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Linking business's gender and diversity practices with corporate citizenship: implications for Latin America

Ligar las prácticas de género y diversidad en los negocios con la ciudadanía corporativa: las implicaciones para Latinoamérica

ABSTRACT

This article surveys reasons and methods for incorporating gender and diversity practices within the broader framework of corporate social responsibility (CSR). The strength and details of the business case for a focus on gender and diversity should vary with a company's profile. Recruiting and motivating to maximize employee productivity is a commonly understood aspect of the business case for promoting diversity but increasingly companies also understand that diversity can help grow sales and improve customer satisfaction, help risk management and enhance creativity and flexibility in organizational processes leading to better problem-solving. In Latin America, while CSR practices are gaining ground, gender and diversity is not typically seen as a strong component. Instead corporate CSR tends to focus on community relations or environmental sustainability. The article outlines aspects of the Latin American landscape suggesting strong potential rewards for companies to pursue CSR by focusing more on gender and diversity.

Key words: corporate social responsibility, gender diversity, women in business.

RESUMEN

Este artículo examina razones y métodos para incorporar prácticas de género y diversidad dentro del marco más amplio de la responsabilidad social corporativa (RSC). La fuerza y los detalles inherentes a una propuesta de negocios enfocada en género y diversidad deben variar con el perfil de la compañía de que se trate. Reclutar y motivar para maximizar la productividad del empleado son aspectos comúnmente entendidos de la propuesta de negocio orientada a la promoción de la diversidad, pero -cada vez más- las compañías entienden también que esa diversidad puede ayudar a hacer crecer las ventas y mejorar la satisfacción del cliente, a apoyar la gestión de riesgo y aumentar la creatividad y la flexibilidad en los procesos de la organización que conducen a optimizar la solución de problemas. En Latinoamérica, mientras las prácticas de responsabilidad social corporativa ganan terreno, las prácticas de género y diversidad no son vistas típicamente como un componente fuerte. En vez de ello, la RSC tiende a centrarse en relaciones de comunidad o en la sostenibilidad ambiental. El artículo resume los aspectos del paisaje latinoamericano que sugieren fuertes recompensas potenciales para las compañías que prosigan con la RSC, enfocándose más en género y diversidad.

Palabras clave: responsabilidad social corporativa (RSC), diversidad de género, mujeres en los negocios.

1. INTRODUCTION

Inside global corporations, women's advancement, diversity management and "gender mainstreaming" are increasingly linked to, if not encompassed by the broader concept of corporate citizenship or corporate social responsibility (CSR). In practical terms, this means that management and organization of corporate citizenship or CSR is increasingly likely to include gender and diversity practices and/or diversity and gender advocates are likely to find allies among CSR proponents. The conceptual basis for this connection in management literature and scholarship is the stakeholder approach to corporate governance. The first section of this essay identifies the stakeholder approach, in contrast with the shareholder approach, and outlines the conceptual and practical link stakeholder views establish between CSR and diversity. The second part surveys the extent to which CSR measurement systems explicitly include gender and diversity and the third section develops some of the business arguments for corporations to prioritize gender and diversity as part of their CSR practice. The essay concludes by summarizing current CSR and diversity practices in Latin America and highlighting the potential for linkage between these two arenas within companies operating in the region.

2. STAKEHOLDER THEORY AS A BASIS FOR LINKING CSR AND DIVERSITY PRACTICES

The separation of ownership and control that occurred as the Anglo-Saxon corporate form of business organization advanced in Great Britain and the US in the late 19^{th} and early 20^{th}

century gave rise to the shareholder model. As a normative theory, the shareholder model says it is managers' primary duty to maximize shareholder returns within the limits of the law. The clearest statement of this view is Milton Friedman's assertion that "There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so as it … engages in open and free competition, without deception or fraud" (Friedman, 1962: 1330). As a theory designed to explain what happens in reality it suggests that shareholders' interests will underlie much of what the corporation does. From Berle and Means influential book published in 1932, to principal agency theory pioneered by Jensen in the 1970s (Jensen and Meckling, 1976), the shareholder model was a dominant force in management research and practice until Freeman published his landmark book, *Strategic Management: A Stakeholder Approach*, in 1984. Even then, stakeholder theory played second fiddle to shareholder theory in management literature and practice.

