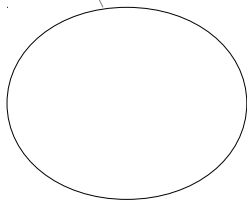
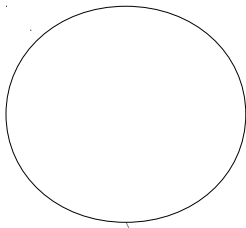
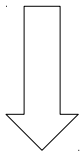
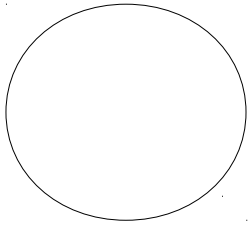
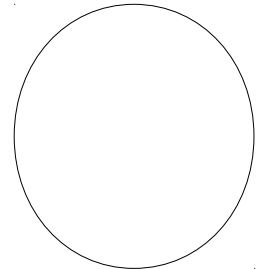
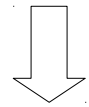


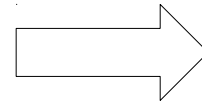
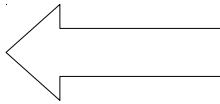
STUDY ON ECONOMIC ACTORS' SOCIETAL RESPONSIBILITY



Research Report on the Situation in Latin America



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SEPTEMBER 2005



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 - I would like to acknowledge the collaboration of the following people in the preparation of this document: Miguel Martínez, Elisa Seguin and Alejandra Muñoz, economics students who researched some of the information; Alfonso Cotera, who contributed to the development of the Latin American case studies; Willy Amaya, who contributed to an expanded view of certain issues and an overall reorganization of the text; Humberto Ortiz Roca for his comments and suggestions; Celine Buon for the translation of the preliminary document from Spanish to English; and Barbara Fraser for the English translation of the final version.

TABLE OF CONTENTS

Introduction

Evaluation of the current situation

1. Corporate Social Responsibility today

- a. **Current definition**
- b. **Origins**
- c. **Motives**
- d. **Analysis of the evolution of CSR**

2. The current situation in different parts of the world and its impact on CSR

- a. **Perceptions of Corporate Social Responsibility**
- b. **Institutional context**
- c. **Norms, standards, labels**

3. Involvement of stakeholders

- a. **Companies**
- b. **Civil Society (NGOs, trade unions, etc.)**
- c. **Public stakeholders**

4. Requirements for CSR: prospects, vision and outlook for the future

- a. **Global needs**
- b. **Needs in the region**

5. Challenges and prospects

- a. **Global CSR practices**
- b. **Approaches: the multi-stakeholder approach and citizen oversight**
- c. **North-South relations**

Cases studies

References

INTRODUCTION

The issue of corporate social responsibility is gaining increasing relevance in our continent in terms of both conceptualization and prospects for the future. This is especially true because markets have begun to play a more significant role in comparison to government activity, opening up possibilities for society to structure itself better so as to take responsibility for its economic and social development. In this context, individuals and families as well as companies and other economic stakeholders must assume increased social obligations and play a greater role in guiding the development of their respective societies.

In Latin America, Corporate Social Responsibility (CSR) has developed as both a concept and a practice, although the latter is still incipient. Little importance has been placed on the social responsibility of economic stakeholders other than businesses, except as it relates to the fight against poverty that involves both government stakeholders and civil society. In recent years, through forums, campaigns and research, an increasingly systematic approach has been taken to the issue of CSR. It should be noted, however, that although not explicitly acknowledged, the issue was already both a concern and a practice in certain Latin American countries.

One factor that sheds light on the current debate is the evolution from a concept of business philanthropy to one of social responsibility. From an initial focus on social investment, the concept has developed into a more strategic approach, which includes the issue of business ethics. Theoretical reflection, evaluation of corporate social responsibility and the fostering of such practices are encouraged by various institutions in every Latin American country. Nevertheless, CSR has made more progress in countries that have relatively greater industrial development and more large businesses in their economies.

EVALUATION OF THE CURRENT SITUATION

1. Corporate Social Responsibility in Latin America today

CSR in Latin America has been based on case studies of individual businesses and, in part, on the efforts of several stakeholders who have significant interest in supporting and promoting the CSR agenda in an effort to determine the motives, stakeholders and policies that underlie this phenomenon.

Private businesses do not adopt CSR codes voluntarily, as is often believed. In fact, businesses find themselves at the center of a system of pressures from multilateral organizations, foreign governments, foreign financial organizations, regional organizations, academic institutions, civil society stakeholders, private NGOs and independent international organizations. What is truly significant about this system, and what distinguishes it from the developed world's promotion of CSR, is the role played by foreign and international stakeholders in establishing the agenda for addressing the issue at different levels.

The key weakness of the CSR system in Latin America today is that has little ability to either oversee or promote compliance. Most of the dominant civil society stakeholders who have the greatest support from abroad sympathize with the private sector's interest in avoiding government regulation. Moreover, there are "independent" international NGOs involved in this work that actually do no monitoring of companies' compliance with their own CSR codes. Another difficulty in achieving compliance is the general, non-specific nature of most of the CSR commitments that have been announced by the largest companies in Latin America. The key problem with fostering socially responsible businesses in Latin America lies in how to turn CSR commitments into CSR outcomes.

a. **Current definition**

Although it does not have a strong political or social influence, CSR was gradually presented as an alternative to countless socio-economic problems that could not be solved by the government alone; it was suggested that there was a need for intervention by various public and private stakeholders who were motivated to address the issue in a process that would, in the long run, turn them into overall beneficiaries.

At issue is a rejection of the "depersonalization" of economic life. All people and peoples should be subjects of economic activity. All have the right to participate in economic life and the duty to contribute, according to their abilities, to the progress of their countries and humanity as a whole.

This is economics with development — measured, harmonious development whose benefits contribute to the development of all sectors of society, contributing to true communities. Economics with a vision of the future, of life that is on a steady upward path. This is the foundation of the work in this area; one way of describing the joint action that has been taken is the following:

"Corporate social responsibility is the link that every company, as a member of society, establishes and cultivates with its stakeholders — employees, clients, suppliers, the neighborhood in which it operates — for the purpose of forming a network of social bonds that encourages competitiveness and the company's long-term business while contributing to the sustainable improvement of society's living conditions" (Florencia Roitstein, "La responsabilidad social empresarial en la Argentina," p.7, IDEA, 2003).¹

Because the purpose of economics is **development** that is **harmonious**, this implies the balanced development of a country's various regions and communities in a country, avoiding excessive disparities that, while they may be rooted in natural differences (soil, climate, etc.), are often aggravated by human factors (political, economic).

Although common characteristics exist, there is a huge variation in the state of development of Corporate Social Responsibility (CSR) in the various countries studied (Argentina, Brazil, Chile, Colombia, Peru, Uruguay and Venezuela).

¹ For more references, see Roitstein, Florencia. "La Responsabilidad Social Empresarial en la Argentina. Tendencias y Oportunidades." Buenos Aires: Instituto Universitario IDEA, May 2003.

The main conclusion is that in Latin America, CSR as a tool for competitiveness has not been internalized or aligned with companies' overall objectives. In countries that have a more consolidated business sector, such as Mexico, Brazil and Chile, the notion of responsibility associated with the creation of value is beginning to emerge.

Most businesses equate CSR with philanthropic and charitable practices. Incentives to integrate socially responsible policies into business are generally demanded by export markets. The export forestry and agriculture industries are under strong pressure to integrate responsible practices into their business management, as in the case of organic coffee producers in Central America or vineyards and fresh fruit growers in Chile. Intermediate organizations dedicated to spreading the word about CSR have updated their rhetoric, but their impact and influence are still limited.

The development of CSR is in an introductory stage mainly focused on publicizing the issue. There is a lack of strategy and concrete actions that go beyond philanthropy and marketing. This lack of more specific actions is generally rationalized by the difficult economic, social or political conditions that characterize the region's countries.

There is no legislation on CSR in the region, although countries have legislation governing various aspects of labor and environmental issues, as well as laws regulating trade, taxes and foreign investment. CSR is absent from the political agenda. There is a lack of knowledge or clear vision of the issue, except in Brazil, Chile and El Salvador. In Brazil and Chile there are some initiatives that have government support, but they are still in the pilot stage.

Large multinational companies are more inclined to establish socially responsible policies. These companies mainly respond to guidelines issued by their headquarters and tend to have established standards. In general, these multinational companies are recognized for their actions, but they are perceived as being disconnected from the local situation. The perception is that they limit themselves to replicating initiatives without taking into account the expectations and interests of local interest groups. A significant number of large private Latin American companies are rooted in the communities where they operate (examples include Bimbo in Mexico and Gerda in Brazil), and their business leaders have a high profile. In general, these businesses are viewed in a positive light by the communities where they operate.

Large state-run companies, on the other hand, do not necessarily hew to high CSR standards. They tend to reflect the political will of the government on issues such as quality of life, workplace safety, transparency and care for the environment. As noted above, the public sector has little information about CSR and tends to associate it with philanthropy rather than competitiveness. It is not clear what role the government can play in fostering responsible practices in the private sector.

Small and medium-size companies incorporate responsible practices to a lesser degree. This is because social practices are perceived as being associated with financial contributions to the community, and it is therefore believed that companies with fewer resources have a more limited possibility of acting responsibly.

STATE OF CSR: COUNTRY REPORTS

ARGENTINA

Most CSR actions are of a philanthropic nature. Companies lack evaluation and planning methods, as well as indicators of impact or return on social investment. The Argentine Institute for Corporate Social Responsibility (*Instituto Argentino de Responsabilidad Social Empresarial*, IARSE) is a national leader in this area. Its mission is to strengthen the business sector's commitment to sustainable development by promoting the concept and practice of corporate social responsibility.

BRAZIL

There is a business elite that has taken the lead in the area of CSR. Government and civil society efforts reinforce this leadership, creating conditions conducive to the expansion of CSR in Brazil.

Brazil has several organizations dedicated to CSR in the various states, almost all of which work at the local level. There are prestigious institutes and foundations that have created a clear awareness of the importance of these practices and have publicized these concepts among the private sector, government and civil society. It is important to note that Ethos and Akatu have raised public awareness about the need for businesses to adopt socially responsible practices.

CHILE

There is a strong tradition of business participation in public issues. There is also a habit of private-sector compliance with the law.

The main export markets have been able to raise product quality standards. Some industrial sectors, such as fruit exporters, have internalized their destination markets' standards. The situation is similar in other sectors of the Chilean economy, such as vineyards, fisheries and forestry.

Noteworthy organizations include Acción RSE, an organization founded within the business sector to promote corporate social responsibility. From its beginnings, it has had the support of Chile's leading companies, which promote the organization's activities.

COLOMBIA

Despite a long tradition of participation by private enterprise in affairs of public interest, guided mainly by an approach focusing on philanthropy and paternalism, there is little understanding of CSR in terms of competitiveness.

The textile, flower and coffee export industries have incentives to adopt socially responsible policies. All have incorporated such management practices as required by their destination markets.

