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SOCIALLY RESPONSIBLE ENTERPRISE IN CUBA: A POSITIVE ROLE MODEL FOR CORPORATE SOCIAL RESPONSIBILITY?

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Abstract

This article examines the unique institutional environment of socialist Cuba, where currently a process of controlled marketisation and expansion of private enterprise is taking place. The article investigates business behaviour in Cuba with particular reference to implicit assumptions relating to socially responsible enterprise, or 'Corporate Social Responsibility' (CSR) as the term is understood in Western Liberal Democracies. It draws upon a series of interviews with business practitioners and business commentators (both Cuban and non-Cuban residents on the island). The interviews focused on the participants' awareness of business ethics and socially responsible enterprise, and the cultural differences in assumptions and expectations relating to the concept of CSR between the Cuban and non-Cuban interviewees. We find that Cuba at this early stage of tentative marketisation presents a positive role model of socially responsible enterprise. Both the highly regulated State economy, and the embedded norms and values of social equity that have emerged as a consequence of Cuba's socialist revolution facilitate business social responsibility. The relevance of this research to current debates in relation to CSR is discussed, and it is argued that capitalist economies may similarly benefit from tighter regulatory control and by cultivating more pro-social business norms that prioritise ethical over economic concerns.

Keywords: business ethics, corporate social responsibility, Cuba, implicit CSR, institutional theory, market socialism, social and solidarity economies, socially responsible enterprise

Introduction

Both capitalist and socialist economies are faced with similar debates and trade-offs to make between equality and economic freedom and growth (Scully

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2002). Capitalist economies such as the US and UK have tended to favour economic freedom, with corporate social responsibility (CSR) seen as voluntary self-regulation, whereas socialist economies have tended to prioritise equality and strong State regulation, leaving less room for organisational freedom of action. Just as in the West, we are debating how to address the incentives towards unethical business activities that strong competition and profit-focused mind-sets can lead to; Cuba is trying to work out how to decrease the burden on the State and raise financial wellbeing, without compromising the Cuban Government's social goals relating to justice, equity and sovereignty (Gabriele 2013).

In its restructuring of the economy, Cuba is learning from successes and mistakes made in a variety of different types of economies, from the market socialism of Vietnam and China to the free-market capitalism of the US, in order to develop a distinctively Cuban model of socially responsible enterprise (Alberto 2011; Wilkinson 2012). Bearing in mind the remarkable successes of the Cuban State in achieving excellent health, education, and equality outcomes despite their relative poverty (Lambie 2012), it is possible that capitalist economies too can learn lessons from the Cuban model. Although Cuba has had low fuel consumption through scarcity since 1990, necessity has had the virtue of making Cuba something of an ecological example. In 2006, the World Wildlife Fund (WWF) proclaimed Cuba as the only country in the world that is developing in an ecologically sustainable fashion (Hails *et al.* 2006). Similarly, Wilkinson (2008) applauds the Cuban tourism industry for managing to avoid and ameliorate the exploitation and environmental degradation often associated with the tourist industry in poor countries.

In this article, we explore the unique institutional environment in Cuba, and how this informs business behaviour and the implicit assumptions relating to CSR. Interviews were carried out with Cuban business practitioners, and business commentators (such as magazine editors, business academics, ambassadorial staff and journalists all either Cuban, or from Western nations, based in Cuba) focusing on business ethics. The cultural differences in assumptions and expectations relating to business ethics apparent between Cuban and non-Cuban interviewees are discussed in the context of what they reveal about CSR in Cuba. In addition, the differences in the way specific incidences are understood by Cuban and non-Cuban interviewees are revealing in terms of how cultural biases can distort and hinder understanding between members of different political systems.

This article begins by reviewing the concepts of implicit and explicit CSR and how they relate to institutional accounts of CSR. The economic and political context relating to business in Cuba is then described. The methodological issues relating to the research are discussed, and the key themes emerging from the

interviews are presented in the results section. The relevance of this research to current debates in relation to CSR is then discussed, and further research areas suggested.

Terminology

Terminology relating to business social responsibility differs across contexts, with the term CSR dominating the Western discourse, and Cubans referring more to ‘socially responsible enterprise’, or ‘social and solidarity economies’ (Sagebien 2012). Even within contexts, a multitude of terms are often used almost synonymously with CSR, although each with a slightly different focus, such as business ethics, corporate citizenship, sustainability and others (Baden and Harwood 2013). For simplicity, the term CSR will be used throughout this article. Carroll’s commonly cited definition of CSR allows for differing perceptions and contexts claiming that CSR ‘... encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time’ (Carroll 1979: 500).

Throughout this article, the socialist Cuban economy will be compared with free-market capitalist economies. Although it is acknowledged that geographically Cuba is in the West, for simplicity’s sake, the term ‘western’ will be taken to be shorthand for a free-market capitalist economy.

Methodology and Rationale

The way in which the concept of business social responsibility is understood and practised, and the role it plays in society differs greatly according to the institutional context (Kostova and Roth 2002; Muthuri and Gilbert 2011; Tan and Wang 2011). Scott (1987) defines institutionalisation as

the social process by which individuals come to accept a shared definition of social reality – a conception whose validity is seen as independent of the actor’s own views or actions, but is taken for granted as defining the way things are and/or the way things are to be done. (496)

Institutions can be both regulatory and cultural, for example, the political, economic and regulatory processes of the society as defined in the laws, but also norms, values, habits and customs (Muthuri and Gilbert 2011: 470), or ‘what is right to do around here’ (Marquis *et al.* 2007: 937). Cognitive elements such as ‘culture, values, ideology and identity’ (Muthuri and Gilbert 2011: 470) also provide a common understanding of responsible behaviour.

Campbell (2007) outlines the types of aspects that comprise the institutional context and hypothesises how these will affect the level of socially responsible/irresponsible business behaviour. For example, Campbell argues that strong and effectively enforced regulation of business will reduce socially irresponsible business behaviour. Campbell cites evidence from the deregulation in the US in the 1980s and 1990s which resulted in a spate of business ethics failures (Campbell 2006). Stiglitz (2003) similarly attributes accounting scandals such as Enron and Arthur Andersen to financial deregulation. Another institutional factor argued to affect levels of CSR is competition, as Campbell (2007) argues that too much competition can lead to cutting corners, whereas too little, that is, monopolies, can lead to complacency. In addition, the presence of trade unions, active media and professional and educational institutions can also affect levels of business responsibility (Campbell 2007).

Much cross-national research has demonstrated the importance of the institutional environment. For example, an analysis of corporate social reporting in seven Asian countries indicates that factors such as the labour market, the functioning of the capital market and the political system in each country affects the type and extent of CSR (Chapple and Moon 2005). Recent studies of the institutional determinants of CSR in Western Europe found that in liberal capitalist economies, CSR is predominantly voluntary in nature, whereas the co-ordinated market economies (e.g., in Scandinavia) show more institutionalised forms of stakeholder participation (Jackson and Apostolakou 2010). Purdy *et al.* (2010) go on to report that in Finland, an example of a co-ordinated market economy, CSR practices are collective processes and affirm social values, whereas in the US, an example of a liberal capitalist economy, CSR practices are signals of legitimacy, which provide the benefit of trust and reputation. Cross national evidence also supports the contention that regulation affects CSR, for example, a comparative study of CSR reporting in three different countries indicated the important role of regulation (Maignan and Ralston 2002).

