Building on a comprehensive approach to the concept of sustainable development, the interdisciplinary project group "Ethical-ecological Rating" has developed a scientifically based criteriology for the ethical assessment of enterprises and capital investment, the "Frankfurt-Hohenheim-Guidelines".
This reader combines some original works from members of this group as well as some of the contributions presented at the Intercultural Symposion on Intercultural Comparability of the Ethical Assessment of Enterprises according to Criteria of Cultural, Social and Environmental Sustainability, organized by the project group in 2000. At this event, 70 experts from around the world were invited to evaluate the applicability and transferability of the social and cultural dimensions of the criteriology.

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Towards Global Sustainable Development

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Steps Towards a Worldwide Ethics of Sustainable Development: An Introduction

This reader combines some original works as well as some of the contributions presented at the Intercultural Symposion on Intercultural Comparability of the Ethical Assessment of Enterprises according to Criteria of Cultural, Social, and Environmental Sustainability, organized by the project group "Ethical-ecological Rating" (EER) and held in the German Development Bank in Frankfurt am Main in November 2000 (Project Group Ethical-Ecological Rating Frankfurt-Hohenheim, 2000).

Building on a comprehensive approach to the *ethical idea* of sustainable development, this interdisciplinary project group has been working on a scientifically based and theoretically solid criteriology for the assessment of enterprises and capital investment for almost a decade. With these *Frankfurt-Hohenheim Guidelines* (FHG) (Hoffmann, Ott & Scherhorn, 1997) business activities can be evaluated as regards their - positive or negative - contribution to environmental, social, and cultural sustainable development. Looking back, the systematic incorporation of the cultural dimension of sustainable development can be regarded as both the most challenging as well as the most innovative part of this venture. The comprehensive FHG were transformed in a more concise measurement instrument to be applicable in company ratings. In cooperation with oekom research AG, a well-established Munich based eco-rating agency, the group developed the *Corporate Responsibility Rating* (CRR). To date, more than 700 enterprises, 550 international blue chips among them, from different sectors of the economy - banking, telecommunications, insurance, automobile, oil & gas, retail, food & beverage, and media - were rated with this instrument (see *Haßler* in this volume).

Since the development of these indicators took place in a German-speaking cultural context, it was clear from the outset that they would have to be reassessed and possibly partially adapted to different cultures when multi-national companies are rated. This holds especially true for the social and cultural dimensions, less so for the ecological dimension which is obviously less culture-sensitive. We concluded that we had to initiate a communication process with like-minded experts from other cultures around the world to find out more about the applicability and transferability of our criteriology.

This is the backdrop against which the symposion and hence this book should be regarded. It is organized in three parts which can be read independently from each other (which makes it possible to start this overview from the end).

Putting Ethical-ecological Investment into Practice: Is there a Potential for Mexico?

Enrique Dussel-Peters[1]

In spite of current discussions on ethics, poverty, income distribution, as well as standardization and globalization, little has been done in order to promote and implement the results of these discussions. Clearly, there are several perspectives and options to begin this process. Whereas the "bottom-up"-process is followed traditionally more by NGOs and other institutions, there has been a widespread diffusion of firm-level standardization (including ISO 9000, etc.), including trade, foreign direct investments, technology, "bench-marking" methods, and industrial organization. There is also an increasing diffusion of these standards at the consumer side, in which products are being labeled according to their labor and ecological standards in particular (such as in the garment and textile industry). However, relatively little has been done regarding a set of criteria for investors in order to choose between firms according to firm-level assessments, since stock exchange information does not provide the required information. From this perspective, the proposal of the project group "Ethical-ecological Rating" is very relevant and opportune.

In this context, this paper will analyze the potential of implementing the *Corporate Responsibility Rating* (CRR) (oekom research AG, 2000) in Mexico. With this purpose in mind, the paper will be divided in two parts. The first will briefly review the main proposals of the CRR, while the second assesses its potential and relevance in Mexico. The first part does not attempt to present the CRR, which has been done in length in this volume, but only to outline elements of the proposal that will be significant for the second part. The document does explicitly exclude a discussion on the general perspective and vision of the CRR.[2]

1. The basic proposals of the Corporate Responsibility Rating

In summary, the *Frankfurt-Hohenheim Guidelines* (FHG) (Hoffmann, Ott & Scherhorn, 1997) are aimed at investors concerned and interested in cultural, ethical, ecological, and social sustainability and criteria, assuming that:

- Economic growth is not sufficient and no longer of service to human welfare as an end. In fact it may continue destroying the natural environment. Cultural pressure will be necessary to enable "the social market economy to mediate between liberalism and socialism, competition and solidarity, and between economy and ecology" (Balz et al., 2000, p. 1).

