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Culture-Oriented Interpretations of Corporate Responsibility

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Abstract

Classical narratives of corporate responsibility reflect the cultural values of Western industrialized countries. Meanwhile, the understanding of corporate responsibility has been disseminated by globalization and this has resulted in culture-oriented interpretations of corporate responsibility from non-Western contexts.

This article aims to investigate the multidimensional relationship between corporate responsibility and globalization and outline culture-oriented corporate responsibility interpretations as a global phenomenon.

Keywords: Corporate responsibility; globalization; cultural values; glocalization

Introduction

Previous literature recognizes that the modern idea of corporate responsibility (or corporate social responsibility\(^1\)) as a Western phenomenon (Blowfield and Frynas, 2005; Katz et al., 1999; Barth and Wolff, 2009; Macleod, 2011). The efforts of business magnates such as Andrew Carnegie, John D. Rockefeller, and John Cadbury trying to eliminate the negative effects of industrialization constituted early corporate responsibility practices in the modern sense.

The Industrial Revolution awarded the private sector a primal role in society. With the effects of globalization, such as liberalization and privatization, free markets expanded rapidly towards the end of the 20th century. Potential and actual effects of businesses on society, environment and economy thus were magnified. As a result, expectations of society towards business have been heightened enormously, inducing corporate responsibility as an inseparable part of global business.\(^2\)

Currently, corporate responsibility is used as an umbrella concept.

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\(^1\) I prefer to use “corporate responsibility” in order to not emphasize the responsibilities of the companies in the social realm more than in other areas, namely environmental, ethical or economic responsibilities. Despite this nuance, “corporate responsibility” (CR) and “corporate social responsibility” (CSR) are generally used interchangeably.

\(^2\) According to The Economist (2008), it was unthinkable in 2008 for a big global corporation to be without a corporate responsibility policy.
On one hand, it comprises the overall recognition, definition and negotiation of the responsibilities of business towards wider society; on the other, it also implies managerial practices for the implementation of relevant policies (Blowfield and Murray, 2014). Both dimensions of the concept of corporate responsibility are still evolving and the main theoretical comprehension of the subject has not concluded yet.

Differentiating shareholders and stakeholders is a fundamental characteristic for the theoretical comprehension of corporate responsibility. According to the traditional view, a company should be predominantly accountable to its shareholders. Corporate responsibility, on the other hand, endorses the idea that companies should be accountable to all stakeholders including but not limited to employees and their families, neighbors, suppliers, educational institutions, even rivals and society at large.

According to this new outlook, corporations are not only profit-oriented economic entities; they also actively participate in the social realm, thus contributing to advance social, environmental and economic sustainability.

Milton Friedman famously opposed this new paradigm in the 1960s, stating that companies exist to create value for shareholders, not stakeholders, under legal constraints. There is one and only one social responsibility of business, according to him, which is to increase its profits. If they do so, he argued, they would eventually contribute to the public good, creating jobs and supplying goods and services, which means they would ‘indirectly’ satisfy society’s expectations towards businesses by focusing on shareholder accountability. The theoretical views regarding corporate responsibility still focus on this concern.

In any case, corporate responsibility has become a global phenomenon. It urges companies to actively pursue better and more responsible ways of doing business. Whether it is under the title of “corporate responsibility” or other interrelated concepts, such as “corporate governance,” “ESG” (environmental, social, governance) performance, or corporate sustainability, the genie is out of the bottle. Corporate responsibility has become an inescapable reality of the contemporary relationship of business and society.

This article focuses on the interaction between the idea of corporate responsibility and its repercussions on the cultural domains outside of the industrialized Western regions. This special interaction enables the formation of culture-oriented corporate responsibility interpretations. The following points aim to explain how these culture-oriented interpretations emerge and to examine their shared characteristics.

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3 A well-known definition defines stakeholder as a person, group, organization, member, or system that affects or can be affected by an organization's actions.

4 or perhaps infamously.
Finally, potential benefits and drawbacks of these culture-oriented interpretations are mentioned.

**Cultural Globalization of Corporate Responsibility**

Corporations — the dominant organizational form of capitalism — are under social and political scrutiny. Citizens, governments and business leaders themselves increasingly have been acknowledging that corporations have social, environmental and economic responsibilities.