Implicit and Explicit CSR

Matten and Moon (2008) cite Whitley's (1997) national business systems approach which identifies four key features that can differentiate historically grown national institutional frameworks, that is, political, financial, education/labour and cultural systems, which Matten and Moon claim provide the underpinning for the type of CSR that is practised in each country. Matten and Moon (2008) distinguish between explicit CSR which 'refer to corporate policies that assume and articulate responsibility for some societal interests' (409) examples of which might be philanthropy, voluntarily adopting social

or environmental standards such as ISO14000 or ISO26000, or voluntary partnerships with non-governmental organisations (NGOs) to address social and/or environmental impacts. By 'implicit CSR' they refer to

corporations' role within the wider formal and informal institutions for society's interests and concerns' which consists of 'values, norms, and rules that result in (mandatory and customary) requirements for corporations to address stakeholder issues and that define proper obligations of corporate actors in collective rather than individual terms.

Matten and Moon (2008) propose that explicit CSR occurs in liberal, laissez-faire economies as such economies have relatively little regulation, thus a larger share of corporate responsibility issues are left to the discretion of the companies. Implicit CSR is proposed to occur in co-ordinated economies as most of the social and environmental impacts of companies are regulated by institutional and legal frameworks. It is taken for granted in such economies that businesses will address these issues, thus there is no need to explicitly articulate that they are doing so. The US, for example, is a proto-typical liberal economy demonstrating explicit CSR where paying a living wage, covering health insurance, protecting the environment, donating to schools, hospitals, etc. is based on corporate discretion. Conversely, in co-ordinated economies such as Finland and Germany, the State regulates business to a greater extent, leading to implicit CSR whereby decent wages and working conditions are negotiated by unions, employee stakeholder boards or legislation and there is greater State regulation covering environmental impacts such as pollution and carbon emissions. The different national business systems affect levels of business responsibility, and Matten and Moon argue that due to its voluntary nature, corporate irresponsibility is more prevalent in liberalised systems as more is left to corporate discretion, claiming for example that fraudulent accounting at Enron and WorldCom could be seen as response to shareholder pre-eminence.

Cuban Context

Although there is a growing body of literature relating to cross-national comparative CSR practices, there has been an absence of research of this nature relating to Cuba. This is not unexpected, as until the collapse of the Soviet bloc in 1989–91, all economic activities typically carried out by the private sector in the Western societies, were carried out by the State in Cuba. The end of Soviet support and an intensified US embargo of the island meant the Cuban government was forced to make some adjustments to the State-controlled model and the early to mid-1990s allowed some private enterprise. However, these early reforms were not far reaching. Self-employment in some trades such as car mechanics, plumbing, etc., was permitted and citizens were allowed to open

small restaurants (which came to be known as *paladares*) or let rooms in their houses to tourists – *Casas Particulares*. At the State level, joint ventures with foreign capitalist firms were started in the fields of tourism, extractive industries and some manufacturing. By the early 2000s, these reforms had returned Cuba to a level of gross domestic product (GDP) roughly equivalent to that which it had in the late 1980s but with a severely undercapitalised economy that had suffered a decline in infrastructural renewal for more than two decades (Campbell 2013).

As a consequence, since 2007, the Cuban government, now under the presidency of Raúl Castro, has embarked on a deeper and broader strategy of economic reform. In a process known as the ‘updating of the economic model’, some 315 guidelines or *Lineamientos* have been adopted (Ritter 2011). The Cuban State is gradually reducing its administrative role in the economy and is allowing many more activities to be taken up by private businesses, ranging from individual self-employed entrepreneurs, privately owned small- and medium-sized enterprises, workers cooperatives and State-business partnerships on a grander scale. By 2016, it is envisaged that there will be more than 1.5 million workers employed in the non-State sector, reducing the State payroll by more than 25 per cent and creating a market-based local economy in the production, processing and distribution of food and personal and domestic consumables. At the same time, State corporations have been given more independence to operate and are being allowed to fail if they do not produce profit. More areas of the economy have been opened to joint ventures – including the sugar industry and agriculture – and tourism is being expanded with the permission to build golf courses and other high-end leisure activities granted for the first time (Gabriele 2013).

While not exactly wholesale privatisation, this policy is liberalising the Cuban economy on a scale hitherto thought unthinkable. In this new context, the question arises as to whether or not the introduction of the profit motive will affect the socialist consciousness of the economic actors and if this will induce behaviours in ways that might question social ethics. Alternatively will their prior socialist outlook survive and prevail in the consciousness of the newly liberalised business class? In the following section, we present our research which comprises a snapshot of the state of CSR in its fledgling state, as understood and practised in the newly licenced enterprises in Cuba.

Description of Data Gathering Method

A selection of business ventures and business commentators were interviewed during April 2013 on issues related to business responsibility and ethics (see Appendices 1 and 2). Interviewees were accessed via contacts made through the International Institute for the Study of Cuba and by CETED (Centro de Estudios

de Técnicas de Dirección/Centre for the Study of Management Techniques), Havana's Management School, and also opportunistically through contacts made while in Cuba.

Methodological issues

Initially, it was planned to pose the following questions to those involved directly or indirectly in business ventures in Cuba:

1. What do you think are the main ethical issues in your business?
2. Do you think there are any tensions between making money and being ethical?
3. Are there any negative potential environmental impacts or social impacts of your business activities that are not covered by regulations? If so how do you manage these?

A discovery in the course of the research was that questions devised by UK academics that are easily understood and responded to by business practitioners in the UK, did not appear to be understood by their counterparts in Cuba. This seemed to be a problem that went beyond simple issues of language to reflect the core assumptions made about the role of business in society. For example, in previous research into CSR in UK small- and medium-sized enterprises (Baden *et al.* 2011), business owners easily grasped the notion that there may be trade-offs between profit and societal/environmental issues, and could openly discuss and reflect upon the tensions they had experienced between business self-interest and CSR. However, this notion of tension between self-interest and public interest did not appear to resonate with Cuban interviewees, and many simply failed to respond to the question. To begin with, it was considered that maybe this was a language problem, or that the interviewees did not feel comfortable talking about such issues, but further exploration appeared to reveal that this was a question that simply made no sense to them due to the norms and assumptions embedded in the Cuban culture (a point that will be returned to in the discussion). Instead, interviewees tended to talk about the issues Cuba faces as a country, their views on the changes occurring, their motivations for their business practices and their vision for the kind of society they want and how to achieve it. Therefore, while many of the questions above were initially posed, interviews tended to veer off at a tangent, and only with difficulty brought back to the main focus. The interviewer in the end chose to allow the interviewees to talk about what they considered important rather than be overly directive.

Language issues can present a hindrance to accurate interpretation. To minimise this, the interviewer spoke basic Spanish, and there was also a translator to assist in the formal interviews. In addition, the recordings of the interviews

were listened to by the second author who is proficient in Spanish who also transcribed relevant parts of the interviews, and it is from these transcriptions that the quotes have been drawn.

Ethical issues

Interviewees were told about the purpose of the research and levels of anonymity, and were all happy to sign the consent form and information sheet prior to being interviewed. To preserve anonymity in the results, where more sensitive opinions and viewpoints are discussed, they will be attributed to one of these groups rather than a specific source. All formal interviews were tape-recorded. It was made clear to interviewees that if they were worried then the tape recorder would not be used, but interviewees were happy to be recorded and appeared to speak freely and openly about their views and practices.