- The evaluations of international major rating agencies do not respond to concerns raised above.
- As a result, culturally sustainable and ethically "clean" companies will have to be supported by investors. Moreover, financial results of investments under these guidelines do not have to perform worse than competing capitals, and have even outperformed the latter in some cases. The Guidelines accept and assume cultural diversity in a global world, but also require a "cultural compatibility" (Balz et al., 2000, p. 15) to allow for core value concepts of companies for an ethical rating.
- The project, from this perspective, aims to propose cultural, ethical, and ecological conceptual guidelines and specific criteria for future investments.
- Based on a value-tree analysis (ibid, pp. 3 ff) and an individual-oriented rational-choice approach, the basic guidelines for investors within ethical-ecological boundaries are determined by a rating agency and at a *firm-level.*
- Some of the former criteria and guidelines are crystallized in the CRR proposed by *oekom research AG* (oekom research AG, 2000) as three specific guidelines: cultural, social, and environ-mental sustainability criteria that allow for an in-depth analysis of the respective firm and a final performance-ranking.

The prior issues are relevant for the conceptual discussion of CRR since:

- It does not attempt to provide an "overall" national development strategy or path, but, instead, focuses on the economic and political power of investors concerned on CRR. Thus, CRR cannot be contrasted with national or even regional strategies, but aims to change the behavior and patterns of specific firms.
- More specifically, the CRR targets a relatively small but powerful "leading" firms in the respective nations, regions, and sectors. A number of these firms were already rated through traditional methods. In this case, again, CRR cannot directly affect "all" firms in a nation, but directly only firms that are already rated. Thus, it is not expected by the CRR, for example, that it will directly affect small and medium firms, unless listed in some stock exchange and/or evaluated through other methods (such as mutual funds).

- The aim of the CRR in both cases is that these "leading" firms will have subsequent impacts on the rest of the firms, regions, and nations. Thus, the CRR includes effects on development strategies, but indirectly through these "leading" firms.

The latter issues are very relevant, since the CRR's concepts and objectives might otherwise be misleading.

2. The potential of the CRR in Mexico

In general, there is an increasing concern in many institutions (NGOs, political parties, governments, churches, etc.), similar to that proposed by the CRR, about an increasing deterioration of nature, of moral and social standards, insecurity, etc. Moreover, a segment of Mexican society – as in most of Latin America – is integrating very quickly to the world market through the transformation of natural resources, new communication forms, and a massive transfer of population from rural to urban areas.

Additionally, most of Latin America has been characterized since the 1980s by an extreme process of polarization at the firm, local, regional, and national level. As a result, only a small number of firms, localities, and regions have been able to increase their standards of living, while the rest of the population has not. At the firm level, for example, foreign firms within the leading 500 firms in Latin America have increased their share over total sales from 27.4% in 1990-1992 to 43.0% in 1998-1999; within the top 100 manufacturing firms, foreign firms have increased their share in the same period from 48% to 59% (CEPAL, 2001).

For the case of Mexico, the latter performance is reflected in increasing income disparities at the household and regional level, as well as in decreasing real wages since 1980 and stagnating or falling GDP per capita levels since the 1980s. In Mexico, even according to government sources 40 million people live below the poverty line, while other authors have estimated levels of around 63 million (or 73% of total population), and real minimum wages represent in 2000 less than 30% of levels of 1980. In addition, and considering that most of Latin America lacks a social security net and unemployment insurance, employment is of critical importance for individual and family survival. However, in the Mexican case, during the last 20 years economically active population has increased by more than 14 million, whereas formal employment by less than 6 million, leaving more than 8 million persons to search for a living in the informal sector and/or migrating legally or illegally to the United States (Dussel Peters, 2000).

Thus, and as many or even most other developing countries, most of Mexico's population is in a desperate situation to integrate to the emerging economy and to increase standards of living. Moreover, socioeconomic comparisons in general (energy, labor, and ecological standards, wage levels, etc.) with OECD and industrialized countries have widened their gap in the last years: industrial wages in Mexico, for example, are less than one tenth of those in the US.

Independently of this background, the CRR proposal has a strong potential in countries like Mexico, and in Latin America in general since the proposed "leading" firms – more than 150 firms listed in Mexico's Bolsa Mexicana de Valores (BMV) – are already evaluated through different "traditional" methods. These firms in Mexico – but also in most of Latin America – are continuously being rated nationally and internationally. Additional criteria for being rated, such as CRR, would in some cases result in significant restructuring of their operations, as well as in increasing their ecological, social, cultural relation and labor related issues. A firm such as Teléfonos de México, for example, with sales above 10 billion US $, more than 2.5 billion US $ of gross profits and around 50.000 employees, and which is listed in both, the New York Stock Exchange and BMV, can without any doubt attempt to be evaluated through this set of "new" criteria and have initial negative results which could be solved in the medium run. Moreover, most of the transnational corporations which perform activities in Mexico and Latin America – such as all automobile firms, but also IBM, Hewlett Packard, Nestlé, and firms in the petrochemical, pharmaceutical, and agroindustrial sectors, among many others – would, at least theoretically, also have no problems to accomplish with the CRR proposal.