Although much of the history and development of the modern concept of corporate responsibility has been related to Western countries, with the rise of multinational companies and intensified globalization, the concept has been disseminated internationally. In most of the countries outside the West, the concept of corporate responsibility has been introduced by international organizations or global companies as part of their international corporate responsibility agenda.

However, although corporate responsibility has been introduced worldwide by globalization, the recipient countries sometimes resist acknowledging this concept as a totally new or imported idea.

Every cultural context has norms, values and teachings regarding good business practices, and these historical-cultural notions easily correlate, generally, with the idea of corporate responsibility (Argandona and Hoivik, 2009; Coombs and Holladay, 2012; Blowfield and Frynas, 2005).

In this way, a wide range of cultural and historical values affect the idea of corporate responsibility and tend to constitute culturally themed corporate responsibility modes or discourses, which may be called here “culture-oriented corporate responsibility interpretations.”

The discussion of culture-oriented corporate responsibility interpretations is closely related to the impact of globalization on culture. Globalization literature has two camps on interpreting this impact. The first camp expects that in line with the integrative power of globalization, especially in the economic and social realms, local cultural differences will disappear over time, resulting in a ‘cultural convergence’ (Robertson, 1992). The second camp, on the other hand, observes that globalization generates a sophisticated cultural structure in which the local and global aspects somehow coexist together, resulting in a ‘cultural hybridization.’
In line with this observation, Ritzer defines *glocalization* as the “interpenetration of the global and the local, resulting in unique outcomes in different geographic areas” (Ritzer, 2003). Culture-oriented corporate responsibility interpretations herein provide good examples of glocalizations.

**Examples of Culture-Oriented Corporate Responsibility Interpretations**

Some of the most visible examples of culture-oriented corporate responsibility interpretations are given below. It is important to note that culture-oriented interpretations of corporate responsibility are not limited to these examples. An extensive literature review will show many more varieties containing the approaches of different authors towards various countries, historical aspects, philosophical and religious notions.

**Asian and Chinese interpretations of corporate responsibility**

Wang and Juslin (2009) agree that the Western corporate responsibility concept cannot fit the Chinese market well. Therefore, they maintain, corporate responsibility in China should take the Chinese cultural context into consideration. Authors define a Chinese-style concept of corporate responsibility, called “the harmony approach,” inspired by Chinese culture and philosophy. Whelan (2007) evaluated the lack of harmony between the Western corporate responsibility concept and local cultural values over a wider geography, and he proposed that Confucian ideals can help modern Asian companies to practice more responsible and ethical practices.

**Corporate Responsibility based on Gandhian ethics**

Various authors (including Chahoud, et. al. 2007, Mitra, 2012; and Rishi and Moghe, 2013) have claimed that the idea of corporate responsibility was not new for the Indian context. These views especially idealize Mahatma Gandhi’s philanthropic approach as the correct source of contemporary India’s corporate responsibility. Mitra, for example, has criticized the vast gap between the extant literature on corporate responsibility and the social reality of India. He has offered a more culture-centered approach, based on Gandhi’s ethics and India’s socio-economic realities, to align Indian corporations with their corporate responsibility.

Rishi and Moghe (2013) similarly have concluded that social and cultural values should be integrated by Indian companies with the corporate responsibility policy. Only then, they maintain, will corporate strategy contribute to maximally to Indian society.
Aztec-inspired corporate responsibility

Chavarria (2007) has argued that the origins of Mexico's long philanthropic tradition could be traced back to the pre-conquest era of the Aztecs. The author emphasizes the importance of national culture in the understanding of corporate responsibility and advocates the inclusion of regional values in corporate responsibility approaches.

Turkish corporate responsibility inspired from the Ahi-Order

Various authors have associated the traditional Turkish guild system, the *Ahi-Order*, as the predecessor to corporate responsibility practices and philosophies in Turkiye (Aydemir and Ates, 2011; Ertuna and Tukel, 2009; Ulger and Ulger, 2005). The idea of corporate responsibility, therefore, is not new to Turkish culture. According to these views, business ethics and traditional philanthropy in the Turkish culture is deeply rooted in the *Ahi-Order*. Teachings, traditions, and cultural heritage of the *Ahi-Order* can inspire contemporary Turkish companies to generate more ethical and responsible corporate practices.