Reasons for the staying power of the shareholder approach are its simplicity and its relevance as capital markets grew larger over the 20th century. Shareholder theory is extremely parsimonious. Owners, namely stock holders, are the most important corporate constituents and responding to their interests is the most efficient and effective way to achieve strategic success. Added to this simplicity was the increasing relevance of stock holders as the US stock market enjoyed tremendous growth in the second half of the 20th century and the world saw a boom in national capital market growth and development in the 1990s. Despite its dominance over stakeholder approaches, practical application of the shareholder views has varied over time. Many CEOs in the US in the 1950s and 1960s pursued a "gentle" version of the shareholder model by making decisions that would earn the company profits while also overseeing the welfare of their customers and employees (Smith, 2003). This changed when a wave of corporate buy-outs in the late 1970s put investors' focus more intensely on incentives that would induce managers to raise stock prices and dividends to the greatest extent possible.

As a theory about what managers should do stakeholder theory has a very different prescription from shareholder theory. It says that managers have a responsibility to balance the interests of shareholders against those of other stakeholders (Boatright, 1994; Goodpaster and Holloran, 1994). Stakeholders are defined in varying ways. One of the broadest definitions is Freeman's (1984, 46) that a "stakeholder… is any group or individual who can affect or is affected by the achievement of the organization's objectives". A slightly narrower definition limits the scope to only those who affect but are not affected by the organizations activities (Stanford Research Institute 1963: 91, cited in Freeman, 1984). Another distinction is between individuals and groups that contribute wittingly or unwittingly to the business's ability to generate wealth (Post, Preston and Sachs, 2002). Others draw attention to individuals or groups who bear risk in the company's endeavors because they have invested human capital, financial capital or something else of value (Clarkson, 1995).

Managers themselves commonly delineate five stakeholders: shareholders, customers, employees, suppliers and the local community. Stakeholder theory says managers should try to balance the interests of all stakeholders and at a minimum ensure that their decisions do not violate the ethical rights of each stakeholders (Smith, 2003, 2). Stakeholder theory also exhorts managers and owners to measure corporate performance against metrics that include non-financial considerations such as impact on the environment.

Researchers have begun to categorize different ways stakeholder theory is understood and applied (Donaldson and Preston, 1995; Jones and Wicks, 1999). As a theory intended to describe business behavior, stakeholder models suggest researchers can predict management decisions based on the moral claims of stakeholders taking into account the salience, power and legitimacy of each stakeholder groups' claims (Brenner and Cochran, 1991; Jones, 1995; Mitchell, Agle and Wood, 1997). Stakeholder theory yields a second prediction which is that companies whose managers use stakeholder theory to guide decision making will perform better than those that follow a shareholder approach. Of course the performance measure stakeholder theorists would want used in this research would be broader than stock price or stock dividends.

Although Donaldson and Preston (1995) found that by 1995 over 100 articles and books on the stakeholder approach had been published in the management literature, stakeholder theory struggled to gain salience in academia and in practice until Enron's collapse and the subsequent spate of corporate scandals in North America and Europe. At that point, writes one scholar, "The stakeholder theorists smelled blood" (Smith, 2003, 1). Proponents of the stakeholder view concede that blame for these corporate scandals lies partly in human weaknesses such as greed and avarice but they argue that had society embraced stakeholder theory these individuals would have had more innate self-control (Smith, 2003).

The rising salience of stakeholder theory and the inclusion of employees among the most direct corporate stakeholders beyond shareholders help explain how and why managers are linking corporate social responsibility and diversity initiatives. The connection between corporate social responsibility and employee stakeholders is clear in public opinion. A recent global survey asked members of the "general public" in twenty countries to name the most important thing a company can do to earn credit for being socially responsible. Fair employee treatment and creating jobs were the first and third most frequently mentioned corporate actions across all the countries where researchers conducted the survey (GlobeScan, 2006).