Results

Several themes emerged from the interviews that were pertinent to CSR in Cuba which are presented below in order of their relative prevalence.

The role of the State

One of the main findings of this research is that it was difficult to talk about business ethics or CSR without discussions veering back to the State and what the State had done, is doing or plans to do. This is one of the most obvious institutional factors that accounts for Cuba's unique approach to business ventures, and results from the fact that there is a strong collective consciousness in Cuba and many of the businesses that we visited had fairly recently been run by the State.

The academics from CETED, which is the country's foremost Management Science School, highlighted the difficulty of reforming the mind-set ingrained from years of strong State regulation learned from the centralised Soviet system. In terms of social responsibility, they provided examples where practices were ethical by international CSR standards, but this behaviour stemmed from the political drive for social equity inherent in the socialist system rather than from necessarily the consciousness of the enterprise directors. One example from what the academics called 'one of the oldest cases of CSR' is the sugar industry, a wholly State-owned industry. The CETED academics described the measures taken:

The construction of housing and social clubs, social support for the workers and their families and education and training for the workers and members of their families.

All of these measures were introduced by the State in fulfilment of its socialist commitment. Furthermore, in towns, the mills have

electrical generation plants that burn the waste from the cane providing cheap electricity for the towns and the excess is put into the national grid. This is carbon neutral and very good for the environment.

Another example presented is that of Suchel, which is a joint venture with a Spanish firm that produces soaps, detergents and perfumes. In this case, workers were well rewarded and had a representative on the board of directors. The company was compliant with environmental laws concerning production and health legislation regarding its products. However, again the ethical behaviour seemed to be as a consequence of the political framework within which the company operated rather than stemming from the causes that have been identified in the Western market systems by Matten and Moon (2008) (i.e. explicit CSR such as philanthropy, voluntary regulation etc.).

The role of the State in providing the regulatory environment to manage social and environmental impacts was highlighted, in particular the two interviewees from CETED said that business in Cuba demonstrated a high degree of social responsibility and that most ethical issues relating to business in Cuba were covered by State regulations, so there were few areas where business could act unethically without breaching regulations. The academics at CETED also made reference to ethical dilemmas that arise in the biotech and health sector that pose difficulties in regulation due to debate about exactly what constitutes the best ethical practice, for example, there are differing opinions on issues surrounding how long to prolong life, and abortion, and also the agricultural sector related to genetically modified (GM) crops.

CETED academics said ethical business behaviour was motivated by compliance with regulations and also by internalised social norms. Nevertheless, the Cuban academics did not think that relying on internalised norms and values was sufficient, and these regulations were clearly not seen as dispensable. Unlike liberal market economies that tend to favour voluntary self-regulation, the Cuban academics saw strong State regulation as central to achieving Cuba's social and environmental goals.

On the other hand, the editor of the Cuban social affairs magazine had less faith in the efficacy of regulation:

The bureaucracy does not respect the laws. The laws are there but they are not enforced.

When posed questions about CSR and business ethics in Cuba, the editor of the social affairs magazine typically referred back to what the State was doing. The editor was critical of the State-owned enterprises and voiced an opinion

in favour of greater worker participation and particularly of cooperatives as the best solution to the economic problems. He held a similarly cynical view of the new drive for decentralisation saying that while firms had been given more autonomy, they were in fact still under the control of the central government. He advocated that greater citizen control was needed to ensure that ethical practices were followed:

We have a lot of State bureaucratic control and not enough citizen control. The constitution is not being enforced.

Interviews with other enterprises indicated that the values of the State government, in particular social equity and Cuban sovereignty appeared to be embedded not just in State regulation, but in the organisational culture and in individual norms and expectations. Examples of this were the organic gardens and farms that were visited which provided fruit, vegetables and medicinal herbs to the local community. Three such ventures were interviewed, ranging from the smallest – a rooftop gardener who supplies vegetables, fruits and herbs for food and medicinal use to the local community and church, to a medium-sized venture again with the stated aim of providing food to the local community, and a large worker's cooperative which provides organic produce on a large scale to the whole province. The State has been encouraging such ventures as part of their aim to secure food sovereignty for Cuba as a nation and for food security at the community level. It is for these stated reasons that such ventures have been encouraged, and these goals appeared to be close also to the hearts of those who run the ventures:

We feel that our contribution to the health and well-being of the community exists in providing healthy food at prices that people can afford. Here we feed more than 500 people in our locality ... We have also recovered an area that was left derelict and made it productive again.

In addition, there was a notable passion for organic produce itself, with the business owners keen to enthuse at length about the quality of their produce and the positive social and environmental impacts their business results in:

Urban agriculture has a value that is not always recognised. As well as producing 60 per cent of the fresh vegetables consumed by the population ... nationally it also fixes more than 300,000 tons of carbon every year.

Similarly, an interview with the manager of a recreational park indicated that he was intrinsically motivated to use the park to educate youth about Cuba's history and also wildlife and environment.

CSR

Just as has been observed in empirical research with European small businesses, none of the business interviewees used the term ‘CSR’. As in the UK, ‘CSR’ seems to be a term used more by the academics and by large international businesses, an example that was offered was the company Suchel Cuban Camacho, which is a joint venture between the Cuban company Union Suchel and a privately run Spanish manufacturer Catalan Manuel Camacho. The team at CETED demonstrated a presentation on CSR in Cuba, and what was notable about it from the perspective of the first author who teaches and researches in CSR in the UK, was its similarity to the CSR presentations typical of European and US companies. Issues were divided into those that are internal to the company such as working conditions, employing local citizens, diversity, health and safety, and external such as community benefit, making quality products that meet people’s needs at reasonable prices, environmental responsibility, efficient use of resources, responsible marketing and interacting ethically with all stakeholders such as suppliers, workers, community, etc.

The main difference noted in the discourse around social responsibility in Cuba compared to the capitalist economies was an increased emphasis on using local resources, employing local people and preferring Cuban products over imports. There was also a greater sense of responsibility towards the workforce with respect to providing job security and health care and a more proactive interaction with the local community. This was noticeable not just in the formal CSR presentation based on Suchel Cuban Camacho, but also in the interviews with smaller businesses. For example, many of the enterprises interviewed described themselves in terms of their community – for example, the community hairdresser, community theatre company, community farm, etc. In addition, although similar terminology is apparent in Cuba as in the UK and the US, the way in which it is interpreted shows some differences. For example, the term ‘responsible marketing’ in the UK and US tends to be about avoiding misleading the customer, whereas Suchel’s interpretation of responsible marketing is about the products it produces, incorporating issues of diversity and social inclusion to ensure that everyone’s needs are catered for. They also adopt similar theories and management practices such as the balanced scorecard, but the Cuban scorecard is more likely to include metrics related to social and environmental outcomes.

Similarly, the guiding values for the Cuban biotech and pharmaceutical industry are based on social values of health equity and solidarity. Conversations with a tour guide to the Cuban biotech sector revealed that while they are proud

of the work they have done combating diseases in their own and developing countries, there is low awareness of other ethical issues:

The focus is on scientific advance to help people. I saw no evidence of much concern relating to GM, environmental issues or relating to religious orientation, and there is no transparency about animal welfare, this is not seen as a pressing moral issue.