Islamic corporate responsibility

Culture-inspired interpretations of corporate responsibility can also be formed on the basis of religion. There are many examples in the West, where various organizations such as the Interfaith Center on Corporate Responsibility, the Ecumenical Council for Corporate Responsibility or the Task Force on the Churches and Corporate Responsibility all have developed approaches to corporate responsibility in line with religious values, particularly with Christianity. These organizations aim to raise public awareness and launch initiatives to align business practices with religious values.

The idea of Islamic corporate responsibility, on the other hand, rests on the proposition that the Islamic interpretation of the notion of corporate responsibility would generate better business practices for Islamic businesses. Islam's strong emphasis on being ethical, honest and fair in business and rules for strengthening social solidarity (i.e., zakat and sadaqah) underpins these approaches.

Islamic corporate responsibility interpretations have two prominent assertions. These interpretations, in a very similar fashion with other culture-inspired frameworks of corporate responsibility, claim, first, that the modern concept of corporate responsibility is not new for Islam and on the contrary, beyond being completely compatible with the notion of corporate responsibility, Islam has higher standards in many respects (Williams and Zinkin, 2010; Basah and Yusuf, 2013).
Secondly, these interpretations argue that rather than the secular perspective of mainstream corporate responsibility, an Islamic approach could create a more relatable and spiritually satisfying paradigm for Muslim people (Dusuki and Abdullah, 2007; Darrag and E-Bassiouny, 2013; Al-Ali, 2006; The Financial Express, 2011).

**Shared Rhetoric of Culture-Oriented Corporate Responsibility Interpretations**

The narratives of culture-oriented interpretations of corporate responsibility have some common characteristics. This section aims to summarize some of these commonalities.

*We already have it.*

Despite the modern/mainstream concept of corporate responsibility being disseminated with globalization to non-Western countries, culture-oriented corporate responsibility interpretations deny corporate responsibility as a new or imported idea from the West. They, rather, assert that the essence of corporate responsibility has already integrated within the local culture.

*Corporate responsibility is substantial but not sufficient.*

Culture-oriented interpretations are convinced that corporate responsibility may have been brought to the global agenda by Western companies and international organizations. However, this mainstream-Western form of corporate responsibility is inadequate to fulfill its premises. The proposed cultural interpretations are therefore considered as a necessary upgrade for the idea of corporate responsibility to realize its ‘true’ potential.

*Companies should be good corporate citizens.*

The mainstream-Western interpretation inherently aspires to self-interest as the conclusive aim of corporate responsibility. In this respect, activities related to corporate responsibility are expected to bring positive financial outcomes eventually. In contrast, culture-oriented interpretations distinctively emphasize moral outcomes of corporate practices more than financial gains. Away from the shareholder-stakeholder dilemma, these interpretations consider companies as active corporate citizens in the social realm and expect them to contribute to community, environment and moral standards. Accordingly, culture-oriented corporate responsibility interpretations claim to offer a more authentic and improved understanding of corporate responsibility, defining the ultimate goal of corporate responsibility to be ethical in business, rather than obtaining financial outcomes.
Cultural Values Inducing Culture-Oriented Corporate Responsibility Interpretations

In addition to not being located in the West, there are other similarities among cultures where most of the culture-oriented approaches emerge. In this regard, Hofstede’s cultural dimensions theory provides a convenient basis for analyzing these cultural characteristics.

Cultural dimensions theory proposes six dimensions\(^5\) to understand and compare cultural values of different countries (Hofstede Insights, 2023). Through each of the cultural dimensions, various assumptions can be made regarding business life and the understanding of corporate responsibility.

To give an example, long-term-oriented countries are more capable of anticipating problems that may arise in the future. As a result, long-term-oriented countries probably put more emphasis on environmentalism than short-term-oriented countries. It is not a surprise, consequently, to see that the corporate responsibility agenda of long-term-oriented countries often highlights environmental responsibilities of companies.

The cultural dimension of “individualism vs. collectivism” has a significant impact on shaping business relations and the understanding of corporate responsibility.

In collectivistic cultures, which prioritize the interests of the community over the individuals, workplace relationships may take on an emotional character. It is expected that loyalties will form between people working in the same place, which cannot be explained solely by individual interests.

