

“Key Connections for a ‘Way of
Communion’: Linking the Economy
of Communion Project to Corporate
Social Responsibility and
Workplace Democracy”

Elizabeth Garlow

Dr. John Dugas, Political Science Department

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Introduction

Over the past few decades, there have been great changes in the ways that social theorists have perceived business and economic activity. At the turn of the century, the UN Millennium Development Goals and President Bush's proposed Millennium Challenge Corporation model, with ambitious targets for raising standards of living and reducing poverty, indicated an awareness and consideration of the important role that the private sector can play in helping to achieve these goals (Lerrick 2003). Concepts such as corporate social responsibility (CSR) and workplace democracy have been crucial in working toward a new conception of the operations and role of businesses in today's society. Adherence to these concepts implies that a private corporation has responsibilities to society that go beyond the production of goods and services for profit, and should generally work toward the advancement of society and the resolution of social problems. The need for this type of "social responsibility" exists especially in Latin America, which continues to be characterized by problems of poverty, inequality, and environmental degradation. The focus of this monograph is on one economic initiative launched in the region that embraces both the business community and civil society: The Focolare Movement's Economy of Communion (EOC) project. The purpose of the monograph is to explore the Economy of Communion in greater detail, examining the extent to which businesses in the project exemplify a model of corporate social responsibility and workplace democracy, with particular emphasis on evaluating the degree to which they operate within the paradigm of workplace democracy.

The “Economy of Communion” Project, or EOC for short, is an initiative launched in Brazil in 1991 by Chiara Lubich, the founder and president of the Focolare Movement, an ecumenical and religious organization that originated within the Catholic Church in the 1940s. The project involves a voluntary commitment on the part of a diverse array of businesses to fulfill a mission of combating poverty by entering into an agreement on the division and redistribution of their profits. The EOC also attempts to create organizational conditions that foster human development in the workplace and create a global network of businesses that share a different vision of economic life. The project now involves around eight hundred businesses throughout the world, the majority of which are small and medium-sized enterprises, all remaining commercially viable in the market economy and networked at the local, national and international levels. Currently, the EOC is present in Europe, Latin America, North America, Africa, Asia, Australia and the Middle East. While EOC businesses exist all over the world, their presence within Latin America is strongest in Brazil and Argentina. Having been launched in Brazil, the EOC began with great enthusiasm in the region, and Brazil continues to be a leader in the development and advancement of the project today.

Latin America’s integration into the global capitalist system over the past few decades has led to a dramatic transformation of nearly every aspect of contemporary economic, political and social life. International lending agencies and other global actors such as transnational corporations and the U.S. government have pressured Latin American governments into restructuring their economies and adopting neo-

liberal economic policies and economic adjustment programs that have had a profound impact on the economic, social, and political conditions of the general population (Halebsky and Harris 1995). In trying to compete in the global marketplace, many Latin American countries have suffered severe environmental degradation as a result of the emphasis that states have placed on national development rather than on local and regional development (Smith and Korzeniewicz 1997). Generally speaking, in today's globalized system, while a narrow margin of the population may be integrated into the world economy in a beneficial fashion, a large proportion may be marginalized even further and are simply 'left behind' as the economy grows. This creates a "problem of the 'new poor' generated by technological competition and increasing globalization" (Kingstone 2006, 50).

The impact of globalization combined with the crises resulting from economic adjustment programs put into place by large international lending institutions "separates the rich and poor as never before" in Latin America (Kingstone 2006, 44). Brazil is a shocking example of one of the most uneven distributions of income in the world. Although President Fernando Henrique Cardoso did much to alleviate mass poverty in the country after the opening of Brazil's market in 1990, income inequality actually worsened. In 1992, the richest 20% earned 32 times more than the poorest 20% (Pang 2002, 143).

Kingstone notes that this appalling inequality implies that Brazil, like other Latin American countries, is a society based on exclusion, and therefore a democracy without citizenship (Kingstone 2006, 44). This assertion demands a return to the

pressing question of whether or not people can enjoy their civil and political rights if they do not have access to food and medical care, as well as access to the relevant information (namely education) that ensures the possibility of exercising such rights (Smith and Korzeniewicz 1997, 81). The beginning of the third millennium marked the arrival of a new consciousness of the necessity to address access to these basic conditions in areas struck by poverty and inequality. Nevertheless, heads of State in attendance at the 2002 Johannesburg *World Summit on Sustainable Development* left the world with a sobering “resignation that economic forces must and shall prevail – no matter what the cost” (Gold 2004a, 1), while failing to offer any innovative solutions to reform the international system to combat these stark realities. Yet other sources, such as the International Institute for Environment and Development (IIED), present contrasting arguments in regard to financing international development. In their January 2002 Report on “Financing for Sustainable Development”, the IIED argues that the “conventional treatment of financing for sustainable development [has been] premised on a pre-globalisation world view” (Banuri 2002, 75). In an age of globalization, the IIED argues that the pertinent questions surrounding sustainable development are different, and there is an ever-growing need for finding innovative sources for financing international development (Banuri 2002, 75).

In reflecting on this need for finding ‘alternatives to development’, or creative solutions to contribute successfully to the alleviation of social problems, the IIED 2002 Report highlights the enhancement of corporate responsibility as a crucial point from which development can stem. The report discusses the potential of companies to

“endeavour to elaborate innovative traceability schemes that bring consumers and producers together . . . [and] to construct long-term partnerships with producers, building trust and a commitment to quality production” (Borregaard 2002, 72). The potential role of the business community in contributing to development, while fostering citizenship within a democratic society, is highly polemical, and one that does not fit easily into traditional development theory. Nevertheless, there exists an increasingly important vision of the massive potential of the private sector in contributing toward development through businesses that, as members of civil society, act in ways that are “socially responsible”, particularly in the areas of environment and resource management, philanthropy, workplace conditions and concern for the community. Furthermore, considering the role of the workplace as a site of cooperative interaction and sociability among citizens outside of family life, there also exists massive potential for the formation and interchange of political and social views among those within the workplace, arguably more so than within the more conventionally defined sector of voluntary civic and political organizations that make up much of civil society (Estlund 2000, 1). In this regard, a business can participate in the formation of citizens who not only achieve better working conditions within the business, but are transformed into active members within a democratic civil society.

A clear obstacle to the workplace as a generator of civic engagement that contributes to development is the hierarchy and coercion that generally characterizes workplace relations in today’s society. At the same time, present-day firms are finding it harder and harder to compete in a globalized market unless they are

increasingly innovative and avoid using coercive methods to extract effort from their employees (Zamagni 2006, 579). It is for these reasons that I have chosen to include an analysis of the level of workplace democracy within the EOC project. The concept of workplace democracy entails a particular focus on the participatory element, which may generate an environment that some scientists have dubbed the 'humanization of work' (Zwerdling 1980, 2), due to its potential to create a solidarity community based on work. The concepts of workplace democracy and corporate social responsibility are relevant in order to understand better the degree to which a business can serve as a uniquely important site in the formation of citizens with a higher sense of social responsibility.

The idea of corporate social responsibility is of great importance throughout the entire world, but especially in Latin America, where small and medium-sized enterprises (SMEs) make up 95% of the region's firms, account for between 40-60% of jobs depending on the country, and contribute 30-35% of the region's GDP (Vives 2006, 39). With these firms tending to be more labor-intensive than large enterprises, they can have a considerable impact on employment and, as a result, "their corporate social responsibility practices have a significant impact on society as a whole, even if their contribution to the overall production of goods and services is not as large" (Vives 2006, 39). Furthermore, these businesses, which tend to provide employment and income to the less well-off, often help to fight against income inequality and provide greater social stability. For these reasons and more, it is increasingly important for many social theorists to make the promotion of CSR in these businesses

a greater priority, as socially responsible firms can make a significant, if not critical, difference in the social and economic development of a given region.

Within this monograph, I will first provide an overview of the concept of corporate social responsibility, a concept that has emerged not only within the policymaking arena, but also within the academic arena with great enthusiasm over the past few decades. I will provide a brief description of the context in which it emerged, the principles upon which it rests, and its broader implications for today's society. For the purposes of this monograph, I will focus on the application of the idea of corporate social responsibility primarily within the arenas of "environmental responsibility" and "external responsibility", including community engagement, and relations with customers, suppliers, competition and legal authorities. Currently, a business could easily claim itself as "socially responsible" through caring about its environmental impact and community involvement, leaving the internal workings of the firm aside. Namely, a firm could be classified as "socially responsible", but not embody certain attitudes and/or conditions *within* the organization that are particularly democratic and favorable toward employees. I would like to argue, however, that there are certain attitudes and/or conditions that a "socially responsible" employer should encourage within its organization and among its employees, and I believe that the concept of workplace democracy serves as an effective way to measure the extent to which these attitudes or conditions exist.

Given this importance of the working environment *inside* a firm, I will explain in greater detail the concept of democracy in the workplace, returning to the

theoretical aspects upon which it is based. Theoretically, CSR firms could entail activity pertaining to the working environment and human resources. However, I argue that the concept of workplace democracy allows for a more detailed analysis of the level of “internal responsibility” of a firm. I will therefore provide an overview of what characterizes a firm as democratic, and will discuss the concept while focusing principally on the aspects of employee empowerment, motivation, and capability. On a more specific level, these aspects involve an emphasis on worker participation, the quality of working conditions within a firm, and levels of training and education. I will also discuss the relevancy of workplace democracy in a broader context, and the relationship it has with productivity/efficiency within a firm.

With the focus of this monograph being on the EOC project, I will thereafter provide the reader with a background history of the Focolare Movement from which the EOC emerged, as well as an explanation of the context in which the project was born in Brazil and has spread throughout the world. I will follow with an explanation of the main principles that underpin the EOC and will provide the reader with a general understanding of the operations of the EOC, including decision-making methods, distribution methods, and guidelines for businesses.

This monograph, being the culmination of seven weeks of interviews with business-owners, managers and employees of EOC businesses in Brazil and Argentina (all of which could be classified as small and medium-sized enterprises), as well as those involved in the administration of the EOC, will then provide an examination of the EOC in practice in Brazil and Argentina, with Brazil being the primary case study

(see appendices). While the profit redistribution function characterized EOC businesses in its initial phases, the internal practices and emphasis on creating community within the workplace has grown to be one of their more unique characteristics. In light of the concepts of CSR and workplace democracy, I will attempt to provide the reader with an analysis of the level to which EOC businesses within the case study areas can be classified as “socially responsible” and/or “democratic” firms.

Therefore, in my evaluation of EOC businesses, I will be using the CSR paradigm in reference to a business’ external responsibility and environmental responsibility, while the paradigm of workplace democracy will be used to refer to a business’ internal responsibility. While it is difficult to provide a consistent framework within which to measure the level of commitment to any particular concept with such a wide variety of businesses, I have sought to assess the relative importance of an activity by using the classification of high-level, medium-level and low-level commitment. A high-level commitment to CSR or workplace democracy practices is constituted by the activities being part of the overall strategy/mission of the firm, and conducted on a routine basis. A medium level commitment would entail the activities being routine, but not part of the overall mission of the firm (or vice versa), while a low-level commitment would entail the activities being carried out not at all or very rarely, and not part of the firm’s mission. The EOC has established a set of guidelines that outline what could be considered the mission or strategy of the network of EOC businesses, which will be discussed in section three. In the evaluation I provide in

section four, I have taken these guidelines into account when assessing the level of commitment to certain practices, while also considering the mission/strategies adopted by individual firms, as EOC guidelines serve as an optional reference for EOC firms, leaving individual businesses ultimately free to pursue their own business strategies.

I will argue that businesses participating within the EOC in Brazil and Argentina embody the CSR paradigm to a high degree, with a large number of enterprises demonstrating a “high-level” commitment in the areas of external and environmental responsibility where applicable. I will also argue that EOC businesses embody some aspects of workplace democracy, but that they vary substantially in terms of their level of democracy regarding authoritative decision-making within the firm and methods aimed to create widespread ownership, as well as in the area of employee motivation. The very nature of the EOC initiative and its mission of profit redistribution make it difficult to classify EOC businesses as fitting into a paradigm of workplace democracy. In addition, a main area of the EOC’s divergence from the paradigm of workplace democracy involves a lack of awareness or involvement on behalf of employees in the wider mission of the EOC, a mission that generally reflects the values that motivate the activities of the business-owner(s). This would imply the future need for an in depth examination of the extent to which employees should be aware of the philosophy and objectives of the EOC as understood by the business owner(s), and the ways in which it could be communicated, shared, and embraced within the firm.

I will argue that, for these reasons cited above, the EOC, in addition to serving as an excellent model of CSR, can be argued to serve as a model for business management, more so than workplace democracy, as EOC business *owners* have ensured the implementation of several policies characteristic of democratic firms, stemming from the EOC ethos. Nevertheless, the acknowledgement of shared characteristics between EOC companies and CSR and/or democratic firms establishes a link between the EOC and the larger debates of CSR and workplace democracy. In this monograph, I propose that an understanding of the ways in which the EOC exemplifies the characteristics of a socially responsible and/or democratic firm may provide a means by which to engage employees and the larger public on a wider scale, linking those involved with the EOC to the well-known debates of CSR and workplace democracy. In so doing, the issue of employee unawareness may be more effectively addressed, and the EOC could tap into the potential of creating new networks in both the public and private sectors.

Section One: Corporate Social Responsibility and Workplace Democracy- An Overview

Introduction

Today's multinational corporation has a global reach and control over investment and people's livelihoods giving it a privileged position in society (Miroff, Seidelman and Swanstrom 2007). Some cite the use of unaccountable corporate power, growing inequality, and the erosion of civil society as a result of this privileged position, referring specifically to events such as the Enron scandal in 2001 as "only the tip of the iceberg of unaccountable corporate power" (Miroff, Seidelman and Swanstrom 2007, 54). With such scandals, the business world has traditionally been viewed as having a profit motive dominate other concerns such as human rights and the environment (Gold 2004b, 634). Taking into account this "impersonal system" of corporate capitalism, some argue that directors of private corporations should not just represent their shareholders, but all the 'stakeholders' that are affected by corporate policies, including workers, consumers and communities in which the corporation is located (Gold 2004b, 59).

A key response to this idea was the development of the concept of Corporate Social Responsibility (CSR), which has become an increasingly important topic on the agendas of companies, academic institutions, NGOs and nation-states. Its importance and prominence can be seen clearly in a study published by the *Economist Intelligence Unit* in January 2005, which revealed that in a survey of senior executives and institutional investors, 88% of those interviewed considered corporate responsibility as "a 'central' or 'important' consideration in decision-making" (Economist Intelligence Unit 2005, 6). Such findings indicate a rise not only in awareness of the existence of CSR, but

of the importance of its integration into business strategy and practices. Accompanying this notion of social responsibility is an on-going debate both in the corporate and academic worlds regarding the importance of ethical concerns in business organizations (Buchholz 1989). I will thus proceed with a discussion of CSR based upon the assumption that it is “a permanent fixture of public sphere discussions” (Vivarta and Canela 2006, 96) with great relevance in today’s world.

Emergence of CSR

It is first necessary to consider how CSR emerged and has been presented in public discourse over the years. In the United States and Europe, CSR emerged as a topic of study in the 1950s and 1960s. The concept generally came about as a response to the changing social values in society, and the need to address the increasing attention that was being given to the social environment of businesses (Buchholz 1989, 299). In the 1960s, poverty and discrimination were the main problems that early proponents of CSR focused on, urging corporations to become *good citizens* (Madsen and Shafritz 1990, 300) and change their business environment and practices. This change in business environment “was often described as a change in the terms of the contract between business and society that reflected changing expectations regarding the social performance of business” (Buchholz 1989, 300). These ‘changing expectations’ differed greatly from the ‘old contract’ between business and society, which was based on the view that the sole mission of a private enterprise was to produce goods and services at a profit, which in turn was the source of economic growth and hence social and economic progress. A business, therefore, by maintaining an exclusive focus on profit, was being socially responsible. It became clear to society, however, that the sole pursuit of

economic growth didn't necessarily lead to social progress but, rather, often led "to a deteriorating physical environment, unsafe workplaces, needless exposure to toxic substances on the part of workers and consumers . . . and other social problems" (Buchholz 1989, 300). The concept of CSR imposed upon businesses the idea of their obligation to work for social and economic betterment through the reduction of these social costs. As a result, in the 1950s and 1960s, major American companies began to emphasize endeavors such as the opera, big charities and museums in their headquarters cities (Nocera 2006, 8).

In the 1970s, consideration of the issue of CSR evolved into a discussion of the actual operations of CSR. During this time period, the notion of CSR was transformed into the idea of 'corporate responsiveness'. This notion refers to the capacity of a corporation to respond to social pressures, with a particular focus on the roles of organizational design and managerial competence of the enterprise in their responsiveness to social demands and needs (Buchholz 1989, 304). It evolved into a wide number of campaigns throughout the 1990s to highlight the human rights and environmental violations of multinational corporations, creating "mounting pressure on the international business community to reform its ways" (Gold 2004b, 634). This call for reform under the idea of 'corporate responsiveness' avoided any kind of philosophical or moral debate regarding the responsibility and obligation of an enterprise to act in 'socially responsible' ways, focusing instead on the "problems and prospects of making corporations more socially responsive" (Buchholz 1989, 305). Nevertheless, social responsibility is fundamentally an ethical concept, and as a result of the emergence of this idea, there has been a growth in the discussion of business ethics in the policy-making

and academic arenas up until present-day. This is due to the fact that embracing the concept of CSR involves changing established notions of human welfare and placing an emphasis on the social dimensions of business activity that go above and beyond the role of a profit-making institution. For these reasons, the concept assumed a strong normative connotation early on.

Defining CSR

It is not difficult to understand the complexity involved in the creation of an operational definition of social responsibility, given the initial difficulty in determining exactly what actions, and to what extent these actions, fell under social responsibility (Vivarta and Canela 2006, 97). There are many conceptualizations of corporate social and environmental responsibility and these concepts can take on different meanings in differing contexts. Generally speaking, each CSR-promoting organization, and even each individual firm, may have its own interpretation of CSR. It is possible to begin to address such confusion by first clarifying the difference between the much older model of corporate philanthropy and CSR. Corporate philanthropy has existed since the emergence of a capitalistic society. According to Zamagni, the idea behind this model is “that of an alliance between for-profit and not-for-profit, such that some capital can be used to benefit the not-for-profit organizations” (Zamagni 2006, 575).

There is an especially long history of corporate philanthropy in Latin America, where the private sector has traditionally had a paternalistic view of its role in society. These practices have emerged as a response by the private sector to economic crises in Peru and Argentina, and social crises in Colombia and Brazil (Gutierrez and Jones 2004, 2). A notable revival in such practices can be highlighted in today’s private sector in

Latin America, where value-based organizations are striving to articulate alternatives to the dominant capitalist vision with their socially-focused business activity (Gold 2004b, 636). Nevertheless, such enterprises can involve themselves in corporate philanthropy and still not be considered “socially responsible.” A problem arises when a business can afford to donate financial resources or employee time/skills one year, but not the next, due to changing fiscal budgets. In order to have a real long-term impact on people’s livelihoods, businesses must engage in permanent action that seeks to enhance the positive impact of the business by producing “cost-effective products and services, providing jobs and supporting knowledge and technology transfers, and minimizing the negative effects of its activities” (Peinado-Vera 2006, 63). Zamagni argues that the difference between the logic of a philanthropic enterprise and a socially responsible enterprise lies in that “corporate social responsibility rests on the principle of equal dignity of all subjects involved in a business activity – from the setting of goals to the fulfillment of the entrepreneurial plan” (Zamagni 2006, 575). He further argues that the novelty of CSR is “not in the degree of altruism or broadmindedness, but in the way in which the business affairs are handled – a way which rejects paternalism . . . and above all in the way in which it responds to a call for an accounting of its activities” (Zamagni 2006, 576). CSR differentiates itself from corporate philanthropy, therefore, in its focus on linking responsible actions to the strategy of a firm, demanding transparency and a consideration of the dignity of *all* subjects involved.

In this monograph, I will utilize an understanding of CSR based on the definition provided by the Instituto Ethos, an institution that steers the discussion of CSR in Brazil while seeking to mobilize, encourage, and help companies manage their business in a

socially responsible way and make them partners in the building of a more sustainable society. The Instituto Ethos defines CSR as:

“a form of management that is defined by the ethical and transparent relation of the business with all public organs with which it comes into contact, and by the establishment of business goals that are compatible with the sustainable development of society, the preserving of environmental and cultural resources for future generations, the respecting of diversity, and the combating of social inequalities” (Instituto Ethos).

Returning to the difference between corporate philanthropy and corporate social responsibility, the Instituto Ethos considers philanthropy to be basically an external social action of the company that seeks to benefit the community in one way or another, while social responsibility embraces the concerns of the wider public, whose demands and needs the company must seek to understand and incorporate into their business strategy. Thus, CSR businesses, as co-responsible partners in the social development process, seek to incorporate the interests of all their different parts (shareholders, employees, service providers, suppliers, consumers, community, government and environment) in the planning of their business activities, rather than focusing solely on the interests of shareholders and owners. In this way, according to the Instituto Ethos, a CSR business has a positive impact on the administration of wealth, the creation of jobs, and the general well-being of society.

After a working definition is constructed, a second challenge is to develop indicators that can be used to measure the level of CSR within a firm. The Instituto Ethos defines certain broad measures that companies must undertake to implement socially responsible management, including values, transparency and governance, consumer and customer relations, community relations, [and] government and social relations (Vivarta

and Canela 2006, 16). The issue of the natural environment is also of importance in understanding a company's level of social responsibility. In essence,

“Virtually every one of a company's potential relationships, internal or external, can be qualified as socially responsible or irresponsible, to the extent that it achieves or fails to achieve the larger objective of contributing to ‘social development’ or . . . the ‘integration of stakeholders’ social, environmental and other concerns into a company's business operations” (Vivarta and Canela 2006, 97).

Here one notes one of the problems with CSR cited by Buchholz in *The Evolution of Corporate Responsibility*: the difficulty for business management in knowing exactly *how* to be socially responsible (Buchholz 1989). Antonio Vives, in his survey of 1,330 small and medium-sized enterprises in eight Latin American countries, used questions that assessed business activities regarding employee welfare, firm governance, community support and concern for the environment, while classifying these practices as external, environmental, and internal (Vives 2005, 46). I have found these classifications to be of use in understanding how to organize and conceptualize indicators of CSR. According to Vives, a firm's external responsibility is defined as “support for social and cultural community activities, as well as community development and other related issues” (Vives 2005, 42). In addition to community engagement, I will argue that in the context of the businesses within my case studies, the areas of taxation and relations with authorities should be classified as part of a firm's ‘external responsibility’. In the context of widespread tax evasion within Brazil and Argentina, businesses seeking to cooperate with government regulations and pay their taxes in full are exercising a level of transparency and corporate citizenship that goes above and beyond normal business practice within the area.

These ideas of honesty and transparency can also extend into relations with customers, suppliers and competition, creation a scenario in which a firm supercedes typical business practices that stem from a sole focus on maximizing profit, all other concerns aside. Relations with customers, suppliers and competition that manifest themselves in long-term partnerships can have an obvious competitive advantage, assuring continuous improvement in the quality of the end products and services. Overall, evidence shows that “long-term, information-rich relationships between suppliers and customers lead to faster product development, increased flexibility, and higher quality” (Levine 1995, 71). Through a process of close contact and transparent communication, a high degree of trust is engendered amongst all parties, and there arguably arises a desire to meet the needs of all to the best of each one’s ability.

The environmental responsibility of a firm involves the level of product quality, referring specifically to the environmental friendliness of a product as well as “activities geared toward the reduction of the environmental impact of [the firm’s] operations, including such things as reducing waste and the consumption of natural resources, recycling” and more (Vives 2005, 42). Taking all of these areas into consideration, the criteria that will be used to evaluate the extent to which the EOC fits into the paradigm of CSR are as follows:

Table 1.1: Corporate Social Responsibility Criteria

Corporate social responsibility:	A form of management that is defined by the ethical and transparent relation of the business with all public organs with which it comes into contact, and by the establishment of business goals that are compatible with the sustainable development of society, the preserving of environmental and cultural resources for future generations, the respecting of diversity, and the combating of social inequalities. (Instituto Ethos)
External Responsibility:	<ul style="list-style-type: none"> • community engagement • relations with clients, suppliers, and competition; relations with authorities (legal considerations)
Environmental Responsibility	<ul style="list-style-type: none"> • product quality • environmental considerations (practices)

In regard to the indicators of a firm's level of 'internal responsibility', Vives argues that this area refers to "socially and environmentally responsible behavior as it relates to workers . . . expressed in concern for the health and well-being of workers, their training and participation in business, equality of opportunities, work-family relationship, and some corporate governance practices" (Vives 2005, 42). Yet, as was articulated in the introduction, I believe that while the aspects of worker participation and related issues are vital to the concept of CSR, the theory of workplace democracy may be used to better address this idea of a firm's 'internal responsibility'.

Arguments Surrounding CSR

With an understanding of what CSR entails, it is necessary to consider the supporting and opposing arguments surrounding it. Proponents of corporate social responsibility cling to the idea of a moral and ethical duty that businesses have to contribute toward social well-being, underscoring Kant's assertion that one must always treat humanity, whether ourselves or others, as an end and never merely as a means. Following this idea, one can declare that work that degrades the human person by inflicting pain or that interferes with an individual reaching his/her potential violates basic ethical precepts. In his work, *Corporations and Morality*, Thomas Donaldson argues that the relationship between business entities and society is based upon an implied contract that provides for an inherent understanding of the idea of CSR. According to Donaldson, corporations and society enter into a 'social contract', wherein each party has rights and duties to the other. This 'social contract' theory holds that for a corporation to have the right to conduct business and reap profits within a given social context, it has an obligation to protect and enhance the interests of consumers, workers,

and the communities in which the firm conducts its business (Donaldson 1982, 271). Proponents of CSR argue that a business is capable of fulfilling this obligation through the creative use of their resources to help address social problems, as well as through a willingness to be a 'good corporate citizen' by contributing to the general welfare of the larger community or society, despite the potential trade-offs or concessions in the area of profit-making (Madsen and Shafritz 1990, 270-273).

Yet not everyone agrees that there is a moral obligation on the part of managers to expend corporate resources on social problems. Milton Friedman is generally cited as one of the main opponents of CSR, as he takes issue with the idea that businesses have social responsibilities and that managers must take specific actions to fulfill them. Friedman argues that the resolution of social problems is the sole task of governments and not businesses. In his article for the *New York Times* magazine entitled "The Social Responsibility of Business is to Increase its Profits", he argues that the social responsibility of business is to use its resources and engage in activities designed to increase its profit (Friedman 1970). The managers of a company are thus hired for a single purpose: to increase the profits of the firm so that owners' interests are protected and enhanced. Since expenditures on alleviating the problems of society will cut into profit, managers who undertake such expenditures are essentially failing to fulfill their responsibility to the business owners and behaving in an inherently irresponsible way. Friedman asserts that business owners who choose to behave in ways compatible with CSR are acting like governmental decision makers, and thus trying to fulfill an obligation that is not theirs without the legitimacy of having been elected (Friedman 1970).

It is not hard to find critics of CSR who still remain in line with Friedman's assertive view. Many opponents of CSR argue that it does not take into account the competitive environment in which corporations function, implying that firms that operate in accordance with the concept of CSR place themselves at a disadvantage relative to other firms in the industry. Furthermore, opponents argue that there generally exists a lack of managerial guidance and knowledge of *how* to engage in CSR. For this reason principally, many argue that companies are not equipped to "'save the world' – nor is it their mission" (Nocera 2006, 8). Rather, it is the job of governments, and businesses would be better off focusing on making good products at fair prices and letting consumers use the savings to contribute to the charity of their choice (Nocera 2006, 8). From the left, the main criticism of CSR is that "it is little more than window-dressing, intended to give companies a good name without having to back it up with real deeds" (Nocera 2006, 8). In this way, some cite the growing philanthropy of companies and the increasing number of partnerships between businesses and NGOs throughout the 1990s as serving to only further the power of large corporations (Gold 2004b, 634). They argue therefore for the continued separation of the work of NGOs, state and market enterprises, the lines of which are crossed by the concept of CSR.

Lastly, some make the argument that the concept of social responsibility provides no convincing moral rationale for businesses to get involved as it is rooted in no moral or ethical theory and advocates no clear set of values for businesses to follow in making social responses (Buchholz 1989, 303). With regard to this issue, Zamagni argues that we should define ethics in a different light. He argues that it would be "fruitless to look for solutions to the problem of moral motivation when ethics is understood as a set of

rules, and therefore to try to persuade management with incentives and sanctions to act in accordance with this set of rules” (Zamagni 2006, 585). If, on the other hand, ethics becomes a part of the objective function of the agent, there will exist an “automatic motivation to do what seems to be right”, while understanding that such behavior will not only benefit others, but also oneself (Zamagni 2006, 585-586). From this point of view, trying to define a rigid set of ethics for CSR business owners, managers, or employees would be counter-productive, as it would restrain the freedom one has to act according to an understanding of what is and isn’t virtuous behavior.

Secondly, with regard to the question of efficiency, many scholars have proved the opponents of CSR wrong, showing that there exists a positive relationship between a firm’s level of social responsibility and its level of productivity. Zamagni cites the thriving existence of the non-profit sector as proof that “one may be efficient and generate value even if the objectives include, in addition to profit maximization, other variables which take into consideration broad collective interests” (Zamagni 2006, 577). Furthermore, in INC Magazine’s interview of William Norris, founder and past chairman and chief executive officer of Control Data Corporation, Norris states that in his experience, conflict between projects that address social needs and profitable business opportunities does not always exist. For him, the two have often coincided. At the annual Business for Social Responsibility conference in New York in November 2006, business executives were repeatedly quoted as saying that “being socially responsible just made good business sense, and had become critical to the way their companies did business” (Nocera 2006, 1). Considering the productivity and efficiency of a CSR enterprise, many argue that the firm’s socially responsible behavior in regard to the

workplace environment, the treatment and incorporation of employees into the strategy, and the operations of the firm inspire greater motivation and hence productivity on the part of employees, a phenomenon that will be discussed later in conjunction with the idea of workplace democracy.

Emergence of the Modern CSR Movement

An interesting question that arises with a consideration of CSR is that of why it has emerged with such great enthusiasm in the policymaking and academic arenas within the past two decades, and why businesses today are looking for social legitimacy in ways that were previously inexistent. A major reason that accounts for the growing phenomenon of CSR is that of the needs and demands of consumers in a period of globalization. Some scholars currently argue that in the realm of social responsibility, companies follow rather than lead. Thus, it is what the culture demands that companies will in the end have to act upon (Nocera 2006, 8). Contrary to the commonly held understanding in economics of the consumer as a rational actor who buys a good based on quality and price, Zamagni argues that consumers are becoming “more and more concerned about the moral consequences of their choices” and are just as interested in the process of production as in the outcome of a product (Zamagni 2006, 580). Taking into consideration the English economist and philosopher John Stuart Mill’s notion of consumer sovereignty, one arrives at an understanding of the power the consumer has in ultimately dictating to the production side not only the specific goods to be produced, but also the ways in which the consumer wants the good to be produced. Diana makes the argument in his article “Doing Business the Socially Responsible Way” that businesses in today’s society do not necessarily make the conscious choice to behave according to the

concept of corporate social responsibility, but that simply through listening to the market they will act in that way and, moreover, it will ultimately be in their self-interest because they will be satisfying the demands of consumers (Diana 2006).