Instead, the biotech sector is most interested in scientific advance and making treatments and vaccines to help not just their own population but to address pressing health needs internationally, and show a particular solidarity with, and desire to help developing countries who are unable to afford Western medicines. The tour guide cited the example of Cuba's collaboration with Brazil who together produced and sold vaccines for meningitis for a very low cost and helped to eradicate meningitis in sub-Saharan Africa.

Another difference in the CSR discourse was that the rhetoric of CSR in the US and UK emphasises the business case for CSR and exhortations towards CSR typically depend upon drawing links between corporate social performance and corporate financial performance, whereas there is little in the US/UK literature that explores the link between CSR and its social and environmental impacts (Baden and Harwood 2013; Wood 2010). In contrast, the CSR discourse encountered in Cuba did not mention the financial benefits of CSR at all; instead, the focus was on social and environmental outcomes.

The concept of legitimacy is often used with reference to business ethics and CSR, and one of the motivations attributed to CSR is in the maintenance of legitimacy. Legitimacy refers to 'a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions' (Suchman 1995: 573). In the West, although the self-serving behaviour of several financial institutions has provoked discussion of legitimacy, the general consensus appears to remain that it is acceptable for the main purpose of business to be about generating profit. In contrast, the metrics of success in Cuba tend to be in terms of welfare and quality-of-life indices such as literacy, health, and social equity. Business is considered legitimate in this system only insofar as it meets those social goals. Indeed, profit was only mentioned with reference to the State-run industries that need it to demonstrate their efficiency (discussed in section on profit).

When asked about unethical business practices, apart from environmental pollution which is discussed in a later section, the only spontaneously mentioned issue was that of tobacco production. Both academics from CETED and the Western diplomat pointed out that it was not the most ethical product to sell, although in all other aspects it performed well in terms of CSR and its profits were ploughed back into health care.

Supply chain

One issue regularly raised in the CSR discourse is the supply chain – in other words, who is supplying the goods that the companies sell? In the fashion and electronic industries in the West, many companies have come under criticism for making huge profits off the backs of exploited sweatshop workers in developing countries. This was not an issue that spontaneously emerged during any of the Cuban interviews. However, when specifically questioned on this topic, the main response was to make reference to the US embargo which severely limits the trading ability in Cuba. Generally, the preference seemed to be to manufacture goods locally where possible. However, where imports were necessary, the Cuban interviewees emphasised that while working conditions of Cubans are of a good standard as they are regulated by law, they felt too constrained by the US embargo to be able to omit potential international suppliers on ethical grounds. On the issue of ethical sourcing, the interviewees admitted that the government had joint ventures with some companies that have poor reputations in other parts of the world, as described by the academics at CETED:

For example Nestlé has an ice cream factory in Cuba. They say that they exploit child labour in Africa but we have a company that produces ice-cream in Cuba. This is a contradiction and an ethical and moral issue. But we have no choice because of the American blockade we have to deal with anyone who will deal with us.

This issue was echoed by the editor of the social affairs magazine who also mentioned the irony of the fact that despite Cuba's commitment to social equity and solidarity, it was not in a position to be able to exercise much control over its foreign partners' behaviour due to the constraints of the embargo.

Environmental impacts

When interviewees were asked for examples of case studies of unethical businesses in Cuba, the examples that emerged were mostly related to environmental issues such as pollution. CETED explained,

There is an oil refinery in Havana Bay that leaks oil into the bay and there is also oil introduced into the bay by ships.

This was being resolved by the government in a project that is developing another port in Mariel, Western Cuba to which the industry in Havana Bay is being moved. In tourism, the development of virgin islets or quays as holiday resorts had produced some environmental disasters, but again the interviewees talked about the role of the department of the Ministry of Science Technology and the Environment (CITMA) in controlling the environmental impact of new projects once the lessons learned from these early disasters were taken up:

CITMA is very rigorous. It has an environmental protection regulatory system that is very powerful and has applied the regulations with great force in the case of the pontoon bridges to the quays and islets. They have forced them to be reconstructed so that they no longer affect the tidal flows and the environment that is required by the flamingos that live there.

However, the editor of the Cuban social affairs magazine was critical of CITMA saying that although environmental legislation existed, the regulations were not enforced. When asked why the laws were not enforced, he explained,

The problem is the path of development for 50 years using Soviet technology was not good for the environment.

His opinion was that while the State can enforce regulations in private industry, it is difficult for them to enforce regulations for themselves, and as most industry was still State-run, this presented a problem:

It is easier to enforce the laws on a private business than it is on a State enterprise because they are all part of the same structure.

There were differing opinions relating to how well businesses in Cuba handle their waste and energy use. The resource constraints placed upon Cuba necessitate careful use of resources and minimisation of waste, so it is arguable that the Cubans' low levels of waste are due to sheer necessity rather than a level of environmental awareness. The CETED team were proud to point out their recycling procedures, however, as noted by one of the non-Cuban interviewees, the recycling infrastructure in Cuba is not that advanced. The authors' personal observations were that although we saw little formal infrastructure such as bottle banks etc., we did observe many examples of recycling occurring, such as old plastic bottles being collected and resold in a market in a rural town, and the innovative use of old materials to keep old products, cars and houses going.

Both social and environmental values were apparent in interviews with the urban organic gardens and farms that were visited. The use of organic methods in agriculture, such as judicious use of certain plants to repel pests rather than chemicals appeared to be the norm rather than the exception. As well as producing organic food, the owners pointed out the additional social and environmental benefit of this system:

One hectare of these gardens is capable of capturing and fixing between 5 and 6 tonnes of carbon dioxide every year. Over the whole area they fix 350,000 tonnes of Co₂ each year.

While the organic farmers we visited were enthusiastic and clearly committed to organic principles, some of the non-Cuban interviewees presented a more

cynical view that organic farming is happening by default because of the difficulties in importing chemicals. This was a pattern observed often – the Cuban interviewees would present reasons for their activities that were grounded in social and environmental values, but when questioned on these activities, the non-Cuban interviewees would have more cynical attributions for their motives. In this case, the interviewee from the largest organic cooperative was adamant that using natural means to control pests was actually much cheaper than using chemicals:

It is a myth that organic production is more expensive ... In order to produce organically you need to produce your own fertiliser. This is not a disadvantage because it is cheaper to produce organic fertilizer than chemical fertilizer. It is a hidden cost that does not appear in the price.

In this instance, it was clear that here was a farmer genuinely committed to the organic vision who was not simply choosing the organic route due to lack of access to chemical alternatives. The editor of the social affairs magazine acknowledged both points of view. He agreed that the organic cooperatives were an excellent example of genuinely ethical and environmentally friendly enterprises. He also agreed that one of the reasons they had done so well was due to necessity – that is, the inability to import agrichemicals. He pointed out that in the past Cuba focused on large mono-crops such as sugar cane, following the Soviet model of large-scale intensive production that was not good for the environment, although now there is greater focus on decentralised organic production run on cooperative lines.

Profit motive

One of the first interviews was with the organic farm cooperative, and their approach to price and profit was very different to the typical capitalist model. When asked how they determined their prices, it was explained that the price is set by supply and demand although the State did set a maximum price. In this case, it appeared that there was a higher demand for the cooperative's produce than there was supply:

People prefer to buy our food because it is organic and is fresher than the food they sell in the market.