The latter does not mean that – even if these leading firms are being evaluated positively – it will in fact have a massive regional or national impact: Mexico has around 3 million firms, most of them rather small, while the 150 leading firms listed in BMV account for less than 0.005% of total firms in Mexico. It can be assumed, nevertheless, that it will affect firms directly related to these leading firms, including first-tier suppliers as well as an important number of firms that offer services to firms listed in BMV.

The point however, and such as suggested by the CRR, is that their concepts can be implemented with these top-firms in Mexico, as well as with other export-oriented firms that are listed in other stock exchanges internationally. These firms do account for a significant share in Mexico's employment, exports, and GDP. And it can also be expected that if these firms can be

rated in other countries under strict international criteria, they do also accomplish with them in Mexico or other Latin American countries. From this perspective, the CRR would be an important step forward for this segment of firms.

3. Conclusion

As discussed in the paper, the CRR proposal does have a significant implementation potential for a small segment of big Mexican firms (or group of firms) listed in BMV. These firms in Mexico, as well as in most of Latin America, are evaluated by strict international criteria and will have similar problems, as those of other OECD nations, to be rated under CRR terms. This, however, cannot lead to the direct conclusion that CRR will result in changing immediately, or even in the long run, the ethical, ecological, and cultural or even the labor-related issues, since firms listed in the Mexican stock exchange are relatively small in number. Nevertheless, it is significant as a first step in the correct direction.

CRR, from this perspective, goes beyond many "traditional" rating methods, as well as "overall" development strategy proposals that have, in most of the cases, problems to be implemented. The charm and strength of the CRR is, thus, its powerful implementation and evaluation method at the firm level for potential investors.

Moreover, it would be relevant that the CRR includes several additional issues. The sequencing of the CRR is of utmost importance in time and space. Thus, whereas tourism investments in Germany, United States, Spain and Greece, might be evaluated more strictly under issues such as rewards, environmental sustainability, cultural "embeddedness", and sustainability, other "spaces" present a different picture and "dilemmas": How should firms be evaluated that offer some kind of job security – including rewards, health, social benefits, ILO-standards regarding working hours, build schools and have a higher wage level than the rest of the economic activities – but lack (or are "weaker") regarding ecological and cultural standards? The tourism industry in the Caribbean is probably a good example, but so are *maquiladoras* (or in-bond industries) in most of Latin America and Mexico. To be clear: The argument is not to try to "defend" these industries, but to try to understand them in space and time, i.e. time and space coordinates are not equal globally and cannot, thus, be evaluated equally, as the CRR guidelines propose. Otherwise, in the worst-case-scenario, let us imagine that only investments in OECD and industrialized firms and countries would obtain the highest ratings and assessments according to the "performance-rating" proposed by CRR.

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[2] For such a discussion, see: Altvater & Mahnkopf, 1999; Hinkelammert, 1995.

Africa in the Age of Globalization: The Challenges of Cultural Identity in an Interdependent World

Obiora F. Ike[1] & Ndidi Nnoli Edozien[2]

1. Introduction

This paper desires to address the intercultural comparability of ethical corporate assessments from a Nigerian perspective, as an African contribution to global sustainable development. Our point of departure is the call for an *ethical global order* based upon culturally rooted and sustainable values, with potential to improve the prosperity of humankind (Hoffmann, Ott & Scherhorn, 1997). This was Africa's strength in its history which needs to be revived today in an interdependent socio-economic ambient.

In modern society, the effects of the increasing interconnectedness of our world's peoples and countries cannot be ignored, and for the purpose of this paper, we use the term *globalization* to refer to the phenomenon of increasing integration of nation states through economic exchanges, political configurations, technological advances, and cultural influences (Ike, 2001).

It is our firm conviction that an alternative to the modern capitalistic, individualistic materialism exists which, though largely ignored and even determinedly undermined, is especially relevant in the modern world wherein we observe a global *"crisis of values"*. Specifically, we observe the following flaws in the global social and economic systems, with corresponding defects in the recognized control mechanisms adopted by dominant Western nations:

- the horrendous waste of non-renewable resources in industrialized societies,
- the dramatic and excessive burden on the environment's capacity to absorb pollution, and the manifest damage caused to global ecological balance,
- the still largely unbridled population growth in agricultural regions of the developing world, threatening the already delicate balance of humankind and available resources in these regions, and
- the lack of ethical and cultural ingredients in determining economic and social development whereby cultural values seem negated in the formulation of policies that guide people and nations.

Can people ever look forward to posterity who do not look backwards to their ancestry, historical heritage, cultural identity, and authenticity?