Today, the stories of boycotts or protest advocacy that permeate society are confirmation of Mill's notion of consumer sovereignty. What initially spurred the modern CSR movement was, in fact, the rise of nonprofit activist groups, who pushed to the forefront pressing issues such as the treatment of workers in developing countries, forcing companies to address their behavior in these realms (Nocera 2006, 8). Nike, for example, was a subject of fierce criticism in the United States during the 1990s, due to their labor practices in the factories used to make its goods. As a result, the company decided that it would serve them well to raise labor standards in these factories and establish an extensive monitoring program, a modern-day reality that many of its costumers and employees take comfort in. Since the culture was demanding it at the time, these actions provided for satisfaction (Nocera 2006, 8).

Most recently, the issue that has gained prominence is the environment. Without a doubt, the realization of the gravity of the phenomenon of global warming and its potential dire consequences has, in a way, created a fierce competition for businesses to take a clear stance on this issue (a stance that is anti-global warming, of course). Today, many companies are working to make plants 'environmentally responsible' and at the November annual Business for Social Responsibility conference in New York, virtually all of the companies present announced set goals for the reduction of greenhouse gases, and efforts to make their operations more efficient (Nocera 2006, 1). Therefore, rather than a social responsibility characterized by the old paternalism epitomized by major

corporations' endorsement of community events in the 1950s and 1960s in Europe and the United States, a modern CSR movement has emerged, driven by the enthusiasm of various actors, particularly consumers, around issues brought to the forefront in the modern global economy.

The Importance of Work

Having discussed the reasons behind the emergence of the modern CSR movement, its overall relevancy must be taken into consideration. Namely, why is it that CSR should, as a modern-day phenomenon, be taken seriously? While the pursuit of profit as the single, narrow goal of a business appears to be somewhat devoid of real meaning, something more tangible is needed than the acknowledgment of a desire for more purpose in life. When considering this question, the importance of work in modern day society in the development of the human person provides a convincing argument for the relevance of efforts to implement CSR today. The workplace, as Estlund points out, is the "single most important site of cooperative interaction and sociability among adult citizens outside the family" (Estlund 2000, 1). Furthermore, the workplace and the relationships and conversations it spawns may, argues Estlund, "be more important for the formation and interchange of political and social views among the majority of adult citizens than the voluntary civic and political organizations" found in today's society (Estlund 2000, 1). Not only is the workplace where many people spend the majority of their time, but the activity of work is a fundamentally important element in our everyday lives. In his book, *Participatory and Workplace Democracy: A Theoretical Development in Critique of Liberalism*, Mason explains work as being "the way we identify ourselves, the way we extend ourselves creatively into the world, and in doing so, one of the ways

we expand our potentiality” (Mason 1982, 187). Work thus provides an opportunity for a person to extend his or her self beyond the mere production of goods and services, allowing for the creation of a self-identity and self-realization.

Mason places great importance on the distinction between the intrinsic versus the extrinsic value of work. He points to a discussion of the theoretical tenets of liberalism as important in understanding the notion of the extrinsic value of labor. Going back to Locke’s understanding of work as a grim necessity, stripped of any religious value or common bond with other men, hard work was something needed to eliminate necessity from life (Mason 1989, 109). Liberal economists such as Adam Smith, James Mill, John Stuart Mill and Alfred Marshall treated the human person as a material object, characterizing him solely by biological existence and dominated by material needs, with work as the means of satisfying those needs. As Mason argues, the very basis of capitalist thought rests on the foundation of liberalism, and thus involves an emphasis on the individual, relentless activity, competition, and an unmitigated pursuit of self-interest. Industrial capitalism inherited the perspective of extrinsic labor from the past, with industrialization being organized in such a manner as to maximize efficiency and production, with profit being the measure of success. Adam Smith’s *Wealth of Nations*, for example, places emphasis on specific techniques for the production of goods that are most profitable, but not the most meaningful or satisfying for workers. Furthermore, Fredrick W. Taylor’s “Scientific Management”, which was merely an extension of the same subdivision of labor principles that had influenced Adam Smith, placed importance on locating the worker with just enough intelligence to perform a required task. What a

corporation needed to obtain from the workers was a labor force and nothing more (Frug 1984, 1276, 1282).

In understanding the concept of the intrinsic value of labor, on the other hand, it is worthwhile to return to the writings of Karl Marx, for whom work was the key factor in the self-actualization of man. As Erich Fromm summarizes, Marx saw work as “the self-expression of man, an expression of his individual physical and mental powers. In the process of genuine activity, man develops himself; work is not only a means to an end—the product—but an end in itself, the meaningful expression of human energy” (Fromm 1961, 41-42). For Marx, human beings could only fulfill themselves by eliminating the conditions that lead to a state of alienation, in which workers are divorced from the control of the production process, the use of their own labor power, and the fruits of their labor (Greenberg 1986, 16). Factors such as wage labor, industrial specialization, powerlessness and passivity cause individuals to suffer from alienation in a capitalist system. According to political philosopher C.B. MacPherson, this alienation is understood as a state that thwarts the development of human capacities, as human beings are “purposeful beings who are capable, if given a chance, of making decisions intelligently” (Greenberg 1986, 16).

The contradiction that exists between the centrality of work and work designed as if it had only extrinsic value is a source of great tension in today’s society. With work as a primary means of expression, and something with an arguably strong link to human development, it cannot be made purely extrinsic without having profound effects. Mason argues that that which is bred at work will be carried home and, therefore, with work being the single most important life activity for most people (in terms of time and energy),

one's work life has a profound effect upon the quality of one's leisure, family relations, and basic self-image and perceptions (Mason 1989, 127-28).

Considering all these implications of one's work, many scholars argue for its role in the formation of character and civic virtues within an individual. Estlund explains the workplace as a site of cooperation, connectedness and communication, as well as the place where employed adults spend "a high proportion of their waking hours" and with which they largely identify (Estlund 2000, 3). She further argues that through proximity or contact among co-workers, as well as through a process of working together and thus forming cooperative and constructive relations, ties of affection, mutual understanding, empathy, loyalty and solidarity are forged. Estlund further argues that this "necessarily cooperative and social nature of much work itself also tends to depend upon and to engender trust among coworkers", with subordinates, supervisors and managers all operating within at least a minimal but necessary level of trust while carrying out their jobs (Estlund 2000, 3). The workplace, therefore, serves as a social environment that, when governed by norms of civility and reciprocity, fosters experiences of cooperation and feelings of solidarity, trust and mutual responsibility (Estlund 2000). Zamagni argues along the same lines as Estlund in terms of the workplace serving as a potential site for the formation of people with certain attitudes or behaviors. He explains that when businesses work with normative structures to assure the internal coordination of decisions, "these norms have an impact on the behavior of those who work within the business, and in the long-run, on their cognitive map, besides on their character" (Zamagni 2006, 584). For Zamagni, the importance of work lies in considering the fact that most social interactions take place within individual organizations rather than within the market.

Today, it is commonly understood that business leaders who seek to create a workforce that identifies with the goals and mission of the enterprise and behave with a sense of loyalty and a strong work ethic have a much higher chance at succeeding in this aim when they assure their workers of all around better conditions, both within and outside of the workplace. Zamagni notes that the purely rationalized and mechanical approach by Taylor cannot function in today's competitive, knowledge-based society. Coercive methods used to extract effort from employees do not work as they did before (Zamagni 2006, 579). The remedy offered in recent years has been that of incentive mechanisms in the workplace; namely, if a firm wants to extract from its employees the knowledge and skills they possess, the manager has to offer a proper incentive scheme. These incentive schemes, nevertheless, according to Frey in his *Institutions and Morale: The Crowding-Out Effect*, are not sustainable in the long run because they produce the so-called crowding-out effect, in which the incentives crowd out the intrinsic motivation of the people working in a firm. The incentive scheme generates two potential effects: a direct effect and an indirect effect. The direct effect refers to a response on behalf of the worker to the incentive, in which he works harder. The indirect effect refers to the fact that if a manager provides an incentive to his employee, it signifies that he wants to "buy" his loyalty, work ethic, honesty etc., and that over time, the employee will start to bargain on that basis and will begin to blackmail the manager. In this scenario, the use of incentives is costly and may be detrimental in the long run to the firm, as it has the potential (as seen with the indirect effects of the crowding-out phenomenon) to destroy trust relations and an intrinsic motivation among those within a firm (Frey 1998, 437-460).

The question, therefore, becomes how to create a work environment that fosters human development and allows for the dissemination of civic virtues. A workplace that rejects paternalism and the use of coercive methods to extract effort from employees would allow for the growth and flourishing of an intrinsic motivation and identification with the enterprise on behalf of the workers. In search of a model that would allow for the evaluation of the work environment under this approach, I will now turn to a discussion of the theory of workplace democracy.

In Search of an Economic Order

A discussion of the concept of workplace democracy implies, first, a return to the ideas of Tocqueville and his arguments surrounding the relationship between equality and liberty, and the ensuing economic and political rights. The work *Democracy in America* demonstrates Tocqueville's fascination with equality and its effects, while underscoring liberty as his principle concern. Tocqueville generally cites equality as a given and liberty as problematic. With equality being naturally desirable, "a grand historical process was bound to produce equality" (Dahl 1985, 50). Challenging this assertion, Dahl raises the question of whether or not we can truly take equality as a given, rather than as equally or more problematic than liberty. A quick consideration of the global state of affairs at the turn of the 21st century allows one to identify the contemporary, problematic tension between equality and liberty. With this tension comes the necessity not only to "identify and create the conditions that reduce the possible adverse effects of equality on liberty", but also "to reduce the adverse effects on democracy and political equality that result when economic liberty produces great inequality in the distribution of resources" (Dahl 1985, 51). To highlight this concern, Dahl cites thirteen cases of transformations from

democratic systems of governance to a dictatorship in countries marked by very high degrees of social and economic inequality. Discussing these cases (with Argentina and Brazil among them), Dahl asserts that “If liberty was menaced in these countries, the threat came not from too much equality (as Tocqueville would fear) but from too little” (Dahl 1985, 44).

Bearing in mind Dahl’s discussion, the goal of achieving democracy, political equality, and liberty demands a careful consideration of the best economic order that would eliminate or reduce the barriers to the achievement of these aims. Dahl notes the ownership and control of economic enterprises as a possible source of political inequality, principally because it contributes to the creation of “great differences among citizens in wealth, income, status, skills, information . . .” and therefore allows for the existence of sizeable inequalities in political resources amongst citizens (Dahl 1985, 54). Secondly, the ownership and control of enterprises, which I cited earlier as generally managed in an authoritarian and coercive manner, “creates enormous inequalities among citizens in their capacities and opportunities for participating in *governing economic enterprises*” (Dahl 1985, 55). Contrary to this outcome, Greenberg argues that as a consequence of *equal* participation in the workplace, “the individual develops the attitudes and skills essential to participation in other social spheres including the political” (Greenberg 1986, 19). The enterprise therefore becomes “central to the democratic vision and basic to the good society” (Greenberg 1986, 20).

Dahl presents his argument for the best economic order as one that achieves the goals of democracy, economic fairness and efficiency. For Dahl “the best economic order would help to generate a distribution of political resources favorable to the goals of

voting equality, effective participation, [and an] enlightened understanding” on behalf of all adults (Dahl 1985, 85). In such an economic order, it is conceivable that the “distribution of economic resources required for democracy may also prove therefore to be identical with the distribution required to achieve economic fairness” (Dahl 1985, 84). Finally, the new economic order must be efficient, and in order to achieve a satisfactory level of efficiency, the decisions of enterprises must somehow be coordinated, requiring the existence of a market system, “which would function as a critical external limit on enterprise decisions” (Dahl 1985, 90). Dahl’s proposed economic order therefore, emerges as one that involves the decentralization of decision-making amongst relatively autonomous economic enterprises that operate within limits set by a system of markets (Dahl 1985, 90).

Defining Workplace Democracy

My discussion now arrives at a more careful consideration of how authority should be exercised within firms. When one speaks of workplace democracy today, what generally comes to mind are the ideas of participation in decision-making, employee involvement, workers’ ownership, or worker self-management. Self-government in economic enterprises is often advocated as a way of creating what is called ‘participatory democracy.’ While the goal of workplace democracy has far older roots (as I have demonstrated in my discussion of Tocqueville), many of the debates surrounding the ideas of participatory democracy and workers’ control emerged in the late 1960s and early 1970s, with emphasis placed on the role to be played by a democratized participatory workplace in the process of social change (Greenberg 1986). Returning to the arguments of traditional democratic theorists such as John Stuart Mill, Jean-Jacques

Rousseau, John Dewey, and G.D.H. Cole, who argued that ordinary people are improvable and educable, it was natural to make the argument that human beings have the potential to become more rational and attentive and, as a result, to govern themselves well (Greenberg 1986, 18).

The first embodiment of the notion of workers' capacity for self-government most likely began with labor unions, which, since the nineteenth century, "have been described as a form of 'industrial democracy'" (Russell 1985, 38). According to Russell, the primary purpose of labor unions has, and continues to be, "to protect the interest of workers in their roles as wage earners . . . [seeking] to influence the terms under which wage workers sell their labor to employers" (Russell 1985, 39). While labor unions have historically often been argued to be the most effective form of workplace democracy that workers will ever devise, many have also argued that such unions are inherently limited forms of workplace democracy. Voices in the labor movement have occasionally called for unions to become more closely involved in the decision-making at the workplace, yet Russell argues that the role of unionists may be limited by the very nature of their primary weapon, the strike, which necessitates high levels of organization and effort to effectively mobilize and affect change (Russell 1985, 38-39).

The roots of the concept and importance of employee participation in *workplace* governance (as opposed to the type of self-governance epitomized by involvement in labor unions) are old, and can be traced back to the 1920s and possibly earlier. In the 1920s, the British Industrial Health Research Council performed studies that demonstrated how work could become more meaningful in ways that would also increase satisfaction, productivity, and quality (Levine 1995, 3). There were also experiments in

which small groups of workers were given increased control over their functions and, as a result, were more productive and unified in their efforts. During the post-WWII period, employee involvement spread throughout European nations as a result of a widespread focus on bettering the conditions of workers, accompanied by employers' aspirations of increasing worker productivity (drawing the connection between employee empowerment and increased productivity). The underlying theme of the 1940s regarding workplace democracy involved the idea that frontline employees who were actually performing the work would have the best insights on how to improve their tasks. Workers were thus considered to be the best sources of suggestions for improvements, and many employers began to give their workers the ability and authority to make such continuous improvements (Levine 1995, 2). In the 1990s, employee involvement was often "introduced in the guise of high-performance workplaces, business process reengineering, continuous improvement, or total quality management" (Levine 1995, 2). In the past and still today, these aspects generally aim at embodying an awareness of quality and efficiency in all organizational processes, striving toward customer satisfaction. Yet while companies embracing these strategies may be 'people-focused', they are not necessarily focused on the well-being and formation of those *within* the business.

The goal here is to provide particular criteria that will form the basis for a prescription for a democratic firm. In *A Preface to Economic Democracy*, Dahl provides a list of assumptions that characterize the nature of a democratic association and the people within it. The main tenets of his assumptions are centered around the need for collective decision-making, with decisions being made by persons who are subject to the decisions, the principle of liberty, with each person entitled to be the final judge of his or

her own interests, a strong principle of equality, with participation in decision-making involving the equal consideration of say in priorities, and a principle of fairness with the allocation of goods and services and the taking into consideration the needs and desires of each person in the collective (Dahl 1985, 57-60). While no magic formula exists for the creation of an ideally democratic firm, organizations striving to tap into the resources of their work force must build support from employees, managers, and business partners, breaking down a detailed division of labor that prevents the fostering of trust amongst managers and workers within the firm and the capability for collective action that Dahl emphasizes in his assumptions of a democratic firm.

Levine provides the bulk of the criteria I will use to form the basis of a prescription for a democratic firm, focusing on the areas of employee empowerment, motivation and capability, which I will be using later in order to evaluate the level of success in these areas within Economy of Communion businesses in my case studies. Drawing from this criteria, in addition to Dahl's prescription for a democratic firm, I have crafted a definition of workplace democracy that will be used in this monograph as 'a workplace in which employees experience a significant degree of empowerment, motivation, and capability development, allowing for greater physical well-being, personal growth and self-realization.' This definition draws on the assumption that, considering the above discussion of extrinsic vs. intrinsic labor and the importance of work in modern-day society, active involvement by employees within a business, accompanied by employee capability, provide for self-realization in the workplace. It furthermore relies on Levine's assumption that such involvement, in order to be sustained, must be accompanied by policies that result in employee motivation.

Levine's discussion of workplace democracy focuses a great deal on the building of successful employee involvement within a firm. The idea of employee empowerment is an essential ingredient in the creation of workplace democracy, and is drawn principally from the means provided for employee participation at varying levels within an organization. Successful employee involvement requires that workers have what is termed 'substantive involvement' (Levine 1995, 41). This kind of involvement goes beyond the ability to make suggestions that are not necessarily taken seriously, or decisions regarding issues that don't really matter. Rather, it signifies involvement in a variety of topics that are important to the work force, including how employees carry out their specific functions, and how safe and pleasant their working conditions are (Levine 1995, 41). This involvement can be classified, according to Levine, into two types: consultative and substantive participation. Consultative participation involves direct participatory arrangements in which employees are allowed to give their opinions, but final decisions are made by management. In these instances, workers' suggestions are solicited, but workers are not permitted to decide how to solve problems and their suggestions are often not implemented in the long run. This kind of consultative participation, cites Levine, is not likely to achieve sustainable improvements in productivity (Levine 1995, 43). Substantive (direct) participation in work, on the other hand, involves formal, direct participation in many of the same kinds of issues as consultative arrangements. In this case, however, employees have clear and direct responsibility for organizational change and their daily work. A third kind of participation is that of representative participation, which can often complement direct

participation. This kind of representation often includes committees, workers' representatives, and work councils (Levine 1995, 43-45).

The second aspect to be considered is that of employee motivation. Levine argues that while participation may be its own reward for many employees, sustained, effective participation requires some kind of sharing of rewards from involvement; namely that employees receive a share of any increased productivity or profits. Growing empirical evidence indicates a positive interaction between profit-sharing and participation, with participation leading to demands for profit sharing, and profit sharing also leading to demands for participation by workers in decisions regarding income (Levine 1995, 52). A second factor involved in employee motivation is that of employee ownership, which is measured as the share of the firm's equity owned by employees or the share of the firms employees who choose to become firm members by investing in a minimum number of shares (Levine 1995, 52). Many studies demonstrate the significant positive effect that employee ownership has on the firm's productivity. A third factor is that of group cohesiveness. This concept entails a variety of factors employed in order to build unity amongst those within a firm; namely, the reduction of pay and status differentials among employees (particularly between workers and managers), and bonuses based on group output. The subsequent narrow differences in wages and status "help to develop an atmosphere of trust and confidence between workers and management, reinforcing the atmosphere of participation" (Levine 1995, 53). Fourth, employment security is a significant factor in employee motivation, referring to an effort to avoid laying off workers and create greater employment stability. From the firm's point of view, the high investment in human resources made in the selection, socialization and training of

workers pays off in the long run, as those expecting to retain their jobs are more likely to forgo short term gains for the long term good of the company. Layoffs are generally inconsistent with the sense of membership and community that workplace democracy companies seek to construct.

As can be noted, Levine focuses on the *financial* aspects of employee motivation, particularly the provision of rewards and allocation of goods and services (in the case of a firm, its employment benefits and salaries). The notion of employment security (rate of employee turnover) and on-site worker safety also plays a major role in this area. I would argue furthermore that context is critical in the area of employee motivation, as it can without doubt stem from employees whose working conditions, salaries and benefits in one company are found to be more just and livable than those of past employment experiences or that typical of, in this case, the Brazilian or Argentine markets. Furthermore, what Levine does not discuss in great detail in the area of employee motivation are the emotional/psychological aspects of motivation. He does argue that participation may be its own reward for some employees but that sustained participation necessitates financial rewards through profit-sharing. As will be discussed further, however, I would argue that strong interpersonal relations and a sense of belonging to a ‘community’ also serve as a major source of employee motivation.

While employee empowerment and motivation are necessary factors in the building of workplace democracy, they mean nothing if employees do not have the capability to make improvements. The idea of employee capability is critical, therefore, and involves the development of knowledge and skills through training and continuous learning. On a practical level, with high-involvement employers relying heavily on

decision-making by employees, it is necessary to invest in training and education, both formally within the classroom and on the job. The sharing of information is also critical in this sense, since the absence of information can limit employees from participating in a firm's actual mission. A democratic firm therefore tends to provide its employees with "more information on the progress of the company, new technology, and the big picture of the enterprise" (Levine 1995, 61). There is constant and transparent communication, which allows employees to understand management priorities and potential economic difficulties (such as budgetary constraints), in turn allowing them to "make better decisions concerning training issues, customer service problems, quality . . . and work process improvements" (Levine 1995, 61).

Taking all these areas into consideration, the criteria that will be used to evaluate the extent to which the EOC embodies the paradigm of workplace democracy are as follows:

Table 1.2: Workplace Democracy Criteria

Workplace Democracy	A workplace in which employees experience a significant degree of empowerment, motivation, and capability development, allowing for greater physical well-being, personal growth and self-realization.
Employee Empowerment (Levine 1995):	<ul style="list-style-type: none"> • The extent to which frontline employees are actively involved in continuously improving their work process (especially in regard to issues of quality and safety) • The extent to which employees are actively involved in modifying the product or service • The level at which managers either approve suggestions from workers or give feedback on reasons that suggestions have not been approved • The extent to which frontline employees are involved in determining their work and quality performance goals and operating standards • Representative Participation: The extent to which workers have effective mechanisms of representative participation that voice their concerns directly to upper management, address key issues, and can act as an appeals process when lower levels disagree
Employee Motivation (Levine 1995):	<ul style="list-style-type: none"> • Extent to which employees receive financial and non-financial rewards when they make improvements • The degree to which the company reduces differences in pay and status to enhance cohesiveness • Just, livable wages, particularly in the context of the country's current

	<p>employment market</p> <ul style="list-style-type: none"> • The provision of adequate benefits packages <p><i>Security</i></p> <ul style="list-style-type: none"> • The company has policies that minimize or avoid laying off employees (low employee turnover), and the company actively helps laid-off workers find new employment • Worker health and safety; the provision of adequate safety equipment on the site <p><i>Psychological/Emotional Aspects</i></p> <ul style="list-style-type: none"> • Feelings of having a personal stake in the welfare of the company • Strong interpersonal relations and networks with business directors, co-workers; sense of community
Employee Capability (Levine 1995):	<ul style="list-style-type: none"> • Level of firm's investment in training • Programs to support continuous learning • Extent to which employees are given information on operating results and goals as well as organizational performance compared with competition

The Relevancy of Workplace Democracy

The case for participatory democracy most often is articulated in terms of the developmental benefits for the individual participant. More specifically, proponents of participation in the workplace argue for its potency as an agent of socialization and education, inculcating the participant with values related to democracy (Russell 1985, 42-47). With the belief that human beings are improvable and educable, it is possible to argue that within the workplace, one may develop the skills necessary to participate in the political realm as active citizens with a high sense of political efficacy. Participation in the workplace has also been argued to be a major catalyst for preventing the state of alienation discussed earlier in relation to Marx, for developing a sense of community, and for expanding interests beyond personal advantage by the individual (Russell 1985, 17-25). The potential for the formation of a solidarity community based on work has already been discussed in relation to Estlund's work, and the emphasis should remain on the resulting weakening of the pull of self-interest and strengthening of ties to the general good of the community. Both Rousseau and Mill anticipated that participation would

enrich the individual's sense of community, and thus allow him to consider interests that transcend his own advantage. Lastly, as Dahl argues, the elimination of antagonistic relations between employers and employee allows for the fostering of greater moral responsibility and the production of "active and concerned public-spirited citizens within the enterprises" (Dahl 1985, 95).

Finally, it is important to discuss the arguable trade-off between productivity/efficiency and workplace democracy, which has fueled much debate regarding the practicality of workplace democracy. As I have touched on lightly, greater employee involvement tends to lead to employees having a stake in the firm's welfare. As Dahl notes, the result is that "participation by workers in decision-making rarely leads to a decline of productivity; far more often it either has no effect or results in an increase in productivity" (Dahl 1985, 133). Some argue that the implementation of workplace democracy can increase the overall costs of a firm: high investment in the training of employees is expensive, participation can be time-consuming, and collective decision-making is slow. Nevertheless, pessimism about the value of workplace democracy is often challenged by the assertion of many social psychologists who argue that workers are more motivated to carry out decisions when they themselves have had a hand in making them (Coch and French 1948, 528). Furthermore, with workplace democracy, workers exercise greater self-supervision and there is a reduction in the need for manager supervision, cutting overhead labor costs. Participation may also improve communication and cooperation amongst workers, thus reducing the need for all communication to flow through management, and consequently saving management time. Participation may also result in better decisions, as frontline employees often have

information that higher management lacks, and this allows for the presentation of another important view. Lastly, as far as the question of innovation, the implementation of workplace democracy arguably allows for the development of more opportunities for the expression of creativity and achievement on behalf of workers. Additionally, investments in training and education may allow for the development of new skills and the discovery and fostering of new talents and strengths within the entire workforce.

In this section, I have provided a review of the tenets, implications, and importance of the concepts of corporate social responsibility and workplace democracy. The two concepts are generally understood as separate phenomenon, although their prescriptions and the arguments surrounding them overlap in several areas. Proceeding from an understanding of their definitions, indicators, and both the supporting and opposing arguments surrounding each, I will now enter into a discussion of the origins of the Economy of Communion project, and an eventual evaluation of the extent to which it embodies a model of corporate social responsibility and workplace democracy.

Section Two: The Origins and Spirituality of the Focolare Movement

Introduction

The Economy of Communion Project (EOC) is an initiative that sprang forth from the praxis of the Focolare Movement, an emerging global, ecclesial community whose historical background, values, and activities it is therefore necessary to review. This section will further examine the emergence of a particular economic ethos within the Focolare Movement, which gave rise to the EOC's unique economic views and practices.

The Focolare Movement: Origins, Growth and Activities

The origins of the Focolare Movement can be traced to the city of Trent, in the north of Italy, during the Second World War. Trent served as a target for the aerial bombardment of Italy by the allies. The prolonged warfare had devastating effects on the industrial and agricultural infrastructure of the country, leading to widespread poverty particularly in the north. Life in this area in the 1940s was “characterized by dire poverty and brutality, and the shadow of suspicion of neighbors and friends, leading to the destruction of many communities” (Gold 2004a, 50). In this context of a breakdown in social and civil norms, and the physical and emotional tragedy wrought by the continual bombing through the summer of 1943, a young woman by the name of Chiara Lubich, along with some of her companions, came to a conclusion. They resolved that the drama of the war would eventually pass, and only God would remain as their sole constant in a world where everything seemed to be crumbling, both literally and figuratively. The young women experienced a strong conviction that God is Love, and found within the Christian commandment to “love one another as I have loved you” (Jn 13:34), which they perceived as the heart of the Christian gospel message, a way to combat the hatred and

division they witnessed stemming from the tragedy around them (Focolare Movement, 2006a). Through concrete efforts to live out this Christian message of concern for others, these young women, who had no intention of starting a movement, took part in the creation of a small community, dedicated above all to relieving the suffering of those around them (Gallagher 1997). The terrible situations in which Lubich and her companions found themselves immersed were, for them, “like a training field which brought love into action, not only among [them] but among those whom [they] encountered” (Gallagher 1997: 39). In a short time 500 people had joined these young women in their work, putting into common their possessions and seeking to imitate the lifestyle of the early Christian communities as articulated in the New Testament, with the aim of solving the problems of poverty and social distress around them:

“Among the large number who had become believers there was complete agreement of heart and soul. Not one of them claimed any of his possessions as his own but everything was common property . . . a wonderful spirit of generosity pervaded the whole fellowship. Indeed, there was not a single person in need among them . . . They would distribute to each one according to his need.” (Acts of the Apostles 4:32 -35)

With the discovery of a driving force behind this concept of love (which when practiced amongst each other became mutual), members of this early Focolare community did not find it “difficult . . . to share each day [their] sufferings and [their] joys . . . and [their] poor possessions” (Gallagher 1997).

The environment of this community therefore became one of family, where everything on a material, personal, and spiritual level was shared. The word *focolare* was originally a nickname designating this community built in Trent in the 1940s. *Focolare* is the Italian word for ‘hearth’, which within Italian culture evoked a sense of family, love, security and warmth, and brought to mind the image of a past in which “poverty

was widespread and life was harsh, but nothing could take away from the closeness of family and friends huddled together around an open fire” (Gold 2004a, 48). This designation eventually became the formal title of the Focolare Movement, which evolved into a global movement and a formally recognized ‘lay organization’ within the Catholic Church that received approval in 1962 by Pope John XXIII. The formal spirituality of the movement is based on a profound belief in the unity of the human family, a unity that transcends the differences of race, nationality or religious belief, and originates in a radical adherence to the Christian command of love that Lubich and her first companions embraced (Gold and Linard 2002).

A unique aspect of the movement from its early days was its vision of this ‘united human family,’ a vision that can be noted from the kind of fraternity, or brotherhood, that was put into practice among those beginning in Trent. With a particular focus on Jesus’ prayer, “May they all be one,” the movement seeks to build unity through practicing universal brotherhood (Gallagher 1997). The experiences of the early community in Trent drew the interest of some young Marxists, as an underground Marxist resistance movement came into being especially in the mountains surrounding Trent. Interaction with these young Marxists, which stemmed from a desire to live out the Christian Gospel message of love, served as a precursor to the movement’s current social commitment and dialogue with persons of no religious affiliation (in the case of Marxists, a belief system which advocated the abolition of religion (Focolare Movement 2006a). The movement’s statutes, approved by the Vatican, “provide for adherents not only from within the Catholic Church, but from other ecclesial communities, from other Religions and from among ‘people of good will with no religious belief’” (Gold and Linard 2002). The

general articles of incorporation of the Focolare Movement mandate a ‘mutual and continuous charity’ as the basis of life for its members and as a condition for every article describing the structure and functioning of the community (Focolare Movement Statutes 1995). It is this element of charity, which can be found in all major religions, that characterizes the lifestyle of members of the Focolare Movement, in their realization of various cultural, social, political, and economic activities. The statutes of the movement are viewed by those involved as an organic concept. In other words, the movement is constantly evolving as these statutes are continually reviewed and revised in order to address the needs of the movement in current day society. Recently, special focus has been placed on including language that emphasizes non-Catholics as being considered full ‘members’ of the movement, rather than ‘aggregates’. Furthermore, emphasis is being placed on the field of dialogue with culture becoming an official part of the statutes, while retaining a simplified language so as not to present statutes which appear more like a code of conduct or rules to be followed.

The Focolare Movement is present today in 182 countries among people of varying ages, races, languages, cultures and faiths. While the majority of its members are Catholic, there are Christians from 300 different denominations, faithful of the main world religions, and men and women without any particular religious belief, who all share in the values and lifestyle promoted by the Focolare (Lubich 1999). For example, the movement currently has a committed following with African American Muslims who adhere to the teachings of Imam W.D. Mohammed, and Japanese Buddhist Rissho-Kosei-kai Movements, with whom they regularly engage in dialogue, and maintains a focus on

the practice of benevolence or, more commonly understood, the Golden Rule: 'Do unto others as you would have done unto you'.