Despite this, they set their prices well below the maximum allowed by the State. This behaviour differs from the capitalist business model whereby business typically endeavours to maximise its profits by setting the price based upon supply and demand, with competition being the main factor that keeps prices down. However, the cooperative did still operate at a profit, and explained their

decision to keep prices low on the basis of values rooted in social equity. They admitted they could charge more, but felt they earned a good living and did not need to earn more:

This is a project which we developed as a social objective. But it is important to have a profit. Even though our products are organic we sell them cheaper than the State markets do ... We are producing for our own families because we all live in this area. Even though we do this we still make a 40 per cent mark up and this allows us to have per capita incomes that is often 2.5 times that which normal average agricultural worker gets in the country, so it is no sacrifice for us to set a lower price than we need to.

This mind-set was also apparent in the case of the hairdresser and theatre company and small-scale rooftop gardener who all appeared to be motivated by specific needs in their community rather than by financial motives. So profit was deemed to be a necessary outcome in order to make a living, but once a good living is obtained, it seems that other, social considerations override the motive. In this aspect, this approach is very similar to the Western social enterprise model.

The Western diplomat was questioned on his assessment of the differences between the approach to profit between Western and Cuban enterprises based on the cases of the organic food cooperative, and hairdresser and community theatre. He agreed that businesses in Cuba were not expected to put profit first. His opinion was that enterprises were worried about being seen to make high profits as it was not considered culturally acceptable to make a lot of money, and high profits would attract excessive attention from State auditors. He cited a case whereby a very famous private restaurant or *paladar* had been shut down by the State because it 'had become too successful'. The trade and industry attaché, a Cuban employee also commented that while people were encouraged to become entrepreneurs, it was only permissible to be *prudently rich* in Cuba.

Following this assertion, questions were specifically asked in other interviews about attitudes to profit in order to further explore the views of Cubans related to profit. The manager of the medium-sized organic farm when questioned on this topic was clear that he felt perfectly fine about making a profit:

I work hard and it is good to make a good profit because we are supplying people with what they want – it is not a problem.

These viewpoints were discussed with the academics at CETED, who said that they knew of the *paladar* the Western diplomat had been referring to, but said it was not closed down for being too successful. Their account was that the *paladar* owner had been breaking licensing regulations, evading taxes and also using the restaurant for money laundering activities. Another informal

conversation with a local Cuban corroborated this account of why the *paladar* had been closed down.

The approach to profit was also discussed with the editor of the social affairs magazine. In his view, issues with profit making are more likely to present ethical issues within the State sector in Cuba rather than the private sector. As part of the economic reforms, State-run industries now need to show that they are efficient and making a profit on their books or they risk being closed down so this gives rise to price rises:

Many bosses of State enterprises raise their prices in order to seem efficient. For example there is a State printing house that charges us very high prices in order to hide their own inefficiencies. This is not related to the desire for profit. The need for profit here is the need to fulfill the needs of a yearly plan.

The editor of the magazine reported that he had just outsourced the printing of the magazine to a Canadian cooperative because even including the transport costs it would be cheaper to print the magazine in Canada than to use the Cuban State-owned printing house. He cited this as an example of the inefficiency of the State-controlled system and of how little things had changed despite the intentions of the government. The high price for the printing was not due to a desire for profit. The company was run by State employees who were salaried and did not have a profit motive for themselves. Thus, the profit motive is driven by the demand from the State for all companies to show a positive balance. But this was a bureaucratic demand and bore no relation to the facts on the ground. In order to show a profit, it was necessary to raise prices because of the terrible productivity of the plant.

Community values

The importance of community values appeared intrinsic to the Cuban approach to enterprise. In some ways, this can present a problem as it is so taken for granted that it comes under the heading of ‘implicit CSR’ and so may not even be seen by the interviewees as worth mentioning simply because it is the norm. For this reason, it was hard to separate out community-related CSR practices as they were so integral to all the ventures we visited. For example, the small rooftop gardener distributed food freely to the local church and community and was not profiting from her activities at all. The larger garden which did run at a profit had been put together by the local community. The owner and garden manager had taken over a derelict space, and friends, family and the local community donated time, tools and expertise to turn it into a thriving local enterprise. Similarly, the goal of the largest farm cooperative we visited was to deliver good-quality organic produce to their local community. In addition, they

worked with local community organisations, schools and other social centres to spread knowledge about food and organic gardening.

The community hairdresser interviewed had acquired an old shop in Old Havana, the colonial part of the city which is under restoration under the auspices of the City Historian's office. The restoration project itself is an interesting case study from a CSR point of view in that it uses a combination of private enterprise and public administration to produce urban renewal that is sustainable and of benefit to the community. The hairdresser was given the property to start a salon with the view to employing and training local people. He not only provides a service to the local community but also employment and training. He said that he had studied social enterprise theory and has developed his own theory of social enterprise:

I am applying the theory to practice. I am a dreamer. In the 1990s I started the project with a dream. I was one of the first entrepreneurs as a private hairdressers and beauty salon. It was very difficult because back then there were no suppliers of equipment and furniture... I started a business in the church and integrated the community into the project. The first thing was to create a community school for young people to learn how to cut hair free. The idea is that an economic project sustains a community project.

The place where he mounted the enterprise was in ruins belonging to the city of Old Havana. He wrote to the city historian's office, and the office gave him the premises. He then used his own money to rebuild it, and the city office gave him support for the development when they saw what he did. The office has now given him a new premise to start a new school for which he does not pay:

I have two friends who work as teachers for me who work three days a week giving classes in hairdressing. I work in teaching classes in the morning and then work as a hairdresser in the afternoon.

The teachers give their time freely because they were students of his and owed him the favour for his having given them their education:

I don't only teach a trade, I teach values.

His theory is called 'Economic solidarity' and is based on the idea that human capital should be linked to social commitment:

The idea is to use capitalist methods to create a social solution. The idea is to help people and to oblige others to do the same. We are working at the micro level in the community to push change in the macro level. My idea is to create enterprises with a social commitment.

Another enterprise that started with the aim of meeting a community problem was a community theatre project. In this case, a local entrepreneur had started a theatre workshop for local youths because she had become concerned that they had been playing with knives. Her daughter talked to us about her mother's work which was based on the belief that *'art saves people'*:

Some children were fighting with knives in the streets some nine years. When she saw this she decided to create a group to teach the children art and culture.

Corruption

Corruption was not raised by any of the entrepreneurs or business practitioners but was mentioned by some of those with more indirect interest in Cuban business. Both a Cuban and non-Cuban commentator and a couple of more informal conversations revealed that corruption may be an issue. In terms of informal discussions among US and European diplomats and journalists based in Cuba, there was no clear agreement. One US commentator claimed that there were kickbacks and corruption in the selection of international trading partners by the State but gave no specific examples, but this assertion was contradicted by a European commentator who said this was an exaggeration and that there was less corruption in Cuba than in most Asian and African countries and some European countries, and that the corruption that did exist was being strictly dealt with by the Government. The level to which the Government could be trusted to deal with corruption fairly was also an issue that arose with both a Cuban and a European commentator (in separate interviews) who both admitted that while there is little transparency and no division between the State and the judiciary, it is hard for external commentators to know how fair the procedures are for dealing with corruption – in other words, one simply had to trust that the State was prosecuting the guilty parties, and not simply the most politically expedient. The Western diplomat mentioned the crackdown on corruption citing regulations relating to conflicts of interest that permission needed to be sought from the State before buyers could accept lunches from business, for example.