The Colombian Center for Corporate Social Responsibility (*Centro Colombiano de Responsabilidad Social Empresarial*, CCRE) is a non-governmental organization dedicated to publicizing, promoting, researching and providing guidance to businesses on issues related to corporate social responsibility and business ethics. Despite these efforts, there is little knowledge of emblematic cases and the dissemination of information in Colombia is very limited.

b. Origins of the social responsibility of economic stakeholders

For the reasons stated in the introduction, we will address the issue of Corporate Social Responsibility (CSR) more than that of economic stakeholders as a whole. CSR emerged in Latin America in the 1990s as a result of the actions and influence of multinational companies that set up shop in the region during that decade. These companies brought the concept from their places of origin in the United States or Europe.

While CSR may initially have developed as a result of the establishment of these companies in the region, however, the issue is more than a fad. It is a response by large and medium-size companies to social demands in the local and national — and even international — spheres in which they operate. These demands have an impact on the commitment that the company should make as a member of society and as part of the environment in which it works.

It is noteworthy that the issue of CSR arose during a decade in which neoliberal doctrines predominated. These ideas lauded the primacy of the market over society and the state. They also presented the corporation as an agent of the market, whose sole function is the maximization of profit. These concepts led companies to neglect their responsibilities to society. Nor did they establish themselves as corporate citizens — in other words, as stakeholders who develop within and depend on the society to which they belong.

The concept of CSR has expanded rapidly in the region. It was first adopted by large domestic and foreign companies in each country. Some of these companies were already engaged in philanthropic practices before CSR became formally established. Besides producing on a large scale and making huge profits, these companies have modern, efficient management systems. Meanwhile — and this merits further study — CSR is not on the agenda or among the immediate concerns of small businesses and microenterprises.

According to the information reviewed, Argentina could be considered the pioneer in Latin America in implementing CSR. Businesses in Argentina have been incorporating and developing CSR for several years.² As we have noted, however, there are companies in various countries that have a long history of actions (Brazil, Chile, Venezuela, Mexico, etc.) that are consistent with responsible behavior, although they may not have explicitly incorporated the issue of CSR.³

2 See Decisión Consultores. “Informe: La Responsabilidad Social Empresarial en Argentina.” Buenos Aires, 2002.

3 List of institutions by country in: “Responsabilidad Social Empresarial. Reporte global de instituciones de referencia.” VINCULAR, Responsabilidad Social Empresarial, Pontificia Universidad Católica of Valparaíso-Chile, October 2003.

Various writers have noted that the establishment of CSR depends on the society in which the companies operate, as it impossible to extrapolate a CSR model from European, North American or Asian countries. The situation in Latin American countries is different. According to one interpretation, CSR in Europe is more focused on solving environmental problems, while in Latin America greater emphasis is placed on issues related to poverty, unemployment, education and the social sphere in general. The reason for the difference lies in the low degree of development in our countries, as well as the highly unequal income distribution. Nevertheless, this does not mean that there is not much to be done on environmental issues.

Despite these differences, it is acknowledged that CSR should be malleable so that it can be adapted to address the problems of any given society. In other words, the substance of advances in CSR in countries that are different from Latin America should be studied to determine how that progress in socially responsible business practices can be adapted to businesses in our countries.

c. Motives

The implementation of CSR implies a great challenge for companies, as they must restate their objectives, values and principles. They must consider adopting a new policy that allows the development of social programs aimed at both the external and internal communities, as well as environmental conservation. This is accompanied by reflection and action related to the third sector, or social sector, of the economy, especially in Brazil.⁴

One small but influential group of business leaders in Latin America is becoming aware of the benefits that accrue when their companies act as responsible citizens. By contributing to the development of their surroundings and seeking new management styles that enable them to be more efficient and comply with social and environmental standards and requirements, the adoption of CSR adds value and makes them more competitive. When the community recognizes this, it feels a greater identification with the company, which can boost sales. Another group of businesspeople, however, has focused on CSR as merely a strategy for improving their image in the community and increasing their economic benefits.

4 “Productos con Valores Sociales y Ambientales: Investigación sobre Responsabilidad Social de las Empresas: Percepción del Consumidor Brasileiro – 2000 y 2001.” Instituto Ethos.

1

2 o <http://www.fundabrinq.org.br> - Fundação Abrinq pelos Direitos da Criança

3 o <http://www.balancosocial.org.br> - Balanço Social

4 o <http://www.ethicalconsumer.org> - Ethical Consumer.org

5 o <http://www.akatu.org> - Akatu.net

6 o <http://www.oxfam.org.uk> - Oxfam

Businesses, Communities and Third Sector:

1 o What businesses can do for education – Ethos Institute

2 o What businesses can do for children and adolescents – Ethos Institute

3 o Guia Exame de Boa Cidadania Corporativa – supplement to the magazine Exame, No. 728

4 o Common interest, common good – creating value through business and social sector partnerships. Shirley Sagawa and Eli Segal, Harvard Business School

5 o Terceiro Setor: un estudio comparado entre Brasil y Estados Unidos. Simone de Castro Tavares Coelho, Editora Senac, São Paulo

6 o Terceiro Setor: regulação no Brasil. Eduardo Szazi, Editora Peirópolis.

7 o Privado porém público: o terceiro setor na América Latina. Rubem César Fernandes. Relume-Dumará

8 o Pesquisa Ação Social das Empresas. Instituto de Pesquisa Econômica Aplicada (IPEA)

9 o Caderno Empresas e Comunidade. Montly supplement to *Jornal Valor Econômico*

1 o <http://www.filantropia.com.br> - Filantropia.org

2 o <http://www.ceamodas.com.br/site99/htm/instituto.htm> - Instituto C&A

3 o <http://www.ipea.org.br/asocial> - Pesquisa IPEA

o <http://www.rits.org.br> – Third Sector Information Network

Government officials in Latin American countries have also demonstrated keen interest in CSR, mainly because they perceive the benefits of its implementation for local development and its contribution to national social development.

An additional motivation for entering into the CSR process has been the lack of trust among government agencies, the private sector and civil society, both in general and reciprocally. This distrust, which is great in some countries (Peru, Bolivia, Ecuador, etc.), is especially present in society's perception of private enterprise and the government. High-profile cases of government corruption, which are often related to the private sector, as well as this sector's lack of interest in social problems, have exacerbated the distrust, leading to fear and uncertainty in civil society. The challenge, therefore, is to overcome this lack of trust.

It should be noted that among those who have studied the issue, there is consensus that CSR is closely tied to the ends pursued by a company. The particular ends are the owners' expectations of profits or the workers' expectations of better wages. This implies that the company must be profitable and economically sustainable, which means that it must produce goods that are useful to society. These two conditions are the **core of basic corporate responsibility** (see Figure 1), and begin with legitimating the company's profit-making activity in the eyes of society through its contribution to meeting that society's specific needs.⁵

d. Analysis of the evolution

Flowing from the basic corporate responsibilities are the **businesses' responsibilities as citizens** (see Figure 1), which are based on the obligation to pay attention to the common and public goods of society and take into account the positive and negative externalities of activities related to these goods. This is synthesized in collaborating with the government and civil society organizations to solve problems related to the common good, as well as in respect for basic ethical values.

Figure 1 shows the complex range of "specific social responsibilities that a company must assume and harmonize. Each refers to a relationship with a social sector that is directly or indirectly involved in the business activity. Each has economic implications, must resolve a tension between private interests and public interests, and operates in a sphere of citizen demands" (Sulmont, "*La Responsabilidad Empresarial en el Perú*," p.129). CSR must therefore remain open to diverse and multiple fields of action, without losing sight of its core responsibilities, which are mainly related to its productive role.

In this context, CSR becomes a tool for approaching the arduous task of creating a stable climate appropriate for investment, industrial progress and economic development. CSR can undoubtedly foster the rise of a set of values, beginning with the implementation of a business ethic that can later extend to the rest of society. It helps

⁵ See the study by Sulmont, Denis. "La Responsabilidad Social en el Perú," in *Modernización Empresarial en el Perú* (Denis Sulmont and Enrique Vásquez, editors), Red para el Desarrollo de las Ciencias Sociales, Lima, 2000.

create a society that is more transparent, thereby increasing the sense of trust among the various sectors.

FIGURE N° 1

Respect basic ethical principles

**CORPORATIONS' RESPONSIBILITIES
AS CITIZENS**

Contribute to local human development
Guarantee shareholder profits

CORPORATE RESPONSIBILITY DIAGRAM

Contribute to human development in the country

Pay taxes
Ensure the company's continuity

Offer useful, quality products

Address environmental impacts

Address impacts on consumers

Proactive compliance with the law

**CORE
CORPORATE RESPONSIBILITIES**

Treat employees fairly

Fulfill obligations to suppliers, contractors and banks

Generate economic profits

Collaborate with the government and civil society organizations to solve problems related to the common good

Illustration taken from the study by Denis Sulmont: “La responsabilidad empresarial en el Perú,” PUCP-UP-IEP, Lima, 2000 (p. 128).

2. The current situation in different parts of the world and its impact on CSR

a. Perceptions of Corporate Social Responsibility

The issue of CSR is addressed and discussed by the leaders of the most dynamic sectors of large and medium-size businesses. Most businesspeople, however, still resist addressing it or view it with suspicion and skepticism. Many associate CSR with an excessive burden of social obligations that are incompatible with demands for businesses to become more competitive. Meanwhile, the issue is not even on the agenda of small businesses and microenterprises.

As noted above, one sector of business leaders understands CSR as a way to improve their relationship with society and foster an environment conducive to doing business. They highlight the need to contribute to solving their countries' major problems as a condition for the long-term development of their businesses. One argument that they frequently mention in events and meetings among themselves is that "there are no healthy businesses in sick societies."⁶

One highly critical view of capitalist businesses and their owners in one sector of Latin American society holds that multinational companies have a tremendous influence on the creation of policies in many parts of the world. One of their main strategies for influencing policies in their favor is financing the campaigns of corrupt politicians, who set aside their most basic democratic responsibility to seek the welfare of all sectors of society, and instead look out only for their own interests.

Nevertheless, this sector of society considers it a positive sign that public protest is forcing governments to regulate campaign financing, albeit reluctantly. While there is increasing legislation on financing policy in many countries, corporations have many other strategies for influencing policies and making governments act to benefit their interests. Their extensive resources, which dwarf those of trade unions, environmentalists or consumer associations, put them in a much more powerful position to exert influence over legislators, the judiciary and the executive branch of government. Nevertheless, polls show that citizens are increasingly irritated by the behavior of corporations and want them to be closely regulated, so that they are accountable to the communities affected by their activities.

The argument for making democracy a true bottom-up process, therefore, has much to do with forcing governments to look out for the public interest and requiring corporations to behave in a socially responsible way. Clearly we can only achieve the well-being of all sectors of society — in other words, human development — by attaining truly participatory democracy, and this will only happen if civil and global society become directly involved in public affairs.

⁶ See Sulmont, Denis. "Responsibilidad Social...", op.cit. Cited by Makower, Joel: Beyond The Bottom Line. Business for Social Responsibility. New York: Simon and Schuster, 1995.