From the manager's standpoint, labor practices and work decent might typically comprise one of four general areas of CSR practice, especially for a company following one of the main public CSR reporting rubrics. The other three general categories cover socio-political engagement, product responsibility, and human rights. Socio-political engagement would typically include corporate actions related to community support, bribery and corruption, political contributions and response to government regulation. Product responsibility would cover corporate actions impacting customer health and safety, advertising, product quality/price trade-offs and respect for privacy. The CSR practice area of human rights would include freedom of association and collective bargaining, child labor, forced labor, disciplinary practices and security practices. Labor practices and decent work is the CSR arena that typically includes employee health and safety, labor management relations, employee training and education, and diversity and opportunity.

As this list implies, companies can respond in varied ways to the interests of employee stakeholders. For examples, proponents of diversity-oriented actions such as affirmative action for women and minorities in hiring, training or promotion might have to compete for corporate resources alongside proponents of wellness benefits.

Even within the context of diversity-oriented programs managers face choices in responding to employee interests. Three different conceptual approaches to diversity programming are affirmative action, diversity management and gender mainstreaming. A US government regulation in 1965 mandated Federal government employment practices that would provide equal opportunity to all qualified persons through a positive, continuing program in each Federal government department or agency and prohibit discrimination on the basis of race, creed, color or national origin. Although this Executive Order applied only to the US Federal government and certain organizations doing business with the government, the concept of affirmative action spread on a mandatory and voluntary basis to many different kinds of organizations including small, medium and large businesses in the US and abroad (Smith, Wokutch, Harrington and Dennis, 2004). Although in many cases these programs achieved their numeric targets for representation of previously under-represented groups they generated considerable controversy and sometimes backlash. Negative responses included charges of unfair treatment, reverse discrimination and unnecessary stigmas associated with intended beneficiaries (Thomas, 1990).

As a result, many organizations jettisoned explicit affirmative action programs in favor of programs guided by the concept of diversity management. While affirmative action programs where by nature transitory management practices to correct an imbalance, managing diversity is an ongoing effort to create a climate in which each individual worker can thrive regardless of race, gender, religious beliefs etc.[1]. Although scholars differ on how effective the managing diversity framework is in practice (Dass and Parker, 1999; Nkomo and Cox, 1986; Oliver, 1991), scholarly research (Arredondo, 1996; Cox and Blake, 1991; Jackson and Ruderman, 1995; Little, Murray and Wimbush*,* 1998) suggests employees have a more positive response to managing diversity programs than to affirmative action initiatives[2].

The newest approach to diversity and, specifically, gender, is called "gender mainstreaming". Gender or diversity mainstreaming is about "how policies are assessed for the impacts on women and men" or any range of heterogeneous groups within the workplace (Grosser and Moon, 2005). Where affirmative action focuses on equal treatment for individuals and special needs of minority groups, gender or diversity mainstreaming emphasizes "the systems and structures that give rise to those special needs and disadvantages in the first place"

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[1] Although the differences between affirmative action and managing diversity programs are widely accepted by human resources practitioners Wokutch (1998) argues that the differences between affirmative action programs and managing diversity initiatives are merely rhetorical.

[2] In a study of university students Smith *et. al*. find they have a more favorable view of affirmative action programs than managing diversity programs. They predict a backlash against managing diversity programs because they require individuals to take ongoing responsibility for helping create an environment where all can fulfill their potential. Diversity training, one of the key managing diversity programs, may induce backlash when it is perceived as condescending or unrealistic. (Bond and Pyle, 1998; Smith *et. al.,* 2004; Wheeler, 1994).

(Rees, 2004, 4). Like diversity management, mainstreaming is a long-term approach rather than a set of temporary measures in place only until the organization reaches its numeric goals. In practice, gender or diversity mainstreaming uses specific technical tools and incorporates consideration of political processes (Beveridge, Nott and Stephen, 2000; Rees, 2004; Walby, 2004). Technical tools might include collecting and monitoring gender disaggregated statistics about work and the work experience, gender impact assessment as well as work-life balance programs, dignity at work policies, transparent human resource management and equal pay reviews. Equally, if not more important in the practice of gender or diversity mainstreaming, is activity on the political side or organizational life assessment. In the case of gender such activities might include monitoring agenda-setting opportunities "to enhance the inclusion and participation of women in decision-making and to reduce or eliminate gendered barriers to such participation" (Smith *et. al*., 2004, 328).

