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Emerging Economy Leadership in Corporate Responsibility and Sustainability – a Chimera or Reality?

Global businesses complain that emerging economy businesses are competing unfairly by ignoring social and environmental standards. Emerging economy businesses and governments in turn accuse the international media of bias, and argue that sustainability standards institutionalise an uneven playing field in favour of incumbent, largely European and North American businesses. At stake is the future course of intensified global competition and its impact on our natural environment and communities. The good news is that responsible leadership is far from being the preserve of the Western business community. Brazilian body care innovator, Natura, Indian conglomerate Tata, and South Africa's mining giant Anglo American are amongst a growing number of iconic emerging economy companies that match or exceed sustainability benchmarks set by the best practice of their Western counterparts. Leveraging such exemplary practice to mainstream and scale-up requires generally-accepted standards. Almost two decades of hard work, often by NGOs joined with largely Western businesses and supportive governments, has led to the establishment of hundreds of sustainability standards covering everything from anti-corruption to sustainable meat, carbon emissions, nanotechnology and internet privacy. But it is emerging economy businesses, especially Chinese, which will be key in determining any future for such standards. Will they embrace existing standards in pursuit of a license to operate to access natural resources, recruit the best talent, and acquire high-value customers, brands and technology? Or will they avoid or undermine what they see as discriminating Western clubs, promoting instead standards that serve their own interests? Our research indicates that emerging economy businesses are increasingly addressing social and environmental concerns. Even in the tough case of relatively immature Chinese businesses operating in weakly-governed parts of Africa, there is growing commitment, expertise and improved practices. Existing sustainability standards do however pose as much a hurdle as an opportunity for scaling and embedding these early successes. Emerging economy businesses unsurprisingly seek to evade and undermine standards over which they have little control, as do their Western counterparts. Conversely, they are more likely to embrace standards that are acceptable to their governments and where they can gain some control over their future development.