The Focolare Movement has, since its origins in the 1940s in Trent, Italy, spread across the world almost entirely by word of mouth and through the personal witness of those who are involved in the movement (Gold 2004a). The story of how the movement spread to Brazil is of importance, because it serves as a good example, according to Gold, of the manner by which it spread in many countries. The Focolare arrived in Brazil in 1959, after a monk from Recife met some members of the movement while in Italy in 1957. The monk was so moved by the lifestyle he had witnessed amongst the Focolare members in Italy that he set out (with the help of some of the Focolare members he had met) to establish the movement's presence in Ilhã do Inferno, an infamous shantytown of Recife. Several people "gave up their modest standard of living to live in the shantytown . . . [with the motive of offering] to the people there an example of Christian love that was credible and real" (Gold 2004a, 51). The willing acceptance of the conditions of the shantytown and integration into life within the community was originally treated with skepticism, but eventually served as an inspiration for greater communication and the sharing of ideas, talents and material goods amongst members of the community. This gesture of solidarity on behalf of those of the Focolare was eventually welcomed by the shantytown community and those who lived there "began to bring about small changes in a spirit of co-operation: removing garbage heaps and digging trenches. They formed a credit union and through the proceeds set up a brick factory, AMT" (Gold 2004a, 51). Other concrete changes came about, such as the creation of an association of shantytown dwellers, which over time was able to make

demands to authorities for improvements in basic infrastructure within the area. In order to reflect the new spirit of cooperation and progress that was felt, residents changed the name of the shantytown to Ilhâ Santa Teresinha. As of five years ago, Santa Teresinha had a school, health center, sewing workshop, and brick factory, amongst other facilities. The majority of people who work to coordinate projects within the community today are members of the Focolare and came from within the shantytown itself (Gold 2004a).

The Focolare has spread all over Brazil since the 1950s, and the number of social welfare projects run by the movement is well over one hundred (Focolare Movement 1994). Personal visits to the sites of two of these projects, in the Bairro do Carmo in São Roque, and in the Favela Peidrera in São Paulo, reveal the depth of social change brought about particularly within the areas of infrastructure (housing, electricity, clean water), community projects (community bread-making, bakeries, women's arts and crafts), and education (reestablishment and improvement of schools, transportation for outside education, etc.) due to the presence and work of the Focolare Movement. In addition to these dramatic changes, community ties have been greatly strengthened and social norms have been altered, such as the tendency toward a more peaceful resolution of conflict, resulting from things such as regular community meetings in the Bairro do Carmo. These projects in Brazil serve to demonstrate the way in which the Focolare Movement serves as an umbrella organization for many local, regional and international NGOs working to eradicate poverty on different levels. As expressed in these social projects, the work of the Focolare encompasses many 'micro projects' that are supported locally and form a dynamic aspect of community life of those who participate in the movement.

While a great emphasis is placed on “translating the spiritual vision of the Movement into practical action in favor of those in need” (Gold 2004a, 54), especially given the original focus of the Focolare in helping those in the immediate community of Trent during the Second World War, the movement does not restrict itself to changing the situation of the poor, but applies its message of solidarity to other social classes as well. As a result, people of very diverse backgrounds participate within the movement, “united by a common desire to bring about a social revolution based on solidarity, dialogue and love” (Gold 2004a, 52). Today, the movement involves 141,280 people (Focolare Movement 2006b) “who have extensive formation in and make a deep commitment to its spirituality” (Gold and Linard 2002, 6), and a further 3.5 million people who “live its spirituality with varying degrees of commitment” (Gold and Linard 2002, 6). Those involved participate in a variety of sectors of Focolare activity. The movement has accordingly been faced with the challenge of “attending to the needs of a vast and constantly changing international community, whilst retaining that intimacy of the hearth” (Gold 2004a, 55) that was created in Trent. Embracing this challenge has resulted in the development of a wide variety of local initiatives that aim at social integration and the eradication of poverty, as well as the development of internationally recognized NGOs.¹

Organizational Structures

Overall, a discussion of this organization of the movement is useful in order to later understand the way in which the mission of the EOC is managed at the local,

¹ These NGOs refer to the roughly 1000 social projects run by the movement mainly under the NGO New Humanity (Category 2 consultative status in the UN Economic and Social Council since 1985), as well as Azione per un Mondo Unito (AMU), which was founded in 1986 and recognized by the Italian foreign ministry in 1987. Azione per un Mondo Unito aims at the development of countries and peoples focusing on developing nations in addition to a focus on dialogue between peoples of differing nations.

regional and global levels. There are three main structures shared by all of the various branches and groups of the Focolare, which will later become relevant when understanding the structure and administration of the Economy of Communion Project. These structures are “seen above all as spaces in which the Focolare spirit is put into practice” (Gold 2004a, 58). The first structure is that of the local Focolare centers, which generally consist of small houses or conference centers located in several major cities throughout the world. They generally consist of a community of usually between four and eight people (focolarini), who have made a life-long commitment to work for the Focolare. While these people usually have jobs outside of the movement, they strive to emulate the community built between Lubich and her first companions during their early days in Trent amongst one another, putting all possessions in common. These focolarini carry out meetings and activities for the various community members and strive to be a place of ‘hearth’ open to the entire surrounding community. In this way, the focolarini at the local level develop and maintain close relationships with those in their community, consequently understanding well their needs and possible contributions. These local Focolare centers together make up a larger zone (corresponding to a particular region), each of which has two delegates (a male and a female) who serve as its representatives at the international level.

The second main structure is that of the Model Towns. These towns, the first of which began in Italy in 1964, are communities that are self-contained to some extent and that essentially take on the functions of small towns in today’s society. Run and inhabited by the members of the Focolare Movement, they look like real, small, yet modern towns with houses, shops, meeting spaces, workshops, artistic centers and small

businesses which, along with a church and schools of spirituality and formation in the teachings of the movement, exist for the inhabitants. There are presently thirty-five little towns spread out around the world, with three in Brazil itself (Focolare Movement 2006c). What is unique about these towns, particularly with regard to the one in Loppiano, Italy and another in Montet, Switzerland, is their internationality. Loppiano, with over 800 inhabitants from 70 different nations, serves, according to the Focolare, as a model of a united world, where people of various nations coexist in unity and share a commitment to meaningful dialogue. The Focolare towns' aim is to make the high ideals of the movement (namely the construction of unity amongst all people) a reality amongst ordinary people who live it out. These little towns, "through the life style they promote, can offer new ideas for life in bigger towns and cities," as they are founded on the ideals of mutual love and experience the "full communion of cultural, spiritual and material goods that this entails" (Focolare Movement 2006c).

To avoid misconceptions, it is important to note how these little towns differ from historical or modern attempts at utopian societies. First, they are not imagined as places that are closed off from the rest of society, but rather, they are open and generally have thousands of visitors each year (Gold, 2004a). The main little city in Brazil (Mariapolis Ginetta) had 29,000 visitors in 1995 (Gold, 2004a). Furthermore, the businesses of these towns are fully inserted into the local economy and have to compete within the free market like any other business. In the little towns in Brazil, Argentina, Italy, Belgium and Portugal, there already exist or are currently being built business parks which consist of firms that work within the paradigm of the Economy of Communion, a phenomenon

that will be further discussed later on. These towns form a natural focus for the development of EOC businesses.

The third structure to be discussed is that of the Global Focolare Center. While decision-making regarding the everyday aspects of the movement is carried out at the local level with the Focolare centers, the Global Center acts as a central coordination point for all the movement's activities throughout the world. It is through the Center that the gathering and circulating of news and information between countries takes place, and major initiatives of the movement at the global scale are planned. The delegates of the Focolare and the positions of responsibility at the head of the various movements are elected during a General Assembly of the Focolare held every six years.

It is therefore possible to note the existence of an institutional dimension reflected in well-defined organizational structures that exist at the local, regional and global scales. A major point of focus that emerged from the most recent meeting of the regional delegates in Rome regards the organization of the movement at the local/regional level. Emphasis is being placed on the creation of smaller zones and making sure to have a certain number of small Focolare centers within each zone appropriate to the needs of that region.

The Economic Ethic of the Focolare Movement

The aspects of spirituality expressed within the Focolare Movement that I have just examined have given rise to a new style of life, which can be considered an expression of a new culture. The view of an inevitable relationship between the movement's spirituality, which is both a personal and collective spirituality and can be identified as a spirituality of unity, and other affairs of daily life, offers, according to

Lubich, “a new way to live the various aspects of social life, from the political to the cultural, from the artistic to the economic and so forth” (Lubich 1999). This assertion gives rise to the movement’s social projects in various fields, especially that of economics. From its origins in Trent, the Focolare Movement “has exhibited a distinctive vision of the relationship between the ‘economic’ and other dimensions of human life” (Gold 2003, 143). I will now turn to an examination of the roots and development of the particular economic philosophy of the Focolare Movement, which essentially gave rise to the economic vision and practices contained in the Economy of Communion Project.

Having underscored the emphasis on solidarity that underpins the Focolare Movement, it is important to note that an essential component of this solidarity involves the building of relationships based on communion, with an emphasis on the necessity of overcoming material inequalities through a form of radical sharing (Gold 2003). As mentioned earlier, Lubich and her companions sought to address the needs of the Trent community through a radical commitment to living out the Christian Gospel and therefore putting all they had into common. As a result of the kind of mutual love they strove to put into practice, a community was formed in which everything was shared according to the needs of each one. What emerged, consequently, was a communion of material goods that served as an expression of “a vision of Gospel living that is not only as a form of spiritual edification but also a means of emancipation for the poor” (Gold 2003, 147). Lubich’s view at the time was that the ‘heart of the problem’ was the desire to claim possessions for one’s self as opposed to feeling a kind of family connection and an ensuing commitment to one another as ‘brothers and sisters’ (Gold 2004a, 73). Lubich and her companions were aware of the importance of this lifestyle from the start:

"We were trying to live the communion of goods to the maximum extent possible to resolve the social problems of Trent. I thought 'there are two or three areas where the poor live... let's go there! We will take what we have and share it with them...' Our reasoning was very simple: We have more - they have less. We will raise their living standard to achieve some level of equality" (Lubich 2006).

The Gospel's emphasis on a kind of mutual love and the example of the first Christian communities offered a way for bridging the divide between spiritual concepts and economic lifestyle, bringing about a peaceful social revolution in which the first Focolare community's aim of greater equality would be achieved (Gold 2004a).

Since the living out of the collective spirituality of the Focolare Movement is inseparably linked to concrete expressions of mutual love, a communion of material goods has been practiced in the movement ever since its beginning in 1943. There emerged a process of redistribution of goods in the Trent community, which, years later, has been put into practice in the Focolare communities all over the world. With time, there came about in Trent an ever-growing community that participated in this process of redistribution. People were primarily helped through a central fund that was established in the Focolare house, since it was agreed upon that those who had dedicated their entire lives to living out this fraternity within the community knew the needs of the community best (Gold 2004a). In this early stage, what emerged was an essential trust in those who were carrying out the redistribution process, a trust that would be carried over to the workings of the Economy of Communion Project today. In order to solve the social problems of Trent, the group of the Focolare recognized the need for involvement by both rich and poor alike in mitigating inequality. A strategy of "overcoming the rich through engaging them" was employed, aiming for a 'change of heart' rather than

resorting to force (Gold 2004a, 75). This ‘communion of goods,’ nonetheless, is based on a free decision of every one participating according to his or her personal situation.

The practice of sharing goods and ideas is now an ordinary expression of the life of those who live the collective spirituality of the movement, and the Economy of Communion, as will be discussed later, is viewed as an extension of this practice on a wider scale. Like in Trent, this communion of goods takes place in the movement on a variety of scales. First, at the local level, individual communities try to be aware of the needs of others within the community and people are also encouraged to communicate their needs to others in the community, through the Focolare houses or through contact with others in the movement. Money is shared through donations to the Focolare Trust through individuals who wish to contribute to the Focolare’s activities. This kind of material sharing takes place on a more specific level through participation in a number of micro projects initiated by the movement, of which there are more than one thousand, in various parts of the world (Focolare Movement 2006b)

This emerging economic vision of the movement had practical implications, one of which can be identified as a ‘trust in providence,’ which refers to the interpretation of economic facts as substantive proof of God’s intervention in human life (Gold 2003). For example, while members of the first Focolare community decided to give away all of their possessions, keeping only what was necessary for survival, they began to receive items in abundance from people who had become aware of their lifestyle and efforts to fight inequality. An interesting aspect of this help (dubbed ‘providence’) involved the seemingly perfect aspect of it (corresponding with the needs of the community) and the time of its arrival.

“And it is from those beginnings that an ‘amazing’ experience of the gospel began. ‘Give and it will be given to you.’ In the midst of a full-blown war, food rations, clothing, and medicine arrived in uncommon abundance. We became convinced that putting the Gospel into practice holds the answer, in a nutshell, to every problem for individuals and society” (Lubich 2006).

The tradition of believing in God’s providence has continued through the history of the Focolare and remains key to understanding the movement’s interrelationship between economic affairs and spirituality. Within the individual Focolare houses (and Movement as a whole), providence, in the form of unexpected gifts and donations, is calculated into the overall budget. If the necessary resources needed for future developments and activities of the movement do not arrive, it is taken as a sign that the given development is not part of God’s will. In this way, the Focolare institutions have evolved without an accumulation of debt (Gold 2004a).

The same trust in providence that was put into practice in Trent forms a unique, essential aspect of the kind of corporate culture of Economy of Communion businesses. While the commercial world would attribute this ‘providence’ to good ethical business practices, there is a widespread belief in the EOC that the project will ultimately involve God’s intervention. Many EOC business owners speak of an ‘invisible shareholder’, who will intervene to bring about some form of help or solution in times of difficulty.²

It has not escaped the attention of many researchers that this aspect of ‘providence’ can be misinterpreted as a kind of magic formula, a “mechanism through which success can be guaranteed” (Gold 2004a, 71). This is a potential risk, especially in the EOC. In a small number of cases, such interpretations may have led to the failure of some companies and an ensuing disillusionment. Nevertheless, members of the movement who at present seek to enter into the project are more or less aware of the

² Interviews, various EOC business owners, July – August 2006.

difficult character of their undertaking and understand the need for adequate preparation and smart business practices essential in any business endeavor. The aspect of providence has therefore often served as a kind of positive reinforcement of ideal motivations and has encouraged the development of the project, while at the same time leading to a heightened awareness of the need for prudence and good preparation by business owners (Gold 2003).

A Culture of Giving: The Foundation

As a result of this economic and social vision, several specific practices (some of which have already been mentioned) have emerged, underlining a kind of lifestyle motivated by what the Focolare calls a ‘Culture of Giving’ (Gold 2004a). This is an economic culture that the Focolare Movement aims to promote, and involves a kind of ‘giving’ that takes place in a variety of forms including material, social and spiritual. This ‘culture of giving’, rather than a ‘culture of having’ that dominates current day society through the pervasive notion of materialism, focuses on putting the human person and relationships at the center and goal of everything. Hence, embodying the EOC’s assumption of human nature as inherently social, this concept of a ‘culture of giving’ emerges from the idea of creating

“*new persons* who are capable of surpassing their *modern* identities as producers and consumers, and finding *something extra* which will help them to open up to others and to liberate them from isolation and egoism . . . capable of giving rise to the category of *gift* or sharing within . . . economic” activities (Araújo 2002, 22).

Thus, experiencing this ‘culture of giving’ allows one to act upon the *something* that lies deeper within us and is more essential than our selfishness (Lane 2006, 13), giving rise to the fostering of human relationships and the act of giving, which as the Focolare Movement holds, is what human beings find their fulfillment in.

Underpinning this idea of a ‘culture of giving’ therefore is the concept of a ‘non-materialistic existence’. According to Ressler, a kind of non-material existence which is attained through ‘not-being of oneself and being in and for the others’ means that human beings do not have a materialistic objective of fulfillment but a non-materialistic one. Entry into this new dimension of a non-materialistic existence, as the Economy of Communion project’s ethos presents, is where the self-fulfillment of human beings lies (Ressler 19). In a deeper sense, the very essence of a person is to be in ‘communion’ with others, implying therefore that a non-materialistic existence is a communitarian existence in and of itself.

While the sharing of material possessions is seen as a reflection of the kind of spiritual communion that exists among members of the movement, sharing is not limited to the realm of materialism. Rather, since possessions are given secondary importance, the value of a person is not determined by their capacity to give material objects, but by their capacity to ‘give of themselves,’ a concept that embraces the giving of knowledge, skills, ideas, time, successes and difficulties etc. An essential concept necessary to grasp the ethos underpinning the EOC is the Focolare’s concept of need. Need “is not regarded as something inherently negative, as something of which to be ashamed, but rather a situation which can enable sharing to be put into practice amongst the community” (Gold 2004a, 78). Sharing of one’s needs is therefore seen as a positive act, as it is also an act of ‘giving’ (giving of one’s need), and offers an opportunity to put the collective spirituality into practice. In turn, in the context of the Focolare, ‘to give’ does not imply a benevolent action, paternalistic or charitable humanism, but is understood as the antithesis of the dominant culture today that is based on having or possessing (Burckart

2002, 76). This act of sharing/giving forms an integral part of the community life of the movement and is viewed as empowering and conducive to the building of greater solidarity.

This 'Culture of Giving' forms the foundation of the economic rationale of the Focolare, which can be viewed as a communitarian ethic in practice. What emerges is a set of new "concepts and principles which shape economic choices" (Gold 2004a, 79). Among these concepts, debt is something that is strongly discouraged amongst the structures and members of the movement. As noted, a trust in God's ability to intervene in the practical circumstances of life, if an activity is in accordance with God's will, is central. Nevertheless, "the value of certain forms of low interest microfinance are valued and alternative financing structures have been promoted" (Gold 2004a, 79). The market retains its basic function as the most efficient form of exchange in an open economy, yet is viewed as a 'meeting place' between two or more ethical subjects (Gold 2004a). The aim of every economic encounter is, therefore, communion. Interestingly, the Focolare does not reject the capitalist system per se, but seeks to offer a radical critique of the unsustainable dimensions of it, and a positive vision of the place of wealth and business in society. There is a sense of engagement with the free market economy that underpins the spirituality of the movement. With regard to wealth, people are expected to maintain a living standard that is appropriate to their function in society, but possessions are generally put at the disposal of the common good. This encourages a simple lifestyle, which has important environmental implications since protection of the environment is viewed as an essential part as well of economic activity both on a personal and a corporate level. With regard to those without economic resources, they are viewed as

actors who are ‘brothers and sisters’ and sharing is seen as an expression of mutual love that can bring about greater equality (Gold 2004a).

In this section, I have sought to provide an historical background surrounding the Focolare Movement and the emergence of its particular economic ethos that gives rise to a variety of concepts and practices. From its origins in Trent, Italy during WWII, the Focolare has sought to put into practice a collective spirituality that gives rise to the combating of inequality and a quest for solutions to the social problems of our world. These solutions have been expressed in the number of social projects and some formally recognized NGOs, along with the grass-roots practices of the members of the movement on a daily basis. With a better understanding of the economic views and practices of the movement, we can therefore proceed to a discussion of the emergence of one of its proposed alternatives to the dominant mode of economic thinking and practice in today’s capitalist economy: The Economy of Communion Project.

Section Three: The Proposal and Structures of the Economy of Communion

The Launching

While the Economy of Communion project has deep roots in the economic vision and ethos of the Focolare Movement, its launching only took place after Chiara Lubich, the founder of the Focolare Movement, visited São Paulo, Brazil in May 1991. While visiting the Focolare communities of this region, Lubich was strongly impacted by the stark social contrast between the few wealthy and the millions of extremely poor, which was apparent while driving through neighborhoods of beautiful residences and tall skyscrapers, contrasted with the poverty of the favelas, or shanty-town dwellings, on the outside (Lubich 1999). She felt a strong urgency to provide for the basic needs, such as food, shelter, healthcare, and where possible, work, of those within the movement who were suffering the horrid conditions of these favelas (Ferrucci 2002, 34). Her impressions led her to reflect on the action that was being taken by members of the movement to alleviate this poverty. Lubich, upon visiting project sites, found herself greatly moved by the commitment of the Focolare people running various social projects in the poorest areas. Nevertheless, she was overcome by the reality that of the 250,000 adherents of the movement in Brazil (Lubich 1999), there were numerous poor among them, and the traditional communion of goods, despite the heroism and generosity with which it was practiced, was insufficient (Linard 2002). She realized that the efforts of the Focolare were, considering the scale of poverty in São Paulo, very small in the grand scheme, and she began to ask herself whether the Focolare “could make a greater contribution to resolving this entrenched social and economic inequality” (Gold 2004a, 84).

With this experience, Lubich recognized that the ‘communion of goods’ that had

been practiced since the early days of the movement in Trent was no longer sufficient to overcome inequality on a global scale. This communion of goods, while it had powerful repercussions at the local level, was very limited in a global economy and, furthermore, had little to say regarding the “nature of work and how value is created and distributed within an industrial society” (Gold 2004a, 84). Essentially, in a country like Brazil the communion of goods failed to address the root causes of poverty such as low wages and unemployment (Gold 2004, 85). In this sense the Focolare was acting like other civil society organizations in Latin America in their work to address the deep inequalities caused by the economic system and by governments incapable of dealing with a rising social ‘fall out’ from ensuing economic crises (Gold 2004a, 85).

Lubich felt that the generosity embodied by the ‘communion of goods’ practiced by Brazilian members of the Focolare had to continue, but that the principles of the Focolare spirituality had to be extended into the realm of business and industry in order to address the root causes of inequality on a structural level (Gold 2004a, 85). This thinking, which was to form the basis for the EOC, was addressed in a speech given by Lubich to members of the Focolare Movement in Araceli, Brazil at the main little city of Mariapolis Ginetta on May 30th, 1991. In her speech, Lubich proposed

“a communion of goods which is at a superior level, that is, to give rise to businesses and industries here around the Mariapolis, which would be run by our people, who would put all the profits in common for the poor, having kept what is necessary to keep the business running” (Lubich 1991).

For Lubich, the establishment of these enterprises would allow for an increasing amount of money to be put into communion, by setting up businesses “that would be entrusted to competent people capable of making them work efficiently and profitably” (Lubich 1999).

Response to the Launching

News of Lubich's launch of the EOC idea spread very quickly. Almost immediately, there were offers of participation pouring into Araceli from Focolare communities all over Brazil (Gold 2004a, 86). The first reaction of many was to offer whatever material possessions they had in order to contribute toward financing the beginning of the project. Some felt an even more radical 'calling' and began to offer their services to assist with the project in São Paulo, or to move to Araceli to start up new businesses. Many, even those who had little or no business experience at all, felt moved to leave everything to dedicate their lives to building up the project (Gold 2004a, 87). In speaking with many currently involved in the project about the beginning of their involvement in the EOC, common themes appeared. Some felt that it was a long-awaited response to the pressing issue of poverty around them and a way to fulfill their urgent desire to help to combat this inequality. Others, like the following businessman of São Paulo, Brazil, felt that the EOC offered them a long-awaited way to inculcate the spirituality of the movement into their daily lifestyles with their work in business/industry, and not just within their personal home lives.

“At a certain point in my life, the opportunity came about to open my own company in my area of mechanical engineering . . . In 1991, Chiara Lubich launched the EOC project and for me, this was the answer to what I was looking for. I wanted to have a different kind of business . . . in which the human being was the center of the attention. The human person should be the heart of the company, not wealth . . . I grew up in the movement and knew the Ideal [the Focolare Movement's practices and spirituality], and so I thought, why can't I apply all of this to my company? When Chiara came in '91, I arrived at a new way of seeing things . . . I now had the possibility of doing the things of heaven . . . inside of the business. People were accustomed to doing it within their own lives, inside their churches, their families, but not within their business. So that was the new reality that was discovered.”³

³ Interview with Augusto Almeida Lima Neto, *Almam: manutenção e montagens industriais*, 8 August 2006.

The idea of the EOC was received with great enthusiasm not only in Brazil, but throughout Latin America, Europe, and in other parts of the world (Lubich 1999). When the project was launched in Argentina, for example, many responded with great commitment and a desire to build the EOC in their region as well. One concern regarding this enthusiasm, which was embodied in the willingness to abandon everything and start an EOC enterprise, was perhaps its 'blindness', or lack of preparation and experience to take on the task. As one Argentine EOC businessman recalls, many responded to the launching of the EOC with tremendous fervor, stemming from a desire to 'get behind' and support the movement's founder Lubich. Disillusioned by the problems of poverty and economic crisis surrounding them, many in Argentina embraced Lubich's proposed solution without any hesitation.

“Many put their abilities, their money, and their talents in general at the disposal of EOC, and I think that from a distance, it was much more of the heart than of reason . . . I frequently remember how Luigino Bruni [an economist who frequently writes on the topic of EOC] says that everyone knows and understands the problems of the economy, but do not know how to fix them, and Chiara Lubich gives to us that 'how'. I think that in that moment [in which the project was launched], we all wanted to be a part of this 'how', without knowing what exactly to do, but we wanted to get behind Chiara . . . Everyone says 'yes', because they are prepared to say 'yes' to Lubich, and then afterward they open a business and the result is that they are not sufficiently prepared.”⁴

In certain cases, this 'blind enthusiasm' has resulted in a rough road of business ventures and failures. In the case of one businessman in Argentina, fourteen years were spent on efforts to launch projects that did not result. Yet a conviction about the nobility of the EOC proposal and a sense of feeling 'called' to participate in it has led to determination on his behalf to 'stay at it'. When the project was launched in 1991, this businessman participated in workshops regarding the EOC and was so strongly impacted by the EOC ethos that in 1992, he and his family moved to Argentina's Mariapolis city of

⁴ Interview, confidential, 26 August 2006.

O'Higgins to pursue the launching of an EOC business. Aside from maintaining another business in which he was working in order to assure the sustenance of himself and his family, he was so strongly moved by the proposal of the EOC project that he left everything behind in his old city.

“I renounced everything, I abandoned absolutely everything in order to establish an EOC industry. . . In 1992, when the EOC had come about here, many things were explained to me and I was confused about what I had heard, I didn't remember much. But something remained, which had a very strong impact on me – the fact that the apostles in their first communities had only one heart and one spirit. They put in common everything and there was not one in need among them. This really struck me and I said right then and there, that is how it has to be right now.”⁵

After his fourteen years of failed business ventures, he has successfully established a business that specializes in floriculture.

Some see this abounding enthusiasm as a difficulty for the EOC project in that many people give up everything to be part of the EOC, and while they may be capable of managing a business, they are not successful entrepreneurs. In light of the challenges faced by an EOC company, this kind of entrepreneurial innovation and competence is of the utmost importance in establishing and running an EOC company that will survive.⁶ Yet many from outside Brazil recognize this incredible level of enthusiasm, although seemingly risky or illogical at times, as a necessary component of the original launching and consolidation of the project. In fact, many see the fact that the project was launched in Brazil as a result of divine intervention, or a part of a 'destined plan' for the project.

As one Argentine businessman recalls,

“I think that it was all a plan of God, because perhaps the Argentine thinks too much about everything . . . when we go to Brazil, we think that Brazil launched the project without thinking as much. The Argentine always thinks 'yes, but . . . ' while the Brazilian doesn't. Maybe the project was born in Brazil . . . because it

⁵ Interview, Antonio Nestor Cadenas, *Aromagro*, 26 August 2006.

⁶ Interview, confidential, 15 August 2006.

needed a place that could receive this ‘locura’ (madness) that Chiara was proposing.”⁷

Principles Underpinning the EOC

The basic principles underpinning the EOC were established by Lubich in her visit to Brazil in 1991 (Gold 2004a, 87). Since that time, leading members of the Focolare Movement, scholars, and other professionals working alongside the movement have collaborated in order to refine, deepen and elaborate upon these principles (Bruni 1999). From these discussions, more concrete principles have been identified to explain the aims and methodology of the project, and to highlight selected principles for businesses engaged in the project.

A main principle underpinning the EOC is "that of increasing equality through making the communion of goods productive" (Gold 2004a, 88). Businesses were to be established as a means of increasing the amount of resources made available to help satisfy the desperate needs of clothing, food, shelter etc. of those within the movement. The project was to begin with addressing the needs of those involved in the Focolare Movement, but with time, extend to help those outside of the movement as well.⁸ In order to satisfy these needs, business entrepreneurs who want to participate in the EOC project “freely put in common a share of their profit that, in conformity with the Focolare Movement’s spirit,” (Linard 2002, 8) is subdivided and redistributed for three objectives to be discussed shortly.

It is important to emphasize the fact that the EOC presents itself as an experience that takes place out of *freedom* and is thus often referred to as the ‘Economy of

⁷ Interview, Raúl Dilascio, *Arje*, 26 August 2006.

⁸ Interview, Luiz Colella, head of regional São Paulo EOC commission, 15 August 2006.

Communion in Freedom'. Business entrepreneurs are not bound by any specific guidelines establishing how much profit is to be given, but rather, freely make the choice to participate in the EOC, remain owners of their firms, and maintain the right to opt out of the project at any time. This voluntary aspect of participation is necessary, from the viewpoint of the EOC, to make the project's goal of authentic 'communion' possible. The act of giving of the business' profits has to be the result of identifying and freely choosing to attend to visible needs (Linard 2002). This freedom implies a self-determination on behalf of each businessperson, who makes a personal choice to participate in the project and share profit based on the extent to which his/her business, personal, and family circumstances will allow. It is necessary, however, to emphasize the apparent widespread understanding that participation in the EOC profit redistribution forms an integral part of the business' mission, and is not to be carried out only when convenient (when excesses of wealth are present in the business.) According to Molteni, the voluntary aspect of the project also implies a potential high level of self-fulfillment, referring to the businessperson's capacity to freely choose to participate (Molteni 2002). It is important to underscore that through conversation with the businessmen and women involved in the EOC, the sense of purpose and motivation that characterizes these individuals becomes apparent. It is also important to highlight the emphasis placed by many on their perception of participation in the EOC as signifying not only a freely chosen distribution of their profits, but a concrete day-to-day 'conversion' in terms of their business practices, an aspect that will be thoroughly discussed in the following section.

The principle of the subdivision and redistribution of business profits has

gradually been reformulated, in order to adapt to “the concrete economic situations in which the businesses find themselves” (Molteni 2002, 94). Originally, the profit was to be divided into ‘thirds’, a concept that was initially taken quite literally. However, in an official document on the project in 1998, the rule on the subdivision of profits was presented in the following way:

“The businesses have to be managed in ways that will promote the increase of their profits, which the business people freely decide to assign with equal attention to the following: for the growth of the business; to help people in economic difficulty, starting with those who share the culture of giving; and for the diffusion of that culture” (Internal Guidelines for Economy of Communion businesses, New Humanity Bureau of Economy and Labor (April 1998)).

This rule briefly identifies the three objectives to which the profit subdivision is dedicated, as well as the concept of a ‘culture of giving’, which will be discussed shortly. What is notable is the emphasis placed on successful and productive business management, the freedom of participation, and the ‘equal attention’ to be given to the three objectives, which are to be of equivalent importance (Economy of Communion website).

The first objective is that of capital reinvestment, namely, a part of the profit is to be reinvested and serves to promote the business (Lubich 1999). Because these businesses operate fully within the free market economy, a clear recognition of their need to remain self-sustaining and competitive leads to an emphasis that part of these profits are to be reinvested. This aspect of profit redistribution also “serves to help this social ideal penetrate the firm’s activities and internal functioning” (Linard 2002, 8), as it ensures the successful continuation and growth of the business. A main goal of this capital reinvestment is to encourage business growth and therefore foster the creation of employment opportunities (Bruni 2006), which the EOC views as a key solution in

addressing the surrounding inequality (Linard 2002, 8).