More than the other approaches to diversity, the gender/diversity mainstreaming framework aligns neatly with corporate social responsibility because it is "inclusionary, mainstream and based on human rights" (Walby, 2002, 13) in contrast with affirmative action-based approaches that focus on the individual or diversity management models that also tend to view and address the interests of under-represented groups apart from the mainstream activities of the organization. In gender mainstreaming practices the interests of women provide insights and policy recommendations that serve the interests of other groups of employees within the organization as well as the "common good" of the whole enterprise. Researchers have documented the positive impact of policies such as gender/diversity in human capital management, family friendly policies, and female representation on company boards on long-term business success (Catalyst, 2004; Kingsmill, 2001; Opportunity Now, 2001; Singh and Vinnicomb, 2003; Vinnicombe 2004).

A report by the UK-based non-profit, Opportunity Now (2001), dedicated to women's leadership development, finds many organizations that pursue an "integrated" or "mainstreaming" approach to diversity see clear links between diversity and corporate social responsibility. At Barclay's bank, for example, equality and diversity have been part of corporate social responsibility strategy since the strategy's launch. Barclay's Deputy CEO argues that "diversity touches upon everything we do as a business: from shareholder value, employee well-being, customer satisfaction and loyalty, to our contribution to and reputation in the communities we serve" (Varley 2004, 1). In other words, for Barclays, the business case for diversity is not just about employee well-being but about serving other categories of stakeholders also: customers, communities and shareholders. The Barclays case exemplifies how diversity, and particularly diversity mainstreaming or integration, are part of a broader stakeholder-driven governance model.

3. GENDER AND DIVERSITY IN CSR REPORTING SYSTEMS

One way to examine the link between diversity and corporate social responsibility is to look at CSR reporting systems. These systems all include a variety of criteria but vary in the extent and specificity of their emphasis on diversity.

The Global Compact and Global Reporting Initiative are among the most widely used general CSR systems. CERES, a Boston-based non-profit, launched the GRI as a disclosure framework for sustainability information ten years ago, in 1997. The UN Environment Program joined the effort in 1999 to help secure a global platform for the initiative. The Global Reporting Initiative's (GRI) vision is that reporting on economic, environmental, and social performance by all organizations becomes as routine and comparable as financial reporting. The number of organizations releasing GRI-based sustainability reports grew from 20 in 1999 to 850 by 2006. Following the GRI guidelines a sustainability report would include disclosure about process and performance. Process disclosures include information about strategy practice and content and governance. The GRI includes three sets of performance indicators: economic, environmental and social. The GRI framework includes a total of 40 indicators of social performance falling into the three areas of "labor practices and decent work", "human rights", and "society". Regarding disclosure about gender and diversity the GRI's social performance category of "labor practices and decent work" category includes a core requirement to report on the number and turnover rate of employees by age and gender and also a core requirement to report on the composition of organization governance broken out for specific categories by gender, age group, minority group membership and other indicators of diversity. An optional indicator to report in this area is the ratio of average remuneration of men and women according to employee categories.

In addition to the GRI system for auditing and disclosure many companies globally have also joined the UN Global Compact. UN Secretary General Kofi Annan proposed the idea of the compact at the World Economic Forum, a high-visibility meeting of global business leaders held annually in Davos, Switzerland, in 1999. A year later the Global Compact was established with operational headquarters at the UN. The Global Compact has ten principles. Its activities and mission focus on ten general goals related to these principles. The Global Compact works to mainstream these principles in business activities across the globe and to catalyze action to support realization of the goals associated with these principles. The Compact does not measure corporate behavior or performance but rather seeks to "promote responsible corporate citizenship so that business can be part of the solution to the challenges of globalization….[and] in this way the private sector – in partnerships with other social actors – can help realize….a more sustainable and inclusive global economy" (*www.globalcompact.org*). Over 2300 companies worldwide belong to the Global Compact network. The GCs ten principles and goals cover four areas: human rights, labor standards, the environment and corruption. Under the category of labor standards the Compact calls for "elimination of discrimination in respect of employment and occupation".