One highly critical view of the position of corporations in today's society calls for a reorientation based on the actions of civil society. This idea is summed up in the following text:

“We must keep in mind that the dominant culture in most corporations is amoral, because their only interest, in this ethos of Darwinian capitalism, is shareholder value. Thus civil society's quest for Corporate Social Responsibility (CSR), because of the very ominous precedents of corporate behavior, is a fundamental task in the quest for truly democratic participation and social justice” (The Jus Semper Global Alliance and The Living Wages North and South Initiative, TLWNSI, Thematic Brief, March 2003).⁷

b. Institutional context

There are several reasons for the rapid spread of interest in CSR in the region, by which CSR has become a task for various large and medium-size companies and a concern of civil society groups and governments. One reason is increased awareness among business leaders of the region's difficult economic and social situation, which could jeopardize their interests if they do not take action through their companies. Another reason is more pragmatic: some time after the adoption of CSR practices, businesses noticed the economic benefits that could result because of the competitive advantages that they developed.

High levels of unemployment and illiteracy, high degrees of inequality, overwhelming poverty, corruption in various public and private spheres, budget deficits, etc., are well-known problems faced by Latin American governments. There has been little success in combating these problems. This failure shows that government action alone is not enough to overcome underdevelopment; joint action and cooperation are needed from various social and economic stakeholders: governments, civil society, NGOs and private enterprise.

⁷ The Jus Semper Global Alliance and The Living Wages North and South Initiative (TLWNSI): www.jussemper.org

Demands and pressures from society and the state have also been increasing over the years. They demand that businesses play a more sensitive, active role in addressing social problems and pressure for a greater private-sector contribution to the tasks of overcoming poverty and achieving economic development.

One sector of business leaders has begun to see itself as a new social stakeholder. These business leaders feel obliged to respond to the new challenges that they face. CSR can be understood as a strategic response to these challenges, not just as a tool for social or charitable investment, because playing a responsible role does not merely consist of engaging in philanthropic actions, as many people believe, but in a new style of management, administration and outreach by businesses, both inside and outside the company. In other words, it is a new way to manage a company internally and externally.

The still-incipient introduction of CSR in Latin America has prompted the emergence of various movements and organizations concerned about sustainable growth, which seek to foster development through a broader promotion of CSR. Different types of civil society, academic and business organizations are engaged in activities at the national and Latin American levels. They coordinate these actions with the business sector in each country, as well as with international institutions such as the United Nations, with its U.N. Development Program (UNDP) and program for the fight against poverty, the International Labor Organization (ILO) and environmental agencies.

c. Norms, standards, labels⁸

8 Norms, standards, labels: development and influences:

- 1 o Indicadores Ethos de Responsabilidade Social Empresarial, version 2001 – Instituto Ethos, Brazil.
- 2 o Guide for the Preparation of Reporting and Annual Evaluation of Corporate Social Responsibility, Version 2001 – Instituto Ethos
- 3 o *SA8000: The Definitive Guide to the New Social Standard* – Deborah Leipziger, Prentice Hall, 2001
- 4 o Global Reporting Initiative: 2002 Sustainability Reporting Guidelines, draft. April 2002
- 5 o ECS Ethics Compliance Standard 2000 (ECS2000 version 1.2), Reitaku University/JP, Business Ethics and Compliance Research Center 2001
- 6 o AccountAbility 1000 (AA1000) Framework: Standard, Guidelines and Professional Qualification, Exposure Draft, Institute of Social and Ethical Accountability. London, November 1999
- 7 o AccountAbility Quarterly 17: “Making Stakeholder Engagement Work: the AA1000 Series.”
- 1 o Como se preparar para as normas ISO14000: Qualidade Ambiental – Cyro Eyer do Valle – Editora Pioneira, Brazil.
- 2
- 3 o <http://www.globalreporting.org> - The Global Reporting Initiative
- 4 o <http://www.accountability.org.uk> - Institute for Social and Ethical Accountability
- 5 o <http://www.sgsgroup.com> - SGS
- 6 o <http://www.ibase.br> - Ibase – Instituto Brasileiro de Análises Sociais e Econômicas

The 1990s and the beginning of this decade have been characterized by an increase in the number of reports on and events for debating the issue of corporate social responsibility in various countries in Latin America. This has signified an increase in tools for helping businesses meet CSR objectives. These tools are of two types: general norms and standards, and specific Latin American and CSR evaluation indicators.

The former are also of two types. Some have been promoted mainly by NGOs and private consultants. Examples include:

- **AA 1000 system.** From the United States, which promotes an active commitment from all co-participants and interlocutors in each organization.

Specific indicators for evaluation of CSR include **ISO** models, illustrated by the following systems:

- **ISO 9000-** quality standards
- **ISO 14000** – environmental standards set by the International Organization for Standardization.

These ISO standards give rise to the following system:

SA 8000 – standards involving respect for labor law and workers' rights (social acquiescence), which focus on management mechanisms with an emphasis on the labor sphere, and which require companies to adhere to minimal standards for treatment of their employees.

There are also specific Latin American indicators. One is the system of indicators used by the Ethos Institute of Brazil. Another is the set of indicators developed by the University of La Plata in Argentina at the request of the Ecumenical Social Forum. A third is the set of CSR indicators developed by the Center for Social Responsibility (*Centro para la Responsabilidad Social*), an organization of young Latin American professionals based in Argentina. This center used the following indices:

- The Copenhagen Center of Denmark's Social Index
- The United States' SA 8000
- The index developed by the Ethos Institute of Brazil
- The index developed by *Acción Empresarial* of Chile.

Based on an analysis of worldwide indicators, they created a tool to meet the needs of Argentine businesses.⁹

The CSR areas evaluated by the indicators are:

-
- 7 o <http://www.sa8000.org> - SAI – Social Accountability International
 - a. o <http://www.sustainability-index.com> - Dow Jones Sustainability Index

9 For Corporate Social Responsibility Indicators, see:

www.iadb.org/etica/Documentos/cen_indic.doc
www.iadb.org/Etica/Documentos/cen_indic.pdf
www.uces.edu.ar/presentacion1603/MOcchi.ppt

- Code of Ethics
- Social Balance
- Working Conditions
- Employee Development and Participation
- Social Inclusion
- Investment of Economic, Human and Material Resources
- Promotion of Social Responsibility
- Relationships with Third Parties
- Management of Products and/or Services
- Environment

Another system of specific indicators is:

- The Social Balance Manual developed by the Productivity Development Institute (*Instituto de Desarrollo de la Productividad*), the National Confederation of Private Business Institutions of Peru (*Confederación Nacional de Instituciones Empresariales Privadas del Perú*) and the International Labor Organization. These groups adapted for the Peruvian context a similar manual prepared by the National Association of Industries (*Asociación Nacional de Industriales*) of Colombia.
- Another methodological approach for measuring CSR was prepared by the “Services for Development” Institute (*Instituto “Servicios para el Desarrollo,”* SASE) and the “Peru 2021” Business Group (*Grupo Empresarial “Perú 2021”*). This approach seeks a comparative evaluation of corporate performance in the area of CSR.

In 1998, the Peruvian Technical Standard (*Norma Técnica Peruana*, NTP) ISO 14001 was formally adopted, and companies that have assumed their social responsibility have been incorporating some of the norms into their plans, mainly standards dealing with quality and the environment. References to workers’ rights have been disappearing since the 1990s, when unions were dismantled. There is now a call for the immediate reorganization and reactivation of trade unions.

An alternative to the traditional approach to trade has been developed by non-governmental organizations in countries in the North, especially Europe. This initiative is known as “alternative trade” or “fair trade” and promotes the payment of a fair price to producers in the South. This is a relationship of cooperation, in which the consumer purchases products in solidarity shops or certain supermarkets and receives information about ethical and environmental aspects related to the product.

Fair trade is “*trade oriented toward sustainable development for producers who are excluded or at a disadvantage, proposing better trade conditions (fair price for producers and education for consumers).*” It is based on the assumption that north-south trade is unfair for producers in the South. It specifically seeks to decrease the number of intermediaries between producers and consumers and to pay producers a stable price so as to increase their income.

The Social Oversight Program (*Programa de Vigilancia Social*, PVS) has been designed by the Social Observatory of the Central Unica de Trabajadores (CUT) trade

union and other organization in Brazil. The goal of the Social Observatory is to create knowledge about CSR, with an emphasis on the protection of the fundamental rights of the worker (health and safety at work) and environmental protection. The PVS method is based on observation of the social behavior of multinational companies in different stages, with the assessment becoming more thorough and comprehensive over time.

The Social Observatory's PVS has been adapted to evaluate the social behavior of three multinational companies: Telefónica del Perú S.A.A., Shougang Hierro Perú S.A.A. and Ahold Perú S.A., from the time of its sale to the beginning of December 2003.

In Brazil, the Latin American country that is most advanced in terms of business and industry, according to a study by the FIRJAN (Federation of Industries of the State of Rio de Janeiro) Business System¹⁰ and the AVINA Agency in 2003, the following significant CSR indicators have been developed:

- o ETHOS Institute's CSR Indicators
- o Sesi Award for Quality at Work
- o IBASE Model for Social Balance of a Business
- o SA 8000 (Standard)
- o AA 1000 (Certification)
- o GRI - Global Reporting Initiative
- o São Paulo Stock Market (BOVESPA) Index of Corporate Governance

10 See the Corporate Social Responsibility section of the FIRJAN System at:
www.firjan.org.br/notas/cgi/cgilua.exe/sys/start.htm?infoid=5157&sid=68

3. Involvement of various stakeholders

a. Businesses

Among businesses, most progress in social responsibility has been made by large and medium-size companies, which are not the numerical majority. Small businesses and microenterprises constitute the vast majority of businesses, although their contribution to GDP is less than that of large and medium-size companies. One reason why the issue of CSR is not on these businesses' agenda is that most of them are subsistence enterprises. Others are in the "informal economy," engaged in activities that are not legally recognized. Their concerns, therefore, are much more basic and often contrary to social responsibility.

b. Civil Society

Civil society in Latin America, through trade unions, non-governmental organizations, church bodies and other organized groups, has basically intervened with actions and statements of protest against the violation of labor rights or practices contrary to human rights or environmental conservation. An interesting role, although not sufficiently active and organized, has been played by consumer defense associations. This sector has called for greater corporate responsibility, either in areas related to the quality of the products sold or those issues involving fees and pricing.

c. Public Stakeholders

Public stakeholders, mainly in governments, have not taken an active role in promoting social responsibility. Nevertheless, there is greater interest and action in more highly developed Latin American countries, such as Brazil, Mexico, Argentina, Chile and Costa Rica.

3. Requirements for CSR: prospects, vision and outlook for the future

a. Global needs

Being socially responsible does not merely mean complying with legal obligations; it also means going further and investing "more" in human capital, the environment and relationships with interlocutors. Experience with investment in technology and environmentally sound business practices suggest that going beyond compliance with legislation can make businesses more competitive. The adoption of social standards that are stricter than those required by law — in training, labor conditions or worker-management relations, for example — can also have a direct impact on productivity. This opens up possibilities for managing change and fostering social development with increased competitiveness.

Nevertheless, corporate social responsibility must not be considered a substitute for regulations or legislation on social rights or the environment, nor does it allow for bias in the drafting of appropriate norms. Globally, in countries that lack such regulations, efforts should focus on establishing an appropriate legislative or regulatory

framework to define a uniform basis on which to develop socially responsible practices that can benefit all nations.

Although to date the fostering of social responsibility has mainly been the task of large companies or multinationals, CSR is necessary and important in all business sectors and all types of companies, from small businesses and microenterprises to multinationals. Expanding CSR among small and medium-size businesses, including microenterprises, is crucial, because they are the ones that contribute most to the economy and job creation.

