

Chapter 74

CSR Strategies in Emerging Markets: Socially Responsible Decision Making Processes and Business Practices for Sustainability

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ABSTRACT

The purpose of the chapter is to emphasize on the roles of businesses – as an effective (sustainable) development agent in emerging markets, on one hand, and of their CSR strategies – as an efficient sustainable development tool, on the other hand, in order to identify valuable business practices able to lead the emerging markets towards sustainability – through socially responsible decision making processes at business level. Having in the fore-ground the ideas of sustainability (which basically is a macro-economic concern) and responsibility (and especially its micro-economic correspondent that usually embraces the form of CSR), it will try to discover the general and specific features of the business models that capitalize the best the synergy between the social responsibility of business and the ensuring of sustainability in emerging markets.

INTRODUCTION

Generally speaking, businesses do not exist per se. They exist and operate in order to fulfill social needs (by delivering goods and services), and this is happening as long as they properly meet these needs. Basically, this kind of (socially responsible) behavior would be necessary and sufficient to ensure the sustainable development in emerging markets. But the reality of business is far from being so simple:

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shareholder value is still overrated, and the practice of CSR (as concern towards sustainability) is still in the shadow of profits (on the expense of sustainability itself). Ultimately, this kind of a zero-sum game is prejudicial not 'only' for sustainability, but also, on the long run, for businesses themselves – in terms of losing their legitimacy and, eventually, diminishing of their profits (Werther Jr, & Chandler, 2010).

Nevertheless, some encouraging good news have to be considered in order to draw the entire picture of the relationships between businesses and society as they are nowadays: research directions such as stakeholder relations management (Steurer, Langer, Konrad, & Martinuzzi, 2005); theories such as the bottom of the pyramid (Prahalad, 2006) and the business case for CSR (Carroll, & Shabana, 2010); concepts such as shared value (Porter, & Kramer, 2011); or even new business models that have emerged from these concepts and theories (Michellini, & Fiorentino, 2012). All (and each one) of these breakthroughs, if considered, will enable businesses to take the lead on breaking the vicious circle of unsustainability – by reinforcing their relationships with the society while gaining competitive advantage (Porter, & Kramer, 2006).

These shifts are particularly significant and worthy to be considered in the case of emerging markets and their businesses – forasmuch as they do not consider sustainability concerns and practices in terms of additional costs for businesses (which are rather difficult to be found and hardly to be justified in terms of effectiveness and efficiency), but as essential endeavors and tools leading to a never ending virtuous circle of sustainable competitiveness and development for both businesses and the society.

Having this broad approaching perspective in mind when arguing about both the reasons (to exist) and the purposes (to succeed) of businesses, there are some comforting premises which allow and favor an eventually bet on both businesses as an effective sustainable development agent and strategic CSR as an efficient sustainable development tool in emerging markets:

- Needs (in general) have the vocation of being synchronically unlimited and diachronically evolving (as the human kind is developing itself), forcing businesses to accordingly adjust their actions and behaviors in order to successfully survive;
- Each business is (more or less consciously) a network of internal and external networks, which is defined and governed by all the features and principles of complexity, including: co-evolution with the environment, linkages, contagions, self-organization, and the butterfly effect (Ramalingam, et al., 2008);
- The assumption (resulted from the extrapolation of the recent dynamics and trends registered by the emerging markets so far) that *over the next two decades, most of the world's growth is expected to occur in today's emerging markets* (Cavusgil, Ghauri, & Akcal, 2012);
- The real, significant and specific sustainability related problems, challenges and dilemmas that the emerging markets confront and try to deal with (Khanna, & Palepu, 2013);
- The relatively recent, but increasingly powerful concerns regarding the sustainable development, coming from academia, as well as from national and international bodies, and asking for sustaining nature, life support and community while developing people, economy and society (UN, 2013);
- The strong connections between sustainable development – as (national and) global desiderate – and CSR – as business practice that brings together, into a unique and contextually different framework, the economic, legal, ethical and philanthropic responsibilities of business (Johnson, 2012);

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