Another global set of standards for social performance are under development by the International Organization for Standardization (ISO). International standardization efforts began in the electro-technical field in 1906 and focused for its first several decades on standards relevant to mechanical engineering. ISO emerged in 1946 from a meeting in London of delegates representing 25 countries. Most ISO standards are very specific to particular industries and products but ISO boasts two standards that are more generic: ISO 9000 for quality management and ISO 14000 for environmental management. ISO is engaged in a multi-year highly participatory global process to develop a standard for social responsibility, ISO 26000. Once completed, in 2008, that standard will include specific guidelines regarding gender and diversity.

There are also several more specific sets of sustainability guidelines focused on companies incorporated in certain regions of the world, operating in specifics sectors or focused on specific stakeholder groups. Among these are the OECD Guidelines for Multinational Enterprises, Social Accountability International etc. The OECD guidelines are intended to ensure that MNEs "operate in harmony with the countries where they operate". The guidelines include nine areas for reporting including that companies refrain from discriminatory practices in their employment practices. Social Accountability International focuses specifically on human rights through is SA8000 standard to ensure workers human rights. SA 8000 includes performance measurement in the areas of child labor, forced labor, health and safety, freedom of association and collective bargaining, discrimination, discipline, working hours and compensation. The discrimination category refers to discrimination based on age, race, class, origin, religious preference, sexual orientation, union or political association and includes a clause about protecting workers against sexual harassment.

Growing alongside reporting systems is a movement to evaluate the credibility of sustainability reports. These assurance systems help build the credibility of corporate reports about gender and diversity performance. The only non-proprietary open source tool for evaluation the credibility of CSR or sustainability reports comes from AccountAbility, a UK-based non-profit, organization established in 1995. Its 350 members include businesses, NGOs and research bodies. Among its programs, the AA1000 Series Sustainability Assurance and Stakeholder Engagement Standards are the most widely used. At the end of 2005, 69 businesses used this assurance standard. Assurance standards are indirectly relevant to the inclusion of diversity in corporate social responsibility practice because they assess "materiality", "completeness" and "responsiveness". The purpose of assurance on materiality is to evaluate whether the sustainability report includes all "material" information required by stakeholders to be able to make educated judgments and decisions and take actions based on these. In providing assurance about completeness the AccountAbility standard evaluates the extent to which the organization issuing a sustainability report understands the connection between activities, services, sites and subsidiaries for which is has managerial and legal responsibility and the performance indicators it reports. The final requirement for earning a high assurance rating for a corporate sustainability report is that the reporting organization demonstrates responsiveness to stakeholder concerns and interests. Without assurance evaluations, stakeholders may doubt the credibility of corporate performance indicators about gender and diversity.

The financial services industry, through a growing number of investment funds focused on corporate social and environmental performance, also produces a number of standards that include gender and diversity criteria. In Europe one of the most well-known is the FTSE4Good Index. To be included companies must meet at least two of seven indicators of Social and Stakeholder Criteria. Two of these criteria relate to gender. One screens for whether companies have adopted equal opportunity policies and/or show a commitment to equal opportunity/ diversity on their website. A second reviews companies for evidence of diversity policies including monitoring of workforce composition, flexible working arrangements and family benefits such as flexible working times, childcare support, job sharing, career breaks and maternity/paternity pay beyond the legal requirements; and a minimum minority representation among managers of 40% of total management personnel. This is one of the most specific measurement criteria on gender and diversity applied in the field of CSR.

In the US 88% of the 86 social responsible mutual investment funds belonging to the Social Investment Forum screen for employment discrimination/equality. Of these, one invests specifically in companies that pursue women's equality. Among this fund's positive criteria for investment are a large number that provide very specific guidance for performance measurement in the area of gender and diversity. Women's Equity Fund invests in companies that promote women to top executive positions and compensate them according, have a high percentage of women directors on the board, have strong support form senior executives for workplace equality, provide career development and training programs for women employees including company-sponsored women's networking groups, monitor hiring and promotion activity closely, offer programs addressing work life balance concerns, use women-owned companies as vendors and service providers, present positive images of women in their promotion work, are accountable and transparent to employees, investors and the community, and have a good record on minority employment and advancement.