Although many companies have already assumed their social responsibility, especially through local participation, there is a need for greater awareness and support for the dissemination of information about good practices that could help foster social responsibility among businesses, from the largest companies (transnationals) to small local businesses. Workers' cooperatives and participatory systems, as well as other types of businesses (cooperatives, mutual societies or associations), include the interests of other interlocutors in their structures and spontaneously assume social and civil responsibilities.

Some companies that pay adequate attention to social and environmental factors indicate that such activities can help improve their results and lead to growth and greater revenues. There is a need to disseminate information about or replicate these experiences.

Financial institutions increasingly turn to social and environmental control lists to evaluate the risk of loans to or investments in companies. Similarly, the fact that a company is classed as socially responsible — by being included in an ethical values index, for example — can increase its value and yield financial benefits.

There is a need to publicize the positive results that CSR can have for businesses, taking into account, for example, that stock exchanges' social indices constitute useful parameters for demonstrating the positive effect on financial results of a selection based on social criteria. Since its creation in May 1990, the *Domini 400 Social Index* (DSI) has outperformed the *S&P 500* by more than 1 percent in terms of total profit, annualized and adjusted for risks, while the *Dow Jones Sustainable Index* has risen by 180 percent since 1993, compared to 125 percent for the *Dow Jones Global Index* during the same period.

It is difficult to precisely evaluate which factors determine the financial profitability of a socially responsible company. Research (*Industry Week*, January 15, 2001) has shown that approximately half of the above-average performance of a socially responsible business can be attributed to this behavior, while the other half is due to its sector's results. Socially responsible businesses are expected to have higher than average returns, since a company's ability to address environmental and social problems successfully can be a credible measure of its management quality.

There is a need for more in-depth knowledge about the influence of companies' social responsibility in their economic results and for additional studies in this area. This is a field of investigation in which companies, public officials and academic institutions

could collaborate, with support from framework programs for research and technological development.

b. Needs in the region

Dialogues and events in various Latin American countries provide indications of the outlook for this region. The idea of CSR is still more closely tied to a strategy of social investment by businesses, which generates profits for them, than to a concept of solidarity in the economy. Its implementation is more within the reach of large companies. The strategy is correct in terms of attention to the environmental and social spheres, but lacks explicit concern for companies' responsibilities to their workers and labor rights in general.

It is also clear that CSR must include small businesses and even microenterprises. To reach them, however, concepts and indicators must be adapted to their situation and abilities. An emphasis on fulfilling their obligations to their clients, workers and the environment must take into account their situation, which is often characterized by technological backwardness or a lack of financial and non-financial services, as well as the conditions of poverty in which they operate.

“Various events, discussions and studies have also indicated that CSR must explicitly include an ethical and political dimension. It is thought that a company's social responsibility implies, first of all, an ethical commitment to society; second, an ethical commitment to workers and their families; and third, an ethical commitment to the community where it is located” (Baltazar Caravedo, “Responsabilidad Social de la Empresa Privada,” in Globalización de la Solidaridad, GES-CEP, 1998, Lima).

There has recently been discussion about corporate social responsibility in several Latin American countries. Conferences have been held, experiences analyzed and concept papers drafted, but it is still an open issue that raises many questions. The research will provide an overview of this discussion, as well as existing experiences, as described in the study proposal.

For the study of the social responsibility of economic stakeholders, the Latin American and Caribbean region can be divided into various sub-regions, which are commonly found in other studies:

- a) MERCOSUR (Brazil, Argentina, Uruguay and Paraguay) plus Chile, which signed a Free Trade Agreement with the United States in 2003, but which is also considered an associate member of MERCOSUR.
- b) Andean Community (Venezuela, Colombia, Peru, Ecuador and Bolivia).
- c) Central America (Panama, Costa Rica, Nicaragua, Guatemala, Honduras, Belize), including Mexico, which is part of the North American Free Trade Agreement with the United States and Canada.
- d) The Caribbean (countries and island-countries with very small populations), including Cuba, the only country that still has a socialist economic regime.

The first two blocs constitute South America, the area where the case studies on the social responsibility of companies, as well as civil society and public-sector economic stakeholders, will be done. The cases basically represent the experience and conceptual formulation of businesses in both the private and public sectors; of consortia or business associations that have subscribed to CSR; and of opportunities for bringing various stakeholders together around certain objectives that, in broad terms, could be considered aspects of social responsibility.

The cases reflect the fact that the practice of corporate social responsibility is still incipient in Latin America. To a great extent, according to the actions of companies and corporations in the 1900s and early 2000s, there has been a tendency toward philanthropy rather than corporate citizenship; there has also been a tendency to make CSR an image or marketing strategy rather than an approach to fulfilling obligations to society or the environment in the company's area of operations, or of respect for the recognized rights of social stakeholders in the areas where the companies operate.

One interesting development has been the way in which corporate stakeholders, promoters of social development and academicians have joined forces to foster reflection on CSR. There has also been progress in addressing problems and conflicts that have arisen more frequently and with greater domestic and international visibility, given the progress in civil and environmental rights in many Latin American countries. There are examples of dialogue and other mechanisms for resolving such problems, as in the case of mining and petroleum operations.

Among the needs related to corporate social responsibility, a first step must be enforcement of existing legislation; better compliance with existing labor and environmental regulations (expansion and development) would serve as a catalyst for CSR activities.

One basic requirement is the institutional strengthening of businesses (better management and administration, establishment of quality patterns, planning and oversight activities, etc.), without which companies will be unable to successfully implement CSR initiatives.

There must be aggressive dissemination of good CSR experiences and cases that have had a positive impact on communities.

It is important to facilitate the inclusion of businesses through incentives, rather than tax barriers or local or national social fees that are later dispersed without contributing to the area in which the company operates.

Proposals for CSR must be fostered by local communities in coordination with businesses, rather than imposed or regulated by legislation, in an effort to incorporate the concepts into the companies' management models.

There is a need for local and regional government authorities to take an active, leading role in designing and implementing CSR programs aimed at companies that have not yet made a formal commitment.

It is necessary to create incentives or forms of recognition to distinguish or benefit companies that actively commit to CSR.

There is a need for large and small companies to share experiences, as well as a need to establish business networks.

Private stakeholders and NGOs should contribute strongly to the relationship among government, society and private enterprise by constantly publicizing and providing information about CSR to organizations, the media and authorities.

There is a need to create national public entities specifically dedicated to the issue of CSR, so as to develop agendas for coordination that integrate the various activities that are under way.

University research centers must also create basic knowledge about CSR that will contribute to the debate over and development of economic policies. They must also make information about the concept available in the economic sphere.

5. Challenges and prospects for the future

a. Common global CSR practices

The way in which businesses approach their responsibilities and their relationships with their interlocutors varies depending on cultural and sectoral differences. Companies initially tend to adopt a declaration of principles, code of conduct or manifesto stating their objectives and fundamental values, as well as their responsibilities to their those with whom they interact. These values must later be translated into measures throughout the company, from strategies to day-to-day decisions. This forces companies to add a social or environmental dimension to their plans and budgets, evaluate their results in these areas, create “local advisory committees,” perform social and environmental audits and establish continuing education programs.

As social responsibility becomes part of a company’s strategic planning and day-to-day operations, managers and workers must make business decisions based on criteria besides those traditionally taken into account. Traditional models of corporate behavior, strategic management or even business ethics do not always provide the basis for managing businesses in this new environment.

To respond to the need to include social responsibility in training for current managers and workers and to take into account the skills that workers and managers will need in the future, it is common for educational programs to offer courses and modules in business ethics, although they tend to cover only part of what is understood by corporate social responsibility: reports and audits of social responsibility.

Many multinational companies publish reports on their social behavior. Unlike reports on safety and health, which are common, few address issues such as human rights and child labor. The focus of the reports issued by companies is also as varied as their behavior in the area of social responsibility. For these reports to be useful, there

must be consensus about the type of information that should be provided, the format in which it should be presented and the reliability of evaluation and auditing procedures.

Few companies provide details about their policies and behavior in the area of human resources or employment issues such as negotiation and recognition, consultation and training of personnel, or the responsibility of management councils. In 1998, the high-level group on the economic and social consequences of industrial change that was created at the request of the European Council invited corporations with more than 1,000 workers to publish, at their own initiative, a "Report on Change Management," an annual report on employment and labor conditions. The group indicated that the report should be prepared after consulting with workers and their representatives in accordance with national practices. The group proposed a framework for addressing policies, practices and outcomes in the area of employment and working conditions, especially preparation for structural change, communication, worker participation and social dialogue, education and training, workplace health and safety and equal opportunity.

In addition, as the high-level group suggested, the commission proposed, as part of its Social Policy Agenda, the creation of an observatory on industrial change, so as to take a proactive approach to change management. The European Foundation for the Improvement of Living and Working Conditions has now included this initiative in its four-year work plan and has drawn attention to its role in preparing for and understanding change so as to adopt the most appropriate decisions and help stakeholders understand, prepare for and manage industrial change by providing reliable, objective information.

There are more and more public initiatives that promote social and environmental reporting, and an increasing number of European companies are implementing social responsibility strategies in response to various social, environmental and economic pressures. Their goal is to send a signal to the people and groups with which they interact: workers, stockholders, investors, consumers, public authorities and NGOs. In this way, the businesses invest in their future and hope that the commitment that they have adopted voluntarily will help increase their profits.

As long ago as 1993, President Delors' call for European businesses to play a role in combating social exclusion sparked significant mobilization and the creation of European business networks. More recently, in 2000, the European Council of Lisbon appealed particularly to the private sector's sense of social responsibility regarding good practices in continuing education, the organization of work, equal opportunity, social inclusion and sustainable development.

By acknowledging their social responsibility and voluntarily making commitments that go beyond conventional obligations and those required by law, which should be met in any case, companies try to raise levels of social development, environmental protection and respect for human rights and adopt an open form of governance that reconciles the interests of various stakeholders in an overall approach based on quality and viability. While acknowledging the importance of all of these aspects, this paper focuses mainly on corporations' social responsibilities.

This action has led to new associations and novel spheres for relationships within the company, with regard to such areas as social dialogue, skills acquisition, equal opportunity, and preparing for and managing change; at the local or national level, with regard to reinforcing social and economic cohesion and protection of health; and in general, at the worldwide level, with regard to environmental protection and respect for basic rights.

The concept of social responsibility is especially applied in large companies, although socially responsible practices exist in all types of businesses, public and private, including small businesses, microenterprises and cooperatives.

The European Union is interested in corporate social responsibility as a way of making a positive contribution to the strategic objective established at Lisbon of “becoming an economy based on the most competitive, dynamic knowledge in the world, capable of sustainable economic growth with more and better employment and greater social cohesion.”

The goal of the Green Book is to spark broad debate about how the European Union could foster corporate social responsibility in Europe and throughout the world, especially how to take the greatest advantage of existing experiences, foster innovative practices, increase transparency and make evaluation and validation more reliable. It proposes an approach based on deeper associations in which all stakeholders play an active role.

Corporate social responsibility is, in essence, a concept by which companies voluntarily contribute to a better society and a cleaner environment. At a time when the European Union is trying to determine common values, adopting a Charter of Fundamental Rights, a growing number of European companies are more clearly recognizing their social responsibility and considering it part of their identity. This responsibility is expressed to workers and, in general, to all of the people and groups with which the company interacts and who could have a bearing on its success.