The second objective of profit redistribution is to help those in need. This takes place principally by two means: creating new jobs and intervening to meet the immediate needs of people, beginning with those who “share in the spirit that animates the Economy of Communion” (Economy of Communion Website). This signifies giving a part of the profit to those who do not have the means to meet their minimum needs (Linard 2002, 8). The aid provided is intended to establish a state of material self-sufficiency for those in need, “making it possible for them to live with a little more dignity until they [can] find a job, or [are offered] a job in these very businesses [EOC businesses]” (Lubich 1999, 3). The interesting aspect of this objective is the way in which the EOC views these recipients of aid. Everything that a person receives is viewed as an untied gift, and corresponds to his or her true needs that are freely put into common, or made known to the Focolare community by that individual (Linard 2002, 8). Those involved in the EOC prefer to understand the needs expressed by the poor as ‘gifts’, as the poor offer the opportunity to help someone “out of radical poverty and achieve a level of economic interdependence” (Lane 2006, 13). This understanding of the poor as an integral part of the project implies a necessary reciprocity, in which those who have ‘give’ of their resources, and the poor ‘give’ of their needs. The proposal of the EOC to build a world without poverty is not based on “a type of welfare, but a lifestyle of reciprocity, where everyone gives and everyone receives” (Bruni 2006, 2). After conversation with both the *givers* (businesses) and *recipients* of aid, the EOC appears to have managed to a large extent to avoid creating a sense of paternalism that traditionally comes with charitable endeavors of this sort. Rather, the EOC’s objective of profit distribution has resulted in

lifting up those in poverty, while restoring their dignity and allowing them to become partners in the creation of ‘communion’ through their recognized and valued contribution of needs, without which the EOC would not exist. In a unique way, those involved on both ends of the EOC profit redistribution are viewed as partners, evoking a sense of solidarity and family. As one individual in Brazil, who has traditionally participated in giving aid through the EOC expressed:

“I never imagined that one day I would find myself among those in need of help. This year, I cannot give my contribution; I can only communicate my needs with the certainty that in God’s eyes both sides have the same value: both are ‘giving’. I experienced that I am part of a big family in which sometimes we give and sometimes we receive” (Bozzani 2006, 10).

Luigino Bruni cites a lack of focus on the response of those who receive aid as a reason for the failure of many development policies, and argues that “communion reciprocity is a way to fight poverty, because it fosters brotherhood, and only development based on fraternity is fully human and long-lasting” (Bruni 2006, 2). This fostering of brotherhood is apparent in the way in which recipients of EOC aid are always ready to help those who are worse off. In fact, yearly many families who have received help from the EOC “make it known that they are able to do without future assistance so that others can benefit from it” (Ferrucci 2002, 38). For example, one family in Brazil who had received EOC help when the father lost work explained that once he received some work he “told the EOC that [they] no longer needed any more help, because [he] knew that that money could be used to sustain other families that needed it” (Benites 2006, 20). Aside from this apparent willingness of recipients to ensure that EOC aid reaches those who need it most, the EOC also serves as a unique case in that it offers various ways for recipients of aid to give back to the project. For example, this same

family, while receiving EOC aid, has actively reached out to couples and youth experiencing similar difficulties. They have coordinated a group of six couples to have regular meetings to discuss and share how they have overcome their financial difficulties together and renewed the values of fraternity and solidarity in their family in the midst of their difficult situation. Additionally, they have formed a group of forty adolescents with whom they discuss EOC values such as the ‘culture of giving’. In these ways, this family has succeeded in contributing to the EOC’s objectives, forming an integral part of the project. As Benites states, “if those who receive economic help do not give back, the EOC does not achieve its objective” (Benites 2006, 21) of reciprocity and authentic communion.

The initiative taken by this family to educate youth and couples on the values underpinning the EOC indicates the goal of the third part of the profit subdivision, which involves a contribution toward funding the infrastructure necessary to promote the creation of future EOC businesses and the ideas that underpin the EOC. In general, this part of the profit subdivision is dedicated to the diffusion of the ‘culture of giving’. This aspect of the profit subdivision, rather than the distribution of aid, is what can be identified as the EOC’s concrete solution for overcoming poverty and inequality. Luigino Bruni articulates this point, as well as the significance that underlines the dissemination of a ‘culture of giving’, in the following statement:

“it is not enough to produce wealth and put it in common in order to overcome poverty. This is the importance of providing immediate assistance to those who are in need, of creating job opportunities, and that everyone be formed to a culture of giving, a culture of gratuity and sharing. When a needy person comes in contact with a spirituality, he/she begins to change their mentality and to live a culture of giving. This is the moment that they begin to get out of the vicious cycle of misery, and life can then flourish, because the encounter with a charism awakens the dignity of every person and his/her vocation to love.” (Bruni, 2006,

2).

More concretely, this part of the profit subdivision focuses on the long-term betterment of society through the development of training centers and educational programs where people learn how to live and work in a ‘culture of giving’. These programs educate a wider audience on the social ideal of the Focolare ethos, giving them “the personal and technical skills to transform their own lives in this way” (Linard 8). Part of this infrastructure involves the small cities of the Focolare Movement, where the culture of giving, as part of an internal system of values and attitudes, is considered a tangible reality. These cities, according to the understanding of Focolare members, form ‘new men and women’, who are educated in the ‘culture of giving’ and seek to put it into practice in their daily lives. Furthermore, with their gathering spaces, educational infrastructure, and events throughout the year, they serve as prime spots for visitors to come to know and better understand the ethos of the Focolare Movement that underpins the EOC. This part of the profit subdivision also maintains support relationships for EOC businesses around the world, through the establishment of an extensive network whose importance will be discussed later on. For some EOC business owners, this part of the profit subdivision is the most important, due to their desire to give life to “‘organizational structures of communion’ which render visible, also in the managerial dynamics of *governance*, a culture of communion and of brotherhood” (Bruni 2006, 1). For many, while the actual giving to the poor is obviously viewed as important, the part of the profit given to aid the spreading of the new economic vision held by the EOC is more important, since its goal is to arrive at the formation of a society that in the future no longer has any needy citizens (Bruni 2006).

Through the process of profit subdivision, EOC businesses are promoting the formation of a 'culture of communion'. The theme of *communion* is central to the EOC, as the project places a high emphasis on reciprocity. It is not a project where wealthy business owners simply take some of their excess wealth and give it away to the 'poor', calling themselves 'charitable citizens'. The subdivision of profit, moreover, is clearly just one aspect of the EOC project. This 'culture of communion', as a central theme of the project, is also supposed to take place within the businesses themselves, principally through a modified style of management by the business owners. A central aim of the EOC project, therefore, is to achieve "the total transformation of the business into a place of communion: a community of persons" (Gold 2006, 11), in which mutual help occurs amongst those within the business, by practicing "all aspects of reciprocity" (Bruni 2006, 2). In this way, EOC businesses are, through their own example, seeking to promote the 'culture of giving'.

Therefore, while the redistribution of profits serves as a "concrete expression of communion with those who are in need" (Gold 2006, 11), it is not sufficient in the EOC project to produce profits and then give them so that there can be an 'economy of communion'. Rather, this communion has to "become the style of business management in ordinary economic activity" (Bruni 2006, 2). In order to aid in the creation of this internal environment in which 'communion' can be created, guidelines have been drawn up for businesses participating in the EOC. The following guidelines were drafted in 1997 by a group of experts, students, and business-people who met in Rome to discuss the progression of the EOC. In order to address the issue of standards and quality in the businesses, some basic guidelines, centered on the spirituality of the Focolare Movement,

were created. These guidelines are not compulsory, but are to serve more as an ‘advice checklist’ that business owners can use to see how they measure up to EOC principles. Each business within the EOC is entitled to have its own philosophy and to operate within the project by using these guidelines according to their discretion. Some businesses have created a management tool from them, while others use them as a kind of ‘social audit’ alongside their financial statement⁹. As one EOC businessman articulated, many feel that it is better to have these general principles, rather than seeking to *define* specifically the way EOC businesses should be run, because that may limit the capacity for growth, development and the evolution of ideas within the project. According to this businessman, the culture of ‘communion’ is not one that people should seek to define precisely. However, these guidelines are useful since they serve as a foundation that gives rise to concrete ethical business practices¹⁰.

Table 3.1 EOC Business Guidelines

<p>Economy and Work The business is managed well so that profits will grow and be distributed to persons in need beginning with those involved in the “Culture of Giving” for whom the initiative exists, to help spread the Culture of Giving, and for expanding the enterprise. The human person, not capital, is at the center of the business. For the business leaders, the primary reward is the satisfaction gained from transforming the business into a close-knit community. They create new jobs that sustain the members and their families while contributing to people in need and society as a whole. They adopt programs to aid employees in times of need. The company attempts to make the best use of each employee’s talents and to create a climate conducive to personal creativity, risk-taking, and fulfillment. All members of the organization become stakeholders and work together to define and realize the goals of the enterprise. The business leaders make investment decisions prudently considering all the typical business criteria and also inspired by a deep personal desire to help persons in need and to create jobs.</p>
<p>The relationship with Customers, Suppliers, the Public and Others External to the Company The enterprise works together with suppliers to provide useful and quality products and services at fair prices. The members of the enterprise work to establish and strengthen good and sincere relations with customers, suppliers, and the community. They engage in fair play with competitors and maintain mutual respect when negotiating with suppliers and customers.</p>
<p>Ethics The enterprise complies with the law and has ethical dealings with various institutions such as tax authorities, regulatory agencies, labor unions, etc. The work of the enterprise provides a means for the inner growth of its members.</p>

⁹ Personal correspondence, Lorna Gold, policy analyst at Trocaire, 2 October 2006.

¹⁰ Interview, Rodolfo Leibholz, Femaq, 31 August 2006.

<p>Health and the Value of Life</p> <p>Attention is given to the health and well being of every member of the business making provisions for people with special needs. Excessive hours and days of work are avoided so people will not become overly strained; adequate vacation is provided. The business produces safe and environmentally friendly products and services. Throughout the life-cycle of the product or service, the enterprise promotes conservation of energy and resources. Working conditions suitable to the type of business are provided, such as adequate ventilation, lighting, acceptable noise levels. They follow appropriate safety practices and respect the capabilities of every worker. The work environment is joyful and friendly; mutual respect, trust, and consideration prevail.</p>
<p>Harmony in the Working Environment</p> <p>The enterprise applies management systems and organizational structures that foster teamwork and personal development. Members keep the surroundings of the business as clean and pleasant as possible, so that everyone (employers, employees, suppliers, and customers) feels 'at home' and may embrace and spread the same style.</p>
<p>Training and Education</p> <p>Recognizing that the human person is at the center of the enterprise, the business leaders create opportunities for continuous learning and updating to enable the individual to achieve personal and corporate objectives.</p>
<p>Communications</p> <p>The enterprise creates a climate which fosters open and honest communications with opportunities for the exchange of thoughts and ideas between employees and managers. It employs modern means of communication and information technology. Businesses adhering to these principles remain linked at a local and international level to celebrate successes and learn from failures.</p>

Source: International Bureau of Economy and Work of New Humanity, 21 March 1997

One of the central principles underpinning the EOC that can be observed in these guidelines is the project's conception of the human being as achieving fulfillment through the development of relations with other human beings, rather than acting in an individualistic manner (Zamagni 2004). EOC businesses challenge the dominant notion of the profit motive in the business world, seeking to make the human person, rather than profit, the center of their business activity. In this way, the EOC is, for many, such as Luca Crivelli, an economics professor at the University of Lugano, Switzerland and a member of the International Commission of the Economy of Communion, an attempt to 'humanize' the market economy (Crivelli 2004). While not condemning private entrepreneurship and the free market, the EOC operates within these structures, striving to make them spaces where well-intentioned, authentic encounters between human beings can be occur. As Lubich states, EOC businesses

“ propose as the very rationale for their existence, to make economic activity a place of encounter . . . a place of 'communion': communion between those who

have goods and economic opportunities and those who do not; communion among all those who are involved in different ways in the activity itself” (Lubich 1999).

The EOC tries to propose a “multi-dimensional view of entrepreneurial activity, where efficiency has its place but is not the only factor that counts” (Crivelli 2004). EOC businesses, through their everyday practices, attempt to add other dimensions to their business models such as giving, solidarity, reciprocity, gratuity, spirituality, and a sense of communion, which enhances and transforms communication within a business (Crivelli 2004). Therefore, the main principles underpinning the EOC include these aspects articulated in the Business Guidelines in addition to the three objectives of profit-redistribution, all of which are meant to contribute toward the creation of a ‘culture of communion’.

Ownership

The EOC was launched to attract the participation of commercial enterprises that are “based on the spirituality of the Focolare in particular, and on Catholic social justice principles in general” (Linard 6). This spirituality, while forming the basis of the Economy of Communion project, also serves as its distinguishing characteristic. These businesses are thus run by people who attempt to live out the ideals of the Focolare spirituality, while seeking to create a new space in which the ‘hearth’ of the Focolare can be extended outward into the realm of the public economy (Gold 2004a, 85). The EOC, however, is not closed to participation from people outside of the Focolare Movement, although it continues to operate within the realm of the movement’s spirituality. During my field research, for example, I encountered an EOC business owner in São Paulo, Brazil who, while familiar with the spirituality of the Focolare Movement, did not himself participate in it. As the owner of a genetic laboratory, *Unigen*, he and his partner

always had the desire to open a laboratory in which they could, in some way, manifest their Christian principles of love and care for others. The charism of the EOC was something they found very attractive, particularly the emphasis placed on a shift from a ‘culture of having’ to a ‘culture of giving’.

“The charism that we saw EOC as having was something in which we wanted to participate full time; to share profits in the way indicated by EOC. We thought, ‘your poor are our poor’, and this concept of the formation of ‘new men and women’ is something that I like and want to do.”¹¹

This business owner was not discouraged from participating in the EOC despite the fact that he was not himself an active member of the Focolare Movement. In regard to the redistribution of his business’ profits, he viewed the fact that the money was being distributed to the poor of the Movement as non-problematic, since the poor of the Movement he considered ‘his poor’ as well. With reference to the part of the profit given toward the infrastructure of the Movement for the ‘formation of new men and women’, he understood this to refer to the education and formation of ‘new people’ who “are formed in the EOC concept, the mentality of the *economy of communion*”, and in fact considered it to be of the utmost importance, since the strongest part of his EOC experience has not been the subdivision of profit, but the adoption of its economic ethos within his company.¹²

Nevertheless, there are clear obstacles to be overcome in order to allow for the successful involvement of businesses whose owners do not participate in the Focolare Movement. *Unigen*’s business owner cited as the main difficulty for him and his partner the fact that they, as non-members of the Focolare, do not have contact with the poor of the Movement, and hence do not have the opportunity to see these ‘new men and women’

¹¹ Interview, Francisco Odolin, Unigen, 13 August 2006.

¹² Ibid.

formed in the ethos of the EOC. For them, this is problematic, since it takes away a stimulating factor, or a vision, that could motivate them on a daily basis. Nevertheless, this business owner states that, on the whole, he does not feel excluded, nor does he have difficulty maintaining his desire to continue with his participation in the EOC, due to his close contact with other EOC businesspeople and those who work in the administration of the project.

“The meetings we have with other EOC entrepreneurs help a lot, they are fundamental... We keep attached to the origin and objective of the project, and it helps us to go ahead. I always participate in these meetings . . . Since the beginning, I have always felt very much welcomed as a person and as a company. Every time I look for administrative help, I always have a good response... I don't feel separated (as an EOC business owner who does not participate in the Movement) . . . I do not see or feel from others involved in the EOC that I am separate from them.”¹³

A key principle regarding the idea of ownership in the EOC, which emerged at the very beginning of the project, is the idea of widespread ownership of the businesses: giving as many people as possible the opportunity to participate in the project in some way (Gold 2004a, 89). With so many people owning stock, the system could be said to be a form of shareholder democracy, or ‘people’s capitalism’. In order for the ownership to be democratic, the ownership of stock must be truly widespread (Miroff, Siedelman and Swanstrom 2007, 57). In the EOC, however, this idea of widespread ownership must address the issue of shareholders, who clearly must be willing to forgo financial returns when investing in an EOC business that redistributes its profit outside of the company. From the start, therefore, one of the goals of the EOC had to be that of ensuring that the majority of shareholders in an EOC company shared in the spirituality and objectives of the project and “were prepared to forgo their dividends in order to help build up the EOC” (Gold 2004a, 89). In one EOC company, for example, *Sabor E Vida*, based in São

¹³ Ibid.

Paulo, the owners of the business spoke of their need for investment in order to grow in the future. At the same time, however, they also spoke of their need to have investors who identify with the spirit of the EOC and are “willing to construct the project all together.” In order to take their business to the next level, the owners said that they will have to depend upon investment by people who are formed in fraternity, entrepreneurship, and dedicated to the cause of the EOC.¹⁴ The EOC seeks to achieve such investment through the establishment of public limited companies and active involvement of investors in seminars and meetings, newsletters and web communication. With these public limited companies, ownership of stock is spread out among numerous shareholders, implying a kind of shareholder democracy within the EOC project. Yet the extent to which shareholder democracy exists within EOC businesses themselves (workers being given shares in the company) may not appear to be as strong as in these public limited companies, as will be discussed further in the next section. Nevertheless, emphasis on widespread ownership is playing an increasingly important role in the EOC project as a whole.

Industrial Parks

One aspect of the EOC project that exemplifies the notion of widespread ownership is that of the industrial parks, which currently exist in Araceli, Brazil; O’Higgins, Argentina; Tuscany, Italy; and Hyde Park, New York, all of which are located near a Focolare model town. The first of these parks was constructed in Araceli, Brazil, shortly after the launching of the EOC. This park, which today is called Pólo Spartaco, was set up near the Focolare’s model town of Mariapolis Ginetta by business

¹⁴ Interview, Maria do Carmo Guimaraes and Maria Jorge Mazzeto, *Sabor E Vida*, 14 August 2006.

people who wanted to construct businesses that would all share in the vision of the EOC. Funding for the project was initially generated through the creation of a public limited company, *ESPRI*, “which bought the land, created the infrastructure and then rented out the lots to prospective EOC businesses” (Gold 2004a, 104). Inspired by the words of the Focolare’s founder, Chiara Lubich, “we are poor, but we are many”, *ESPRI* was founded with the objective of constructing and administering the Pólo Spartaco, while giving everyone the possibility of participating in the project and getting involved in its development. *ESPRI*’s capital was generated by the sale of shares to investors from all over Brazil and from other countries who sympathize with the aims of the EOC and want to contribute to the realization and growth of the project. Today, the company has around 3,600 shareholders, many of whom are relatively poor but desire to contribute to the EOC in some way. One of the secretaries of *ESPRI* spoke about the loyalty of these shareholders and recalled the story of one who said:

“I wanted to make a major contribution because God has been very good to me. I wanted to respond to this goodness and contribute to something that would allow the continuation of the EOC project. I was very poor, but I had a hen and sold it so that I could buy a share and contribute to the project.”¹⁵

With the money received from the purchase of shares, *ESPRI* began in its role of buying lots that EOC businesses rent out from *ESPRI*, paying a rental fee each month. *ESPRI* essentially serves as the owner of the park’s infrastructure and is responsible for the park’s maintenance.

The governance of *ESPRI* is constituted by an administrative council made up of a President, Vice-President and six council members, four of whom serve as directors in the following sectors: financial, administrative, shareholders, and technical. These are

¹⁵ Interview with Marina Pereira Constancio, *ESPRI*, 9 August 2006.

voluntary, unpaid positions filled primarily by EOC business people or members of the Focolare Movement. If someone has an interest in establishing a business in the industrial park, the administrative council evaluates the proposal through a process of reflection and collective discussion. All members have to be in agreement in order to make a positive decision.

In the industrial park in O'Higgins, Argentina (Pólo Solidaridad), *UNIDESA*, the company that plays a similar role to that of *ESPRI*, serves as owner of the infrastructure and collects rent from business owners who maintain their businesses on lots within the industrial park. *UNIDESA*, like *ESPRI*, is responsible for the maintenance of the park and currently seeks to build better roads within and surrounding the park. *UNIDESA* differs from *ESPRI* in that it also collects revenue from independent agricultural activities on land in the park that is not currently used.

ESPRI alternates between hosting reunions for the administrative council and workshops (in which many participate, particularly young people interested in the EOC), in order to evaluate the strategic plan of *ESPRI*. The workshops provide opportunities for those interested in the EOC to learn more about the project and to work closely with the administration of *ESPRI*. It is during these workshops that new ideas regarding the future of EOC often surge. In the industrial park in O'Higgins, Argentina, meetings take place monthly between EOC business owners within the park and any others from within Argentina who can make the meeting. During these meetings, projects within the park are discussed and experiences of business owners are shared. Through interviews with those who work in the administration of this industrial park, the idea that the Pólo Solidaridad belongs to everyone, and not just those who have businesses within it, was

frequently emphasized. Therefore, communication between those at the industrial park and EOC members all over Argentina is frequent. In regard to communication between *ESPRI* and its shareholders, newsletters (*ESPRI Noticias*) are mailed regularly, and recently a website was created with accessible information on the EOC, the industrial park and *ESPRI*. Furthermore, each year a general assembly is held in Brazil, in which the shareholders review how *ESPRI* did in the previous year.

Currently, *ESPRI* is growing and trying to launch new lots for businesses, including a large shopping center which would carry EOC products from all over the world. The industrial park in Argentina plans to launch at least two more lots in the areas of agriculture, which is the prime industry in the area where it is located. Furthermore, in both Brazil and Argentina, the construction of new industrial parks is underway. In Recife, Brazil, land was bought two years ago in order to construct a new park, and the first company is now being installed. In Argentina, another park, Agua Viva, is also being constructed in the city of Bahia Blanca.

These parks serve several purposes. First, with the businesses being located in the same physical space, the linkage between them grows, allowing for a fruitful exchange of ideas and support. Furthermore, the creation of this physical space in which the EOC vision is applied in different businesses offers a “credible example to others who [are] more skeptical about the viability of the project” (Gold 2004a, 90). Additionally, these business parks have proved to be of great value for the EOC due both to their capacity to generate wealth, and to their ability to serve as what they call ‘lighthouses’ for the whole of the EOC network and beyond (Gold 2004a, 105). These parks have also facilitated the

growth of sectoral and cross-sectoral collaboration within the EOC on a regional and international level (Gold 2000).

Geographical and Sectoral Distribution of the EOC

In the first four years following the launch of the EOC project, there was a rapid increase in the number of participating businesses, reflecting the initial enthusiasm noted earlier. Around 1996, the EOC entered into a phase of consolidation, as the growth rate began to slow down, leveling off around some 700 businesses. Today, there are approximately 735 participating businesses in around fifty countries (Focolare Center, Rome, 2005). The geographic distribution of these businesses is closely correlated with the diffusion of the Focolare Movement throughout the world (Gold 2004a, 91). Within Brazil, there are currently around 112 businesses, and in Argentina, 46. There are also high concentrations of businesses in Western Europe, particularly in Italy and Germany, as well as relatively high concentrations in parts of Eastern Europe and in the U.S. (Gold 2004a, 91). In the initial phase of the project, the highest concentration of EOC businesses could be found in Latin America, but since that point, the project has taken off in Western Europe. There are several regions of the world in which there are very few or no EOC businesses, most notably in parts of Africa (Gold 2004, 92).

On the whole, businesses participating in the EOC are small and medium-sized enterprises with a sales turnover of not more than 20 million dollars (Focolare website, Argentina 2006). Nonetheless, these businesses are from a range of sectors including the commercial, production, and service sectors of the economy. Currently, there are approximately 389 service businesses, 191 processing/manufacturing businesses, and 151 commercial businesses. Some argue that the EOC's variety in terms of size and sector

can serve as an asset to the project, offering great potential for future development (Gold 2004a, 92). Many of these businesses have a relatively large labor force in comparison with their size, reflecting the fact that often the best way of helping people out of poverty is to offer them a productive job (Focolare Website, Argentina 2006).

Table 3.2 EOC businesses divided by sector:

Commercial	No.	Production	No.	Services	No.
Textiles/fashion	23	Alimentation/Food	33	Real estate	4
Alimentation	25	Agriculture	24	Consulting	88
Décor/furnishings	10	Artisan	5	Accounting	7
Auto	4	Clothing	19	Photography	3
Books	9	Furniture/décor	17	Information	17
Information/computers	3	Construction	25	Legal	8
Sanitation	16	Various Articles	24	Maintenance	15
Other	61	Graphic Design	7	Medical	57
Total:	151	Engineering	15	Planning	16
		Plastics	7	Restoration	5
		Video	6	Schooling	33
		Agriculture	24	Telephone	1
		Total:	191	Electricity	7
				Electronics	3
				Transportation	3
				Tourism	18
				Other	104
				Total:	389
Other Businesses: 25					
Total Businesses: 756					

Source: Focolare Center, Rome, October 2005

Decision-making in the EOC

Taking into consideration the global scale of the EOC and its limited financial resources, it is crucial to examine the process of decision-making within the Focolare Movement in regard to the allocation of EOC funds that come from the business' profits. This process of decision-making generally takes place through a pre-existing network of Focolare structures at the local, regional and international levels. The process of decision-making appears to be rather centralized, as there is one main fund based in Rome where

profit is sent and from which it is distributed. Nevertheless, although this central fund exists, “decisions on how much money is required from the central EOC fund, and on how the money will be used, remains with the local Focolare communities” (Gold 2004a, 96). Each year a ‘census’ takes place, which is commissioned by the Global Center in Rome, in order to establish the needs of all those who are linked to the local Focolare communities. In this first stage, everyone is invited to present their needs to the local Focolare houses, thus creating a very grassroots-like process of community self-assessment, which, although clearly based on a high level of trust, is verified through the close contact and personal relationships within the Focolare at a local level (Gold 2004a, 96).

In Brazil, with its well-developed EOC structures, this local assessment of needs takes place through organized regional EOC commissions (established within pre-determined regions of the Focolare Movement). These regional commissions are generally composed of two delegates from the New Humanity NGO, one representative of the newly founded EOC National Association (established in order to provide EOC companies with a legal, official association with which they can identify), as well as some EOC business owners and others who are charged with providing support for those studying the EOC. These commissions work directly with EOC companies, visiting them and serving as a tool through which networking can take place in order to solve challenges within the business. They also provide follow-up support for companies who show tendencies of not being able to give business profits to the EOC. As one member of the São Paulo commission put it:

“If we know a company is not doing well, we go there to try and understand why the company is not doing well. Perhaps we can help them in evaluating their management style, their business plan etc., or help to set up contacts for them to

get business, or to add some new products to their business line. And if a company needs some support in accounting, financing, marketing etc, we try to see if we know someone who is available that could help, since we know all the other EOC companies well. This is an experience of communion we work for.”¹⁶

Additionally, these regional commissions follow the needs of the people in their region. If the Focolare Movement identifies people in need, the commission investigates who the person is, what their needs are, their professional skills, location, and family situation. These details are investigated in order to determine if the person could be placed to work within an EOC company. Thus, needs are identified and met within the region if at all possible, not just by a communion of material goods, but by seeking to provide employment through EOC companies.¹⁷

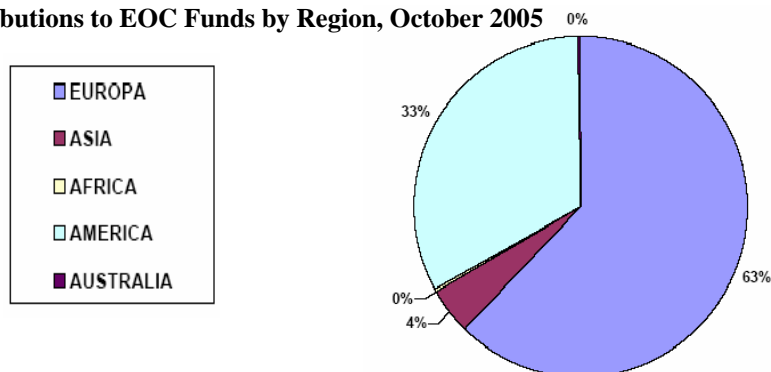
Once needs have been established at the local level, the ‘communion of goods’ is used to satisfy these needs as much as possible (with any surplus being given to other communities). The needs that cannot be met through the ‘communion of goods’ are then presented to the regional Focolare, or the larger zone, and if the regional Focolare centers cannot respond adequately to the requests, the needs are verified by the two regional delegates (one male and one female, who exist in every region), and are then submitted to the International EOC Commission at the Global Center. For example, within Brazil, the activity of the Focolare Movement has led to the creation of six regions (zones), each of which has an original EOC commission. Furthermore, a central office exists in the little city of Mariapolis Ginetta. Each local Focolare tries to understand the needs of the people in their vicinity, communicate those needs to each region at the center zone, which then collects the information and presents it to the central office in Mariapolis Ginetta. Businesses send in their profit contributions to Mariapolis Ginetta on a chosen basis

¹⁶ Interview, Luiz Colella, member of São Paulo regional commission, 15 August 2006.

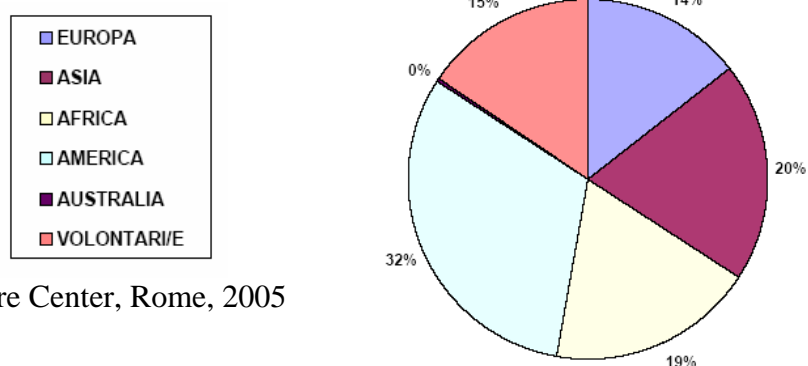
¹⁷ Ibid.

(weekly, monthly, bi-monthly etc.), although the process of redistribution occurs regularly on an annual basis. Mariapolis Ginetta, in turn, sends the profit collected from the EOC in Brazil to the International EOC Commission in Rome, along with all the information regarding their needs. In the International Commission, these needs from around the world are evaluated and mapped out. The following graph shows the flow of EOC funds to varying regions of the world, including Europe, Asia, Africa, the Americas, and Australia. The section that corresponds with 'Volontari/e' refers to the poverty-stricken individuals linked to one of the branches of the Focolare Movement known as the volunteers, a group of lay men and women all over the world who are often in touch with the needs of those around them. This portion of EOC funds goes to help those linked with this branch of the movement. Considering the concentration of EOC businesses throughout the world, these graphs show a positive flow of resources from the developed to the developing world.

Table 3.3 Contributions to EOC Funds by Region, October 2005



Flow of EOC Funds Received by Region, October 2005



Source: Focolare Center, Rome, 2005

Each year in October, the regional delegates meet in Rome for their annual meeting and take time to meet with the International EOC Commission, so that “any discrepancies arising from the information that they had provided can be sorted out and the progress of the EOC in their region can be discussed” (Gold 2004a, 98). Each year, the needs of the different zones are met with the profits of the EOC businesses as well as the personal contributions of Focolare members on a global scale. In the case where the full amount to meet all needs is lacking, the amount dispersed is an equal proportion of what was requested for each region (Personal Correspondence with Lorna Gold, 2 October 2004). For example, in 1997 the EOC funds available was equivalent to 80% of the total requests, and so each zone received 80% of what they had requested (Gold 2004a, 99). The task of the Global Center is, therefore, largely administrative, as it distributes funds that have already been allocated in the census process, rather than acting as the primary decision-maker regarding how funds are to be allocated (Gold 2004a, 97). Funds are then passed through the same hierarchical structure, thus creating a situation in which the Global Center does not decide how funds are spent in different regions, but leaves those decisions in the hands of regional delegates and local communities. This results in the elimination of a time-consuming, expensive bureaucracy, while utilizing pre-existing structures and networks within the Focolare Movement.