The standards outlined by the Women's Equity Fund are much more specific the most used in common sustainability practice but they illustrate how companies committed to the gender and diversity component of sustainability and social responsibility could improve their practice and performance measurement. Another forward-looking effort is a proposal that the US Securities and Exchange Commission mandate diversity and fairness report cards. Recent discrimination cases filed in US courts involving Texaco, Coca-Cola, Johnson and Johnson, Bell-South, American Express and Morgan Stanley, among others are the backdrop against which US Supreme Court Justice Ruth Bader Ginsberg asserted that employment bias is "alive in our land, impeding realization of our highest values and ideals" (Mehri, Gaimpetro-Meyre and Rummels, 2004, 395). The proposal urges the SEC to mandate companies include a Diversity Report Card with the annual 10K filing.

While general global CSR reporting and assurance systems, and financial institutions focused on Socially Responsible Investment (SRI), provide the groundwork for including gender and diversity under the CSR umbrella, clearly there is room for more detail and specification of gender and diversity measures as well as need, in some instances, for mandatory inclusion of those metrics.

4. THE BUSINESS CASE FOR A GENDER AND DIVERSITY FOCUS IN CSR PRACTICE

Best practices in contemporary CSR management focus on customizing CSR programs to the core competencies and key strategic goals of the company. To minimize risk or add profitability for a particular business as well as proving good for society, CSR programs must match particular company characteristics (Rochlin, 2005). The strength and details of the business case for a focus on gender and diversity should vary with a company's profile. Recruiting and motivating to maximize employee productivity is a commonly understood aspect of the business case for promoting diversity but increasingly companies also understand the importance of diversity for sales and marketing, risk and reputation management and other financially-oriented business performance measures (Orenstein, 2005).

For example, Johnson and Johnson places considerable effort on gender because a majority of those consumers making the decision whether or not to buy a Johnson and Johnson product are women. A central component of the business case for diversity in the Johnson and Johnson case is that the company cannot sell effectively to women if it does not understand and value women as employees. The rationale is similar at eye care products giant Bausch and Lomb. Bausch and Lomb says its consumer research shows that women make 85% of household decisions related to healthcare. Diversity practices, says Bauch and Lomb's organizational effectiveness director, "help us better understand our employees and our customers" (Gordon, 2005, 29).

The business case for diversity should be strong in mass consumer-oriented sectors especially where specific groups such as women form a large portion of the actual or potential customer base. But it is also relevant to professional services or business-to-business product/ services models in general. One example comes from an Ohio-based supplier to automotive retailers. That company is moving away from a "silo-ed" diversity management program toward integration diversity practice into the corporate mainstream. Their director of diversity says she knows the company is on the right track "when you have a sales organization that comes to its own conclusion about [the fact that] we had clients in South Florida but no Spanish-speaking sales associates from the Panhandle down" (Gordon, 2005, 29). IBM's turn around star, Lou Gerstner made "diversity and market-based issue…it's about understanding our market which are diverse and multicultural". The approach yielded bottom-line results such as the work of diversity groups in IBM's Market Development function which led to successful strategies to penetrate markets dominated by multicultural and female customers (Thomas, 2004).

Similarly, Best Buy aims to integrate diversity into its work streams, rather than treating diversity programs as "bolt-ons", believing this approach will help build competitive advantage. For example, Best Buy training for new store openings includes analysis and discussion of community demographics and talent-sourcing opportunities as normal business concerns rather from the perspective of gender and diversity. Best Buy Vice President and Chief Diversity Officer says this is part of integrating diversity into work practice in order to improve financial performance with benefits for social performance as well (Gordon, 2005). In the hotel industry one study suggests that employees who excel at assessing and responding to a specific clients' demeanor earn the highest customer satisfaction ratings. The study explored the demeanor of hotel customers at check-in and found that staff with a consistently upbeat demeanor had lower customer satisfaction ratings than staff whose demeanor varied in ways that reflected the customers' demeanor (Upton, 2006).