Diversity

Gender equality seemed to be taken for granted and was not spontaneously mentioned by any of the interviewees, but on being asked, the answers tended to reveal a relatively equal balance. The academics at CETED said there was a high number of female professors, and women are also well represented in the higher echelons of political power, for example, 10 out of the 29 government ministers are women. The large organic farm also mentioned the diversity of their workforce, particularly in terms of age. The organic cooperative was

founded in January 1997 with only a small area of 800 m² and five employees – *five crazy men!* Today, it has 11.2 hectares, and the number of employees is 179 of which 46 are women. In all, 44 of the employees are over 60, and 3 are over 80 and actively work:

The older workers are very useful because they are disciplined and have a great deal of experience and the fact that they work gives them self-esteem and sense of usefulness to the community.

The way in which members of the cooperative are paid depends on length of service and production:

If a person has just arrived they are taking advantage of the work and value that has been created by other workers who have been here from the start.

Issues such as racial diversity did not come up in any of the interviews.

Taxation

This was not a topic that spontaneously came up as an issue, although when asked the organic cooperative said that they pay taxes and when asked about honesty in the tax system, they said the problem was not one of dishonesty but that people are not used to having taxes at all. However, in one of the informal conversations held, one self-employed business person did admit to cheating on taxes, in the sense of not reporting the full extent of income earned. When questioned about possible consequences, there seemed to be no strong fear of the consequences, simply an acknowledgement that the balance would be requested and may prove expensive.

Discussion

It is clear from the research that the application of CSR in the new Cuban economy is by no means easy to ascertain. There is little understanding of the concept but that does not mean that practices that would be labelled under the CSR rubric elsewhere do not take place. On the contrary, examples of ethical practice abound, at least on the local entrepreneurial level, and the intention to be ethical is a stated goal at the State and larger enterprise level even if it is not always practised (e.g. in relation to inadequate enforcement of environmental regulations). The constraints under which industry and businesses work in Cuba is also a factor in preventing what would be otherwise desirable practices, in particular in relation to the supply chain as the US embargo means that Cuba cannot afford to exclude potential suppliers, even if they are non-ethical.

There appears to be an underlying acceptance if not internalisation of ‘socialist ethics’ on the part of all the Cubans interviewed. The perspectives differed in

accordance with their relative positions but underlying all the responses was a desire for social equity. In the case of the academics, the most official of the sample group, they believed this was already being achieved in Cuba in most cases and where it was not, it was mainly due to circumstances beyond the State's control due to external factors such as the US embargo or a lack of resources. In the case of the magazine editor, it was not being achieved because of bureaucratic practices and other outside factors, but his desire was for it to happen. In turn, each of the local entrepreneurs interviewed were actually demonstrating an extremely high level of social responsibility placing community benefit above or on a par to personal profit as a motivating factor for their enterprises.

The ethical issues faced in Cuban business were very different to those faced in capitalist economies. The tension between social and financial goals felt by business owners operating in the capitalist system with a stronger norm of self-interest, and legal obligation to create value for shareholders over other stakeholders, was not encountered in any of our interviews. One of the underlying causes of much business irresponsibility in capitalist countries is due to businesses prioritising financial interest over social and environmental impacts. There was no evidence of this in Cuba. None of the business owners interviewed mentioned profit as a driving factor for their activities. Indeed, it was ironic that the only time profit was mentioned in relation to undesirable behaviour (with the exception of the errant *paladar*) was in the case of State-run industry executives who needed to show a profit in order to prove they were running efficiently. Instead, most ethical issues were still in the realm of State-run industry and referred to countering corruption, transparency and enforcement of environmental regulations. It was interesting that none of our Cuban interviewees mentioned human rights or democracy, and one of the informal conversations with a foreign correspondent explicitly noted that he had come across no call for democracy in Cuba. Mostly, the Cuban enterprises were proud of what they were doing and how they were serving the community.

The unique political and economic conditions in Cuba limit the application of concepts, measures and definitions that have been formulated in the context of Western economies. Even where terminology was the same, the way it was interpreted was often a little different. For example, like academics from capitalist countries, Cuban academics also use the term 'stakeholders', but the practice of stakeholder management in Cuba appeared to be based upon normative principles. Creating value for stakeholders such as the community and the workforce were seen as primary goals, rather than secondary to financial performance. This is in contrast to capitalist economies where the approach to stakeholder management is more instrumental. In other words, Western discourse on CSR emphasises the business case for stakeholder engagement,

that is, businesses attend to such stakeholders because there are costs in terms of reputational damage which may have negative repercussion on corporate financial performance if they fail to do so (Choi and Wang 2009; Harrison *et al.* 2010).

In a country where there is no marketing or adverts for products, the term ‘responsible marketing’ also takes on a different meaning, referring more to producing useful products for all needs. It is also notable that none of the interviewees used the term ‘private business’, preferring instead to use the term ‘non-State enterprises’. This may be because the term ‘private property’, with its connotations of private wealth accumulation, does not properly describe the varieties of non-State enterprises present in Cuba such as cooperatives and self-employed trades people.

Even though the Cuban government is keen to roll back the role of the State in enterprise, it still has a much stronger regulatory presence than in most capitalist countries. Institutional theory posits that level of social responsibility (and its counterpart social irresponsibility) depends upon the institutional environment such as levels of State regulations and also the cultural environment as embedded in social norms. Cuba has favourable conditions for CSR on both counts. Strong State regulation prohibits unethical practices, leaving much less up to voluntary self-regulation. In addition, Cuba’s revolutionary history predicated on norms of social equity lead to profit-making private enterprise being seen as the best means to the end of social welfare, rather than as an end in itself. The type of CSR practised in Cuba is thus what Matten and Moon (2008) would term ‘implicit CSR’ as most issues relating to social and environmental welfare are covered by the State, leaving little room for voluntary CSR. CSR is also implicit in the more general sense that it appeared to be taken for granted that business is there to serve society, not the other way round. The socialist goals of the Cuban State appeared to be unquestioned by all those that we spoke to (accepting that this was a small sample), and the only disagreements we encountered were how to achieve these goals.

From this small case study, Cuba presents a positive role model of CSR, showing how strong State regulation and internalised pro-social norms enable business to be a positive force in society. The key difference between the Cuban approach to CSR and the approach in capitalist economies is that in Cuba the ultimate goal is social welfare, and the metrics of success (e.g., as indicated by the components on the balanced scorecard) reflect this. This is in contrast to the prevailing capitalist view of profit maximisation as the ultimate goal of economic endeavour as typified by the famous quote by Milton Friedman that the social responsibility of business is to make a profit (Friedman 1970). This has led to CSR being typically justified in the West in terms of its ability to benefit the bottom

line rather than as a goal in itself (Baden and Harwood 2013; Wood 2010). This can result in key social and environmental negative impacts of business being unaddressed if they fail to meet the business case or are not covered by regulations. Examples common in capitalist economies are exploitative supply chains based on sweatshop labour, degradation of communities by extraction industries and unsustainable consumption encouraged by marketing practices of business. Indeed, the ability of the construct of voluntary ‘explicit’ CSR as practised in capitalist countries to provide an effective means to ensure ethical business behaviour in the face of institutionalised pressures on business to maximise profit is increasingly being doubted (Corporate Watch 2006). In this sense, CSR as practised in Cuba appears to be truer to the spirit of CSR than the capitalist interpretation.