This evolution reflects the increased expectations of European citizens and others in transforming the role of private enterprise in today’s new and changing society. This is consistent with the basic message of the sustainable development strategy for Europe agreed to by the European Council of Gotenburg in June, 2001: that in the long run, economic growth, social cohesion and environmental protection go hand in hand.

Many factors serve as catalysts for this progress in corporate social responsibility:

- New concerns and expectations on the part of citizens, consumers, public powers and investors in the context of globalization and large-scale industrial change.
- Social criteria increasingly influence investment decisions made by individuals and organizations, either as consumers or as investors.
- Increasing concern about environmental deterioration caused by economic activity.
- The transparency of business activities promoted by the media and modern information and communication technologies.

To the extent that corporations themselves address the challenges of a changing situation in a context of globalization, especially in domestic markets, they become more and more convinced that social responsibility can have a direct economic value. Companies must assume their social responsibility at the international level throughout their production chains.

The idea of private corporate social responsibility is advancing worldwide. The United Nations launched a Global Pact in this regard and the European Union has its Green Book. England created a Ministry of CSR. In the United States, companies compete for a place in the ranking of businesses' reputations. Is this just a fad? Every indication is that it is not, and that it responds to strong social demands. Increasingly participatory societies pressure for stricter public and corporate ethical standards. They point out that the private sector is a decisive economic stakeholder and they ask it to play fair with consumers, treat employees well, care for the environment and commit itself to causes that are in the public interest. Hardy (Harvard) maintains that companies should take the lead in environmental and social sustainability instead of constantly letting themselves be put on the defensive.

Meanwhile, consumers also make demands. One-third of those in the United States place great importance on comparing a company's position on the environment and its values. They are no longer content with mere publicity. As Ogilvy points out, they consider propaganda pompous, self-gratifying and fatuous. They want action.

Small investors also have their reasons. The Enron fraud cost them US\$50 billion. Cases like WorldCom, Parmalat and others revealed the risks of corporate corruption. Investors are calling for new laws, a new approach to business education. They are strengthening new funds that invest in ethical companies with the successful Nordic ethics index, the U.S.-based Domini 400 social index and similar indices.

These pressures are growing. A survey by Deloitte and Euronext in Europe concludes that "a company's good environmental and social performance will strongly influence its brand and reputation, its economic performance and its market value in the future." CSR is also key for competitiveness, as it makes it possible to attract more skilled personnel and create a more solid labor commitment.

In Latin America, which is marked by great potential as well as poverty (44 percent of the population lives in poverty, and there are 190,000 avoidable child deaths each year due to poverty), there is a need for high-quality, well-managed, transparent public policies to address poverty, as well as action by responsible businesses and volunteer organizations.

There has been progress in CSR, but it is far from the progress being made in other parts of the world, and lags far behind demand. In Chile, 50 percent of consumers now consider CSR a principal factor in forming an impression about a company, while in Argentina more than half are willing to pay more for products from socially responsible companies.

It is necessary to make up for lost time and stimulate this renewal. This definitely means putting into practice the moral Biblical vision that requires every person to take responsibility for the rest. Various organizations are establishing

regulations for accountability, reporting and social auditing. The approach varies. There are norms on processes and results, voluntary or mandatory norms, norms on various issues, and only a few cover all of the issues related social responsibility.

There are important international initiatives, such as the Social Responsibility 8000 standard and the *Global Reporting Initiative*, which focus on the internationalization of social standards, public information and social reporting.

Nevertheless, the complexity of developing standards that can be applied in any cultural milieu and country has led to great controversy. Internationally accepted norms, such as the fundamental ILO conventions identified in the Declaration of 1998, are, by their universal nature, the most appropriate foundation for such initiatives.

Given the many codes of conduct that exist, SAI (*Social Accountability International*) has developed a standard for working conditions and an independent monitoring system for compliance in factories. This standard, *Social Accountability 8000 (SA8000)*, and its oversight system are based on proven quality-assurance strategies (such as those used for the ISO 9000 standard) and add several elements that international human rights experts consider fundamental for social auditing.

On environmental matters, the *Global Reporting Initiative* is currently considered the model. Its guidelines for reporting on sustainable development allow for comparison of companies and include ambitious directives for social reporting. In its statement about a sustainable development strategy, the Commission indicates that all companies which have at least 500 employees and which are listed on the stock exchange must publish a “triple balance” in their annual reports to shareholders, measuring their economic, environmental and social outcomes.

Fairtrade Labelling Organizations International is an organization created to coordinate national initiatives for fair and equitable trade, carry out more effective follow-up programs and introduce a single international label in this area.

b. Approaches: The multi-stakeholder approach and citizen oversight

Over time, it will become increasingly evident that the economic, social and environmental impact of corporate activities will be an important factor in decisions about acquiring products and services. Corporate influence has therefore become a preponderant factor in progress or backsliding in the areas where companies work and among the social groups affected by their operations. These surroundings and social groups, which are called *stakeholders*, have become less and less local and are taking on greater breadth as a result of globalization. We should therefore understand that the company must be a force for creating not only economic value, but also environmental and social value.

It is important for all of us to understand the concepts clearly. *Stakeholders* are individuals or groups of individuals with multiple interests, expectations and demands regarding what a company should provide and the impact it should have on society.

Stakeholders have attributes, of which some of the most important are: legitimacy, power and the urgency that they can bring to bear on a company. Legitimacy

refers to the perceived validity of a stakeholder's demand, while power implies the ability to produce an effect on the company. Urgency is associated with the degree to which demands require immediate attention. Through awareness-raising and communication with their stakeholders, therefore, businesses must establish their sustainable development and monitoring channels to identify the needs and demands that the company must satisfy completely.

If we begin with the need to promote sustainable development and recognition of the important role that the company and its stakeholders play in this process, it appears that responsibility for "leading" the way to a better future in the business sphere falls exclusively on the highest levels of management in large companies. But there is no question that social responsibility must be a voluntary initiative that goes beyond regulation. This social responsibility should be aimed at compliance with the CSR policy adopted by each company.

Let's consider the implications of a company's good leadership with regard to its surroundings and its stakeholders and ask the following question: Is leadership reserved exclusively for just a handful of individuals at the top of the organization? Or are there "leaderships" of many types, intensities and scopes that can be exercised from different positions?

It is possible that leadership can be identified not only within the company but also outside it, in each of its stakeholders. While not everyone has the same power of negotiation, no one should be surprised to find that they have a direct effect on the company in one way or another. If we do an analysis based on a broad, pluralistic concept of leadership, we can conclude that leadership can be exercised in its diverse forms from either a formal or an informal position.

Finally, corporate social responsibility is currently understood as a change of attitude for many companies, which should not be confused with philanthropy. CSR mainly requires a joining of forces between the company and its stakeholders so as to achieve a harmonious climate between them, as well as economic, environmental and social benefits. This requires leaders, as only the collective efforts of "leaders" will bring about effective change in society, because this is the result of individual actions by countless people who exercise their influence or "leadership" on others in many different ways and at various levels.

c. North-South relations

CSR criteria are generally defined by the North because participation in the South is still incipient, although it is growing. Moreover, an issue as critical for the South as the need for workers to receive a living wage does not appear to receive sufficient attention in either the North or the South, nor does it appear to have a solution.

Much has been said and written about Corporate Social Responsibility (CSR) in recent years in both Europe and the United States. In Holland, the issue is quite timely. Many entities, such as universities, ministries, Parliament, NGOs, pension funds, trade unions and especially many companies are concerned about the issue. Congresses and publications about CSR appear frequently. The idea of the Three Ps (people, planet and

profits) is generally used as a starting point, and it is assumed that companies' main activities are directly related to CSR.

A distinction is usually made between Corporate Commitment (investment in the community) and CSR, which refers instead to corporate strategy and activities. It is odd that there is so little participation by countries in the South in discussions about CSR that are taking place in the North. This merits attention, as most conversations about CSR are related to business activities in countries where wages are low, and these countries are often located in the South. Conflicts between businesses and NGOs are almost always caused by situations in the South, such as child labor.

Groups in the North are almost always the ones that decide what concepts such as "people" or "planet" should imply for countries in the South. A few years ago, a major conference on CSR and development cooperation was held in Holland. Among the 500 participants were several Dutch ministers and the president of the World Bank, but there was no one from the southern hemisphere.

CSR does not mean the same thing to everyone. CSR is made to measure, it varies with the economic sector and the company, and it is tied to a particular context. Social and environmental problems and priorities vary from country to country and region to region. It is therefore important to establish dialogue between groups in the South and the North about priorities with regard to the issues of *people, planet and profits*.

In the past three years, I have visited South Africa and countries in Latin America to analyze the CSR situation in these places. I noted that CSR is an increasingly popular topic in public and political sectors. Organizations such as *Business for Social Responsibility* (BSR) in the United States are working in conjunction with local business networks. Governments like that of South Africa are currently drafting policies on CSR. Meanwhile, many multinational companies with headquarters in Europe or the United States are implementing CSR policies in all of their subsidiaries.

There are also significant differences in the way in which CSR is defined and adopted. In nearly all the countries I visited, people talked about CSR when they were really referring to corporate commitment. There is little or no relationship between CSR activities and the company's main line of business. Most activities are related to the company's social role in the community. There is a great deal of confusion about the concept of CSR.

All types of terms are used and mixed indiscriminately: Corporate Social Investment, Triple Balance of Results, Corporate Citizenship, corporate charity or philanthropy. Most companies make a corporate social investment and call it CSR. Through foundations, companies fund all kinds of projects in education, health, welfare, business education, the arts, sports and culture. To them, in essence, this is CSR. There is no relationship between the company's line of business and the way it is carried out. Foundations remain at the margin of everyday business practices, and their only purpose is to fund projects that will create a good image for the company itself.

CSR appears to occur at different levels within an organization, with no integrated policy. CSR is not (yet) integrated into corporate strategy at the three basic levels: principles (for example: the company's mission, code of conduct or corporate vision), processes and outcomes. It should also be noted that the companies that are generally concerned about CSR are multinationals. Small businesses and microenterprises apparently place little importance on CSR. In general, these companies do not have the economic means or personnel needed to implement a CSR policy. In only a few countries, such as South Africa and Brazil, are large domestic companies playing an active role in CSR.

Another significant difference is the existence of a "countervailing power." Companies in countries in the North have solid governmental structures that are willing and able to act as regulators. There is also a well-developed civil society that is able to closely monitor corporate activities at the national and international levels. In a country such as Holland, with 16.3 million people, more than 4 million belong to environmental organizations! Consumers in the North seem increasingly willing to vote with their money and punish companies if they believe they have a bad reputation.

In countries in the South, on the other hand, these measures tend to be much weaker. Civil society is usually weakly developed and the government is not solid enough to counteract corporate activity. Consumers, meanwhile, still do not have significant power.

Finally, the socio-economic situation in many countries in the South requires that active attention be paid to CSR. Factors such as the poverty of a large part of the population, social inequality and poor-quality basic services presuppose specific requirements for the implementation of CSR. For example, a company in South Africa must take the problem of AIDS into account in its CSR policy, and a company in Brazil cannot help asking what it can do about poverty and inequality in the country, as well as what it can do to help emancipate a large portion of the black population.