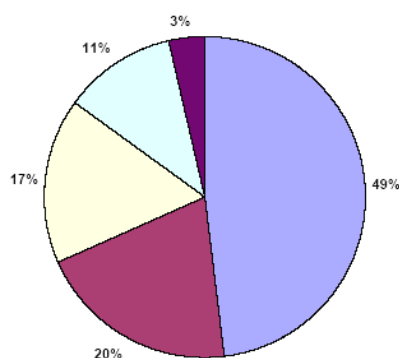
The decision on how to help is thus based on the actual needs that are made known through personal relationships between those who are in need and a responsible member of the Focolare community. Great emphasis is placed on the *personal* aspect of this whole procedure, rather than on having a set of general guidelines to discern what constitutes a ‘basic need’ and how decisions are to be reached regarding who to help.

Given the personalized nature of these EOC networks, however, it is very possible that there could be discrepancies in what is perceived as a ‘basic need’ within the project as a whole (Gold 2004a, 97). As a result, a working definition of what constitutes a ‘basic need’ within the context of the EOC has been established within the Focolare Movement. In order to have a better understanding of what these needs are, and the way in which EOC funds are used by the poor, the following graph displays the percentage of funds used for various purposes in the year 2005.

Table 3.4

**Purposes for Distribution of EOC Funds
October 2005**

- Room and board
- Schooling
- Medical assistance
- Housing
- Other



Source: Focolare Center, Rome, 2005

Taking into consideration the global scale on which the EOC operates, the International EOC Commission feels it is necessary to review this system of decision-making and allocation of funds in order to bring it into line with international transparency and accountability practices. Although motivated by genuine concern for the needs of individuals, the current system is also potentially open to problems, as there is no formal decision-making process, little formal agreement regarding what constitutes a ‘need’, and few people who are trained to deal adequately with those who live in chronic poverty.¹⁸ Another concern that arose when discussing this system with people involved in the project is the inefficiency created (in terms of resources lost) by sending

¹⁸ Personal Correspondence, Lorna Gold, Policy Analyst at *Trocaire*, 2 October 2006.

money directly to Italy, and then having it redistributed from there. In such a process, bank fees and exchange rates result in a loss of money, which would not occur if greater coordination allowed money to be sent directly where it was needed.

With regard to how EOC business owners participate in this decision-making process, each country has its own set of procedures. Each year in Brazil, a national congress takes place where a balance sheet is assembled and a financial overview is conducted, which specifies where every cent of the profit goes and what it is used for. For example, if a business decides to use a portion of its profits to help with the expenses of a local project, they can present information regarding their activities to the national commission that then communicates this to the international commission. Owners of EOC companies, employees, and other actors involved in the business of EOC companies, as well as students studying relevant material are invited to the congress.¹⁹ Although feedback is provided at the congress, a new focus of those involved with the EOC is to improve the system of reporting on the subdivision of profits and informing EOC companies where their resources are going and how they are being distributed.²⁰ In Argentina, on the other hand, the national congresses that take place twice a year focus more on discussing the experiences, progress, and challenges of the project rather than on the financial aspects, while locally-based EOC commissions inform the businessmen and women about where their profits go. A representative of the International EOC Commission, who is Argentine, collects the information from Rome and brings it back to Argentina.

In this section, I have sought to provide a thorough background on the Economy

¹⁹ Interview, Luiz Colella, director of São Paulo regional commission, 15 August 2006.

²⁰ Ibid.

of Communion Project, including its launching, initial support and consolidation, the main principles that underpin the project, and its general organization, ownership and decision-making characteristics. Since the purpose of this monograph is to address the extent to which EOC businesses embody CSR and workplace democracy principles, I will now turn to an analysis of the EOC at the individual business level, drawing upon my case studies of EOC businesses in Brazil and Argentina in order to provide a detailed examination of their everyday business practices and philosophies as firms participating in the EOC project.

Section Four: An Evaluation of Corporate Social Responsibility and the EOC

Introduction

The previous section demonstrated how the EOC offers a different perspective regarding the place of business in society, as a unique project that transforms the commonplace 'profit motive' of business in a 'culture of having'. This transformation results in the EOC's role in profit redistribution and the promotion of a 'culture of giving' as the underlying motive for a 'new economic culture.' At the time that the EOC was launched, there was very little discussion as to the way these businesses should be run, except that those in charge should be 'competent people' who were capable of ensuring not only the survival, but the success of the business in its mission of generating profit to be redistributed (Gold 2004a, 109). However, as EOC companies were born from the spirituality and economic ethos of the Focolare Movement, the ways in which these businesses conducted their affairs had to reflect the Focolare's spirit of fraternity, solidarity and 'hearth'. As a result, while companies were generating profit for the end of redistribution, noble as it may be, the means by which that end was achieved could not involve exploitation, corruption, or coercion (Gold 2004a, 109). Rather, these companies had to embrace the principles underpinning the EOC, such as the building of 'communion', not just with those in need, but within the business community itself. Furthermore, if companies were to work toward the spreading of a 'new economic culture' through its contribution to structures aiding in the formation of 'new men and women', EOC business owners would essentially be violating this principle of the EOC if the internal workings of their own companies were not in accordance with a fostering of this 'new economic culture'.

As was discussed in the previous section, a set of internal guidelines was established in order to aid in the creation of this internal environment in which ‘communion’ could be generated. These guidelines reflect the emphasis placed on the nature of the individual businesses and the way that their profits were generated. With its role of generating profit for redistribution to help those in need and promote a ‘culture of giving’, the EOC offers a unique interpretation of how business owners themselves look at the role of their firms both in the larger society, and in the lives of those who make up the firm. A consideration of the EOC’s interpretation of internal business practices and external relations sparks certain parallels that can be drawn with the well-established paradigms of corporate social responsibility and workplace democracy. The role and important implications of the modern CSR movement and the ways in which workplace democracy can complement a discussion of CSR in its more detailed evaluation of the internal workings of a firm were discussed in the first section. This section will draw upon my earlier discussion and established criteria in order to provide an evaluation of the extent to which the EOC project can be classified as fitting within the paradigm of CSR. I will draw from interviews with various EOC business owners and employees to contribute to a discussion of the criteria established in section one, found on page 19.

Community Engagement and the EOC

Taking into consideration the original aim of the EOC as that of profit distribution and the combating of poverty, a sense of ‘external responsibility’, or responsibility to the wider community, is immediately apparent. The EOC considers itself part of an international network, addressing urgent needs of Focolare communities all around the

world. In its work in the realm of profit distribution, EOC businesses are functioning at a high level in regard to their commitment to combating social inequalities. Entering into the EOC project does not mandate the giving of a certain amount of profit at indicated times. Rather, the decision is made completely out of freedom by businesses to give however much profit they feel can be given. According to one business owner, the process of profit subdivision has to be left to the business' discretion; if the business is in a time of crisis and cannot give, they should not be forced into contributing part of their profit.²¹ Smaller companies interviewed revealed the necessity of being left free to make the decision if needed to refrain from donating profit in light of their struggles in the Brazilian economy. This freedom of discretion does not mean, however, that commitment to giving profit is taken lightly within the EOC. Rather, it is understood that businesses will do everything possible to ensure that they are contributing to the profit subdivision. In the case of one pharmaceutical distributing company located in Curitiba and in the Pólo Spartaco in Brazil, a great desire and commitment on behalf of the business in this realm is apparent. While the company works with public organs, payments are often not received on the indicated date, making it impossible to identify a company's true profit at any given point. Nevertheless, the director of production at the affiliate in the Pólo Spartaco said that despite the financial chaos that sometimes results when public organs do not pay on time and a loan has to be taken out, she never experienced a time in which *Pro-Diet* was unable to do their monthly donation of profit to the EOC.²²

²¹ Interview, Rodolfo Leibholz, *Femaq*, 2 August 2006.

²² Interview, Maria Auxiladora Marques da Silva, *Pro-Diet*, 9 August 2006.

While the EOC aspect of profit subdivision leads to an obvious classification of the project as ‘socially oriented and committed’, an evaluation of CSR demands a consideration of community engagement at the local level. One of the seeming limitations of the EOC’s community engagement involves the nature of its mission in the realm of profit redistribution, which is centered on a world vision. While some businesses may in fact be working to address the needs of those in their local communities through the EOC profit subdivision, the needs for which the profits are aimed are always evaluated on an international level. Nevertheless, being involved in the EOC has led many companies to take action to have a positive impact on their local communities, as a means of combating social inequalities and contributing to the sustainable development of society. In the cases of a few businesses visited, this action was manifested in contributions made toward community projects. For example, one company involved in industrial maintenance and assembling has developed numerous partnerships in the Santo André community of São Paulo, including its commitment to monthly contributions to an orphanage, donations of education materials to local public schools and purchase of soccer uniforms for a group of young people trying to start a soccer league in an impoverished community.²³ Another EOC company, a bookstore in Piracicaba, Brazil has over the years become very active in providing materials to local schools at discounted prices. On their 25th anniversary, they donated four hundred books and eight hundred games to a community center.²⁴

Another means by which EOC companies frequently seek to have a positive impact on their community is through the generation of employment. The EOC

²³ Interview, Augusto Almeida Lima Neto, *Almam: manutencao e montagens industriais*, 8 August 2006.

²⁴ Interview, María Ines, *Zac*, 4 August 2006

recognizes job creation as an essential element in the elimination of poverty, and focuses on job creation within surrounding communities. Oftentimes, this process takes place through the EOC social network. For example, Brazil's regional EOC commissions play a role in helping those in need connected to the Focolare Movement to find work, often in EOC companies. As the head of the São Paulo

Regional Commission expressed:

“Our commission follows the needs of the community. If the Focolare identifies someone in need, the commission's work is to evaluate that person's needs in greater detail. We try to find out who the person is, what kind of professional or educational experience they have, what their family situation is, and then we proceed to look for possible work in an EOC company.”²⁵

Aside from the regional commissions, individual businesses seek to aide in this process as well, as demonstrated in the following experience of an EOC company, *Sabor E Vida*, in the frozen foods market:

“A client of ours who bought our products before and really liked them wanted to make a big purchase, but when we told her what the cost had to be (we couldn't go any lower), she said it was too expensive and that she would not be able to afford it. We told her that we could give her the number of a friend of ours, who happened to be someone who at the time was receiving financial help from the EOC and was in need of work. She was a cook . . . So we gave this client our friend's number, who went to the house of this client and made a week's worth of food to be frozen. The client was extremely happy with this, and she asked our friend why we had done this for her. Our friend was able to tell the client about the EOC, and about *Sabor E Vida*. The client was so happy and she said she wanted to help our friend to find more work with her friends and family. She herself hired our friend as a regular employee to work three days a week, and found a way to give her a good salary (higher than what she had asked for) and to register her as a regular employee. She also decided to refer our company's products . . . and just recently a relative of hers made a big purchase from our company.”²⁶

For other EOC companies, the very nature of their work involves activism within the community, yet their identity as part of the EOC has led them to embrace a unique approach to their work. *Boomerang Viajes*, a tourism business in Buenos Aires,

²⁵ Interview, Luiz Colella, member of São Paulo regional commission, 15 August 2006.

²⁶ Interview, Maria do Carmo Guimaraes and Maria Jorge Mazzeto, *Sabor E Vida*, 14 August 2006.

Argentina has served as a pioneer in embracing an innovative approach to tourism that encompasses a variety of issues classified under the CSR paradigm. This approach, identified as ‘turismo solidario’ (solidarity tourism) by Bettina González, a co-owner of the agency, can be classified under the wider umbrella term of sustainable tourism, a concept that, according to González, was very well developed across the NGO sector when the company was founded in January 2001, but was not in the least prevalent within the private business sector. Founded as an EOC business, González described *Boomerang Viajes*’ focus on ethical practices and on the human person as the center of the business. Considering their work in tourism and particularly their previous work in organizing trips for high schools in the community, sustainable tourism appeared as a way to change the “sentido de viajes” (meaning of trips) in a variety of ways. González describes it as follows:

“We are a business, a business that has a certain social responsibility, not only in terms of a distribution of profit and in putting the human person at the center of the business, but also outside of our business, in looking at what tourism does on the outside. Tourism can be very good for a community or it can be totally harmful. If it is a location that has little resources or has strongly rooted customs and you go and set up a five star hotel or I contract out that hotel, the money and resources won’t stay in that community. So you begin to investigate carefully the relationship your agency has with your supplier and clients and try to understand exactly where all the money is going. What does this hotel do to where I send my clients do? Does it contaminate the environment or affect the local community in a negative way? And so from those considerations comes this idea of ‘turismo solidario’ as a model of sustainable tourism, which we started to examine in 2001.”²⁷

Boomerang Viajes has been a leading pioneer in altering the way popular excursions in Argentina, such as to the waterfalls of Iguazu, are carried out. While most leave and go directly to the port of Iguazu, *Boomerang Viajes* arranges for tourists to spend one night in Monte Casero, a city 200 km from the falls, and then the other two nights in the Iguazu

²⁷ Interview, Bettina González, *Boomerang Viajes*, 24 August 2006

port, “creating a balance, a better distribution of resources, and the possible generation of employment.”²⁸ In preparation for the trip, *Boomerang Viajes* also works to educate tourists about the community they are going to visit, the environmental and socially friendly activities they could participate in, and needed materials they could bring to help the community. For González, this work in sustainable tourism indicates a transformation of normal business practices in the tourism field, and stems from their commitment as an EOC company:

“in this way we think about what it means to care for the environment, or what it means to be sustainable in a social context, not just how we see our obligations here in the business, but how we as an agency can make a contribution to a kind of tourism that does not end in an unsustainable way . . . And what I think contributed greatly in helping us to think in this way was our relation with the Economy of Communion, in thinking about this business as an EOC company.”²⁹

In this way, *Boomerang Viajes* can be seen as satisfying the Instituto Ethos’ definition of CSR on a number of levels. The goals of the business are clearly established with the aim of contributing toward the sustainable development of society, the preserving of environmental and cultural resources for future generations, the respecting of diversity and combating of social inequalities. The CSR aspect of local community engagement (aside from the process of profit redistribution, which may benefit people in a business’ local community) is vaguely implied in the EOC Business Guidelines (see pp. 75, “Economy and Work”), and therefore cannot be said to be a clear part of the EOC mission on the whole. Yet certain individual businesses, like those discussed here, have made such community engagement part of their business strategy and practice it on a routine level, demonstrating a high-level commitment to this arena. It also seemed that several businesses may not have community engagement formally articulated in their

²⁸ Ibid.

²⁹ Ibid.

business mission/strategy, but do engage in such activity on a regular basis due to the ‘social focus’ that springs from their identify as EOC businesses, demonstrating a medium-level commitment. However, the kind of community engagement manifested in efforts in local job creation is clearly articulated in EOC Business Guidelines (see pp. 75, “Economy and Work”), and is thus part of the whole EOC network of businesses’ mission, and is practiced on a routine level, demonstrating an overall high-level commitment in the area of job creation.

Like the potential limitations in community engagement that arise from the EOC’s world vision, the EOC network seeks first and foremost to address the needs of those within the Focolare Community, whether it be in financial help or job creation. Therefore, unlike CSR businesses, a growth in profit in an EOC company may not benefit the entire community, but rather, participating members of the Focolare Movement first and foremost. As discussed in the previous section, however, the EOC considers the ability to address the needs of people outside of the Focolare Movement as a future possibility. Even so, several companies discussed here have demonstrated their capacity for local community engagement, while still maintaining their dedication to the EOC profit redistribution.

Relations with Clients and Suppliers

In addition to community engagement, other aspects of a company’s external relations under the CSR paradigm involve relationships with customers and suppliers. While the Instituto Ethos does not go into depth regarding how these relations can be classified as “socially responsible”, it does indicate the need for “ethical and transparent relation[s] of the business with all public organs with which it comes into contact”

(Instituto Ethos 2006). EOC Business Guidelines indicate an effort to “establish and strengthen good and sincere relations with customers [and] suppliers” (see pp. 75, “The relationship with Customers, Suppliers, the Public and Others External to the Company”) as part of the EOC mission. With a focus on such relations, centered on transparency, sincerity, and ethical business practices, the EOC network on the whole demonstrates a high-level commitment to CSR criteria in external relations with customers, suppliers, and as will be discussed, with competition and legal authorities as well. Changes in businesses sparked by the EOC’s focus on the human person (as articulated clearly in the Business Guidelines) have translated into changing relationships between EOC businesses and their customers and suppliers that, I argue, supercede normal business relations and contribute to the development of more ethical, transparent practices in the business world that can be classified as ‘socially responsible’. Over three quarters of the businesses I interviewed reported significant changes in relations with clients and/or suppliers as a result of adhering to the ethos of the EOC. As an EOC business, a special emphasis is placed on service to the ‘person’, rather than to the ‘client’ or ‘supplier’ (Gold 2004a, 129), resulting in the provision of the best quality service or product possible as part of the mission of EOC companies. This emphasis on a ‘humanization’ of economic relationships has resulted in a commitment on behalf of EOC companies to act in an honest and ethical way when dealing with clients or suppliers, going against the current of normal business practices in Brazil and Argentina. An administrative employee in the commercial sector of a pharmaceutical distributor, *Pro-Diet*, expressed that while the company isn’t the only serious one in the market with ethical practices, it is

common to encounter unethical dealings with clients and suppliers in their work in the Brazilian market:

“From the beginning of the time I entered into the business up until last year, I generally, once a week, would receive an offer to participate in sales that were not very correct or honest, not very ethical . . . We have many of these examples. People were always calling and offering their sales services that involved cheating and hurting someone else. . . The owner of the company was always informed about all of this and always refuted this type of behavior in the market. When there is a prefeitura (government public organ) that is very corrupt, we don’t even enter into negotiations with it. This is the kind of absolutely ethical conduct that we have within the market . . . Also, generally if you fall behind and don’t meet a deadline for your clients, you lie about it. But in our case, we usually put together a letter or a personal visit.”³⁰

A co-founder of *Ecoar*, a manufacturer of chemical household cleaning materials, also expressed the kind of ethical practices between the company and its suppliers:

“A big Spanish company that was beginning manufacturing in Brazil had analyzed several products and companies and selected us as its supplier for cleaning products. Even though they got to know about our work through a sales representative, they decided to deal directly with us to avoid the sales commission. It did not seem right to us to conduct the negotiations leaving out this representative. We decided to inform the representative and found a way to pay him.” (Fiorelli 2003, 128)

The EOC’s focus on offering the best service or product is definitely competitive in economic terms and can be seen as a strategy that is well-embraced by any competitive enterprise. In the case of the EOC, the focus on the human person and development of ethical, transparent relations with suppliers and clients that seems to supercede normal business practices, particularly in the Brazilian market, has definitely led to a competitive advantage for EOC companies. In the case of *Pro-diet*, the administrative director of the Pólo Spartaco affiliate expressed that the company’s ethical behavior has led to a great credibility in the market and admiration on behalf of clients and suppliers:

“It is common for one of our sellers to tell us that a client said ‘*Pro-diet*, that company is such a pleasure to work with, the way they conduct business, their

³⁰ Interview, Maria Auxiladora Marques da Silva, *Pro-Diet*, 9 August 2006.

presentation within the market and the respect with which they treat us . . . you can also feel the relationships, the ties created with our pharmaceutical clients, who express great pleasure in working with us.”³¹

In the case of *Ecoar*, their ethical business practices have led to great enthusiasm on behalf of clients and an ensuing increase in business in some cases:

“One company, which is well known for sales promotion, and which also has excellent contacts in international markets contacted us, offering their services. Knowing that previously they had represented our competitor, which had a much larger capacity for production than we, I asked what brought them to us. The answer was: What brings us to you is the serious work I found in this company. I left a company with no ethics, with no regard for the law. Your company has what most do not have, and I see a great future for it. With a partnership guided by the criteria of well-established and defined ethics, we reached an unanticipated growth in profits” (Fiorelli 2003, 128).

Another business, *AVN*, experienced a time in which they were in a financial crisis and unable to pay their suppliers on time. Their supplier agreed, without being asked, to continue supplying raw materials for the production of plastic containers, knowing they would be paid when possible.³² Such loyalty and trust extend above and beyond traditional economic relations between companies and their suppliers and results from EOC companies’ focus on ethical behavior and developing sincere relationships with suppliers. Furthermore, as the co-founder of *Ecoar* expressed, ethical dealings with clients and suppliers such as those detailed above have had a profound impact on employees within EOC companies, allowing them to arrive at the conclusion that ethics are not incompatible with economic activity (Fiorelli 2003). Clearly, EOC companies’ ethical dealings with clients and suppliers are taken note of by those in the marketplace. They furthermore contribute to the formation of an ethical awareness on behalf of employees, and can in these ways be classified as ‘socially responsible.’

³¹ Ibid.

³² Interview, Marcos Roberto Brissola, *AVN Embalagens*, 9 August 2006.

Relations with Competition and the EOC

EOC Business Guidelines discuss relations between EOC businesses and their competitors by explaining the need for “[engaging] in fair play with competitors” (see pp. 75, “The relationship with Customers, Suppliers, the Public and Others External to the Company”). Attitudes toward competition within the EOC, like with suppliers and customers, stem from a focus on ethical behavior, with the aim of eliminating cut-throat competition that sparks negative feelings and/or behavior toward one’s competition, inhibiting the development of relationships between a company and its competitors. As Gold points out, in business literature, one’s “relationship with competitors is either regarded as a matter of mutual welfare or in the case of ‘win-win’ theories, it is a case of mutual advantage from co-operation” (Gold 2004a, 131). Friedman, as discussed in section one, would have argued that the sole responsibility of a business is to use its resources and engage in activities designed to increase its profit, which according to Adam Smith’s *The Wealth of Nations*, should be the measure of success for any business. Therefore, if profit exists as the underlying motive behind such collaboration with competition, in the case that there exists a mutual advantage, there should be nothing wrong with such collaboration. Even so, there has traditionally existed a great deal of opposition toward it, shown in Adam Smith’s insistence on treating such co-operation “with the utmost suspicion, since a high level of co-operation between businesses would inevitably lead to the development of monopolies and oligarchies and result in a worse deal for the consumer” (Gold 2004a, 132). This fear surrounding collaboration between businesses has led to the development of a legal framework, characterized by ‘anti-trust’

laws and consumer rights, within which any collaboration between EOC firms or an EOC firm and other businesses has to be considered (Gold 2004a, 132).

Interestingly, the EOC's attitude toward competition does not revolve solely around a potential mutual advantage and ensuing increase in profit, but around a focus on the human person and a desire to 'build communion' with them. The kind of collaboration that has often come about between an EOC firm and its competitor is often characterized by a general social concern and emphasis on a 'social' dimension of economic activity. A co-owner of *Boomerang Viajes* explains such a scenario in their agency:

“During a time of economic crisis here, I learned that my first boss who owned an agency where I first worked was about to close. I called him and told him how sorry I was, and that whatever help I could give, I would be happy. His agency and ours had been competing for business from high schools in the sector of educational tourism, so we really crossed paths often. I proposed that some of us from our agency go to help him at his agency, but he was already at the point of closing. I suggested that he come to work in our agency, so he did . . . Afterward he was able to open his business again. Today, he is working, and . . . we pass clients to him, and he to us, and with a very transparent relationship we say, the market is very big, this is what you do, this is what we do, and we take care of clients in those areas. What we try to do with our competition is to not reach the point of confrontation, we create a product that is distinct and from there we do not have to be so aggressive with our competition . . . for example, if there are two of us that do educational trips for high schools, each trip can have a distinct element to it. This is what has marked us as different in the market; that we have never had to be extremely aggressive with our competition.”³³

This business serves as an example of collaboration with competition, resulting in a mutually beneficial scenario. Although there was a pre-existing relationship between the co-owner of the agency and her old boss with whom this collaboration took place, the relationship was prioritized over an aggressive form of competition. The owner of the other agency was helped to the point of being able to open his agency again, and the

³³ Interview, Bettina González, *Boomerang Viajes*, 24 August 2006

result was a mutually beneficial relationship in which clients are referred from one agency to another in order to best have their needs served.

This agency also embodies an approach that seeks to avoid having to enter into aggressive competition through a widely-embraced strategy of innovation, where the agency seeks to develop products that are distinctive from those of their competition. Likewise, many EOC businesses speak of their focus on investment in research and development in order to introduce new and unique products for which competitors offer no substitute:

“We have a good relationship with our competition. We have competition of the same sector and the same size, where each one knows that the other exists, each one does their work, and has their unique place in the marketplace, so we really don’t have any problems with our competition.”³⁴

In these ways, EOC companies like *Boomerang Viajes* contradict the traditional foundation of capitalist thought as articulated by Smith, James Mills, John Stuart Mill and others, resting on “An emphasis on the individual, relentless activity, on competition, on unmitigated pursuit of self-interest” (Mason 1982, 109). Rather, EOC companies embrace the opportunity to behave in ways that seek to develop a relationship with competition or, in the very least, to not actively seek to harm them.

Relations with Authorities: Legal Considerations and the EOC

Another way in which the EOC fits well into CSR’s emphasis on transparent and ethical relations with public organs is in their dealings with government agencies, particularly with tax authorities. EOC Business Guidelines state that the enterprise is to “[comply] with the law and [have] ethical dealings with various institutions such as tax authorities” (See pp. 75 “Ethics”). The Brazilian tax system is considered to be very cruel

³⁴ Interview, Cecilia Angelica Cobral Sales, *Ecoar*, 7 August 2006.

toward small and medium-sized enterprises (SMEs) and while tax reformers consistently focus on this cruelty, nothing is able to pass in Congress given the veto power of myriad interests afraid to lose resources.³⁵ Hence, there is widespread tax evasion in Brazil. In Argentina as well, the situation is similar, given the country's extremely heavy tax burdens on SMEs. In the context of widespread tax evasion in both Brazil and Argentina, EOC companies have faced a major challenge in their determination to comply with government regulations in these areas. According to many business owners, it is common practice for businesses to avoid payment of taxes in various ways, but with their participation in the EOC, they expressed a sense of obligation to adhere to government regulations and pay taxes in full. For one EOC businessman in Argentina, the temptation to succumb to the common practice of avoiding payment on taxes by not providing receipts from sales transactions or not marking down the receipts was something that he has had to overcome. As he expressed, a commitment to ethical business practices, including making sure he always gets receipts and thoroughly pays his taxes, has been an essential part of being an EOC business.³⁶

This type of 'conversion' in business owners or directors is what has been cited by a young director of a business born as an EOC company as being so difficult for those who did not start out working in the context of the EOC. She made the distinction between her generation, who opened businesses within the context of the EOC, and an older generation whose businesses changed to become EOC businesses:

"I think the issue of tax evasion is a generational issue. There are businesses in the EOC project of a certain generation for whom it is more difficult to avoid corruption on the part of taxes. It is different for companies who were born with the . . . mentality of the EOC. I think that it is less difficult for me than for those

³⁵ Personal Correspondence, Kurt E. Von Mettenheim, professor Getulio Vargas, 1 March 2007.

³⁶ Interview, Antonio Nestor Cadenas, *Aromagro*, 26 August 2006.

of an older generation. I already know that when I receive money, when someone is paying me, I do not earn all that they are paying me because I know I will deduct what is needed to pay taxes. Here in the administrative sector we keep it transparent by having everyone learn how to do our invoice, and everyone knows exactly what we are paying.”³⁷

This point brings up a potential source of conflict between EOC business owners, some of whom regard compliance with taxation as unquestionable, and others who still struggle with it due to their background of having worked in the context of widespread tax evasion. At the same time, it demonstrates the power of the moral obligation that stems from the ethos underpinning the EOC in sparking this ‘conversion’ on behalf of such business owners, and presents the younger generation as a potential source of support for those who have experienced this ‘conversion.’

While a number of business owners expressed changes in attitude in the form of a greater sense of obligation toward taxation as a result of participation in the EOC, many still expressed their difficulties, however, as businesses trying simply to survive in the market place and hence not as concerned with making sure to fulfill such regulations in full. As most of the EOC businesses are SMEs, taxation policies make it, according to some business owners, near impossible to survive. A business director of a small cosmetics company in Argentina articulated this conflict as follows:

“Trying to reach the point of being completely ethical and honest in relation to things such as taxation . . . I tell you it is very difficult and if in this moment I were to tell you that we have done everything perfect . . . we would not still exist today, because they are difficulties that literally can overcome you.”³⁸

As Gold has found in her research, many business directors in Brazil regard taxation as a major problem, as it inhibits capital investment and therefore growth (Gold 2004a, 135).

Thus, although it may be out of survival, some EOC businesses indicated a medium-level

³⁷ Interview, Bettina González, *Boomerang Viajes*, 24 August 2006

³⁸ Interview, Maria Luz Vergani, *Norma Maliandi: Cosmética Natural Apícola*, 30 August 2006.

commitment in the realm of legal considerations. Although it is clearly articulated in the Guidelines, compliance with the law may not be put into practice on a routine basis in *all* EOC businesses. With the underlying motive for business growth in the EOC being to increase the amount of profit that can be redistributed, an inevitable tension arises between one's obligation to the state and one's obligation to the EOC. This tension is manifested in the thoughts expressed by some business directors that participation in the EOC should allow businesses to be exempt from some government regulations such as high taxation, or that the government should recognize the EOC's work in alleviating social inequities and provide some formal recognition and legal protections.³⁹

Such thoughts express the widespread tension between government responsibility in addressing social inequalities, and the ability of the private sector to do such. Many EOC business owners have expressed recognition "that the function of the state in redistribution [is] limited (and often flawed) and, in a certain sense, this meant that they felt unable to abdicate responsibility for 'caring' to the state" (Gold 2004a, 139). With an understanding of the state's functions as potentially flawed or corrupt, there exists hesitation by EOC business leaders to turn over the kind of work of the EOC in the realm of poverty alleviation entirely to the state. At the same time, this role of the state is still recognized on behalf of many EOC businesses who abide fully by the state's taxation and other regulations. Still, it has not erased a sense of duty to engage directly in the distributive process through continuing dedication to the EOC profit subdivision and commitment to responsible, ethical behavior in society.

Legal considerations on behalf of EOC businesses are not limited strictly to the difficult issue of taxation. Another issue discussed frequently by business directors in

³⁹ Interview, Cecilia Dilascio, *Arje*, 25 August 2006.

Argentina was that of having all of their workers “en blanco”, or having them legally registered as employees and recognized by the government. According to business directors, it is common for businesses to not register all of their employees and pay everyone legally. Yet, as expressed by a number of EOC businesses in Argentina, the EOC has led them to make sure that they complete all of their registrations for their employees and pay everyone ‘en blanco.’ This commitment can be viewed as taking a socially responsible stance in the realm of transparency when dealing with government authorities, and a social commitment toward the well-being of employees in one’s business.