In such societies, the workplace acquires a family personality. Therefore, the common interest of the workplace is considered as more important than individual interests. On the contrary, in individualistic societies, personal interests shape work life.

Seeking self-interest and accordingly following an individualistic mentality are located at the core of the culture of capitalism. These cultural characteristics that enabled the development of capitalism in the West also shaped the concept of corporate responsibility. On the other hand, most of the above cited examples of culture-oriented interpretations of corporate responsibility originated in countries which are classified as collectivistic cultures.

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\(^5\) These cultural dimensions are proposed as: Power distance index, individualism vs. collectivism, uncertainty avoidance, masculinity vs. femininity, long-term orientation vs. short-term orientation, and indulgence vs. restraint.
The following table compares individualism vs. collectivism scores of five Western industrialized countries and five other countries associated with culture-oriented corporate responsibility interpretations.

**Table 1: Power Distance and Individualism Scores of Selected Countries**

<table>
<thead>
<tr>
<th>Group</th>
<th>Countries</th>
<th>Individualism score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western industrialized countries</td>
<td>United States</td>
<td>91</td>
</tr>
<tr>
<td></td>
<td>United Kingdom</td>
<td>89</td>
</tr>
<tr>
<td></td>
<td>Canada</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td>Australia</td>
<td>90</td>
</tr>
<tr>
<td></td>
<td>New Zealand</td>
<td>79</td>
</tr>
<tr>
<td></td>
<td><strong>Average</strong></td>
<td><strong>85.8</strong></td>
</tr>
<tr>
<td>Culture-oriented corporate responsibility interpretations</td>
<td>China</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>India</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>Türkiye</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>Mexico</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>United Arab Emirates$^6$</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td><strong>Average</strong></td>
<td><strong>34.2</strong></td>
</tr>
</tbody>
</table>

Source: [https://www.hofstede-insights.com/country-comparison-tool](https://www.hofstede-insights.com/country-comparison-tool)

It is clearly evident that the Western industrialized countries and the countries where culture-oriented corporate responsibility interpretations emerge are quite different from each other in terms of their cultural dimension of individualism vs. collectivism.

To put it another way, culture-oriented corporate responsibility interpretations arise from countries with collectivistic cultural characteristics, unlike the individualistic Western countries, where the modern/mainstream concept of corporate responsibility emerged.

Figure 1 demonstrates how the concept of corporate responsibility as a phenomenon catalyzed by globalization may be interpreted in individualistic and collectivistic cultures.$^7$

In the individualistic societies — i.e., Western countries — corporate responsibility activities are implemented with the expectation of self-interest (financial gain).$^8$

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$^6$ The cultural dimensions score of Arab countries are very similar to each other. United Arab Emirates is selected to illustrate the Islamic corporate responsibility approach.

$^7$ This figure was previously published in Orhaner (2023).

$^8$ In this sense, corporate responsibility is nothing but seeking an ‘enlightened self-interest.’
These practices ultimately highlight good-business practices such as accountability, transparency and corporate sustainability. These virtues proliferate globally through the integration of international markets. Consequently, this process induces more integration on a global level, illustrating the cultural assimilation effect of globalization.

**Figure 1: The Cultural Assimilation and Hybridization Effects of Corporate Responsibility**

In collectivistic societies, larger companies or companies which are engaged in international markets cannot remain independent from the realities of the global market; they act in line with the mainstream-Western corporate responsibility narrative, as in individualistic cultures.

For local companies or small-medium enterprises (SME) in collectivistic societies, the notion of corporate responsibility is perceived through a lens of local-cultural values. This perception generally highlights moral priorities such as practicing philanthropy and being a good corporate citizen. As a result, the local-cultural aspects are (re)discovered and reframed to be compatible with global trends. In this sense, provoked by globalization and inspired by local culture, culture-oriented interpretations of corporate responsibility generate a cultural hybridization.

**Benefits of Culture-Oriented Corporate Responsibility Interpretations**

Developing a culture-oriented corporate responsibility interpretation could be seen primarily as a political or ideological attempt to invent "authentic" and localized ethical business frameworks. In this way, the concept of corporate responsibility can be prevented from being perceived as a neo-colonial element.
Governments would also probably endorse culture-oriented corporate responsibility interpretations, since through these discourses they call on the private sector to develop responsible practices using a more ‘domestic’ and ‘national’ tone. Intrinsically, local ideas create a greater sense of belonging than merely global ones.