These differences in the basic premise of the role of business in society are reflected in very different business practices. The example of the organic farm cooperative of keeping prices low because an income differential of 2.5 times that of the lowest paid was deemed to be undesirable, throws into stark relief the very different approach to price setting encountered in capitalist economies, where the typical model is that prices are set as high as regulations, competition and supply and demand allow.

It was interesting to note the different interpretations of this and other events from Cuban and non-Cuban perspectives. The view was expressed by the Western diplomat that limiting profits was due to fear of being audited by the State if they were being seen to make too much money, as while the liberalising reforms were positive developments, the Cuban State was keen to limit the extent to which private enterprise could succeed. The Western diplomat cited the example of a *paladar* that was closed down ‘because it was too successful’. In other words, in his view, the *paladar* was growing and because it was growing, it could not be tolerated as the owner was becoming too rich. The Cuban academics from Havana University’s CETED, explained that the *paladar* had been shut down, not for making too much money, but for breaking the law. In a third conversation, with the Cuban director of a magazine that comments on social affairs, a main point of criticism of the authorities was their lack of action. It was lamented that they did not act in many cases to enforce regulations.

This is an interesting counterpoint of three opinions about the same incident. While it was true that the *paladar* had been successful, it would not be fair to say that the authorities had closed it down because of that. Had the owner not broken the law, he might be in business still today and indeed, under the present regulations may not only have been allowed to expand but would possibly have been encouraged to do so. The Western diplomat’s criticism was somewhat off the mark – a reflection perhaps of his and his government’s desire for Cuba

to become more free market than it is currently prepared to be. On the other hand, the Cuban academics' point of view represented an official interpretation of events, exaggerating the efficacy of the system in regulating the market. Their interpretation ironically provided an example that contradicted the generalisation from the magazine editor, whose attitude reflected the cynical view that while the government had many regulations, through inefficiency and corruption the authorities failed to enforce them. The story serves to highlight the difficulty of carrying out research in Cuba. The intense political polarisation caused by the issue of the US position towards the country produces a nexus that makes it difficult to reach definitive conclusions. The case reveals three different views and the fact is that while there is some truth in each, none are wholly correct.

This research into CSR in Cuba contributes to the debate on the level of regulation required to keep business in check. This is an ongoing issue played out in political speeches, the media and academic discourse that has taken on particular relevance over the last few decades, due to a spate of scandals and the global financial crisis which has highlighted the difficulties of regulating industry in a globalised world where business can simply relocate where regulations are more congenial to their interests (Scherer and Smid 2000). Cuba provides an interesting case study of a highly regulated economy. Although the cultural and socio-historical background are very different, and the level of regulation accepted in Cuba would not be so easily accepted in more liberal economies, for all that, people remain quite similar at heart, as indicated by the unsolicited confession from one business owner who confessed to tax evasion.

Some commentators have expressed the opinion (Farber 2011; Reid 2012) that once Cuba allows elements of free-market economics in the form of private enterprise, then the internal dynamic of capitalism will take over and Cuba will lose its socialist nature. Indeed, it is worth noting that in the capitalist countries, the historical justification for prioritising profit, dating back from Adam Smith's *Wealth of Nations* (Smith 1776/1976), was that profit maximisation was for the benefit of all society. Therefore, the goal of profit maximisation is historically subordinate to the goal of societal welfare. However, this seems to have been forgotten and Adam Smith's *Wealth of Nations* is more likely to be quoted by neo liberals in support of unregulated free market than those of more socialist leanings. It is therefore possible that this research has been conducted in what may turn out to be a brief developmental period in Cuba where business is allowed, yet strong State regulation and social norms of equity remain to keep it socially responsible, and a future period where State regulation is reduced, and internalised norms of equity diluted and the Cuban economy follows a free-market trajectory losing its distinctive socialist nature.

However, Raúl Castro claimed in 2010 that he was ‘not elected President in order to restore capitalism in Cuba’ but to ‘defend, maintain and continue to perfect socialism’ (Castro 2010). O’Sullivan (2012) argues that it is the Soviet model of hyper-centralized bureaucratic form of socialism that is changing as Raúl Castro steers Cuba towards a more decentralised less bureaucratic model. Based on his research with Cuban youth, O’Sullivan believes that while socialist ideals remain embraced by the people and the State maintains a significant degree of central planning, Cuba can adopt market mechanisms without losing its socialist nature. In this research, there were no indications from any of the Cuban interviewees that they wished the Cuban State to emulate the capitalist model. Although there were criticisms of State bureaucracy and interference, all interviewees appeared committed to the socialist ideal. Thus, it will be of interest to follow Cuba’s progress – it is possible that with their distinctive institutional set up they may pull off the trick getting the best of both worlds – the idealism and social equity driving intrinsic motivations for business managers to serve society rather than themselves, yet the greater economic freedoms and benefits from an economy that has selectively adopted more free-market principles.

The question arises to what extent the West can learn from Cuba’s relative success. Much of Cuba’s ability to avoid some of the more iniquitous by-products of capitalism such as inequality and exploitation has been due to strong State regulation. Part of the reason this appears to be accepted by the Cuban people appears to be historical – it is still within many Cuban’s living memory what life was like for the poor prior to the revolution, and the interviews conducted in this research indicated that those we spoke to share the values and socialist ideals of the State. Where there is shared agreement about the best course of action, then the State naturally has more legitimacy in regulating to ensure these values are upheld. Indeed, as Ludlam (2012) describes, the updating of the Cuban economy has been accompanied by public consultation on a grand scale to ensure that it retains its legitimacy and acceptance by the Cuban people.

Countries such as the UK and US with a highly individualist culture have historically been less accepting of such a high level of regulation. However, the spate of scandals that have had devastating consequences for the world economy have been attributed in part to lack of regulation, and so the time may be ripe to learn from other more highly regulated economies. Nevertheless, even if the desire for greater regulation were present, it can have potentially devastating consequences to a national economy to force it through against the wishes of the home corporations. In a globalised economy, industries can relocate to countries with more favourable regulations, leaving the home countries with an abrupt loss of valuable revenue (Higgins 2003). Cuba has avoided this issue, perhaps not altogether voluntarily, in part due to the US embargo. However, it did have

to deal with economic loss on a massive scale when the Soviet Union withdrew its economic support. Cuba has largely recovered from this blow through building up its tourist industry, and making the most of its medical expertise and with selected partnerships with friendly foreign governments. However, it has preciously guarded its sovereignty, endeavouring to ensure that it does not become beholden too much on any foreign institution (Wilkinson 2012). In this Cuba potentially has greater resource security than many richer nations who depend upon certain sectors or imports for their survival.