Environmental Considerations and the EOC

Returning to a discussion of the EOC’s emphasis on service to the ‘person’ rather than client or supplier, attention to the quality of the product produced or service offered was highlighted by all EOC businesses with whom I interviewed. A major aspect of this product quality involved an emphasis placed on environmental considerations surrounding the product or service being offered. EOC companies’ efforts in this realm are articulated within the EOC business guidelines, which state that “The business produces safe and environmentally friendly products and services” (EOC Business Guidelines, see pp. 76 “Health and the Value of Life”). Some EOC businesses, like *Boomerang Viajes*, serve as pioneers in the Argentine market in the development of environmentally friendly products. The following EOC business, *AVN*, produces plastic containers, 80% of which are made from recycled plastics. The company has taken an environmentally-friendly stance and has a detailed procedure to ensure the quality of its products:

“In Brazil, recycled products are not a big industry . . . making these containers from recycled plastics requires a great deal more of attention and caution, since they fall apart more easily. Our company has to carry out a careful procedure of testing to ensure the quality of our products.”⁴⁰

AVN utilizes modern technology that permits it to produce containers with assured quality that fit the needs of clients. With their use of a line of recycled products, the company is concerning itself with the environment in a way that is not typical, according to this director of production, of the Brazilian market.

EOC business guidelines further state that the enterprise should promote the conservation of energy and resources. Several EOC businesses interviewed reported that being part of the EOC had led them to have a greater awareness in regard to the use of water and electricity within the business (trying to not waste it), and to put forth a greater effort to recycle:

“During one of our reunions about three years ago where we were discussing how we were measuring up as an EOC business, we had a serious discussion about our environmental precautions, our recycling. We have to separate all our materials and walk them to the area where we dispose of them, so we didn’t always do it. In this reunion we decided that we needed to improve, so we decided that every week, we would designate a person in the company to organize this.”⁴¹

Other companies explained their efforts to become more frugal with their resources, such as a bookstore *Zac*, which reported being more conservative with the amount of paper used and making a greater effort to recycle.⁴²

An all-around environmental consciousness was well embodied in a fruit plantation in Argentina, which has taken a number of environmental precautions to obtain a certification entitled “Good Agricultural Practices” for the European market. As the owner described:

⁴⁰ Interview, Marcos Roberto Brisola, *AVN Embalagens*, 9 August 2006.

⁴¹ Interview, Maria do Carmo Guimaraes and Maria Jorge Mazzeto, *Sabor E Vida*, 14 August 2006.

⁴² Interview, María Ines, *Zac*, 4 August 2006.

“There is never any waste on the grounds . . . people cannot eat, or smoke on the grounds . . . There are special precautions that have to be taken with chemical products we have to use. The water that has a residue goes to a special filtering system before going back to the plantation.”⁴³

The business’ identity as part of the EOC project, according to this owner, has been the source of its focus on environmental considerations, added to his original focus on the notion of “total quality management” under which there was a sole focus on the quality and competitiveness of the end product rather than the production process.

Where there exists a risk of pollution from the extraction of raw materials or toxic waste in some business’ operations, several EOC companies have changed their procedures, using technology that minimizes environmental impact. Such efforts appeared to be more prevalent within Brazil, with companies like *Ecoar*, which invested in water recycling and purification technology to minimize its production plant’s impact on the environment.⁴⁴ An exceptional example of an EOC company’s efforts to be a pioneer in the development of such technology is a steel foundry, *Femaq* in Piracicaba, Brazil. When the Brazilian government issued a warning about the accumulation of Brazilian foundries’ toxic byproducts, *Femaq* contracted an expert to help in the development of an innovative machine where byproducts are disposed. The machine separates sand and metals (pig iron and other minerals) from the leftover fines (dust). Interestingly, these materials are then sent to an organization developed by *Femaq* called *Recibloco*, which reuses the materials. The sand, purified of toxic materials, is used to make asphalt and the fines, mixed with small rocks, are used to make cement blocks. These cement blocks have been used in partnership with community organizations for construction purposes, as they are very economically priced. According to the director of

⁴³ Interview, Omar Sosa Luengo, *San Patricio del Chanar*, 2 September 2006.

⁴⁴ Interview, Cecilia Angelica Cobral Sales, *Ecoar*, 7 August 2006.

Recibloco, production has grown steadily, starting at 10,000 blocks a week and currently at 25,000 blocks a week.⁴⁵ *Femaq* has developed various community partnerships such as one with a local University to build streets with these recycled products. Its focus on environmental issues is also apparent with its endorsement of a community Recycling Project in 2000. According to the head of *Recibloco*, *Femaq* is the only company in its industry in Brazil that takes care of the process of disposal of wastes in a completely legal and honest manner. Not only this, but *Femaq* has, through its innovation and investment in technology, developed a creative way of disposing of these wastes that seeks to benefit the local community in a number of ways.⁴⁶ As in the case of the aspect of local community engagement, EOC Business Guidelines' discussion of environmental considerations are rather vague. All of the businesses discussed here demonstrate a high-level commitment to environmentally friendly practices, as they have all integrated such considerations into their business strategy and practice them on a routine basis. Some other EOC businesses, however, indicated a medium-level commitment in that environmental considerations may have been integrated into business practices but are not part of the firm's overall mission/strategy, or exist as part of the firm's mission but are practiced on an occasional basis.

⁴⁵Interview, Amilton Massaki Shimabukuro, *Recibloco Indústria e Comércio Ltda.*, 1 August 2006.

⁴⁶ Interviews, Amilton Massaki Shimabukuro, *Recibloco Indústria e Comércio Ltda.*, 1 August 2006; Fabiana Longate, *Femaq*, 31 July 2006.

Section Five: An Evaluation of Workplace Democracy and the EOC

Introduction

As discussed, EOC businesses seek to make the *human person* the center of their economic activity. The ethos underpinning the EOC has clear repercussions in its dealings with external actors such as clients, suppliers, and authorities, and leads businesses to assume an environmentally friendly and charitable stance in relation to engagement within the community. In these ways, businesses interviewed demonstrated a unique perspective regarding their role in society as adopting business ethics and principles that often run contrary to those in the marketplace. The EOC ethos involves a spiritual impetus that drives EOC businesses to take action that transforms normal economic functions into an opportunity to build ‘communion’ with others through the strengthening of relationships and resulting ‘socially responsible’ business behavior.

Yet while it is clear that the EOC ethos has had repercussions for businesses in the realm of their external responsibility, resulting in overall high-level commitments on behalf of businesses in the areas of environmental considerations and external relations, there are certain attitudes and conditions that a ‘socially responsible’ business should encourage within its organization and among its employees. Essentially, the internal practices of a firm are a key aspect of a ‘socially responsible’ business, and must be considered. As stated in the introduction, the paradigm of workplace democracy can serve to provide measurements for an evaluation of EOC businesses’ internal practices. David I. Levine provides the bulk of the criteria I have used to form the basis of a prescription for a democratic firm. Levine’s criteria focus on employee empowerment,

motivation, and capability, with an overarching emphasis on the preconditions for creating successful employee involvement within a firm (Levine 1995). In Robert Dahl's prescription for a democratic association, he also highlights the need for collective decision-making and the principle of equality (on which Levine's aspect of employee motivation is centered), but provides additional emphasis on taking the needs and desires of all in the business into account (Dahl 1985), implying a communitarian spirit of a democratic firm.

Drawing principally from these two authors, I have crafted a definition of workplace democracy as 'a workplace in which employees experience a significant degree of empowerment, motivation, and capability development, allowing for greater physical well-being, personal growth and self-realization.' This involves a careful examination of how the application of EOC principles has changed the internal practices and environment of EOC businesses in favor of the well-being of workers and the overall quality of working conditions. It is clearly stated in the EOC Guidelines that "Attention is given to the health and well being of every member of the business" (EOC Business Guidelines, see pp. 76 "Health and the Value of Life"), highlighting aspects such as the adequacy and safety of working conditions, the fostering of personal development, creativity and fulfillment of employees, training and education, open communication, and the adoption of programs to aid employees in times of need. On the whole, therefore, such considerations can be considered to be integrated into the mission of the EOC network of businesses.

Employee Empowerment

Levine's criteria surrounding employee empowerment places a great deal of emphasis on the idea of substantive participation, making the distinction between consultative, substantive (direct) and representative forms of participation, as discussed in section one. Interviews in EOC businesses revealed that, in all cases, business directors and employees reported more open communication between them as a result of involvement in the EOC. EOC business guidelines highlight the need for "a climate which fosters open and honest communications with opportunities for the exchange of thoughts and ideas between employees and managers" (EOC Business Guidelines see pp. 76 "Communications"). This open and honest communication has its foundation in recognition of the importance of acknowledging the contributions of both employees and directors to the well-being of the business, as well as the opportunity it provides to develop and enhance relationships between employees and administration. Some business directors expressed a process of 'conversion' in this aspect of communication with employees as a result of the EOC. One businessman in Argentina reported that his involvement in EOC led him to begin sharing his authority with the workers and communicate with them on a regular basis about their work and needs. He spoke to the difficulty of leaving behind his old ways of demanding things from workers due to pervasive cultural norms of machismo and an authority culture in Argentina. He cited his shift to working in teams in his business as a personal transformation resulting from being a part of the EOC.⁴⁷ Another business director pointed out her change in attitude toward employees and an ensuing rise in the level of communication between them:

"I am really happy because the truth is that none of the employees who work here are professionals with degrees, but we don't see them in that way, as lower, because we evaluate them from a different point of view now: that they are people

⁴⁷ Interview, Omar Sosa Luengo, *San Patricio del Chanar*, 2 September 2006.

who are ready to give their all, to put forth their best effort to accommodate us . . . Now we communicate by offering suggestions both ways, of how to do things better. There is a real discussion that takes place . . . I'm not sure if this really happens in other businesses, I think it is difficult to achieve this type of trust between employees and directors elsewhere."⁴⁸

For some that were born under the EOC, however, the business was automatically set up to provide for such an open exchange between employees and managers. For example, an architecture firm in Buenos Aires organized their physical space in such a manner that would allow for open communication and exchange between the technical and administrative sectors of the company. In this business, technical employees expressed their constant access to their boss and direct communication between themselves and the administration, due in part to the fact that their offices were open and located within the same vicinity.⁴⁹

The paradigm of workplace democracy clearly calls for more open communication between business directors and employees, which EOC companies have clearly embraced and put into practice on a general level. With the type of open communication expressed above, employees are guaranteed, at the very least, what Levine calls consultative participation, in which there exists direct participatory arrangements where employees give opinions but final decisions are still made by management. Levine's criteria focus on the level at which employees have what is termed substantive involvement, or the ability to go beyond making suggestions that may not even be given thought, or decisions regarding issues that are not of any real importance.

A consideration of the type of involvement had by employees within the EOC companies I interviewed can be divided into three categories. In some businesses, there

⁴⁸ Interview, Maria Luz Vergani, *Norma Maliandi: Cosmética Natural Apícola*, 30 August 2006

⁴⁹ Interviews, Arje, 25 August 2006.

exists open communication between employees and business directors, but final decisions are made by management. While this appears to fit Levine's definition of consultative participation, these EOC businesses indicate a serious consideration of any suggestion or idea offered by employees and communication surrounding issues of real importance to the company. The second category includes businesses that operate with direct participation in important issues and in the decision-making of the business by all employees and directors together. In these businesses, employees exercise direct responsibility for organizational change and their daily work. Such businesses tended to be very small, indicating size as a precondition for this type of direct participation in the EOC. The third category of businesses included those that exercised representative participation which, according to Levine, often complements direct participation. In larger companies, such representation was common, with the creation of workers' councils and workers' representatives who serve as the mechanism of representative participation for employees, voicing their concerns, ideas and suggestions directly to upper management. I will address the area of employee empowerment by speaking to the operations of businesses within these three categories and using Levine's criteria as a standard of measurement. In all categories, employees were involved to a certain extent in important issues, including how they carry out their functions, how safe their jobs are and how pleasant their working conditions.

Consultative Participation

The first category of businesses involves those where open communication between employees and business directors takes place, but final decisions on many important issues are made by management. As in all EOC businesses interviewed, these

businesses had some system of reunions that take place between employees and administration as a formal scheme aimed at involving workers in the decision making of the business. The implementation of such reunions has been sparked by EOC principles of making the human person the center of economic activity. Unlike in Levine's consultative participation, however, these businesses expressed a serious consideration of employees' ideas and suggestions based on their focus on respect for them as *people*, as expressed by the following business owner of a water purification plant, *Rotogine*:

“We always have meetings with the manufacturing employees, and in the office it is easier because they are closer to us, they communicate easier. The production sector is more difficult because they are very simple people who used to work in the farm fields. But we always said that the main focus of *Rotogine* is the employees. If *Rotogine* ever sacrifices the well-being of their workers for growth, they are out of the EOC principles. . . . The human being is the main focus. Based on that, we always encourage them to think and express their thoughts and always respect whatever they have to say.”⁵⁰

This business fulfills Levine's criteria for effective employee involvement, as managers either approve suggestions from workers or give feedback on reasons that suggestions have not been approved:

“If the idea is good, we turn it into practice and make it a reality. If it is not good, we explain to them why it is not a good idea and why we can't take it into consideration. But we never leave the employee without an answer of why his idea didn't work. It is important to respect the employee, and encourage them to keep contributing, because for sure they know a lot more than I do about how to improve the production. If I don't give them the freedom and the trust for them to speak and express their thoughts to us and sit together and analyze it together, we will never improve our process You encourage that by respecting the workers, giving them opportunities and always keeping an open dialogue.”⁵¹

EOC businesses that embody a model of consultative participation on behalf of employees all demonstrated a sense (by both employees and directors) that such serious consideration of employee ideas and suggestions was made. This represents a high-level

⁵⁰ Interview, Silvio A.M. Rodrigues, *Rotogine*, 26 July 2006.

⁵¹ *Ibid.*

commitment to Levine's criterion on the level at which managers either approve suggestions from workers or give feedback on reasons why the suggestions were not approved. Where open communication exists and ideas and suggestions are expressed and seriously considered, there is a medium-level commitment to Levine's criteria regarding the level at which employees are actively involved in continuously improving their work process, modifying the product or service, and determining their work and quality performance goals and operating standards. These modifications and standards may be communicated in a very transparent way throughout the business but do not signify *active* participation on behalf of employees in these areas.

The fact that decision-making is left principally in the hands of management within these businesses did not appear to be the result of a hesitation to give up power to workers. Rather, as the following business owner expressed, it is a result of a perceived natural and necessary hierarchy that exists in businesses as a result of different functions. Due to the EOC's focus on the human person as the center of the business, however, this hierarchy, according to one business owner, does not permeate the business environment but can be overcome through viewing each other as equals:

“There is a natural hierarchy that exists due to the different functions in the business. There is always one in charge. But when there is an understanding of this relationship between two equals, this hierarchy is overcome. One that knows how to carry out a determined function, and one that knows how to direct one thing and another, they do it, but it is like a relationship of give and take.”⁵²

Testimony of the elimination of this kind of hierarchy is given by a group of employees in the technical center of a business that embodies consultative participation. Conversation with these employees revealed their great appreciation for the kind of openness between them and their boss, since in previous similar jobs, there was a very

⁵² Interview, Antonio Nestor Cadenas, *Aromagro*, 26 August 2006.

hierarchical structure in which communication was limited and decision-making was restricted to the directors at the top of this hierarchy. Rather, in this company, employees felt they had an ability to offer suggestions to administration and have them seriously taken into account.⁵³ Nonetheless, these companies (that use forms of consultative participation), do not fully embody the criteria of workplace democracy, since workers, although able to communicate openly with management, cannot be said to have an independent, autonomous voice regarding final decision-making.

Direct Participation

In the cases of some of the EOC businesses interviewed, it is very difficult to draw the line between the categories of consultative and direct participation, as many appeared to be a hybrid of both, involving some aspects of direct participation by employees in affecting organizational change. Nevertheless, some businesses can be classified as falling primarily under the category of direct participation, where employees exercise substantial responsibility for organizational change and their daily work. For example, travel agencies in both São Paulo and Buenos Aires have their managers that ultimately steer the business in a given direction, but employees exercise a great deal of responsibility in determining their own work process and in resolving many issues of the business. As in the businesses with consultative participation, businesses in this category all held reunions where the opportunity was provided for employees to offer ideas and suggestions on issues regarding modification of the product or service. This *opportunity* to offer such ideas and suggestions, however, whether they are truly considered or not, does not signify substantive involvement as defined by Levine. Rather, the possession of

⁵³ Interviews, Arje, 25 August 2006.

actual responsibilities to be carried out by employees signifies substantive involvement on their behalf. This business owner's description of the kind of responsibilities given to employees in a travel agency in Buenos Aires serve as an example of this kind of employee involvement:

“It is about how you go about accompanying your employee, the responsibility you have in the part of the development of the capacity of the employee, which is not restricted to letting him or her just complete their function. It includes everything involved in the internal relations of the company. If you want to take a week's vacation here or need time off there, it is fine, you have to decide and resolve it all. . . in this sense, in the realm of responsibility, I think that this freedom, this internal democracy, generates a lot of personal responsibility. Rather than me commanding an employee to resolve such and such issue, they have the freedom to present it to everyone, and we can look at it and resolve it together.”⁵⁴

This demonstrates the business director's recognition of the importance of giving employees greater freedom, and hence more responsibility to carry out the necessary functions to keep the business running and successful and to resolve issues that arise in the company. In the agency, employees are given a great deal of freedom to determine their work and quality performance goals. For this business director, the provision of greater responsibility on behalf of employees in determining how they carry out their functions, how safe their jobs are and how pleasant their working conditions, contributes to their personal formation.

An emphasis on the formation of employees can be viewed as a central aspect of the EOC's focus on the human person, in consideration of their self-realization and personal growth. This formation within a company translates into the employees' ability to function successfully both within and outside of the company. This ability, in turn, can result in the development of greater trust on behalf of business owners in regard to

⁵⁴ Interview, Bettina González, *Boomerang Viajes*, 24 August 2006.

employees' self-sufficiency and competency. This same business owner expressed such a scenario:

“I am very concerned with the formation of the employee, the personal growth that each one has. For example, in the case of two people who work here . . . I always had a dream of opening a tourist consulting firm . . . I was working with the local municipalities for this and started to make contacts with those interested . . . then I thought, yes I know this is one of my dreams to have this other business . . . but then I asked myself why me and not them, why don't they have their own project in which they can be linked to the EOC? They took charge of the project and we have reviewed a lot of things along the way. They decided to open it in the Pólo and dedicate it to the development of our sustainable tourism project.”⁵⁵

The benefits of such participation by employees and the formation that takes place through it will be discussed in greater detail at the end of this section.

As mentioned earlier, while there is a general sense of the importance of employee integration into the decision-making of the business, smaller EOC businesses are, understandably, able to achieve this on the most substantive level. These businesses demonstrate a high-level commitment to the extent that employees are involved in determining their work and quality performance goals and operating standards, modifying the product or service and continuing to improve their work process. *Zac*, the book store in Piracicaba, Brazil holds weekly reunions where the business owner and employees decide together on business policies such as hours, vacation time, business needs and concerns etc. One employee described the reunions as follows:

“We have weekly reunion in which we decide together the path of the business. Everyone has an opportunity to speak at these meetings and is encouraged to do so. Each person communicates their personal circumstances and the situation of their department, addressing any urgent issues. At these meetings we also make decisions about working hours, tailored to the needs of each person.”⁵⁶

⁵⁵ Ibid.

⁵⁶ Interview, Lya Carnio Delalio, *Zac*, 4 August 2006.

According to the business owner, decisions in the company are always made together. One example was a reunion where they were discussing vacation time for workers. In the reunion, they worked it out amongst each other to coordinate being able to take vacation time when it was best for them, while ensuring that the business' needs were taken care of. Another experience of this type of collective decision-making took place when the company was in an economic crisis and all agreed together to eliminate the overtime pay policy.⁵⁷ Aside from demonstrating the business owner's trust in the employees to do what was in *Zac's* best interest, this experience also demonstrates the ability of the employees to have discerned what was best, as such a decision was important to the survival of the company. *Zac* demonstrates a high-level commitment to direct involvement by employees. These examples reveal the high level of involvement by employees in determining the work and quality performance goals of the business, any changes that must be made, (work hours or overtime pay), and the continual improvement of their work process and ability to address needs (vacation time).

In some cases, seeking to allow for direct participation by employees has led business leaders to encounter difficulties in their enterprises. One EOC company in Argentina has organized weekly reunions where employees engage in direct decision-making. The business owner described these reunions as part of the 'horizontality' of the business, or its 'non-hierarchical' structure, that seems to have lead to a lack of creativity and the discussion of rather irrelevant, time-consuming issues.

"The reunions are part of this 'horizontality', any person in the reunion can propose anything for discussion, *every* person, without any consequences to himself. One time an employee wanted to discuss how it was not his fault that the business was far from his house . . . there are some stupidities like that, and you have to maintain a formal attitude and enter into dialogue with them . . . They

⁵⁷ Interview, María Ines, *Zac*, 4 August 2006.

understand that this ‘horizontality’ is serious . . . and that they can say anything . . . But now what is happening is that we have gone for two months, and they haven’t asked for a reunion (everyone has voted no each time they come up), because we did reunions and no one had anything to say. . . But now, what I want to do is have the reunion either way, although there is silence, because we are losing the opportunity to have someone contribute a creative idea.”⁵⁸

In this case, the owner expresses the development of complacency on behalf of workers, as they no longer contribute to the actual growth of the business through direct participation. This owner expressed his regret in having made these reunions where direct participation takes place voluntary, because they turned into a place where complaints were issued and were solved immediately, leading to the perception of reunions as serving that sole purpose rather than as an opportunity to bring ideas about how the business could grow etc. If there is some kind of direct contribution that takes place, it can at times be on an issue that the director, perhaps with his or her extensive experience or education, knows to not be in the best interest of employees as in the following situation:

“There was a time in a reunion when the employees asked for a clock to punch in and out of to measure their work hours. I thought to myself, but are they serious? For me, I knew that it was not smart because they would not benefit from this . . . but I had to say yes to them, that we would put in the clock. These are the things that perhaps they don’t really comprehend, but we have to respect them and make sure that we are always taking their positions and opinions into account.”⁵⁹

In such a situation, a tension arises between the director’s decision to allow genuine direct participation to take place and be respected, even if he or she perceives it as yielding decisions that may not be in the best interest of the employees. Furthermore, these difficulties suggest that while direct participation may be, as defined by Levine, the most substantive form and represent the highest level of democracy within a firm, its implementation can, depending on the nature of the business, result in less innovation and

⁵⁸ Interview, Carlos and Silvia Hernández, *Lidus*, 3 September 2006.

⁵⁹ *Ibid.*

growth. The assumption of such risks can be viewed as adversarial to the mission of the EOC in profit subdivision, whose effectiveness relies upon the continual growth of EOC businesses.

Representative Participation

The nature of the size and function of EOC businesses interviewed played a major role in whether or not styles of direct or representative participation were employed within the business. As was expressed earlier, some EOC businesses (roughly 78% of those interviewed in Argentina, see appendix two) were able to employ forms of direct participation in decision-making by employees due to their small size. EOC businesses interviewed in Brazil tended to be larger than those interviewed in Argentina and with a greater focus on production, while those in Argentina were focused principally on the service sector or were very small businesses emerging in the production sector. Hence, only 17% of businesses interviewed in Brazil could be characterized as having direct participation in decision-making by employees. However, roughly 46% of businesses interviewed in Brazil engage in representative participation on behalf of employees (see appendix two). This type of participation often complements direct participation, through its establishment of committees, workers' representatives and work councils. Businesses interviewed primarily utilize workers' representatives as a mechanism to voice the concerns, ideas, suggestions etc. of employees in the firm. For example, *Ecoar*, the manufacturer of chemical household cleaning materials, holds weekly reunions where heads of departments gather to discuss how their respective department is doing and to address any needed issues, concerns or suggestions voiced by employees. Another reunion is held where these heads of departments meet to discuss everything with the

business directors. According to a head of the department that deals with financial issues, the majority of important decisions are made in the reunions between the heads of the differing departments, with final approval made after discussion with the business directors.

Having supervisors as the head of departments certainly presents the issue of the extent to which employees have the opportunity to have their voices and concerns heard. Two front-line employees on the production line of *Ecoar* expressed their ability to communicate openly and freely with the head of their department. For these employees, this head serves as the point of communication with directors, and it was clear that a high level of trust existed between them and this department head.⁶⁰ Likewise, in *Femaq*, a strong system of representative participation exists. In the foundry, programming/production sector meetings occur weekly, where there takes place clear communication between varying sectors, as an important step in establishing and attaining production goals. There also exist administrative reunions on a weekly basis, as well as general assemblies once a month where supervisors of departments and business directors meet to cover all relevant issues. There was a high ability indicated for workers to express ideas or concerns. As the head of the production sector explained:

“Here, the working population has respect for people who bring up new ideas . . . having this kind of communication leaves workers completely free to bring these ideas to the supervisors and talk about what they think, or something that should be done.”⁶¹

Employees expressed similar sentiments:

“Today, I would say that every worker is open to making conversation and negotiation, with respect to any kind of change or adjustment that needs to be made for the business and for the worker as well. It is first usually discussed between workers, because we are given a lot of freedom to converse, and then . . .

⁶⁰ Interviews, Emerson Adriano Rodrigues Pinto; Eduardo Batista dos Santos, *Ecoar*, 28 July 2006.

⁶¹ Interview, Fabio Henrique Idalgo, *Femaq*, 1 August 2006.

every worker has the freedom to communicate their thoughts and suggestions in the business . . . I would say that this confidence is only possible when the administration of the business is clear and objective with the workers. When there exists that trust, they are going to understand and are going to try to help in any way that is possible.”⁶²

Aside from workers’ representatives serving as the point of communication between employees and upper level management, work councils are employed in some EOC businesses as a strategy for decision-making. *Pro-diet*, the EOC pharmaceutical distributing company in the Pólo Spartaco serves as an affiliate of the company’s headquarters in Curitiba, Brazil. As the business owner is in Curitiba, the director of the affiliate assumes the administrative tasks of the affiliate while in constant communication with the owner. As an administrative director, she does not speak to her sole authority in the decision-making of the company but, rather, the kind of direct involvement in the decision-making process, which takes place through reunions to resolve practical matters:

“If there is some problem with a product, I am in charge of this area, but I never work alone. I always have three or more team members helping me with this . . . We have reunions to resolve practical matters of the business all together.”⁶³

She further made a point that these reunions did not address issues such as relationships between employees, but focused on concrete matters of how the business is doing, and its goals. *Pro-diet* demonstrates a high-level commitment to direct involvement, as work teams or councils are employed in all decision-making strategies and all in the business are constantly informed as to the performance and needs of the business.

An interesting aspect of EOC businesses that appeared to embrace forms of representative participation in the business, but that Levine does not comment on, is that despite the fact that they largely employ workers’ representatives as the point of communication between workers and business directors, both administration and

⁶² Interview, Mauro Elizorio dos Santos, *Femaq*, 1 August 2006.

⁶³ Interview, Maria Auxiliadora Marques da Silva, *Pro-diet*, 9 August 2006.

employees expressed the ability to communicate directly with each other, representatives aside. An employee of *Femaq* stressed the ability of workers to speak directly with the administration:

“The communication aspect is nice because we all have the freedom to converse with the directors. In another foundry, it is normal that there is a coordinator, so that if I want to talk to a director, I won’t be able to talk directly with him. There normally exists such a strong hierarchy, which we don’t have here.”⁶⁴

This opportunity that employees have to communicate directly with upper-level management reflects the notable transparency of the business, and serves only to enhance the kind of participation workers engage in through representative systems.

Employee Motivation

Levine’s criteria in the area of sustained employee motivation focus principally on the level at which employees receive tangible rewards (financial and non-financial) upon making improvements in the business. He also draws upon the reduction of differences in pay and status as a main way to spur motivation and enhance internal cohesiveness. Aside from the actual provision of awards, I argued in section one that it is critical to consider the context in which a business is operating, as employee motivation can undoubtedly stem from employees whose salaries and benefits in one company are found to be more just and livable when compared with past employment, or other businesses in the same/similar sector in the market. Levine furthermore cites policies that minimize or avoid laying off employees as an important aspect of employee motivation. Extensive consideration for employee well-being and safety on the job site can also serve as a source of employee motivation, through the provision of adequate safety equipment where necessary. Workers’ health, along with other aspects involved in employee

⁶⁴ Ibid.

motivation can be evaluated by looking at a company's benefits and the presence of workers' associations supported by management that lead to an array of options to support the well-being of employees. As mentioned, Levine does not discuss in great detail the emotional and psychological aspects of employee motivation, arguing that sustained participation necessitates financial rewards through profit-sharing. I argue, however, that strong interpersonal relations and a sense of belonging to a 'community' also serve as a major point from which sustained employee motivation can stem.

Pay Differences and Status

The previous discussion of communication in EOC businesses demonstrates the unique relationships between employers and employees, where status is put aside and a greater focus on equality has resulted from adoption of EOC principles in the workplace. As part of this new relationship between business directors and employees, many EOC businesses have undergone a re-evaluation of the pay structure within their companies (Gold 2004a, 125). According to the findings of policy analyst Lorna Gold, the main change to wage structure in EOC companies in Brazil has involved the introduction of sick pay and holiday pay for employees, which is not typical of businesses in Brazil (Gold 2004a, 125). In addition to paying holidays, some EOC businesses like *Femaq* have established policies that allow for the same vacation time between administration and employees, reducing status and enhancing cohesiveness. *Femaq* also goes against normal business practices by paying workers 100% when they work overtime, whereas businesses in Brazil typically pay 60%.⁶⁵ All EOC business directors interviewed indicated the provision of just salaries for employees as a high priority. In the case of

⁶⁵ Interview, Fabiana Longate, *Femaq*, 1 August 2006.

many, it was emphasized that the workers in the company receive wages that are above the minimum entitlement. As an employee in the human resources department of *Femaq* expressed:

“The salary of *Femaq* is above that of the market. Workers in *Femaq* have higher salaries than other workers doing the same kind of work in Brazil . . . I would say that *Femaq* is a business that values the human person, a business that pays workers on time and really values each individual worker.”⁶⁶

Clearly, this employee recognizes the business’ commitment to paying workers above that of the market wage and, as a result, feels valued. Such feelings of value are likely to instill high levels of motivation in the employee. Many employees in EOC businesses expressed contentment with their salaries, explaining how they are more just and livable than those of past employment:

“Look, it is logical that every person in the world would like to have a higher financial salary than they have. But I am content, with certainty. And taking the benefits we have into account, I am able to have a much higher quality of life than I had before with other jobs.”⁶⁷

It is clear, therefore, that EOC business directors feel a widespread commitment to ensure just and livable wages for employees and, contrary to normal practices, sick and holiday pay. Employees, in the context of normal business practices, especially in the Brazilian market, express a sense of feeling valued as a result of their assured livable wages often accompanied by excellent benefits. EOC directors and employees all expressed a high commitment by EOC businesses to ensure the provision of adequate benefits to employees in the areas of alimentation, transportation, medical assistance, life insurance, debt insurance, and pharmacy.

⁶⁶ Ibid.

⁶⁷ Interview, Francisco Bernardo Stephanelli, *Femaq*, 3 August 2006.