A cross-sector study by a British business association committed to promoting gender and diversity, Opportunity Now, found that the business case was increasingly similar to the business case for CSR in general. Many companies couch both practices in terms of reputation risk and brand management (Opportunity Now, 2003).

Another business case for diversity beyond workforce productivity, growing sales and customer satisfaction, and risk management is improved creativity and flexibility in organizational processes and better problem-solving. The idea is that a diverse workforce processes more innovative ideas, expands critical analysis and yields diverse, higher quality decisions. With deep roots in the theory and practice of organizational development, the business rationale for diversity that rests on team diversity and consequent improvements in product/ service quality or production efficiency rationale is important but sometimes difficult to develop because it is hard to measure the contribution of diversity in managerial teams to team performance. Ernst and Young's America's Director for Diversity basis her conviction about diversity mainstreaming on research showing "that diverse teams bring better solutions than homogeneous ones, which allows us to deliver higher-quality service to clients" (Gordon, 2005, 28). It is still relatively unusual for a company to try link diversity with performance by measuring impact of diversity on innovation and problem solving (Knouse and Stewart, 2003).

5. THE POTENTIAL FOR DIVERSITY AND CSR PRACTICES IN LATIN AMERICA

There are significant regional differences in practice of CSR and its focus. These differences correspond to differences in the salience of social and environmental issues, the role of government policy and no doubt a host of other factors. A global poll of public opinion, for example, compared the role of community involvement, environmental efforts and workplace considerations as factors that earn a company/brand visibility for being socially responsible. In the US the largest factor was community involvement followed closely by the environment while workplace was relatively low in the public mind. In contrast workplace issues were considerably higher in Europe, while environment was the overwhelming concern in Asian countries (GMIGlobal, 2005).

In Latin America, while CSR practices are gaining ground, gender and diversity is not typically seen as a strong component of that practice. In the words of UN Global Compact staff member, Denise O'Brien, there are excellent examples of CSR in individual company cases, but poor penetration of CSR practices across the business sector. She notes that 27 Latin American companies are GRI reporters compared with 336 in Europe and 48 in Oceania. 364 Latin American companies have signed the Global Compact out of a total universe of Latin American companies of close to 4,000. 97 companies in Latin America have sought SA 8000 certification compared with 373 in Europe. Brazil has become a regional center for CSR in Latin America with about 500 companies issuing sustainability reports following the guidelines of Brazil's Ethos Institute. Araya (2006) suggest Brazil has been influenced by the European social accounting movement and dates the first corporate social responsibility report by a Brazilian company to 1986. A campaign by the advocacy and research enterprise Ibase in 1997 provided a template and called on companies to publish a social balance sheet of indicators focused on environmental and community impact. The Ethos Institute was launched in 1998. In 2002 the Sao Paulo stock exchange launched a sustainability index which includes 28 companies exhibiting best practices in four categories: economic, social, environmental and corporate governance.

Across Latin America Araya studied the top 250 companies and found that 109 annually published some form of non-financial information. The largest rate of reporting across countries was in Brazil. The quality of these reports is generally weak with most taking a qualitative and "self-congratulatory" form (Araya, 2006, 33; Haslam, 2004; Vives and Peinado-Vara, 2005).

Beyond reporting, CSR practices among large companies in Latin America seem to rest heavily on community involvement (Barrett, 2002; Gutiérrez and Jones, 2004; Logsdon, Thomas and Van Buren, 2006; Rochlin, 2005). Cemex's Patrimonio Hoy program to foster housing development in poor communities is a prominent example. Cemex launched Patrimonio Hoy in 1999 as a sales, distribution and savings program to serve Mexico's large self-construction housing market. By 2006 the program was profitable generating a net income in 2004 of 1.3 million dollars (Segel and Meghji, 2005).

Small and medium-sized firms exhibit a different pattern (Vives, 2006). In their cases "internal responsibility" and specifically respect for working hours and non-discrimination are the predominant mode compared with "external responsibility" including community or environmental involvement.

