Corporate Responsibility: Effectively Addressing and Communicating Across Cultures

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The 17 United Nations Sustainable Development Goals (SDGs) are a notable achievement, providing both a framework and outcome objectives for corporate responsibility, but true consensus of what it means to be a responsible business remains an elusive concept – complicated by varying legal, social, political and cultural norms around the world. Indeed, as evidenced by political shifts since the COP21 Paris agreement resulted in this coming together, such as Brexit and the election of President Trump in the United States, people are questioning whether the very idea of globalisation is either necessary or positive. This adds layers of complexity, as businesses were already struggling to find their way, both in being responsible corporate citizens and in effectively communicating their aspirations as well as their actions in a manner that is consistent, clear, transparent and – most importantly – understood by their stakeholders.

American economist Milton Friedman famously decried the notion of corporate responsibility; "There is one and only one social responsibility of business – to use it resources and engage in activities designed to increase its profits…" but it is important to note that that is a shortened, and misleading use of his words.

In full, what Friedman wrote in September 1970 in the *New York Times Magazine* was much more nuanced:

> "There is one and only one social responsibility of business – to use it resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.
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> That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom. so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud."

While he focuses on deceit and misrepresentation to protect the interests of customers, employees, suppliers, shareholders, communities and a host of other stakeholders, the phrase "embodied in ethical custom" opens the door to wider interpretation.

The SDGs are not the first set of international standards for business. Indeed, the Global Sullivan Principles (1997) and Caux Round Table Principles for Responsible Business (2010) are just two examples of a host of frameworks that sought to inform and

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encourage corporations to better appreciate their immense power to disrupt as well as advance human conditions (in the name of healthy profits).

Fundamentally the first thing one must understand is that globalisation leads to inevitable and unavoidable "clashes of cultures". The question for business leaders is the one that used to face kings and emperors: whether they have a responsibility to follow the "highest" (often equated by one's own) standards and to serve as a driver for changes (seen as improvements), or whether they believe their role is more to be respectful and protective of the local indigenous cultures wherever they do business.

While these two extremes exaggerate the point, the question is fundamental for a business that must consider which most closely reflects the attitudes and opinions of their stakeholders (including shareholder and customers) back home.

The issues is lessened in cases when (and where) the local culture is one that does not conflict severely with that of stakeholders in the organisation's home country. A business operating in a culture with different perspectives on what constitutes appropriate wages, benefits, working conditions, hours and age of employment, may find itself struggling to explain its practices back home.

Today we look back at the age of colonisation with the perspective of history and are critical of efforts to "convert" people from their traditional religious beliefs. We see those civilisations and societies as being worthy of protection rather than extermination. But at the time, the Spanish conquistadors saw themselves as rescuers rather than as oppressors. Their "modern" sensibilities were appalled by human sacrifices and other tenets of the Maya religion. So while with the remove of history we are sceptical of their actions (and intentions) contemporaneous writing provides the insight that they thought that local populations would reap benefits from having their more "advanced" thinking imposed.

Capitalism as an economic system reflects the values and culture of the country where it is implemented. Often, then, the business model of a company reflects the culture of its "home" country. By bringing its "way of doing business" to a new location, the culture of the home country is often a secondary, unexpected "export" in the new country or community.

Unless one is cognisant of those differences, business leaders can all too easily overlook the cultural impacts that transporting a business can have. Impacts range from direct (such as the empowerment having one's own money brings to individuals who have previously been excluded from the economic mainstream) to indirect (such as when a person is exposed to different ways of thinking simply by looking out the window, turning on the radio or television in a foreign country and being shocked by the content). Even small actions can violate cultural norms, such as asking a woman for her opinion in a business meeting.

Today we expect businesses to bring their benefits (goods, services, and jobs) when they come into a new locale; but we also expect them to respect and work within the local laws. As Friedman stated, some of those parameters are not found in statutory requirements, but are instead in societal culture and norms that may not be as readily apparent. This is not just a global phenomenon; it can happen within a single country as well.

Being respectful of those cultural differences is sometimes a requirement placed upon the company prior to being allowed to do business. Difficulty often arises, however,

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when this respect for local law, values, societal norms, etc conflicts with expectations or values of stakeholders "back home". It is vital that, when communicating these decisions back to stakeholders, companies provide that local context. And even then they may run afoul of expectations – such as hiring people at a younger age than is acceptable where the company is based.

Increasingly, consumers, employees, and other stakeholders are looking to exchange with companies that share their values. "How well a company balances the needs of people in both local and home markets can become a window into the company's values," offers Dr Daniel Korschun, Associate Professor at Drexel University, who studies corporate reputation.

Even parameters such as the (nearly) universally agreed-upon Sustainable Development Goals include controversial elements, such as the current American rejection of the climate change goals. But items like "gender equality", much as we might like to think of them as universal, are not agreed upon everywhere around the world. Providing equal wages for men and women, lamentably, remains the exception not the norm around the world. The SDGs, because of their wide adoption, allow us to find a place from which businesses can begin to plan, and then speak with credibility.

Of course, there are some that will claim to efforts to address all of the SDGs equally, but that is a recipe for overpromising and under performance. Instead, businesses would do well to determine which fit most closely with their business, and to make real and credible efforts to address those areas.

Korschun further suggests that "in circumstances where a company's typical approach conflicts (even a little) with local customs, the central purpose of the company can be an effective guiding light for managers". To do this requires a shift of focus: businesses must shift their focus from the production of goods or the provision of services to how those goods and services impact those who would use them as well as those who produce them. What basic human needs do those products provide? And do they provide for those needs in a manner that is protective of the environment, advancing of the human condition (raising issues of wages, working conditions and child labour)?

In this way companies can understand the issues directly related to their business – and that becomes a "guiding light" to explain their decision-making as well as their messaging. Once they understand the issues, then it becomes more reasonable for them to start to share – with their employees and then to wider audiences – their commitments in a manner consistent with their values as well as their business. At the same time issues, such as differing ages when children are allowed (or expected) to enter the workforce, come to the surface and can be addressed (both in policy and in communication).

Staying close to the impacts one's business has on peoples' lives offers a natural connection or a direct "line of sight" between corporate responsibility and the business. Once that goodwill has been established, a business can then determine if it wants to move into other issues. Korschun cautions, however, that "when corporate responsibility efforts stray from those directly related to the core mission it may be natural for some stakeholders to question and even grow suspicious of your motivation."

At the same time, however, a business must also take care to ensure that its values are backed up with real and credible actions, not just words; "doing so can create conflicting messages for the public, causing such efforts to backfire," he warns.

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The lesson is clear, companies need to make the effort to understand how their own values "translate" into local cultures (not just language and laws), and look for ways to act consistently on those values both at home and abroad. They must also take the time to engage with and come to understanding with the local stakeholders to determine how to make it work for the local communities where they operate. Lastly, their messages have to reflect that understanding so as to make their actions understandable for those in their home country who may not be as familiar with the issues around the world.

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