Profit-sharing and Workers' Associations

While EOC business guidelines indicate a commitment to make all members of the organization stakeholders in defining and working together to realize the goals of the business, the provision of awards through the kind of profit-sharing that Levine focuses on as a source of high employee motivation is clearly difficult, due precisely to the EOC commitment to subdivide profits. Therefore, while EOC business guidelines establish the need to adopt programs to aid employees in times of need, they do not call for the implementation of a system of profit-sharing with employees. Nevertheless, a few of the EOC businesses interviewed have implemented such a system, resulting from business owners' belief in its importance as part of making employees the kind of stakeholders in their company that for them, being an EOC business implies. These systems of profit-sharing involve the rewarding of employees upon exceptional performance by the business. *Femaq's* program PLR involves a type of profit-sharing with employees in which, at the end of the month when profit is factored, business owners take a portion and give it entirely to the employees in addition to their fixed salary. The higher the profit, the higher the portion that can be factored to employees. As one employee described it:

“PLR helps the workers because the profits don't make up a part of the salary . . . they are in addition to the salary, which is a fixed value each month. Therefore, this helps the worker because he is not expecting this extra help . . . The worker uses it in whatever way they need to, to pay bills or take care of some kind of expense or make an investment.”⁶⁸

A similar commitment to profit-sharing was present in a company in Argentina, whose owner described their system as follows:

“We have funds in a deposit and if the stock and merchandise are perfect, the amount accumulates in this deposit. If some merchandise is lacking, the employees pay from these funds, they do not take them home . . . Then once a year, if everything has gone well, we give these funds to the employees that they divide a

⁶⁸ Interview, Mauro Elizorio dos Santos, *Femaq*, 1 August 2006.

amongst themselves and we start over with a deposit of zero again.”⁶⁹

This system of profit-sharing involves placing of a great deal of responsibility on employees. If employees are able to manage well the company’s merchandise and funds, they are rewarded with the remaining funds in this deposit. Likewise, another business owner in Argentina who employs a system of profit-sharing with employees expressed his recognition of its contribution to employee motivation in their commitment to work hard. In this fruit plantation, when there is a good harvest, the extra earnings are divided amongst all the workers and are not hoarded by the business owner.⁷⁰

Such systems of profit-sharing are not common throughout EOC businesses, but rather, exist in cases where individual business owners have decided to implement them. As a result, the EOC does not appear to have a cohesive dedication to the provision of financial rewards within companies through systems of profit-sharing as called for in the workplace democracy paradigm. The EOC network does have, however, different approaches that may achieve the kind of employee motivation stemming from profit-sharing in a democratic firm. For example, some of the smaller businesses seek to put into practice the kind of ‘communion of goods’ carried out in the Focolare Movement, where business owners and employees bring goods to share amongst each other. In *Sabor E Vida*, everybody in the business brings in something they can share at a designated time and participates in an exchange of goods. In *Zac*, this kind of ‘communion of goods’ was seen as a way of addressing the needs of all in the company and contributing to a strong sense of community in the business:

“Money is important, but here there is a different kind of mentality where everyone becomes accustomed to seeing to the needs of each one. Maria Ines (the

⁶⁹ Interview, Carlos and Silvia Hernández, *Lidus*, 3 September 2006.

⁷⁰ Interview, Omar Sosa Luengo, *San Patricio del Chanar*, 2 September 2006.

director) is an equal participant in this process.”⁷¹

While small EOC businesses often put into practice this direct type of ‘communion of goods’, larger companies in Brazil have developed workers’ associations that essentially fulfill a similar purpose. *Femaq* was a pioneer in the establishment of their workers’ association, the *caja beneficente* (beneficial fund). In this association, workers voluntarily contribute two percent of their salary each month to a fund from which workers can draw to meet some kind of need. As one employee explained:

“The *caja beneficente* does not cover 100% of the costs of your need, but maybe 25-50% depending on the situation. Each case is different. It is a way for the workers to have another safety/insurance measure in the case that they need to spend money on something, like a health expense for example.”⁷²

In addition, *Femaq* has introduced a micro-credit scheme run and managed by employees, where anyone can receive a low cost loan in order to carry out plans, such as home improvements or paying for children’s education (Gold 2004a, 129).

Similarly, the Pólo Spartaco has very recently created a worker’s association for the companies in the park. The idea arose from some of the workers and proprietors of the businesses who, drawing upon their knowledge of the existing association for EOC business owners, perceived the need for a similar association for EOC business employees. Participation in the association is voluntary and requires a contribution of eight Brazilian reais each month. Each business votes to determine a representative for their company in the association who attends regular reunions. Notably, while the association is employee-managed, business directors have shown their support by agreeing to contribute eight Brazilian reais for each participating worker to the central fund. According to the president of the association, an employee of *Rotogine*, the first

⁷¹ Interview, Lya Carnio Delalio, *Zac*, 4 August 2006.

⁷² Interview, Mauro Elizorio dos Santos, *Femaq*, 1 August 2006.

project that interested most of the workers was to do a micro- credit scheme. Since the fund is just starting, the association still does not have enough resources to grant all requested loans, and so workers evaluate the situations of those asking for a loan and vote on who needs it most. In addition to loans, the association began to look into other types of benefits that could be incurred with membership. After achieving formal recognition, the association was able to obtain agreements with businesses in the pharmacy, optical, ontological, school supplies and other sectors to obtain discounts. The association is looking into the possibility of offering free courses to the workers through federal government programs as well as agreements for discounted membership in recreational facilities for the families of employees.⁷³

According to a co-owner of *Femaq*, these type of associations play a major role in the personal development of the employee. While the sharing of financial rewards in a company can play a role in employee motivation, the support of such associations in EOC companies favors mutual cooperation and team work, which can translate into the employees' civic engagement through political and community action, the fostering of respect for the environment and promotion of the kind of behavior fostered in EOC businesses. According to Rodolfo Leibholz, neither sustained employee motivation nor true happiness result solely from an increase in wealth. While he acknowledges that it "is very difficult to lead a happy life when one does not have what is sufficient to lead a dignified life", he believes that focusing on increasing wealth does not necessarily contribute to the well-being of employees (Leibholz, 7). Rather, according to Leibholz, "the economy and work should together lead to a good existence and for this reason *Femaq* does not make goods an end in and of themselves, but use them as a way to

⁷³ Interview, Elisangela R. de C. Rossignol, president of workers' association, 9 August 2006.

achieve a more healthy and happy life” (Leibholz, 7). As an EOC business owner, Leibholz expresses his belief that the sharing of financial rewards with employees does not necessarily endow them with the skills necessary to lead a fulfilling life, and serve as active participants in the bettering of their communities. Rather, the process that leads to the attainment of such rewards, such as the management of and participation in these associations, plays the principal role in the development and self-fulfillment of employees. In this way, EOC businesses appear to deviate from Levine’s criteria for a democratic enterprise in that they take a more holistic approach to the well-being of employees. As expressed by Leibholz, this approach can imply less of a focus on the provision of financial rewards to employees and more on giving them tools of empowerment through supporting worker participation in and management of associations where employee needs can be met through mutual cooperation.

Labor Unions

These workers’ associations that are present in some EOC companies exist as associations governed *by* employees for the enhancement of employee welfare. Although the associations are entirely employee-organized and run, they do not focus entirely on the internal working conditions that modern-day labor unions are organized to address. With strong and growing labor union movements, particularly in the South American region, one wonders what the EOC’s position regarding labor unions may be. As the EOC is present all over the world, companies’ relationships with labor unions may vary greatly from country to country, making it difficult to articulate a single position of the EOC in relation to labor unions. In Brazil, for example, unions are formed to represent a category of workers in a determined city or region. These unions carry out activities in

relation to companies in their ‘area’ of responsibility, no matter the size of the companies, making the presence of unions in Brazilian EOC businesses more likely.⁷⁴ In the United States, on the other hand, the size of a business largely determines the type of union activity found, as a small company is generally not obligated by law to comply with certain requirements experienced by bigger companies in relation to unions.⁷⁵

Considering that all EOC businesses can be classified as small and medium-sized enterprises, U.S. EOC companies’ experience with unions differs greatly from those of EOC companies in Brazil or Argentina. According to Lorna Gold, however, the EOC, given its spiritual underpinnings, may be capable of establishing a general position in relation to unions, which would remain in line with the Catholic Church’s favorable teachings surrounding the right to unionize.⁷⁶

In my field research, I did not encounter a strong union presence in EOC businesses interviewed. Nevertheless, in her research, Lorna Gold found that participation in the EOC had brought about a change in attitude on behalf of some of the larger EOC businesses in relation to unions, with the management being more open to dialogue and seeing a potential *relationship* to build with unions, rather than having them serve as a point of conflict.⁷⁷ According to the head of the São Paulo EOC regional commission, Luiz Colella, the EOC in Brazil does not consider unions as antagonistic organizations, but as someone to work together with to effectively address employee issues, not just internally within a given company, but within the larger community. Particularly in some of the medium-sized firms like *Femaq* and *Almam*, which exist in

⁷⁴ Personal Correspondence, Luiz Colella, head of São Paulo regional commission, 3 May 2007.

⁷⁵ Personal Correspondence, John Mundell, *Mundell & Associates*, 4 May 2007.

⁷⁶ Personal Correspondence, Lorna Gold, Policy analyst at *Trocaire*, 3 May 2007.

⁷⁷ Personal Correspondence, Lorna Gold, policy analyst at *Trocaire*, 3 May 2007.

areas with a strong union presence, union representatives in Brazil have very open relationships with business owners, and opinions of the union representatives are given significant consideration and, at times, acted upon. According to Colella, EOC businesses in Brazil do not discourage employee participation in labor unions. Some, like an EOC water purification plant outside São Paulo, take time to discuss labor union recommendations about employee rights with workers in the company, and maintain a respectful stance in regard to these rights. Colella recalls one of this company's projects, where the business management had doubts regarding the scheduling of the project and actually asked an employee who belonged to a union to check with the union and advise them on how to carry out the project.⁷⁸

Such activity demonstrates the apparent willingness of an EOC company's management to seek to accommodate union representatives in an open atmosphere. It could also be argued that the EOC's efforts to create a 'people-centered' environment within a business, where workers' rights and well-being are ensured, implies that the *ideal* EOC company would have no need for unions.⁷⁹ It is possible that the EOC may serve as a case where there exists too close of a relationship between employees and management to begin with, as a result of the implementation of the EOC's organizational culture *within* the business, such that the adversarial relationship between labor and management on which the power of unions rests, according to Russell, would be undermined, hindering any notable union activity (Russell 1985, 39).

It is furthermore important to consider the potential effect that labor unions *could* have in relation to the EOC's important goal of building 'communion' within a company,

⁷⁸ Personal Correspondence, Luiz Colella, head of São Paulo regional commission, 3 May 2007.

⁷⁹ Personal Correspondence, John Mundell, *Mundell & Associates*, 4 May 2007.

as labor unions traditionally foster antagonistic relationships between management and employees. Gold makes the point, however, that when considering community, the EOC holds that distinctions must be respected to achieve the kind of ‘communion’ for which the EOC strives.⁸⁰ The function that unions serve of bringing workers together to agree on common principles and shared needs is one of those important distinctions that would be respected by an EOC company. On the other hand, EOC managers would like for such an outcome to result in a strong relationship between a business’ management and labor unions, which assumes that all parties involved share the same organizational culture that is derived from the EOC, which focuses on the construction of such relationships as building blocks for creating unity.⁸¹ Obviously, this ‘culture’ may not, in reality, be shared by all parties. Union objectives may also be seen to run counter to the EOC objectives in the realm of profit subdivision. Encouragement and accommodation of unions’ sole focus on employee interests *within* a company may in fact be detrimental to EOC activity *outside* the company.⁸² Overall, examination of the question of labor unions in the EOC offers some evidence in favor of the EOC’s embodiment of workplace democracy in areas like São Paulo, Brazil. Still, while few EOC businesses do experience and accommodate union activity, the EOC’s overarching focus rests on ethical business management, wherein the incentives for union activity may be largely eliminated through the assurance of worker rights on behalf of the management, rather than through organized activity on behalf of employees.

⁸⁰ Personal Correspondence, Lorna Gold, Policy analyst at *Trocaire*, 3 May 2007.

⁸¹ *Ibid.*

⁸² Personal Correspondence, John Mundell, *Mundell & Associates*, 4 May 2007.

Community Spirit

The workers' associations and practices of sharing goods within a business cited earlier correspond to Dahl's assumption of collectivity within a democratic association, where "all the adult members of the association . . . are roughly equally well qualified to decide which matters do or do not require binding collective decisions" (Dahl 1985, 58). They are also in line with his principle of fairness in a democratic association, in which "scarce and valued things should be fairly allocated" (Dahl 1985, 58). Such emphasis on collectivity and principles of fairness imply a communitarian spirit that are highlighted in EOC business Guidelines, which indicate an effort to transform the business into a close-knit community with a pleasant environment as part of the EOC mission (EOC Business Guidelines, see pp. 76, "Harmony and the Working Environment"). Some EOC businesses have taken direct action to increase the community spirit within their businesses, including the development of initiatives providing funds for employees experiencing some kind of need or hardship. The focus the EOC places on the human person provides for extensive interaction on a more personal level between business directors and employees, further opening the door for the development of such grants or mutual funds in addition to just wages being given to employees for food and basic improvements to their homes (Gold 2004a, 129). All business owners interviewed expressed their concern regarding the well-being of their workers, stemming from EOC principles. When asked to comment on how they liked working in their business, employees frequently indicated their perception of this concern for their well-being:

"In *Pro-diet*, you see that the priority of the company are the people involved, they aren't only preoccupied with increasing business profit, but they are concerned with the workers, and we have very good relationships here . . . we converse openly and work closely with each other."

Another employee of an EOC company expressed what she perceived to be the difference between *Ecoar* and her past employer:

“I think that the climate is different, the work environment is different, people treat you in a different way . . . in an EOC company you feel better working, you know that there are other people involved. Outside of EOC I feel that the work environment is each man for himself, but not here.”

These kind of strong interpersonal relationships are manifested in certain common practices observed within EOC businesses, such as the sharing of meals together where everyone contributes something, and the rotation of mundane tasks of a business like cleaning between employees and directors. Personal visits to several EOC businesses indicated their effort made to transform the workplace into a meeting place, with the existence of common rooms and the willingness of all in the business to speak of their experiences over a coffee break. *Femaq* acts upon the EOC Business Guidelines’ emphasis on transforming the business into a close-knit community by setting aside a day each year for employees to bring their families and visit the workplace and meet everyone.

This kind of commitment to community spirit in the business plays a large part in the emotional/psychological component of employee motivation. Several employees interviewed expressed their enthusiasm about working in an EOC company that maintains open communication and a pleasant working environment:

“I wanted to work here because I was attracted to the open climate, where everyone converses. It allows me to lead the kind of life I value by being part of an environment where people talk and are concerned with each other’s lives.”⁸³

⁸³ Interview, Samantha Domingos Contini, *Rotogine*, 26 July 2006.

This kind of community spirit, according to some EOC business directors, has led to the development of strong ties of friendship between employees and a sense of loyalty and commitment to the business. As one employee of *Femaq* expressed:

“It is very different because in other businesses, you would be just another number. In *Femaq*, you are considered as a real human person. I am in love with *Femaq* . . . Whatever the business needs, I am willing and available to do it.”⁸⁴

Worker Well-being

From this strong community spirit, there naturally springs forth a general consideration for the safety and well-being of workers in EOC companies, demonstrated, for example, in the provision of high-quality safety equipment for factory workers in production-heavy companies. An example of a high-level commitment in this area is *Femaq*, which utilizes direct conversation between workers, the safety department, and the administration in order to best understand the safety and health needs of workers, and provide materials of superior quality. According to the head of the safety department, *Femaq* has invested in more expensive equipment to ensure that their workers are kept safe on the job and are also comfortable. Workers are also thoroughly informed of the risks and the kind of safety precaution necessary on their job before beginning.⁸⁵

Employee turnover is another important consideration when evaluating a firm’s commitment to the well-being of their workers. Levine emphasizes the need for a company to have policies that minimize or avoid laying off employees. In the Brazilian market, it was explained by many business owners, that it is typical to have a high employee turnover in order to avoid the high costs incurred in taking care of permanent

⁸⁴ Interview, Fabiana Longate, *Femaq*, 1 August 2006.

⁸⁵ Interview, Luiz Antonio Bortolin, *Femaq*, 2 August 2006.

employees through mandatory welfare provisions. As EOC companies, many business owners expressed a conscious decision to avoid such policies. The business owner of *Almam* proudly explained how the company turnover was very low, and furthermore described how *Almam* does not follow typical Brazilian business practice to refuse to hire either the very young or the very old, as they imply higher costs from more extensive training or investments in health etc. Additionally, in the case that an employee has to be let go, EOC business owners have an existing network (of other EOC businesses) from which to draw in order to actively help that employee find work. EOC companies, as in the example of *Boomerang Viajes*, also seem to place a great deal of emphasis on the freedom of each individual employee, and leave employees free to seek higher employment of better paying jobs, that would only further contribute to their personal development and fulfillment. A director of *Pro-diet* explained such a situation:

“One of our workers came to me two months ago to tell me that she had been called for an interview at another company, and to ask me what I thought. I told her that she should go, even though she would miss work here . . . I told her that I think she needed to try it out. She is young and has many goals. . . For me the most important thing was the confidence she had in coming to tell me what was going on, that she had an other interview.”⁸⁶

Clearly, this situation demonstrates the confidence employees have that business directors truly have their best interest in mind.

Employee Capability

As part of a firm’s commitment to workplace democracy, Levine’s final set of criteria are in the area of employee capability, taking into consideration a firm’s level of investment in training and continuous learning. Furthermore, as part of the issue of worker participation discussed earlier, the level at which employees are given

⁸⁶ Interview, Maria Auxiladora Marques da Silva, *Pro-Diet*, 9 August 2006.

information on the performance and goals of a business is a crucial component in a democratic firm's enabling of employees to improve their work process.

Keeping in line with EOC business guidelines' call for commitment to the creation of "opportunities for continuous learning" (EOC Business Guidelines, see pp. 76 "Training and Education"), several EOC companies interviewed indicated a high level commitment to investment in training and education programs for employees. The owner of the fruit plantations, San Patricio del Chanar, explained their implementation of permanent education of employees in the plantation. The business has arranged for education personnel who are educated by the business and charged with carrying out continuous sessions dedicated to worker health, including education on the proper operation of equipment, safety and health measures. Furthermore, free classes in computation and other skills are offered on site, and the business owner has invested heavily in the higher education of his employees, who often begin working for him as peons with no more than a high school education:

"I had one worker who had received a high school education, and we was not able to go on to the university because he had to come work as a peon for us. We paid for his higher education and today, he is an excellent technician and one of the people in charge of many operations who I trust to carry out many tasks while I am gone."⁸⁷

Likewise, as part of *Femaq's* benefits, workers can take advantage of the company's *bolsa de estudio* (education fund), which covers 50% of the costs of courses related to their work. It is available to all workers and is taken advantage of by many. One employee explained her situation:

"When I entered the company, I had not graduated college . . . During my time in *Femaq*, I have reached the level of post-graduate studies, and have completed numerous courses."⁸⁸

⁸⁷ Interview, Omar Sosa Luengo, *San Patricio del Chanar*, 2 September 2006.

⁸⁸ Interview, Fabiana Longate, *Femaq*, 1 August 2006.

Not only do such investments improve employees' contribution to the company through their work, but through these investments, EOC businesses demonstrate their commitment to expanding the choices and opportunities employees have to lead a life they value. This commitment is reflected in *Boomerang Viajes*' practice of encouraging employees to propose university courses they believe would help them in their work process and agreeing to covering 100% of the costs of these courses:

“It is not that I look up courses I want them to complete, they come and propose them to me, we discuss it together, see the cost and business pays for it. . . This type of thing is something we really strive to realize in the business because we understand that it is part of the employee's formation and does not have to do solely with their function inside of the business, but also outside, in their personal lives and goals.”⁸⁹

In regard to the level at which employees are given information on the performance and goals of a business, several employees spoke of a specific administrative 'culture' in EOC companies that involved open communication of critical information about the business, achieving a confidence needed on behalf of employees to take an active stance to voice their opinions regarding their work processes. When asked to elaborate on this 'culture' of the administration, one employee of *Femaq* highlighted the facility of communication and the fact that:

“The directors are very open people and from time to time, they converse with their workers above the situation in the market place, of the business, the strides the business is making etc.”⁹⁰

This kind of transparent communication surrounding the state of the business is an essential requisite for workplace democracy. Participation in actively improving the work process of those in a company in a system of representative participation requires open, honest communication regarding the performance of the business between directors

⁸⁹ Interview, Bettina González, *Boomerang Viajes*, 24 August 2006.

⁹⁰ Interview, Mauro Elizorio dos Santos, *Femaq*, 1 August 2006.

and supervisors, and between supervisors and employees regarding the state of the business, its successes, difficulties etc. In *Femaq*, another employee that works in the department of purchases of raw materials put it as follows:

“This is a business that is very much affected by how the market on a day to day basis . . . and so we frequently have assemblies and reunions to inform us how the market is doing, nationally and internationally. So we always feel like we are well-informed about these details.”⁹¹

A worker in the human relations department elaborated on this concept, by commenting that:

“There is nothing hidden, everyone knows how much time is involved in production, what to produce, if there is a service that will arrive or not, how the market is doing, how the economy is doing. Our reunions are very open, we know about everything going on in *Femaq*.”⁹²

Employee Knowledge of the EOC

It is clear therefore, that EOC businesses demonstrate a high-level commitment to “create opportunities for . . . updating to enable the individual to achieve personal and corporate objectives” (EOC Business Guidelines, see pp. 76 “Training and Education”), through giving information on business performance results and goals with a focus on the conditions of the market. Yet, taking into consideration this dedication to open communication and updating of business performance and goals, the actual meaning and implications of being an EOC business were not always clear for employees in all businesses. In some businesses (principally the larger), several employees indicated that they had ‘heard’ of the EOC, but some did not have a well-informed understanding of what it meant to participate in the project. This presents one of the main tensions observed, of the frequent lack of clarity regarding what it means to be an EOC business,

⁹¹ Interview, Francisco Bernardo Stephanelli, *Femaq*, 3 August 2006.

⁹² Interview, Fabiana Longate, *Femaq*, 1 August 2006.

and the general lack of involvement of employees in the process of profit redistribution. In the initial stages of the project, some EOC businesses could avoid this tension by employing people involved in the Focolare Movement, and operating on the assumption that they would hence “be in agreement with the aims of the business, to share its profit with the EOC and . . . to share the same work ethic” (Gold 2004a, 175). Yet with the expansion of the EOC, and the increasing emphasis on the project’s goal to spread a ‘culture of giving’ through their own business practices, companies can no longer operate in this way, and are faced with the challenge of having to explain the EOC to those unfamiliar with it, and face potential opposition to the idea (Gold 2004a, 175). Resultantly, some business owners have expressed their difficulty encountered in finding the best way to go about informing their employees of the EOC:

“Myself and the other owner, we have decided to not be so direct in this aspect within the company. We decided to be more careful when speaking so favorably of the EOC because not everyone will understand or desire to be a part of it, until they perceive it as a good idea . . . They all know that we participate in the EOC but they do not know exactly how this works, how it is done.”⁹³

This business owner expressed his confidence that upon truly understanding the EOC, employees would not be in opposition to it. However, understanding how to explain effectively the EOC is where the difficulty lies. Business owners have had to “accept the fact that they [have] to work within the cultural frame of reference of these employees without imposing different sets of standards . . . derived from their own personal visions” (Gold 2004a, 175). Encountering this same difficulty, many EOC business owners have decided to leave employees free to experience the difference of working in an EOC company and to pursue a more in depth discussion of the project upon request:

⁹³ Interview, Francisco Odolin, *Unigen*, 13 August 2006.

“We do not explain the EOC in entirety to the employees upon their integration into the company. But with time, they start to perceive that there is something different and, little by little, the employee begins to understand this difference and they ask about it.”⁹⁴

This business owner has had several employees approach him to learn more about the EOC, and brought sixteen employees to participate in the most recent EOC national congress.

The situation is complex, as some business owners, upon trying to talk about the EOC with employees, have often failed because their employees are scared of the religious connotations or talk of movements.⁹⁵ Nevertheless, EOC business owners still express their feelings of wanting to be known as an EOC business and for employee knowledge of the EOC. Some businesses have managed to have full employee awareness of the EOC. Businesses in the industrial parks clearly are in an easier position to experience this, in light of the purpose of these parks and their frequent visitors. A business owner of *Boomerang Viajes*, in the middle of Buenos Aires, found it necessary to be completely transparent with employees in regard to the business’ involvement in the EOC:

“Everyone here knows the EOC. I charged myself with the responsibility that everyone knows . . . This year, I did a presentation for employees and clients explaining what it means to be an EOC business. . . I felt the need to communicate it because many times, those that we work with ask a lot of things that I can’t explain without explaining the EOC.”⁹⁶

For this business owner, the agency’s work in sustainable tourism and their ethical dealings with authorities could not be explained without providing the context from which the agency’s work has sprung forth, that being the EOC. However, her work to compile a presentation explaining the EOC presents the question of *how* it is to be

⁹⁴ Interview, Augusto Almeida Lima Neto, *Almam: mantencao e montagens industriais*, 8 August 2006.

⁹⁵ Personal Correspondence, Lorna Gold, policy analyst at Trocaire, 2 October 2006.

⁹⁶ Interview, Bettina González, *Boomerang Viajes*, 24 August 2006.

explained to those without background knowledge of the ethos of the Focolare Movement. While business guidelines have been assembled, they serve, as discussed earlier, as a personal checklist for business owners. Rather, to explain the EOC, business leaders are in need of certain “middle-level concepts” that can engage those unfamiliar with the spirituality and ethos underlying the EOC.⁹⁷ These “middle-level concepts” could serve as a way of linking the EOC to bigger, more well-known debates, such as CSR and workplace democracy. While an individual business owner may be capable of finding an innovative way to explain the EOC, more widely communicated concepts could serve as an effective tool for business owners who encounter difficulties in working with the cultural frame of reference of others in the business. Not having this link to a bigger debate can cause an attempt at explaining the EOC to be counter-productive, as many of its tenets, with their deep religious connotations, can lead to high levels of suspicion and misunderstanding. I argue, however, that in order to be true to the spirit of the EOC and its focus on widespread participation and employee formation, there exists a need for employee involvement in the EOC process of profit redistribution. EOC businesses cannot be said to reflect either the principles of workplace democracy, or the EOC principles, when the profits given are not the result of engagement of workers in their consent and participation within the process. There is no evidence to suggest that business owners desire to exclude their employees from this process. On the contrary, many would like to engage employees on a wider level, but encounter difficulty in trying to communicate the purpose of such engagement, namely, the EOC.

⁹⁷ Personal Correspondence, Lorna Gold, policy analyst at Trocaire, 2 October 2006.

Striking a balance

The EOC's evident commitment to high investments in the capability and welfare of employees undoubtedly signifies financial strains on the profitability of the company. Such financial strains lead to an obvious tension when considering the principal role of EOC businesses. While on one hand, businesses are to seek to increase their business profitability and reinvest part of their profits in order to grow and be able to contribute more to the EOC, some business owners express the need of taking care of those within the business as part of their social obligation as EOC companies, implying wage increases or the implementation of certain policies to enhance the quality of life and serve the needs of those within the business. Obviously, the business must be run in a way that is sustainable, and donations of profit to the EOC should not jeopardize the well-being of employees or the future of the company. However, giving away part of the business' cash flow can at times create some tension in regard to balancing the many needs of the business and the EOC social commitment on the outside. For some business owners, only after fulfilling the responsibility to those nearest them (employees in their company) did they feel justified in giving profits to the EOC. For others, giving of profits to the EOC for the poor was reason to not preoccupy oneself with increases in wages that go beyond a fair, livable salary within the business, as those in the company were already better off by being employed than those receiving EOC help on the outside. This implies a tension in regard to striking a balance between prioritizing the needs of those outside of the company and those within the company. As a network of businesses with a unique social commitment through profit redistribution, EOC businesses have other factors to take into account that can possibly serve as obstacles to their implementation of policies

normal for a democratic firm such as profit-sharing. While EOC companies maintain a focus on the human person and seek to contribute to the well-being of all in their business, their very function as EOC businesses provides potential conflict in trying to classify these businesses as fitting in a paradigm of workplace democracy. One EOC business owner expressed this tension as follows:

“It is difficult because you have some poor people inside of the company and some outside, all of which you want to help. At the same time, you might have some financial difficulties inside the company, and perhaps you need to save some money or invest in order for the company to prosper...so you have to find an equilibrium point.”⁹⁸

Increased Productivity?

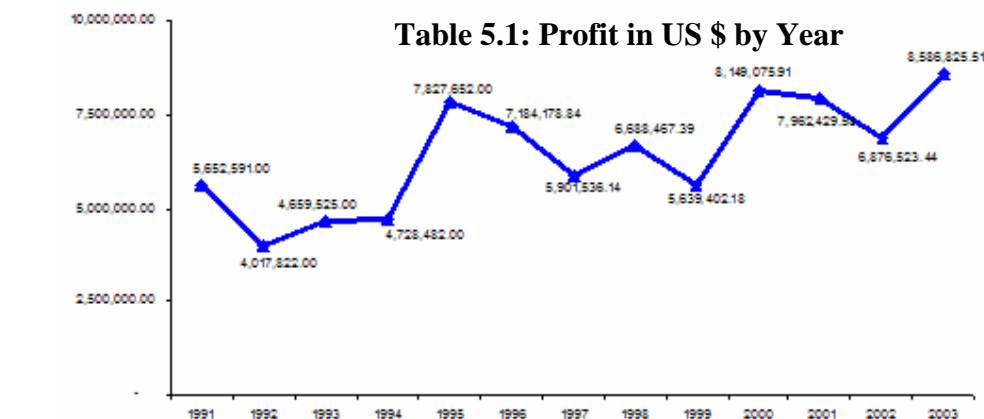
As addressed in section one, the arguable trade-off between productivity/efficiency and workplace democracy is an important source of debate surrounding the practicality of workplace democracy. Levine cites sustainable improvements in productivity as resulting from high levels of investment in the well-being and capability of employees and substantive participation. It is therefore necessary to examine the ways in which EOC businesses have experienced (if at all) such financial benefits resulting from the implementation of policies that imply high levels of worker participation, well-being, and capability. In speaking with business directors and employees, these investments have led to a greater commitment and motivation on behalf of employees to the business and resulting rises in business productivity and innovation, implying that the adoption of ethical practices and policies in line with workplace democracy do not, on the whole, necessarily signify a sacrifice in the company's productivity/efficiency and overall financial success. According to Leibholz, co-owner

⁹⁸ Interview, Augusto Almeida Lima Neto, *Almam: manutencao e montagens industriais*, 8 August 2006.

of *Femaq*, the great challenge of the EOC is to ensure the survival and permanence of a business in the market place, while carrying out economic activity as an expression of communion (Leibholz). *Femaq* has not only been able to survive in the market, but has thrived, with growth rates above those of the market place. Leibholz attributes this economic success to not only “a change in equipment or better technology, but more so by a strong component of participation and . . . a great deal of enthusiasm in all who work in the business” (Leibholz, 4). The following graphs showing *Femaq*'s growth rates demonstrate that directing a business in concordance with EOC principles is not only possible, but can augment the firm's level of productivity and spur greater innovation. The enthusiasm cited by Leibholz was confirmed in interviews with employees, who explained that they are more motivated working in *Femaq* because of the differences in communication and the kind of care and concern business directors show for their well-being. As one employee explained:

“The people here have the hope and will to help the company grow more and more. If more work is needed and people are available to do it, they will without hesitation.”⁹⁹

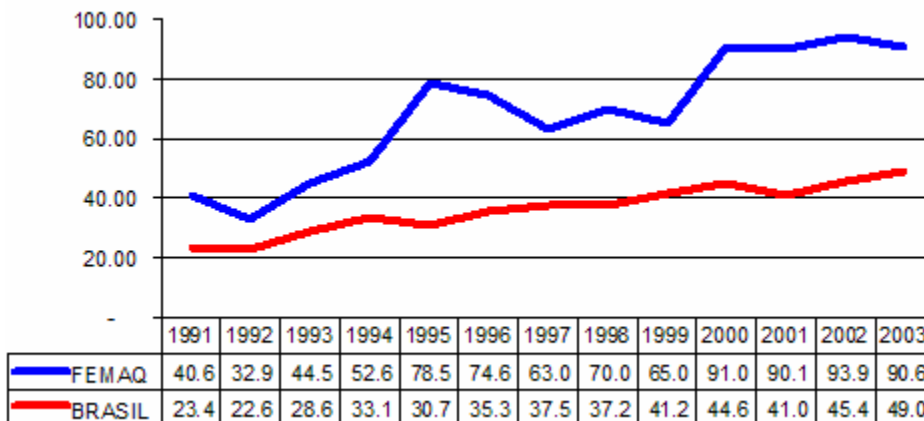
Table 5.1 *Femaq* Growth Indicators: This graph shows the overall profit of the business from the years 1991-2003 (from the time the business entered the EOC project). The graph shows an overall slightly upward trend in profit with the adoption of EOC principles in the workplace. Source: Rodolfo, Leibholz, *Femaq*



⁹⁹ Interview, Mauro Elizorio dos Santos, *Femaq*, 1 August 2006.