Another way in which the West can draw lessons from the Cuban experience is by addressing the cultural norms which affect our perceptions of what kind of behaviour is acceptable. In Cuba, the prevailing norms are of solidarity with others and communal values, which facilitates business social responsibility. This has come about in part through a revolutionary history unique to Cuba, so the Cuban mind-set cannot simply be adopted by a different country with a different history. Despite this, in the West, we seem to have almost deliberately cultivated business values that are antagonistic to genuine social responsibility. This is perpetuated in part by economic models which assume self-interest as the most rational behaviour, assumptions which many scholars have argued can become self-fulfilling (Ferraro *et al.* 2005; Ghoshal 2005). For example, Miller (1999) proposes that

a norm exists in Western cultures that specifies self-interest both is and ought to be a powerful determinant of behavior. This norm influences people's actions and opinions as well as the accounts they give for their actions and opinions. (1053)

Ghoshal (2005) argues that the assumptions underlying most economic and business theories and education affect not just students who study these subjects, but are also in the air legitimising some types of managerial behaviour that accord with these assumptions and delegitimising others. It is this which Ghoshal argues has helped perpetuate a norm of self-interest, which is an historical anomaly, as almost all writings prior to the mid-twentieth century were designed to do the exact opposite. Ghoshal goes on to argue that 'by propagating ideologically inspired amoral theories, business schools have actively freed their students from any sense of moral responsibility' (76). Ghoshal goes on to cite Keynes (1959) who made the point that

The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood ... practical men who believe themselves to be quite exempt from any intellectual influences are usually the slaves of some defunct economist. (Keynes 1953: 306)

For example, even theories specifically related to CSR such as Carroll's pyramid of CSR assume that economic responsibilities come before ethical responsibilities, and Baden (2013) argues that not only does this not reflect actual beliefs, but it undermines the power of the CSR construct to promote genuinely pro-social business behaviour.

Baden and Harwood (2013) argue that terminology can also affect behaviour through signifying what behaviour is deemed appropriate, for example, participants are more likely to cooperate in a game called the Community game, than the very same game when it is termed Wall Street Game (Lieberman *et al.* 2004). Thus, while we cannot expect that notions such as solidarity that underlie the pro-social norms encountered in Cuba will suddenly catch on elsewhere, there is plenty of room to adjust our discourse relating to business, to free business from its moral muteness and to encourage more pro-social norms through our management theories, models and teaching.

Limitations, issues of reliability and validity

The conclusions reached about CSR in Cuba are based on a limited sample and the types of issues relating to CSR will be affected by the specific sector. So caution must be exercised in generalising the findings to other sectors that were not included in this sample. In addition, even within sectors, businesses are run by people and people differ in the extent to which they value some goals above others.

One anticipated limitation, based on preconceptions about the level of free speech in Cuba was that we would have difficulty in getting honest and open opinions from Cuban interviewees, especially about a topic that is potentially sensitive such as business ethics. However, we got no sense that Cubans were restricting their speech for fear of censure. On the contrary, we were struck by how freely the Cubans we interviewed offered up their opinions of what the State should be doing or is not doing well enough, despite in many cases being recorded. This also echoes the experience of another recent researcher who found no hesitation among his interviewees about critiquing the State (O'Sullivan 2012). Indeed, when we asked about this in more informal conversations, the response was that Cubans are now actively encouraged to participate in debates about how the country should move forward.

Another reason to exercise caution in the interpretation of results is that many of the enterprises visited were accessed via contacts at CETED, and these may have been chosen for portraying particularly positive examples of enterprise. The enterprises accessed via CETED took place at the beginning of the study which allowed the opportunity to discuss preliminary conclusions with other interviewees and in more informal discussions to get alternative interpretations.

As was apparent in the results, for example, the incident of the *paladar* being closed down gave rise to several different interpretations. In the discussion, we presented the different views and put forward our own interpretation of events based upon opinions not just from formal interviews, which in this case might be biased by the specific job roles and backgrounds of the interviewees, but also based on corroborative accounts from informal conversations with other Cubans who had local knowledge of the event, and no obvious vested interest in a particular account. Nevertheless, in order to minimise the possibility of bias or incorrect interpretation, a draft copy of this article was sent to those who were formally interviewed to allow interviewees to correct any misreporting or errors, or to suggest any additional relevant information.

Last, this study focused on small enterprises, and future research could usefully investigate CSR as it is understood and practised by larger enterprises and State-private partnerships in Cuba. This would allow CSR in some of the key Cuban industries such as biotechnology and medicine, tourism, mineral extraction and tobacco to be more fully explored.

Appendix 1

Types of formal and informal interviews/interviewees

1. Formal interviews with Cubans (predominantly in Havana) involved in business directly or indirectly (details of the larger enterprises are given in Appendix 2).
 - Two senior academics from Havana University's CETED (Centro de Estudios de Técnicas de Dirección/Centre for the Study of Management Techniques);
 - The editor and director of a successful social affairs magazine;
 - A community-based hairdresser in Old Havana;
 - The head of large organic farm cooperative;
 - The head of a medium-sized organic garden;
 - Rooftop gardener who supplies local community and church;
 - The head of a community-based theatre project;
 - A European ambassador's attaché (a Cuban employed by the embassy);
 - Manager of a recreational park;
2. Formal interviews with non-Cubans. These included a Western diplomat, and a tour guide who regularly escorts Western business students to Cuba to get a feel for alternative business models.
3. Informal conversations with Cubans encountered during the 1-week research trip. These included taxi drivers; hitchhikers (it is common practice to pick

up hitchhikers when travelling by car in Cuba), in particular one who worked in tobacco plantation, bar and restaurant staff, shop owners and owners of casa particulares (i.e., bed and breakfasts) stayed in while travelling round, members of a musical collective.

4. Informal conversations and impromptu interviews with non-Cuban personnel (UK, France and US) met during an event hosted by the British Ambassador to commemorate the Queen's birthday. These included diplomats, foreign correspondents (e.g., from British Broadcasting Co-operation (BBC) and Reuters) travel agents based in Cuba and educators.

Appendix 2

Sample

University of Habana

Two senior academics from Havana University's CETED (Centro de Estudios de Técnicas de Dirección/Centre for the Study of Management Techniques), Cuba's foremost management school.

The Community Hairdresser

This was an entrepreneur who had successfully established a hairdressing salon and a school for training hairdressers and was in the process of starting another which would be run as a cooperative by his graduates. Hairdressing is one profession that has been 'privatised'. In Cuba, hairdressing was a State-run enterprise, and barbers and hairdressers were all State employees until recently when the government turned all the shops over to the employees to run as cooperative enterprises.

The Organic Market Garden

This is a social enterprise that provides organic vegetables to the local community at prices they could afford. The workers explained that they were part of a national social movement of some 500,000 organic gardeners that groups together small household plots, factory and workplace gardens and cooperatives as their own enterprise. Of these, 10,600 units are large area cooperatives producing to sell their produce to local communities. In total, these producers grow and sell more than a million tonnes of organic food a year or about 60 per cent of the vegetables consumed in the country using 50,000 hectares of land located within cities or on the periphery of urban areas. The cooperative was founded in January 1997 with only a small area of 800 m² and five employees and has grown to 112 hectares and 179 employees. They produce 80 per cent of

the organic fertilisers and biological pesticides that they use themselves and serve an average of 50,000 customers per year. The cooperative sells its food directly to the population through its own shop. Decision-making is done through a council or board of directors that is elected every 5 years under a president who is likewise elected every 5 years.

Community Theatre Project

This private initiative was established with a purely social aim and had been successful in taking youths off the streets and giving them an improved perspective on their lives. This had been recognised by the Ministry of Culture and had received support and backing from the State.

The Ambassador

In order to balance these Cuban perspectives, the views of a Western diplomat were sought as part of his brief to foster and develop trade and investment in the island as part of his country's policy of trying to induce Cuba to adopt a free-market and multi-party system.

English Tour Guide and Translator

His job was to escort Business managers, politicians, students etc. to Cuba to show them the alternative business models operating in Cuba, particularly specialised in the Cuban biotechnology and pharmaceutical industry.

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