There is tremendous opportunity in Latin America to increase the focus on both CSR generally and gender and diversity specifically. Generally-speaking gender diversity in Latin American companies lags North American and European companies. Women in corporate Latin America face glass ceilings and glass walls. While more and more women work in management jobs generally, they are not as well represented at the highest levels of the corporate hierarchy. On average, Latin American women in the 75 companies surveyed in a 2004 census (Maxfield, 2005) comprise barely 10 percent of corporate presidents or vice presidents while they make up slightly more than 35% of total employees in management jobs. At the highest level of the corporate hierarchy, the boardroom, women are still a rarity. In the United States, Catalyst reports women hold 14 percent of board seats in the Fortune 500 companies, up from 10 percent in 1995. But women hold only 3 percent of Mexican companies' board seats. In Argentina, women constitute 7 percent of board positions and in Venezuela 19 percent of companies had more than two female board members. This situation may be changing, however, as women currently in the pipeline move up. The number of Mexican companies with at least one female director was 24 percent in 1994 and rose to 52 percent in 2001. In Venezuela, the number of women on boards of directors more than doubled from 5 percent in 1984 to 13 percent in 2000.

Interviews and the case study of a large multinational pharmaceutical company operating in the Latin America highlight the tension successful corporate women in Latin America experience between work and family life (Maxfield, Cárdenas de Santamaría and Heller (eds.), 2007). Senior women believe that the price of success for a woman in corporate Latin America is frequently their family life. While systematic data is illusive, senior women say they believe that women who reach higher management are more likely than men to be divorced (Maxfield, forthcoming).

Women in corporate Latin America suffer from a wage and salary gap, as they do globally. Part of the reason is that they more likely to work in specific job functions where compensation tends to be lower than others. Women comprise the highest percentage of total employees in jobs categorized as customer service and human resources. There are more women than men performing these functions. Law and sales/marketing are job functions where men and women are participating in corporate employment almost equally. Women are relatively under-represented in Latin American businesses in typically higher-paid jobs involving operations/ production, finance and engineering/ systems (Maxfield, 2005).

Increasing visibility of rankings such as those published by "Great Place to Work Institute" in different Latin America countries is helping turn attention to gender and diversity. "Great Place to Work" measures workplace life according to five categories two of which, "respect" and "justice", include a gender and diversity element. But surveys conducted in six countries in Latin America first in 2004 and again in 2006 show that companies employ relatively few programs to promote, monitor or mainstream gender and diversity issues (Maxfield, forthcoming). Companies in Latin America that have tried to promote gender equity by going beyond legal requirements to create flextime programs or guarantee women the same or equal job after maternity leave are frustrated by what might be called cultural barriers.

Focus groups with women working for the same company in several different Latin American countries illustrate some of the possible cultural barriers. Women in these focus groups perceive informal gender-biased networks operating in the workplace. As evidence they cite conversations among men, serious and humorous, involving common touchstones to which women do not relate. One group of women in Brazil spoke for an hour about the "futbol" culture in their workplace and how it made them feel excluded. Another element of culture women remarked about frequently was how they feel, and how they are viewed, as they transition from being "mujer" to "mujer-madre". Many women interviewed said this transition was very difficult for themselves and/or for their male and female colleagues. Some felt a total lack of understanding from male counterparts about the demands of motherhood while others said success navigating work and family depends on having an "understanding boss" (Maxfield forthcoming). While frustrated hearing these women employees' concerns, this company embraced the need to explore ways to overcome cultural barriers to gender diversity. In this case, the business rationale was clearly to attract and retain talented employees.

Many aspects of the Latin American landscape suggest strong potential rewards for companies to pursue CSR by focusing more on gender and diversity. First, women are graduating with degrees in business-related fields in Latin America in percentages equal to or higher than men. Second, women's recent success in politics in Latin America owes much to their "outsider" status. Their "otherness" also makes them potentially strong contributors to change, flexibility and innovation in the private sector. Third, mass consumer sectors where women typically make household purchasing decisions are among the largest in the region. These three factors, combined with the relative paucity of corporate efforts to promote diversity, suggests strong opportunity for Latin American companies to improve both their financial and social performance through policies that bring gender and diversity into the mainstream of corporate life.

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