Table 5.2 A Comparative Measure of Productivity: The blue line indicated *Femaq's* indicators, and the red line indicates the average productivity of Brazilian foundries (From Brazilian Foundry Association). This graph indicates an overall higher level of worker productivity than that of the foundry industry in Brazil. It furthermore shows an overall growth trend after the implementation of EOC principles in the business in 1991.

Table 5.2 Comparative Rates of Productivity (Tons/man/year)



Source: Brazilian Foundry Association (ABIFA), Rodolfo Leibholz

Likewise, a sense of shared ownership in a business through substantive participation can result in an increase in production. As the business owner of *Aromagro* explained in his company:

“But of course production increases because the employees feel like owners, they talk about the business as if they were owners and it is true that they are owners to an extent. . . When we say ‘we do’, it involves everyone as part of the business. As an employee, you are part of this business. This marks a very big difference in how the company operates.”¹⁰⁰

The growth indicators of *Ecoar* indicate this big difference resulting from a sense of employee ownership and a resulting increase in employee motivation. As a business founder expressed:

“what is important . . . is the central role that the person takes in our productive process through trust, participation and creativity . . . these are the invisible values not quantitatively measurable, but essential for the stability, even the economics, of a company” (Fiorelli 2003, 127-128).

¹⁰⁰ Interview, Antonio Nestor Cadenas, *Aromagro*, 26 August 2006.

Table 5.3 Ecoar Growth Indicators

	1995	2000	2006
Area	40 m2	700 m2	1000 m2
Employees	2	17	19
Monthly Production	1,000 lt	800,000 lt	1,000,000 lt
Fabrication process	Manufacture	2 automatic lines of production	4 automatic lines of production
Annual Income	R\$60,000.00	R\$4,000,000.00	R\$4,500,000.00
Market	Small stores, final consumer	Big supermarket Chains	Wal-Mart Carrefour Other big chains

Source¹⁰¹

The EOC focus on open communication and the human person has, as explained, led to internal cohesiveness and strong community ties within businesses. These strong ties have established confidence between business employees and directors, allowing workers to openly discuss errors in their work process and effectively solve internal business problems. Furthermore, this open communication and sense of community has allowed EOC businesses to effectively overcome periods of economic crisis, due to the dedication of workers to do their absolute best for the company. The fiscal transparency put into practice in EOC businesses allowed many of them to survive in the midst of the 2001 economic crisis, like *Boomerang Viajes*, for whom the crisis was especially difficult since with the currency devaluation, traveling became much more expensive:

“With the culture of the EOC, we had a very transparent administration and all of the numbers were clear and transparent. This permitted us to confront the 2001 economic crisis in a different way, because the decisions we made during that time were decisions made by all in the midst of strong ties of trust.”¹⁰²

¹⁰¹ Interview, Ercilia Fiorelli, *Ecoar*, 18 August 2006.

¹⁰² Interview, Bettina González, *Boomerang Viajes*, 24 August 2006.

Conclusion

EOC businesses were started in Brazil and Argentina as a response to the needs in their communities, as well as to contribute to a more global aim of eradicating poverty through a process of profit redistribution. Between 2000 and 2004, the amount of profit redistributed exceeded U.S.\$2.5 million, helping around 15,000 families world-wide each year to meet their basic needs and assisting them in finding employment, often with an EOC company, or through starting their own enterprise (Gold 2004b, 638). EOC businesses, it can be argued, are contributing to development through sustaining enterprises that have a social benefit, through their community engagement and environmental considerations, in addition to these efforts in job creation and profit redistribution.

While the original goal of the EOC was the eradication of poverty through a redistributive element of business profits, the role of the EOC has evolved over time to become much more than another scheme of corporate giving. In setting up businesses to contribute to the EOC project, it seemed natural for business owners to adopt certain ethical practices in these businesses that were in accordance with their belief systems, stemming from the ethos of the Focolare Movement. Perceiving a potential gap between theory and reality in the values they sought to promote, and in their own internal business practices, business owners began placing greater emphasis on business ethics and employee formation and well-being. In the years following the launching of the EOC, business owners began to see themselves and their businesses as agents of social change. In order to articulate more concretely such feelings and provide for a common

understanding of the goals of the EOC, business guidelines were drawn up to act as a voluntary code of conduct.

Through embracing a mission of poverty eradication and focusing efforts on the transformation of internal business practices, EOC enterprises have drawn the attention of scholars, policy-makers and students. Merely skimming the surface reveals that these businesses have a social focus. EOC businesses differ from any other socially-focused NGO, however, in that they can be argued to be serving as the “conscience” of the commercial world while maintaining viable positions in the competitive private sector and engaging in ‘socially-focused’ activities. These businesses, furthermore, have the potential to foster the creation of new alliances between the business community, NGOs and other global networks founded on strong moral, especially faith-based, principles (Gold 2004b).

The role of EOC businesses in society is characterized by several aspects which appear to resonate with the paradigms of corporate social responsibility and workplace democracy. First, these businesses demonstrate active engagement within their local communities and serious environmental considerations. In addition, EOC guidelines call for certain considerations to be taken in regard to employee involvement and formation, and in relations with customers, suppliers, competition and legal authorities. Taking this into consideration, this monograph has provided an evaluation of the extent to which EOC businesses embody the paradigms of CSR and Workplace Democracy, after having conducted interviews with business owners, employees and those involved in the administration of the project.

CSR and the EOC

The EOC, demonstrating a high-level commitment to all of the considerations articulated in the Instituto Ethos' definition of CSR, can be concluded to fit very well into a paradigm of CSR. Despite possible tensions arising between a commitment to the global focus of the EOC's commitment to poverty alleviation and CSR's call for local engagement, several EOC businesses demonstrated their capacity for contributing to local community projects, and several communicated their efforts in local job creation, which can be argued as contributing to the sustainable development of society. A high-level commitment to ethical and transparent relations with public organs was apparent, especially in the honest dealings with tax authorities, clients and suppliers, often superceding normal business practices in Brazil and Argentina. The impressive loyalty on behalf of clients and suppliers discussed by business owners further indicates the EOC's high-level commitment to ethical business dealings. Moreover, in a way perhaps unique in terms of the CSR paradigm, EOC businesses, with their emphasis on communication and collaboration, manage to create a cooperative ethos that emphasizes win-win strategies, subsuming cut-throat competition. In addition, environmental considerations are both articulated in the business guidelines and put in to practice in a concrete way, ranging from small business efforts to recycle and conserve energy to highly innovative technologies that cut down on business waste and yield environmentally-friendly results.

While these conclusions indicate that the EOC fits remarkably well into the paradigm of CSR, there are a few key distinctions between the two that cannot be overlooked when considering the identity and principles of the EOC. First, the driving

force behind the practices of EOC businesses is a focus on the human person, and on building relationships or ‘communion’. In contrast, the driving force behind the practices of a CSR enterprise is more likely to involve the business’ image and potential appeal in the consumer market. While socially responsible business practices can, as discussed, result in a more competitive position for EOC businesses in the marketplace, the EOC highlights their goal as emulating the kind of relationships or ‘communion’ built in the first Focolare communities in Trent, Italy. Through this, these businesses, like the Trent communities, will be able to help address the needs of their businesses, communities, and global society. The openness and transparency of EOC businesses stems precisely from an emphasis placed on the development of relations between varying sectors, both within the businesses and between the businesses and other public organs.

Furthermore, unlike the paradigm of CSR, the EOC has a spiritual impetus underlying and driving its actions, which I argue helps in overcoming many of the challenges of being socially responsible. The EOC is characterized by a paradigm of a ‘culture of giving’, which holds that its pursuit of profit is solely for the growth in resources that can be put forward to put this ‘culture of giving’ into practice through the profit redistribution. Additionally, the EOC’s ‘culture of giving’ is expressed in the business world as the ability to give everything one has to its client, supplier, co-workers etc., resulting in human growth and development and a unique style of relating to others in normal, everyday business practices. Furthermore, EOC companies count on an ‘invisible economic partner’, or providence, in their business endeavors. This implies a trust that if the business’ actions truly have a right place and time, they will be confirmed

by divine intervention in the company, eliminating the inhibitions that come with the evident risks of engaging in socially responsible business practices.

Workplace Democracy and the EOC

While the EOC fits very well into the CSR paradigm, it does not embody the paradigm of workplace democracy to the same extent. Rather than serving as a model of workplace democracy, evidence suggests that EOC businesses are more suitable for serving as a model for business management, considering the ethical and socially responsible behavior epitomized by business owners/managers, who exercise efforts to build a workplace environment that exemplifies many aspects of a democratic firm. An emphasis on employee formation is a clear implication of the EOC's focus on the human person and the building of relationships. As stated in the last section, this formation translates into employees' ability to function successfully both inside and outside of the company. Such personal development and self-realization can be achieved through the implementation of aspects of workplace democracy, or the processes of employee empowerment, motivation and capability. My evaluation of the extent to which the EOC fits into the paradigm of workplace democracy involved a careful examination of the criteria drawn from literature on workplace democracy, particularly Levine's criteria for a democratic firm, in EOC businesses.

The first area of criteria focused on in my discussion of workplace democracy, employee empowerment, was centered principally on levels of employee engagement in the decision-making processes of a business, namely in improving their work process, modifying the product or service, and determining work and quality performance goals and operating standards. Furthermore, it involved an evaluation of the extent to which

managers approve or provide feedback on suggestions made by employees. Levine's discussion of workplace democracy provided three categories for worker participation, including consultative, direct, and representative forms of participation, favoring direct participation as the most democratic. In my research, while all businesses emphasized open communication between employees and management, I found that the size and function of EOC businesses largely determined which style of participation was employed within the business. Small EOC businesses did indeed exercise forms of direct participation, demonstrating a high level commitment to the criteria listed above. EOC businesses interviewed in Brazil tended to be larger than those interviewed in Argentina and with a greater focus on production, resulting in the employment of representative participation, which still indicates a high-level commitment to employee empowerment. Businesses in Argentina fit principally in the service sector or were very small businesses emerging in the production sector, engaging more in direct participation and hence indicating a high-level commitment to employee empowerment. Still, some businesses could be characterized under Levine's category of consultative participation, which he cites as the least effective, implying no uniform method of worker participation within the EOC project, but the ability of each individual business to discern how to arrange for employee involvement in the company. A way in which the EOC seemed to deviate from Levine's workplace democracy criteria regarding worker participation was in its uniform embodiment of frequent, open communication between workers and business directors in all cases, no matter what category of worker involvement a business could be characterized as fitting in to. Even so, some companies, although they indicated open

communication between management and employees, did not embody the kind of autonomous, direct employee participation that characterizes workplace democracy.

In regard to employee motivation, the EOC does have a substantive commitment to reduce differences in pay and status within the business in an effort to enhance internal cohesiveness and build community. While Levine places emphasis on the provision of financial rewards as a necessary component of sustained employee motivation, the EOC, as a whole, demonstrated less of a commitment to such practices like profit-sharing (due precisely to the tension that arises in regard to the EOC profit redistribution) than to the assurance of just salaries and benefits, which, in context, could be considered quite exceptional. While profit-sharing was not obsolete, the few companies interviewed that engaged in this practice had business owners who determined on their own that they desired to engage in such a system as a way to embrace the EOC's call for employee involvement and shared ownership. The fact that the provision of financial rewards in EOC companies exists as an exception and depends largely on the individual management style within an EOC company makes it difficult to identify the EOC network as a whole as embodying the criteria of workplace democracy in the area of employee motivation. On the other hand, nearly all companies interviewed expressed high-level commitments to ensuring low employee turnover, exceptional worker-safety equipment where appropriate, and above average workers' benefits. Such policies indicate a significant, uniform consideration for employee well-being in all EOC companies on behalf of the management. The EOC appears to differ from workplace democracy's criteria regarding employee motivation with its emphasis on community and its ensuing psychological/emotional aspects of employee motivation. While the

paradigm of workplace democracy implies a communitarian spirit that stems from the values of equal participation and status, the EOC, I would argue, evokes a stronger sense of community spirit that results from not only the reduction of status (from sharing mundane tasks etc.), but from displays of genuine concern for the well-being of all in the business. This concern arises from the ethos of the EOC, and has powerful implications, which cannot be underestimated, for employees who experience the work environment of an EOC company. Such communitarian spirit is embodied clearly in the workers' associations discussed earlier, which provide a space for employees to exercise such concern outside of the workplace and in each others' overall lives.

Lastly, in the realm of employee capability, EOC businesses on the whole, demonstrated a high-level commitment to investment in training and education programs for employees. Keeping in line with the EOC's focus on the formation of the human person within the business, EOC enterprises indicated their commitment to contribute to the professional development, education, and advancement of employees, through open communication and involvement of employees in work processes and financial contribution toward higher education. Aside from these ways that the EOC fits well into a paradigm of workplace democracy in the area of employee capability, certain tensions arise that were discussed in the previous section in relation to employee knowledge of the EOC and between addressing the needs of those *inside* the business versus *outside*. Larger businesses in particular revealed notable levels of unawareness on behalf of employees as to the company's involvement in the EOC, or misunderstanding as to what the EOC was. The inherent process by which a business becomes part of the EOC network, per choice of the business owner(s), makes it difficult to classify EOC

businesses as models of workplace democracy. While it can be argued that engagement in the EOC is a choice of the business owners and not of employees, and that under normal circumstances, employees would have no say anyhow, lack of employee engagement in the decision-making of the business in regard to the EOC serves as an indicator of a lack of workplace democracy, and is also not in line with the 'spirit' of the project. Rather, it could be considered to go against what the guidelines call for, in addition to serving as a pivotal point of deviation from the workplace democracy paradigm. Overall, the very *nature* of the project can be seen as a barrier to the implementation of democratic practices in the workplace. It is clearly difficult to engage in practices of fully democratic firms such as profit-sharing and employee ownership of stock when business owners have made the commitment to give of profit to those in need outside of the business. Lack of such practices that characterize democratic firms do not have negative implications for the EOC, but rather, suggest the EOC's capacity to serve more as a model of CSR and business management. Still, many aspects of workplace democracy can be identified in EOC companies. For example, profit-sharing is not absent in the EOC, as some business owners have perceived the importance of employing such practices that characterize democratic firms, stemming from the EOC's emphasis on the well-being of all those within the business. Yet in regard to the project as a whole, such practices are not widespread, but are implemented per the decisions of individual business owners based on their management styles, which are clearly influenced by the EOC ethos. Business owners have had to strike a balance, therefore, between addressing the needs of those within the business and those outside, and are left free to do so as they best discern.

Practical Implications

Through my interviews, it was clear that EOC business owners *desired* for all within the enterprise to have an accurate understanding and awareness of the EOC, but faced difficulty in trying to communicate it in a way that was not counter-productive. While the spiritual impetus underpinning the EOC forms the foundation of its identity, it can lead to suspicion and misunderstanding, resulting in hesitation on behalf of owners to explain it. In order to engage employees on a wider level, one must do so in a way that seeks to avoid suspicion and misperceptions by using more commonly understood ‘middle level concepts’ that can engage the public on a wider level. This monograph has demonstrated the EOC’s capacity to serve as an example of a project whose practices resonate with the pre-existing aspects of the CSR and Workplace Democracy paradigms. In regard to important aspects such as living wages, participatory management, community engagement, and environmental friendliness, the EOC does not have to “reinvent the wheel”, but it can speak to these practices utilizing the ‘wider language’ of CSR and Workplace Democracy, and can also learn from the current day practices of socially responsible businesses. This ‘wider language’ can be used to provide a helpful (particularly in the service sector) understanding on behalf of employees of the EOC. As discussed in relation to the CSR and Workplace Democracy paradigms, the EOC embraces many business practices that fit well in to these widely known paradigms, but also involves a different dimension, principally a focus on the human person and a ‘culture of giving’. While the EOC should not be stripped of this underlying ethos and spiritual impetus, it can employ some of these ‘middle level concepts’ in an effort to explain its intentions and motivations to those not only within the businesses, but to the

wider public. Then, little by little, I would argue that the EOC can contribute a new dimension to these widely known concepts by highlighting its emphasis on communitarian relationships and personal self-fulfillment stemming from its underlying spiritual impetus, aside from business' money value reflected in today's market economy. I believe that if the EOC wants to create a 'new economic culture' as it proposes, then it needs to consider how its ideas can be applied across the whole "community of work", and it can do so by engaging the public on issues of social responsibility and workplace democracy.

A Glance into the Future

In conducting this research, one of the questions to which I continually returned was the issue of growth of the EOC. The number of EOC businesses worldwide has more or less leveled off around the mid-high seven hundred mark over the past five years. Looking at these figures, one may automatically deduce that the future growth in the number of EOC businesses appears rather dim. Are there real prospects for growth of the EOC? Can the project extend to businesses outside of the Focolare Movement? In my research, I encountered people of great enthusiasm with high aspirations for the project who argued that the EOC is "in the first half hour of a twenty-four hour period." Such determination has the potential to carry the project forward to ever greater heights.

From my observations, the EOC has leveled off at a certain number of businesses due to a decline in the enthusiasm that was first witnessed at the launching of the project in 1991. As one businessman explained in Argentina, the EOC has to try now to 'recuperate the mystique of 1991'. Assuring the future of the project implies trying to recreate that mystique for the younger generation, for whom the launching of the EOC

was not as significant as for the young adults and older generation in Brazil and Argentina, who felt strongly called to follow through on Lubich's call to establish EOC businesses. The beginnings of an exchange program to provide youth with the opportunity to serve as interns in EOC businesses world-wide could be a successful means by which to accomplish this. As one businesswoman in Argentina expressed:

“I am very interested in this possibility of young people getting to know the project, the businesses, and perhaps work in one of the businesses . . . the project functions from this point of view, with young people getting to know the daily life of an EOC business and for the businesses to show the young people not just their profits or success, but the people that form these businesses, this is what will keep the EOC alive.”¹⁰³

Considering the possibility for growth of the EOC outside of the Focolare Movement, *Unigen* in São Paulo represents a concrete example of this potential. As of now, the pre-existing structures of the Focolare Movement provide for a system by which profit can be donated and redistributed to those in need, necessitating a great deal of trust in these structures. Such trust stems naturally from having a personal stake in the Focolare Movement, but may be more difficult for business owners who, although they may consider the poor of the Focolare Movement to be their poor as well, are not familiar with the structures of the Movement by which the needs of the poor are identified and satisfied. Yet for those outside of the Focolare Movement, I argue that this trust can be achieved through participation in the growing local, national and international meetings through which EOC business owners and others involved in the project can communicate concerns, needs, and extend support. Involvement of businesses outside of the Focolare Movement in the ideas and objectives of the EOC, I argue, could serve as a pivotal point

¹⁰³ Interview, Maria Luz Vergani, *Norma Maliandi: Cosmética Natural Apícola*, 30 August 2006.

from which the EOC can begin to work toward its proposal of satisfying the needs of those outside of the Focolare Movement as well.

Yet a key question that remains is whether or not the EOC should, in fact, focus to a great extent on how the EOC can grow in size and numbers, or, rather, if it should focus on how it can best consolidate and provide support for a solid foundation of the men and women who today feel that they have a vocation in having an EOC business. Such support could be ensured through providing means by which those who sympathize with the aims of the EOC, but are not business owners, can provide capital for the project (through the public limited companies) or aid in the promotion of EOC ideas and objectives. While the future of the project can be assured through bringing young people into the picture, I argue that providing support for the consolidation of those who have a strong dedication to the project is especially important, and would ensure the continuation of the EOC's work. In so doing, the EOC can focus its efforts on promoting its ideals and objectives by offering courses and seminars in universities, as is taking place in Buenos Aires, having visitors in the industrial parks, and perhaps developing partnerships with other networks of socially responsible businesses to discover common ground and work together to promote business ethics and partnerships between business and civil society.

This leads to a question of the identity of the EOC. Upon being launched, the project experienced a great deal of confusion as to its identity, while participating business' "motivations and values reflected those of the non-profit sector, [but with the aim] . . . also to make a profit, albeit to be shared with those in need" (Gold 2004b, 641). In my field research, I encountered a tension between a desire on behalf of some

businesses to merge with mainstream enterprises, viewing this as the best way to open up new avenues of participation and education within the business community. Others expressed a desire to form a distinctive niche in the economy, leading to their ability to create a distinctive reputation in the market place and serving as an example of a group of businesses that promotes ethical business practices. Within the last two years, the EOC in Brazil and Argentina has seen the creation of formal associations to represent the project in dealings with greater public and private authorities, implying a distinctive identity in the market place. At the same time, however, EOC businesses that have entered into partnership with more mainstream businesses see it as an opportunity to promulgate the EOC paradigm.

The EOC project, born in 1991, is still fairly young and constantly evolving. Interviews in both Brazil and Argentina yielded a realization that while the project has a world vision and is present in many different countries, its needs differ greatly from one country to another due to differing cultural views and circumstances. For some, therefore, the world vision of the EOC appeared as problematic, as the project seeks to develop connections between countries whose needs, and ways of addressing those needs, may in fact be very different. Business owners in Argentina expressed their desire for greater organization of the project in their country. Interviews in Argentina revealed a high admiration for the EOC in Brazil, where it is perceived that Brazilians are far more advanced in their organization of local and national meetings and networking. Taking into consideration the world vision of the EOC, a sense of 'feeling connected' is extremely important for the sustenance of the project. Business owners in Argentina, unlike in Brazil, expressed a frustration in regard to a lack of connection between the

different regions of Argentina, and with the industrial park, and a sense of disillusionment with the local commissions. While there exists a National Association of Business Owners in Argentina, many expressed a desire to form a National Association like in Brazil to enhance the sense of cohesiveness in the country. It appeared that currently, more effort was being made to take strides to enhance communication between the different regions and in regard to the progression of the industrial park through the use of web communication technology. The needs of the EOC in Brazil are very different from those of Argentina. For example, while the local and national networks may be well organized and connected, Brazil is beginning to organize commissions of professionals to look into the possibility of using microcredit schemes in relation to the EOC profit-subdivision.

There are, however, some issues under consideration that apply to all regions of the world where the EOC is present. While the internal transformations of EOC businesses have received a lot of attention over the years, the last annual EOC conference in Brazil yielded a call for EOC businesses not to lose sight of their principal aim to eradicate poverty. This has sparked a discussion of the need of the EOC to develop closer connections with the poor to better understand their needs, and for those involved in the administration of the project to provide business owners with more feedback in regard to where their resources are going and what they are being used for. As in Brazil, the International EOC commission is looking closely into how micro-finance could be used more effectively as a means of redistributing EOC profits. So far, most of the redistribution has been in the form of gift assistance for basic needs, but many have discussed the fact that access to cheap finance may offer a better alternative in many

cases.¹⁰⁴ Finally, returning to the focus of this monograph, internal considerations of EOC awareness throughout the business and debates surrounding internal business practices serve as a constant area of discussion throughout all regions of the world. Recognition of the ways in which EOC practices fit well into the ‘middle level’ concepts of the CSR and Workplace Democracy paradigms could spark dialogue both within businesses and between the EOC and other public and private organs that share in the goals and efforts of the project, together working for more socially responsible business practices and engagement in the economy. The EOC ‘culture’ has potentially powerful implications in the field of business and economics, as it has already managed to transcend cultural barriers, establishing its presence in a global market place. The continuing dedication of those involved in the project, coupled with time, will reveal the numerous prospects for the EOC as a unique initiative that, while acting at the local level, embraces a world-wide vision of change.

¹⁰⁴ Personal Correspondence, Lorna Gold, policy analyst at Trocaire, 2 October 2006.

Appendix One

Methodology

The field research for this monograph was conducted over the course of seven weeks. The first five weeks were spent interviewing EOC business owners, employees, and other individuals involved in some aspect of the EOC project in São Paulo, Piracicaba, and Vargem Grande Paulista, Brazil. During the course of these five weeks, I also spent time visiting sites of some of the Focolare Movement's social projects. When not conducting interviews, I spent a significant amount of time in the Mariapolis Ginetta Center of Studies for the EOC in Vargem Grande Paulista, where I had access to relevant documents and academic works.

The last two weeks of my field research were spent in Buenos Aires and O'Higgins, Argentina, interviewing business owners, employees, and those involved in the administration of the EOC. While in Argentina, I also had the opportunity to attend the annual national EOC congress in Bahía Blanca, Argentina, where I was able to speak with EOC business owners and academics from all throughout the country.

My literature research began in May, 2006, and primarily involved an examination of literature on workplace democracy and corporate social responsibility, as well as literature on the foundation and ethos of the Focolare Movement and the EOC.

Appendix Two

Profile of Companies Interviewed

Brazil

<u>Name</u>	<u>Size (# of people in business)</u>	<u>Function</u>
<i>Rotogine</i>	13	Water Purification Plant
<i>Unibem</i>	2	Accounting Firm
<i>Ecoar</i>	17	Manufacturer of Cleaning Products
<i>AVN</i>	21	Manufacturer of Plastic Containers
<i>Femaq</i>	74, 4 partners, 22 contractors	Steel Foundry
<i>ZAC</i>	10	Bookstore
<i>Almam</i>	220	Industrial Maintenance and Assembling
<i>Pro-diet</i>	160 total/12 in Sao Paulo affiliate	Pharmaceutical Distributor
<i>Policlinica Agape</i>	18, 2 partners, 54 contractors	Medical Clinic: Special departments, clinical analysis laboratory, physical therapy, image diagnostics, medical exams
<i>Sabor e Vida</i>	7	Frozen Foods
<i>Unigen</i>	8, 1 partner	DNA lab
<i>Estrela Viagens</i>	7, 2 partners	Tourism

Argentina

<u>Name</u>	<u>Size (# of people in business)</u>	<u>Function</u>
<i>Boomerang Viajes</i>	6	Tourism
<i>Consultora Boomerang</i>	4	Boomerang Viajes Consulting Firm

<i>Arje</i>	8	Architecture Firm
<i>Aromagro</i>	3	Cultivation of Flowers and Vegetables
<i>Ontai</i>	5	Agro-industrial technology
<i>Fogaril</i>	2	Artwork
<i>Herreria Ferrarotti</i>	4	Farm Equipment Maintenance
<i>Norma Maliandi</i>	28	Cosmetics Manufacturing and Retail
<i>Lidus</i>	14	Drugstore
<i>San Patricio del Chanar</i>		Fruit Plantation

Appendix Three

List of Interviews

Amilton Massaki Shimabukuro, *Recibloco Indústria e Comércio Ltda.*, 1 August 2006.

Antonio Nestor Cadenas, *Aromagro*, 26 August 2006.

Augusto Almeida Lima Neto, *Almam: manutencao e montagens industriais*, 8 August 2006.

Bettina González, *Boomerang Viajes*, 24 August 2006.

Camila Isabela Leitão, *Prodiel*, 9 August 2006.

Carlos Hernández, *Lidus*, 3 September 2006.

Cecilia Angelica Cobral Sales, *Ecoar*, 7 August 2006.

Cecilia Dilascio, *Arje*, 25 August 2006.

Confidential, 15 August 2006.

Confidential, 26 August 2006.

Darlene Bomfin, *Policlinica Agape*, 11 August 2006.

Eduardo Batista dos Santos, *Ecoar*, 28 July 2006.

Elba Oneto, *Fogaril*, 28 August 2006.

Elisangela R. de C. Rossignol, *president of Pólo Spartaco workers' association*, 9 August 2006.

Elizabeth Lima Neto, *Ecoar*, 9 August 2006.

Emerson Adriano Rodrigues Pinto, *Ecoar*, 28 July 2006.

Employees, *Arje*, 25 August 2006.

Ercilia Fiorelli, *Ecoar*, 18 August 2006.

Ernesto Ferraroti, *Herraria Ferraroti*, 28 August 2006.

Eroaldo Batista dos Santos, *Ecoar*, 28 July 2006.

- Fabiana Longate**, *Femaq*, 31 July 2006.
- Fabio Henrique Idalgo**, *Femaq*, 1 August 2006.
- Francisco Bernardo Stephanelli**, *Femaq*, 3 August 2006.
- Francisco Odolin**, *Unigen*, 13 August 2006.
- Henrique Leibholz**, *Femaq*, 13 August 2006.
- John Mundell** (personal correspondence), *Mundell & Associates*, 4 May 2007.
- Jose Carlos Patrezi**, *Femaq*, 3 August 2006.
- Juan José Balatti**, *Ontai*, 28 August 2006.
- Kurt E. Von Mettenheim** (personal correspondence), *Getulio Vargas*, 1 March 2007.
- Lorna Gold** (personal correspondence), policy analyst at *Trocaire*, 2 October 2006; 3 May 2007.
- Luiz Antonio Bortolin**, *Femaq*, 2 August 2006.
- Luiz Colella**, *Sao Paulo regional commission*, 15 August 2006; 4 May 2007.
- Lya Carnio Delalio**, *Zac*, 4 August 2006.
- María Auxiladora Marques da Silva**, *Pro-diet*, 9 August 2006.
- María de Lourdes dos Santos Forti**, *Zac*, 4 August 2006.
- María do Carmo Guimaraes**, *Sabor e vida*, 14 August 2006.
- María Ines**, *Zac*, 4 August 2006.
- María Jorge Mazzeto**, *Sabor e vida*, 14 August 2006.
- María Luz Vergani**, *Norma Maliandi: cosmética natural apícola*, 30 August 2006.
- María Rosa Onesti**, *UNIDESA*, 18 August 2006.
- Marina Pereira Constancio**, *ESPRI*, 9 August 2006.
- Marcos Roberto Brissola**, *AVN Embalagens*, 9 August 2006.
- Mauro Elizorio dos Santos**, *Femaq*, 1 August 2006.

Odilon Augusto de Santa Junion, *EOC National Association (Brazil)*, 3 August 2006.

Omar Sosa Luengo, *San Patricio del Chanar*, 2 September 2006.

Raúl Dilascio, *Arje*, 26 August 2006.

Regiane da Silva Broga, *Prodiel*, 9 August 2006.

Rodolfo Leibholz, *Femaq*, 31 August 2006.

Samantha Domingos Contini, *Rotogine*, 26 July 2006.

Silvia Hernandez, *Lidus*, 3 September 2006.

Silvio A.M. Rodrigues, *Rotogine*, 26 July 2006.

Tonny Kevne Maresch, *Ecoar*, 28 July 2006.

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