In general, for people in countries in the South, aspects related to the issue of *people* are considered more important than those related to the issue of *planet*.

CSR is an issue that is generally introduced by countries in the North into countries in the South. Corporations, social groups and governments are helping to give the issue a higher profile in social debate. Consumers in the North demand that the products they buy in supermarkets meet basic social and environmental criteria — for example, that they not involve child labor, that they be made by workers who are paid a living wage, and that the products be made without using substances that are harmful to health. But who pays for the additional costs of these products? In general, consumers appear unwilling to pay more money for sustainable products. The market sector concerned with selling fair trade products is very small.

Meanwhile, for countries in the South, increased production of sustainable products represents greater costs. Who will pay those costs? Most of the time, it is producers in the countries in the South who must pay these additional costs.

This is not the only inequality in North-South relations. Another injustice is the amount paid for work done. Many codes of conduct require payment of a minimum

wage. In practice, however, this is generally not enough for workers to support themselves. This is true both of work in the countryside and jobs in the cities. Many studies in Latin America, for example, show that a family would need several minimum wages to have decent living conditions.

The basic market basket of goods should cover all of a family's basic expenses: food, housing, education, health care and transportation. But who is going to pay for this? Buyers and consumers in countries in the North do not want to pay for that living wage, as it would imply a significant increase in store prices. And if some country in the South began paying a living wage to all its inhabitants, it would risk being eliminated from the market, as the prices of its products would be much higher than those of neighboring countries.

The solution to this problem must be sought through a worldwide strategy and through partnerships among various social stakeholders. This is not exclusively the task or responsibility of the business sector. Governments, social organizations and consumers each have their own role in regulation, oversight and stimulation. In addition, while a living wage may not be a universal concept, but may depend on the context of each country, business and local situation, arriving at a technical definition of living wage in a specific context is possible. Like CSR, a living wage is tied to a specific context. The price of the basic market basket may vary from country to country or region to region.

Technically, therefore, the development of systems that allow for a living wage is viable. In closing, one comment about the relationship between CSR and a living wage: What does CSR propose but that those who work can live with dignity by their labor. This is the least that can be expected from a good, positive policy of Corporate Social Responsibility.

CASES STUDY OF ECONOMIC AGENTS' SOCIAL RESPONSABILITY IN SOUTH AMERICA

MERCADO COMÚN DEL SUR (MERCOSUR)

BRAZIL

Human Development Index Rank: 65
Per capita GDP (US\$ PPP 2001): 7.360
Education Index (2001): 0,90
Life expectancy (2001): 67,8 years
% Population earning less than \$1/day: 9,9%
Population (2001) in millions: 174
(Source: Human Development Report 2003 – PNUD)

Brazil is the Latin American biggest country in terms of population and geography. It also has the highest industrial development, as it is the eleventh world economy. Its social situation is complex since it has the highest levels of poverty and inequality in terms of income distribution. This country shows strong economic, social and cultural contrasts. It stretches on the biggest part of the Amazonian forest where wood forests are abundant as well as water from the rivers and oxygen produced by the nature.

The environmental care is one of the most important responsibilities, in an intergenerational solidarity perspective, as well as the fight against hunger and poverty from which a big part of the Brazilian population suffers. In 2003, the President Lula's new government initiated a program called "Hambre Cero" (No Hunger) and tries to make a new legislation be approved to guarantee a minimum income to the millions of Brazilians who live in a strong poverty situation.

Companies, in coordination with the State and civil society, are facing a hard challenge which will last over the actual government period; and the discussion is about the meaning of citizenship, cohesion and social responsibility.

CASE 1: PETROBRAS (Brazil)

General information:

The Brasileiro Petróleo S.A. company (Petrobras) was created in 1953 in order to achieve activities in the Brazilian oil sector. During its fifty-year existence, it has become a leader company in distribution of oil derivatives which put it among the twenty biggest oil companies in the world. It owns the most advanced technology in the world in terms of oil production and won the Offshore Technology Conference (OTC) prize in 1992.

The company has four business areas: Exploration and Production, Supply, Gas and Energy, and International. It has two supporting areas: Finances and Services; and corporative units directly linked to the company's directorship. The company incorporates the concept of business units.

In addition to its holding activities, Petrobras has four subsidiaries or independent companies with their own executive committee and specific goals but still linked to the head office. These companies are:

Petrobras Distribuidora SA;
Petrobras Gas SA;
Petrobras Química SA; y
Petrobras Transporte SA

Petrobras is a public company which aims to account for Brazilian society. The company or business corporation shows to its shareholders and to the population the transparency of its activities.

It committed itself to respect the principles of social responsibility and incorporated the fundamental concepts of human rights, work and environment. It also joined Global Compact, one of the most important corporative responsibility strength in the world.

Mission:

“Social Responsibility and Sustainable Development have always been a central concern; this makes our company different from the others. Because we are and feel strongly committed with the diversity of societies and environments, in any part of the world where our activities take place. Our commitment focuses on people and their environment: education, as an experience to reach liberty, and people and their community, considered as actors and beneficiaries. That is the idea. And the idea becomes action, through innovative initiatives with social impacts” (Petrobras Web site)

Petrobras obeys to the Federal High Administration Behavior Code, established by the Government, and its own Ethic Code, through its employees' relationship with providers and clients. Therefore, it fulfills its public commitment of integrity and transparency towards its employees, as well as in its relationship with other companies.

A responsible behavior which aims to fulfill its social and economic function is part of the company's business view. Famous for its hallmark of excellence in oil production, Petrobras committed itself to extend to the social area quality in the results of its activities towards communities

Activities:

The company made up a new behavior framework in the social responsibility area when it implemented in 2003 two new important and wide-scope programs:

the “No Hunger” Petrobras Program, which aims to strengthen public politics to fight against poverty; and the Environment Petrobras Program, in favor of sustainable development.

Moreover, the company carries out more than a thousand projects in all the country, with a direct participation of communities. Two Public Selections of Projects have been implemented in 2004 in order to encourage proposals which would improve the Brazilian population’s quality of life. The company is making up a portfolio of projects they could sponsor through the Social Responsibility Petrobras Network, in order to encourage social responsibility actions between providers and clients. These initiatives show the strong commitment of the company to strengthen the use of social and environmental criteria in its business management.

List of company’s actions:

Donations:

The company assigns important funds through donations to organizations and institutions in every districts where it carries out its activities, giving a priority to basic needs such as food, health, education and housing. These actions could be considered as social assistance to the poor people but they are also part of a wide-scope framework of social purposes, especially those which support public policies to fight against poverty.

Diffusion of “Initiatives of Solidarity”:

The company’s Intranet is a space where its workers can disseminate projects of solidarity. It came up as an answer to several collaborators’ concerns and wishes to help, as they made independent proposals from the activities the company was carrying out to strengthen its commitment towards society. Through “Initiatives of Solidarity”, they have disseminated several proposals from collaborators of each country they work in, such as collections, help to people who suffer from illness, donations to popular dining-halls, etc.

Actions in infrastructure and production:

The company carries out activities and construction programs of educational and cultural premises in Brazil, Argentina and Venezuela. It supports the execution of its own workers’ initiatives in these countries. It also promotes the “Innova por la vida” project (Innovate for life), that began in Brazil in 2000, in which participate all the company’s workers through voluntary work, looking for donations or proposals of actions.

Programs towards education:

The company gives scholarships in several technical and Arts courses to Argentinean and Brazilian young people, and contributes to the financing of undergraduate and high school students’ training so that they can practice their knowledge and increase their work experience in the company.

Environmental care programs:

It also implements programs towards Brazilian and Argentinean students through which it promotes environmental interest and increases scientific knowledge of the Earth.

Mecanismos of social responsibility commitment:

It has an active participation in the “No Hunger” Program, implemented by the Brazilian government. So does the Ethos Institute, which also works on companies social responsibility.

CASE 2: INSTITUTO ETHOS (Brazil)

General information:

The Ethos Institute of Companies and Social Responsibility is an organization with no profit purpose, made of natural and legal people, which aims to encourage the business citizenship development through the promotion of economic development with social responsibility. Web site: www.ethos.org.br

It was created in 1998 in order to help companies understand and incorporate the concept of business or corporative social responsibility in their daily management, by a group of Brazilian businessmen who were in favor of the “Impeachment Process” which ended to President Collor de Mello’s resignation in 1992. Since then, the fight against corruption and for transparency in the relationship between the political and economic power have been one of Ethos’ principles.

Nowadays (2004), it has 894 members, among companies from different sectors and sizes, which have a turn over of almost 30% of the Brazilian National Gross Product and give work to almost a million people.

The Ethos Institute gathers organizations of knowledge, of experiences exchange and tools development that help companies examine their practices of management and strengthen their commitments towards corporative social responsibility. Nowadays, it is one of the international leaders in this area and carries out projects jointly with several institutions in many countries.

Mission:

The *Instituto Ethos* is aimed to promote social responsibility in the business community, helping firms to:

1. Understand and progressively develop a socially responsible behavior.
2. Implement practices addressing ethical criteria, contributing to reach sustainable economic development in a long term.
3. Assume the responsibility of all the impacted by their activities.

4. Demonstrate to its shareholders the importance of a socially responsible behavior towards environment on their investments, in a long term.
5. Identify innovative and effective ways of interacting with the communities in the construction of the common good.
6. Contribute to development sustainable in social, economic and environmental terms.

Vision:

The Institute propounds that companies are important agents for the promotion of economic development and technological achievement which is turning quickly the world in a global small village. Because of the increasing interdependence of everyone, mankind's welfare depends more and more on corporative local, regional, national and international actions.

The existence of a global awareness that incorporates all of us in a development process which aims to the preservation of environment and cultural heritage, the promotion of Human Rights and the construction of a society with a prosperous economy and socially fair, is fundamental. Because of its creative capacity, resources and leadership, the participation of the corporative sector is fundamental.

It also adds to companies' basic competences an ethical and socially responsible behavior. Hence, it has gained the respect of all the people and communities who benefit from its activities and the preference of many consumers.

Principles:

The Ethos Institute has a "Chart of Principles" adopted by all its members, and which can be summarized by:

1. Supremacy of ethics.
2. Social Responsibility.
3. Confidence.
4. Integrity.
5. Importance of diversity and fight against discrimination.
6. Dialogue between the two parts interested.
7. Transparency.
8. Responsible marketing.
9. Interdependence.
10. Community of knowledge.

Activities:

Since its creation, the Ethos Institute¹ has set out to work on the following actions:

1. Information: create a national and international database, identify other business citizenship databases that already exist and guarantee the access of the whole company to this information.

2. Conferences, debates and meetings: promote corporative social responsibility to companies and other institutions.
3. Technical assistance to companies: through planning, funds mobilization and implementation of social projects.
4. Communication: give information about other socially responsible entities in order to strengthen a wide culture of social responsibility.
5. Coordination and mobilization: promote alliances and exchange between companies with NGOs and the public sector.

Impact:

In February 2003, The Ethos Institute published a handbook called “How can companies fight against hunger” and achieved a greater commitment from the Brazilian companies to the “No Hunger Program”.

Nowadays, the turn-over of all the companies members of the Ethos Institute adds up to almost 30% of the Brazilian NGP. Therefore the members’ CSR activities have an important repercussion on the Brazilian economy.

