment to CST rather than CSR that provided the impetus to change his business practice. As he said himself: "*before being a business man, I am first a citizen and a person.*" These words and testimony call to mind the words of Iginio Giordani, a well-known Italian figure who was beatified by John Paul II in 2004. Iginio Giordani was a politician, scholar of Christian social ethics and, above all saintly man whose message to humanity was truly prophetic. Throughout his life, through his writings he expressed this dilemma of 'multiple personas' José highlighted. Giordani commented that often, it seemed to him that in public life, Christians simply "took off their jacket of Christian values" at the front door of the office. The challenge of keeping that jacket on in the boardroom and the factory floor is one that involves more than CSR-policies, no matter how eloquent.

In order to become deep-rooted, CSR requires a cultural reference point from outside of itself.⁶ In and of itself, it does not have enough weight to bring about the required transformation of thinking, let alone practice – which may involve personal and collective sacrifice for the greater good. For José, and for many others here, this was based on his own spirituality of work emanating from CST. Today, as in other eras of history, through committed individuals, spirituality is having an impact on the workplace. But in our era, in the face of so many shared global problems, a step change is needed. The principle need today within the economy, as in society, is to recover our humanity – not as producers and consumers – but as *persons in relationship with each other*, with the capacity to feel the sorrow of the others, no matter near or far, and act on it. It is to set the market within a wider framework that respects the person – each person – in his or her entirety.

In order to do this, we need a spirituality of work that transcends the individual and becomes a *shared* motivation and behaviour – in other words, a new corporate culture that shapes both the purpose and means of business. It requires a spirituality that enables us to transcend self-interest and recognise the "other" as a subject with whom I am called to be in relationship. It requires a "communitarian" dimension.

The impact of such a "communitarian spirituality" can be seen in the Economy of Communion project.⁷ The EOC came into being at the in May 1991, several weeks after John Paul II published the encyclical letter *Centesimus Annus*,⁸ underlining the positive elements of the market economy, business and entrepreneurship. At that time, Chiara Lubich was in San Paolo in Brazil, where she witnessed the extremes of globalisation: a few very wealthy individuals live side by side with millions of poor. In this context, she launched the EOC, calling on entrepreneurs to a radical rethink of economic activity, the market, business and entrepreneurship. Her proposal was for businesses to put into practice a communitarian spirituality: internally through transforming their business practice and externally through sharing their profits with those in need. Since then, over 700 businesses have become part of this project, which aims to transform business space into places of communion, where an authentic

⁶ What some economist have called "gratuity" or an "intrinsic motivation". See Bruni, L (Forthcoming) *The Value of Gratuity*

⁷ See: Bruni, L Gold, L (2004) *The Sharing Economy* Ashgate

⁸ Pope John Paul II (1991) *Centesimus Annus*

human encounter can take place. Several major joint initiatives have also been established, including two business parks where the impact of the EOC on the local business context is most evident.

What is most evident from the EOC is that it represents a true cultural revolution within the business world. This peaceful revolution has the imprint of a more *feminised economy*, in the truest sense. The ‘ethics of care’ within the EOC is seen, above all, in the intrinsic motivation and commitment to care for those both near and far. This imbues the world of commerce with values traditionally associated with the home or the family - traditionally female ‘spaces’. Such a vision of a ‘feminisation’ is far removed from the current understanding of the feminisation of the economy, (which emphasises how capital has become more ‘flexible’ in order to facilitate the entry of more and more part-time predominantly female workers in the paid economy). In this regard, feminisation has come to mean the predominance of the rational pursuit of profit over every other consideration. In the EOC, on the other hand, ‘feminisation’ of the economy means imbuing the structures of the market with values normally associated with the spatially intimate family. Such values are normally thought to be ‘soft’, yet take on a powerful significance in the face of current global issues.

Those who are committed to the EOC are under no illusions. This is not always an easy choice, nor one that always ‘pays’, at least in terms of profits. It is a choice made from a deep-rooted belief in their specific vocation as entrepreneurs: a vocation in which they are called above all to use their freedom for the common good. Often, this vocation involves voluntary sacrifice, such as the choice of the Gospel virtue of “poverty” - a simple lifestyle in order to enable others to live a full life. The deep satisfaction, sense of global fraternity and joy this choice brings, however, is immeasurable.

Conclusion

In this response, I have tried to address some of the underlying questions in José’s intervention. It seems to me that today there is a false reality within CSR – that ethics will always pay and that fine words will therefore be translated into action on the ground. The challenge today, however, is to recognise that ethics is about much more than good marketing or even enforceable codes of conduct. Above all, it is about rediscovering a sense of vocation and a spirituality of work, so as to bring about a new culture rooted in the principles of CST. It is only through keeping on that ‘jacket of Christian values’ – or authentic human values - and transforming it into a new culture, that CSR will have deep enough roots to make it sustainable.