These culture-oriented interpretations can also provide significant advantages for the communication of corporate responsibility. Rather than the jargon-filled language of mainstream corporate responsibility, adopting a more authentic narrative that includes local-cultural elements would be more understandable and convincing for large audiences. Both companies and organizations that aim to accelerate corporate responsibility practices can benefit from this advantage. In this way, the statement of the purpose of corporate responsibility activities could be transformed from “conforming to the requirements of global supply chain” to “walking in the path of Confucius.”

The communication advantage mentioned above is especially relevant for the corporate responsibility of SMEs. As a possibility, SMEs can develop a corporate responsibility approach without the need for any incentives. Apart from this potentiality, there are mainly three external factors that may lead an SME to develop corporate responsibility practices:

1) larger companies they supply may expect SMEs to comply with their corporate responsibility standards,
2) they can develop corporate responsibility approaches to comply with the international market norms, and
3) there may be national rules regarding corporate responsibility in relation to government policies depending on their sector.

Many SMEs may view these factors as mandatory rules and in terms of corporate responsibility practices, they may constrain themselves not to do “more than is required.” Additionally, there are many other SMEs that operate independently of these factors. In any case, a culture-oriented interpretation can persuade more SMEs to develop responsible practices. In order for corporate responsibility practices to make a serious contribution to sustainable development, as well as larger companies, participation of SMEs is essential.

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9 The inspiring personality varies depending on the context; Gandhi, Jesus Christ, Prophet Muhammad, or perhaps “our ancestors.”
Drawbacks of Culture-Oriented Corporate Responsibility Interpretations

In addition to the benefits mentioned in the previous section, culture-oriented corporate responsibility interpretations may confer two primal risks. Over-romanticizing cultural aspects may transform the concept of corporate responsibility into propaganda or a useless narrative. Moreover, nationalist or fundamentalist discourses may easily infiltrate into the narrative of corporate responsibility and evoke a kind of ‘indeed, we are better than everyone else’ perception.

Secondly, culture-oriented interpretations may recompose the content of the corporate responsibility with an overly selective approach. In that way, the culture-oriented interpretation reconstructs the mainstream-Western version of corporate responsibility through an ideological lens.

In this way, culture-oriented interpretations spotlight their selected issues, while moving unembraced ones off the topic. For example, most of the articles promoting the view of Islamic corporate responsibility emphasize philanthropy and doing charity to a great extent. However, they lack content on issues such as women's participation in the workforce or gender equality (See, for example, Dusuki and Abdullah, 2007; Basah and Yusuf, 2013; or Al-Ali, 2006).

Both risks may reduce the benefits that both companies and society in general can derive from the concept of corporate responsibility.

Summary and Conclusion

This article is intended to outline corporate responsibility as a globalization phenomenon and how this concept stimulates culture-oriented interpretations as a glocalization experience. Culture-oriented corporate responsibility interpretations usually emerge outside of the industrialized West, (re)discover historical, moral and cultural aspects and associate them with the concept of corporate responsibility. In this regard, they reframe the local values, compatible with global trends and thus create a cultural hybridization.

Unlike the individualistic cultural values of the West, where the mainstream concept of corporate responsibility originated, the culture-oriented interpretations developed from countries which are characterized by collectivistic values. The rhetoric of these cultural interpretations contains other similarities. They generally claim that the idea of corporate responsibility is already integrated in their cultural domain in a better way; and they idealize companies as corporate citizens, rather than economic apparatuses eventually seeking self-interest.

10 Another article related to “Islamic roots of corporate social responsibility in the Middle East” (Darrag and E-Bassiouny, 2013) does not even mention the word “woman.”
Culture-oriented interpretations of corporate responsibility offer significant benefits, especially for the local communication of corporate responsibility. In this sense, the idea of corporate responsibility can be articulated in a more understandable and convincing way. Over-romanticization or selective reconstruction, however, appear as two significant risks of culture-oriented interpretations; they may lead to a disabling of corporate responsibility, to a failure to fulfill its premise, that is, to be part of the solutions to ever-increasing current global social and environmental problems.

References