CASE 3: PROGRAMA “HAMBRE CERO” (Brazil)

General information:

The “No Hunger” Program (*Fome Zero*) is a public policy which aims to eradicate hunger and exclusion in Brazil. It shows the federal government’s decision to class the problem of hunger as a collective national matter, and not as an individual fatality.

The “No Hunger” Program was born thanks to the initiative of the Citizenship Institute, institution created by President Luiz Inacio Lula da Silva, financed by the Djalma Guimaraes Foundation and linked to the Moreira Salles Group’s Brazilian Metallurgy and Mining Industry Company. The idea of the project went up in the mid 2000, in a meeting of 50 experts in social policies, food, nutrition and health. In November 2002, the project was submitted to the IDB and the FAO who declared they would use this project as a reference for their activities in other countries.

The new ideas, proposed by President Lula’s adviser teams, aim to preserve the consistency and coherence of the program. In terms of advertising, for instance, the media are already showing an official advertisement, under the slogan “*The Brazilian who eat, helping The Brazilian who are hungry*” (“O Brasil que come, ajudando o Brasil que tem fome”).

The “No Hunger” Program articulates three kinds of policies: structural, specific and local policies. It focuses on food security, as a guarantee to Brazilian people that they will have access to an adequate food for survival and health in terms of quantity, quality and regularity.

To implement the program, the Brazilian government created a No Hunger Social Mobilization Department, composed of the Department of Social Development and Fight against Hunger jointly with the organized civil society, companies, several religious organizations, NGOs, unions and schools.

The State contributes with human and financial resources to almost all its areas in order to extend citizenship rights to millions of excluded Brazilian people. In 2004, the program budget is up to R\$ 6.000 million reais (more than US\$ 2.000 million dollars), assigned to security and nutritional food actions and the promotion of citizenship. It is the first time in Brazilian history that such a social investment is made.

Mission:

Brazilian President Lula says he will have achieved the mission of his life when “every Brazilian people can eat three times a day”, at the end of his term of office. Hence, he is challenging society and lays down the master line of a nation with no hunger project.

Hunger in Brazil is not due to the lack of food or tax collection (the tax pressure represents 32% of the GNP), but to the lack of citizenship, since the citizen rights for an adequate distribution of the resources are not respected. Brazil is the ninth industrial economy in the world and also the fourth society in which exists an unfair distribution of the resources and the concentration of the national income into small groups with economic power. In Brazil, 44 million people suffer from hunger (840 million people in the world). 180.000 Brazilian children, between 0 and 5 years old, die every year (400.000 in all Latin America).

The “No Hunger” Program aims to give food bonds of US\$ 17 every month to families who earn less than US\$ 30 a month, during one and a half year; and also provide with identity documents to those who don’t have, rise the educational level and teach to write and read, give access to health and social security, micro-loans, and improve housing (with water and drain). These activities must go with structural reforms, such as the Agricultural Reform so that they can achieve a true economic independence in that sector.

The “No Hunger” Program purpose is social inclusion, through the promotion of citizenship rights, starting with basic rights (access to food, health, education, work security and protection), in order to reduce the social deficit of the country.

Programs and activities:

“No Hunger” is a program of social insertion for families who live under the line of poverty.² After being identified, these families receive a food credit card which allow them to withdraw R\$ 50 reais (US\$ 18 dollars) from the State Bank, each month. In change, these families have several duties: teach adults to write and read, take children to schools and follow a health program. This program has had good results on infant mortality because most of the deaths occur in areas of drought where water is contaminated. Hence, the “No Hunger” Program goes with the “No Thirst” Program which tries to make people have access to drinkable water.

The Department in charge of the program articulates alliances in order to carry out the projects, such as the implementation of popular restaurants in big cities, the construction of 10.000 tanks of drinkable water, jointly with the Federation of Brazilian Associations of Banks (FEDEBRAN).

ARGENTINA AND URUGUAY

ARGENTINA:

Human Development Index Rank: 34
Per Capita GDP (US\$ PPP 2001): 11.320
Education Index (2001): 0,94
Life expectancy (2001): 73,9 años
% Population earning less than \$1/day: NA
Population (2001) in millions: 37,5
(Source: Human Development Report 2003 – PNUD)

URUGUAY:

Human Development Index Rank: 40
Per Capita GDP (US\$ PPP 2001): 8.400
Education Index (2001): 0,93
Life expectancy (2001): 75,0 years
% Population earning less than \$1/day: <2%
Population (2001) in millions: 3,4
(Source: Human Development Report 2003 – PNUD)

Argentina and Uruguay are neighbor countries, the first one with a bigger extension and population than the second one. They have a common history regarding the economic development progression and the social policies costs, more than other Latin American countries. The crisis in the late 90's and early 2000 strongly affected both countries, most of all Argentina.

Argentina is still on the first rank concerning human development in Latin America and 34 in the world but suffered a very deep crisis that almost led the country to bankrupt, and provoked important political changes. Unemployment strongly increased in the past four years, with 16% in 2003. The Argentinean State had one of the highest social cost rates per capita in Latin America. It sharply decreased in the past five years.

Because of open and neoliberal oriented dogmatic policies, the country suffered a deep fall of its industrial and agricultural sectors. The massive migration of its population to other countries, in particular European, looking for labor supplies, has been a new reality in the past few years. Recently, it seems it recovered the situation but the economic damage has been quite strong and poverty became not only a rural reality but a urban one as well.

The social responsibility thematic is already present in many national or foreign capital companies. For a group of companies considered as important in Argentina, the adoption of the social thematic in the business area happened many years ago, since they impel “a pro-active link” of development and cooperation with the community, as they became aware that it is not only part of its corporative identity but also part of its business success. For that purpose, “the actions that leader companies have carried out are more associated to strategically innovation and the construction of social capital than to the traditional corporative philanthropy.” (Florencia Roitstein: “La responsabilidad social empresarial en la Argentina”, Instituto Universitario IDEA, 2003).

The evolution of CSR in Argentina will also widely depend on its capacity as a society to change the paradigm concerning the social role of the companies. This role is quite important for civil society organizations to promote the business sector awareness on the impact they have on the construction of a society with higher levels of social justice and intern cohesion.

This evolution of the State, as its role is to promote and control its own social responsible behavior and the corporations one. It also depends on society and costumers to favor companies and other agents’ social responsibility through their decision of buying products or services from companies and institutions which respect their social commitment.

CASE 4: ARCOR BUSINESS GROUP (Argentina)

General information:

The ARCOR Group was created in 1951 and has its head-office in Cordoba. It’s an Argentinean multinational company which produces more than 1.500 varieties of candies, chocolates, cookies and other food. ARCOR has 31 factories (3 in Chile, 2 in Brazil, 1 in Peru and 25 in Argentina) and more than 13.000 workers. Moreover, it exports its products to more than a hundred countries.

Its main goal is to be self-efficient in some basic consumables in order to reach the best quality and the best price. In the next years, it wants to turn itself into the candies and chocolates company number one in Latin America. Its commitment with consumers is expressed in the simple words of its slogan: “Give flavor” (“dar sabor”).

ARCOR is aware of the role played by a company in society. Therefore it carries out initiatives and contributions of any kind, such as the construction of houses for its workers, and activities in terms of health, education and culture, mainly developed through the ARCOR Foundation. They understand that the care for no renewable resources and the protection of environment is “an investment in a long term for the welfare of all citizen in the world”. The company gives worth, respects and encourages the own traditions and idiosyncrasy of each community in which it settles down. The ARCOR ethic understands that the first social

purpose of a food company is to make possible the access to products from the best part of the population, always trying to give people a better quality of life.

The ARCOR Foundation was created in 1991, as an expression of the commitment and social responsibility inherited from the company's founders, in order to contribute in an organic and corporative way to the treatment and solutions given to the population's needs. It became member of the Foundations Group in 1997, which was created to achieve a change in the vision and management of the donor Foundations.

Through the Foundations Group, activities of promotion, knowledge and diffusion of the donor Foundations' sector are carried out, in order to:

1. Disseminate a culture of social responsibility.
2. Support the professional level of the foundations' work.
3. Encourage the exchange and the joint execution of actions.

Mission

“Contribute to the progress and welfare of people, supporting and promoting programs which satisfy the community's real needs through the practical execution of knowledge and the efficient use of resources”

According to the ARCOR Foundation, the practice of social responsibility implies that a company doesn't only give support to the community to solve a shortage but, mainly, promotes proposals of initiatives within the community so that it can organize itself and act with autonomy before other needs. The ARCOR Foundation contributes through its own financial resources or from other institutions to carry out projects proposed and managed by organizations with no profit purpose, as an answer to social demands or initiatives.

Activities:

In 1996, the ARCOR Foundation and the Inter.-American Foundation (IAF) created a special fund to give donations in order to help NGOs in five Argentinean provinces. In addition to the high number of beneficiaries among people and communities, the fund permits the ARCOR Foundation to transfer its business principles to the donor groups, and uses private and public resources to carry out the fund purposes.

Between 1996 and 2000, both the ARCOR Foundation and the IAF contributed US\$ 240.000 each one to the fund for Training, Education, Prevention and Community Integration. This fund contributed to 22 NGOs in the following areas: nutritional health, attention to young people in difficult social situations and informal education.

Through this fund, the ARCOR Foundation underwent a radical change in its philosophy and behavior. Before, the Foundation was attending isolated fund requests from people or institutions, such as schools or hospitals. It made a significant change in

its activities when it pointed them towards NGOs which were carrying out their work in communitarian development and implemented projects and programs with clearly established financing criteria.

The incorporation of Environmental Management Systems also shows the interest of the company in environmental care. Productos Naturales S.A., from the Flavor Division of ARCOR, was the first food company in South America and the first flavors plant in the world which achieved the international label in terms of Environmental management under the international norm of ISO 14001.

The workers of the company have access to the most advanced methods of training and knowledge, as they must take under account not only their professional training but also their comprehensive training as human beings. The company has also different tools of communication addressed to specific publics. Among these tools, we can mention its Memory and Balance, an intern magazine called “Meeting Time”, communiqués and specific notes addressed to its shareholders about relevant issues.

The ARCOR Foundation also develops different systems of intern and extern communication, for the diffusion of experiences and results of the different programs it carries out.

Own programs :

“Mi escuela crece” (My school grows)

Since 1996, the Foundation has a found for the financing of small projects through Annual Competitions for Elementary Schools which propose the extension and/or the creation of school educational workshops, especially for schools of the region, settled in few resources communities and who lack educational and technological equipments to carry out their actions, that complement the education-learning process.

”Superando los límites” (Overcoming the limits)

The child and youth population, with different levels of handicaps, has to COPE with a reality of social marginalization that makes difficult their own development as a person and hinders their participation as active citizens. Through this program which began in 1996, the Foundation created a Found of Financing for projects that favor social integration and work insertion process of young people with special needs.

”Eventos artísticos especiales” (Special artistic events)

To support and keep alive cultural expressions of our country is a vital task for the Foundation (its aim since 1992). For that purpose, its work aims at supporting those organizations which promote Art and education to children with educational special needs, and in that way stimulating no-discrimination mechanisms, promoting their participative insertion in society and cultural expressions in which these children and young people would actively participate.

”Fortalecimiento comunitario” (Community strengthening)

This program channels resources aiming at supporting the work of institutions devoted to comprehensive attention of the child and youth population. The methodology used for that purpose is through the decentralization of Product Donations and the support of concrete developed actions in several Argentinean communities.

CASE 5: DERES ORGANIZATION (Uruguay)

General information:

DERES is an organization made of Uruguayan companies and businessmen who want to develop Corporate Social Responsibility, both in terms of concept and practice.

According to DERES, the Corporate Social Responsibility is:

“a business approach that incorporates in the company’s management, the respect for ethical values and principals, workers, community and environment”.³

It was created at the end of 1999, when a group of businessmen, with the support of the Uruguayan Catholic University, started to study an initiative that would develop organically the concept of corporate social responsibility in Uruguay. In the beginning of 2000, DERES was set up; in February, the Commission of Coordination was elected and its president designated. In May 2001, the official opening of DERES took place.

DERES’ management is composed of 16 companies, called the Commission of Coordination (CC), in charge of the general management of DERES. The CC has an executive committee, made of 5 members of the CC, in charge of checking how the Commission is carrying out the decisions. It has also four more commissions that support CC’s work:

- a. Research and development;
- b. Communication;
- c. Events; and
- d. “Fundraising”.

Mission:

Create an organic network of companies, academic sectors and social agents linked to the social responsibility matter, that would generate:

1. A clear and precise concept of the new role of the corporate organizations in Uruguay, based on the experience and principles of social science and, in particular, business studies.

2. A deep awareness of these new roles in the corporative sphere and among other different involved agents.
3. Tools to measure the results of Corporative Social Responsibility management in Uruguay.

Vision:

Its vision is “to develop within the Uruguayan corporative organizations and companies’ high management, the concept of social responsibility”.

The DERES members companies obey to the following commitment:

1. Promote and disseminate CSR development in the different scopes of their activities
2. Carry out all their activities with integrity and ethics
3. Implement policies which imply a fair and equitable treatment among its workers
4. Promote training courses towards workers so that they can improve their working conditions and achieve their personal ambitions
5. Allow the plurality of thinking with no discrimination towards its workers in terms of religion, race, gender, political convictions and handicaps
6. Fulfill fiscal, social security and work obligations and respect all the country’s laws and regulations
7. Keep an active concern towards environment through actions which imply its preservation and protection
8. Contribute to the achievement of a better development and quality of life for the community in general, especially for the poorest sectors

Activities:

During the second half of 2001, DERES carried out an inquiry addressed to the member companies, which aimed to make up a register that would permit the identification of all the DERES member companies’ basic profile, in terms of social responsibility. The inquiry was only made of the following open question:

“In order to know what your company is doing in terms of social responsibility (interpretation, up to each one), please make a list of ten initiatives or concrete actions that your company is carrying out at present”.

DERES has also published the “First Steps Manual” of CSR. This manual aims to be used as a guide and allow companies and organizations to know and go in depth into the specific CSR issue. It contains several suggestions and proposals of CSR actions that companies can easily implement.

The “Manual of Corporative Social Responsibility self-assessment” was made up and thought as a tool to allow companies to give an introspective look over their own performance in the different CSR areas.

The publication of the “Social Balance Toolkit” is directed to Uruguayan companies interested in making reports of their social contribution, taking under account issues such as their contribution to the community, the improvement of their workers’ quality of life, the protection of environment, and the contribution to social

causes and projects. The social balance, made up as a complement of annual financing balances or reports, can be considered as a competitive advantage.

In 2002, DERES organized the “Corporate Social Responsibility: a fundamental commitment” International Forum which brought together different experiences of CSR in Uruguay and in the rest of the world.

CHILE

Human Development Index Rank: 43
GDP per capita (US\$ PPP 2001): 9.190
Education Index (2001): 0,89
Life expectancy (2001): 75,8 years
% Population earning less than \$1/day: <2%
Population (2001) in millions: 15,4
(Source: Human Development Report 2003 – PNUD)

Chile is one of the Latin American countries whose GDP per capita doubled and exports strongly increased in a lap of 30 years. It pretends to be a successful case of the combination of liberal economic policies and attention from the State towards social policies. In addition, the political stability after recovering democracy, after 17 years of military dictatorship, is a very interesting social wealth of that country. However, it still depends on raw material exports, especially Koper.

The Corporative Social Responsibility issue, as named in Chile, is a rather new thematic, although philanthropic actions have existed since the Spanish colonization of the country. The relationship between companies and society, in the past years, has turned to be notable and economically interesting. Different panels and workshops have been carried out in the past years in order to create a discussion and reflection space linked to the promotion of CSR in Chile, such as the one promoted by the “Fundación PRO-humana”, which has investigating on the thematic, trying to know the way that Chilean companies had adopted both internal and external CSR policies.

It appears that there are different grades of evolution in the adoption of these practices. There are three levels in the application of CSR strategies n Chile, which are:

- Emergent strategy. Spontaneous and reactive actions of CSR with colonial background and linked to Christian principles.
- Developing Strategy. It is a process in which the company starts to think about CSR actions and usually matches up with the moment when the company decides to create a foundation in charge of its CSR politic development.
- Formal strategy. It is the moment when CSR becomes part of the company’s principles and strategical plans. The company has implemented clear policies in terms of CSR, both at an internal and external level, and a system of communication and transparency of its components.

The PRO-humana Foundation points out that the general situation of Chilean companies in terms of CSR reaches an intermediate grade between emergent strategies and developing strategies. Few companies have implemented formal strategies, however they are the reference for companies that are implementing CSR, which is quite interesting to go into the following cases in depth.

CASE 6: THE PROHUMANA FOUNDATION (Chile)

General information:

The Pro-Humana Foundation is an organization with no profit purpose which carries out its activities in the Corporative and Citizenship Social Responsibility. Actually, it aims to promote a culture of CSR among businessmen, institutions and people in Chile. Private companies, such as the “Minera Escondida” Company, the State through the Department of Education and international organizations like the United Nations Development Program, contribute to this Foundation.

In 1998, it came up as a research program for the mankind promotion and became in 2000 a Foundation with a national and international scope of actions.

It is composed of a work team and a steering committee made of seven members who base their activity on creating links, according to a framework of basic development, between the company and educational establishments, in order to encourage the use of the Law of Donations with educational purposes, promoting these establishments so that they achieve the necessary abilities to make up and implement educational projects and create links between them and the corporative world.

Among its activities, The Pro-Humana Foundation invites women and men to be part of the Pro-Humana network, a space for study, knowledge and training which gathers people who want to increase their understanding about corporative social responsibility.

Mission:

“Promote a culture of Social Responsibility in Chile through a pro-active citizenship made of people, institutions and companies by the development of knowledge, the creation of spaces for debate which would be representative of the diversity; and the implementation of tri-sectorial specific actions”

The Pro-Humana’s goals are:

1. Become leader in terms of corporative social responsibility and citizenship, supporting organizations interested in that issue, in a framework of cooperation and reciprocity that would permit the creation of a network aiming to investigate and implement in the country the concepts linked to social responsibility.
2. Create tools to improve people’s conditions and quality of life, replacing the paternalistic approach and the welfare work by the promotion of mankind, philanthropic actions and social responsibility.
3. Promote the recognition of people’s abilities and resources as driving forces towards individual and society’s development
4. Support people comprehensive development in order to favor people’s dignity and love for the human being.

The Foundation stresses and promotes values, such as transparency, reciprocity, responsibility, pluralism, efficiency, trust, innovation, flexibility and coherence, which must be taken under account by the different social and economic agents, especially in the corporative sector.

Activities:

The Foundation Pro-Humana's activities have six areas of intervention:

1. Research and knowledge development through researches into the Corporative and Citizen Social Responsibility issue, the organization of different meetings between different agents and the publication of documents and books on that issue.
2. Promotion of CSR and Citizenship through the implementation of a model of communication for the "Third Sector" (not private nor public), a journal, articles for social media, a web site of social responsibility and the organization of the Social Responsibility Fair called "The other Fair".
3. Promotion of spaces for dialogue and meetings between representative agents of diversity.
4. Implementation and coordination of cooperation networks through the leadership program of the three sectors (PROLIDES), groups of philanthropy studies, the social responsibility web site called "Plaza Nueva" (created in 2001, jointly with the UNDP), and the project "creating links between companies and educational establishments".
5. Contribution to the making of legislative and normative proposals through the tax treatment of donations, the registration of foundations and their legal scopes, and a law proposal to improve tax incentives for donations.
6. Consulting services specializing in the social responsibility issue.

ANDEAN COMMUNITY OF NATIONS (ACN)

COLOMBIA

Human Development Index Rank: 64
GDP per capita (US\$ PPP 2001): 7.040
Education Index (2001): 0.85
Life expectancy (2001): 71,8 years
% Population earning less than \$1/day: 14,4%
Population (2001) in millions: 42,8
(Source: Human Development Report 2003 – PNUD)

Colombia and Venezuela have relatively strong economies among the ACN. Despite strong political problems that both countries have to cope with, their economic situation has quite kept stability, although nowadays this tendency seems to revert in both countries, but surely more seriously in Venezuela. Social responsibility has been discussed more in Colombia than in Venezuela, despite an internal clash context with the presence of guerrillas for many decades and the extension of drug trafficking cartels all over the territory.

The Venezuelan economy essentially relies on oil production and exportation, therefore its capital incomes depend on its oil exportation, which nowadays benefit from good prices in the international market. On the other hand, the Colombian economy has initially achieved a process of light industry and exports actions; nowadays, Colombia is the most industrial developed country in the Andean community.

CASE 7: THE CARVAJAL FOUNDATION (Colombia)

General information:

The Carvajal Foundation is a Colombian organization with no profit purpose, created on 10 of April 1961 thanks to the Carvajal family's decision to transfer to the Foundation 40% of their own company's stock. It aims to work for the development and social transformation of the poorest sectors in Cali, where the organization's head office is settled.

The creation of the Carvajal Foundation is the result of a proposal from leaders of the private sector in Cali, who understood that social problems concern all the sectors of society. It is an "organization of social justice and Christian charity, and the expression of the Colombian's wish of solidarity". Thanks to this philosophy, the Foundation turned itself into a mechanism to share with the community the Carvajal's company resources, through the promotion of change and social development.

During the first years, the Foundation's activities, jointly with the churches of Cali, contribute to the Parish Churches Program which achieved the benefit of 10% of the population, with its services.

Since the beginning, the Carvajal Foundation has been created in order to contribute to the incorporation of the increasing population with low-incomes of the poor areas in Cali, to the productive sector. It began with education and health services and, afterwards, extended its scope of action to other programs. In the early eighties, it carried out its activities towards new needy areas in Cali. Nowadays, its scope of action is the district of Aguablanca, in the East of the city where almost 400.000 people from the poorest strata live.

The Carvajal Foundation also aims to share and transfer experiences and programs to Colombian and Latin American business and community groups.

Mission:

“The Carvajal Foundation will be part of social justice and Christian charity, and the expression of the Colombian people’s wish of solidarity” .

As a social company, the Carvajal Foundation keeps to its commitment with the social mission, and incorporates corporative criteria in the search for efficiency, effectiveness and equity.

Vision:

It aims to become the leader institution in the implementation of innovative programs and projects which promote the human and social welfare, through the application of the best tools of management. The programs and projects will have to have educational, social, scientific, cultural, sports purposes or anyone else as long as they respect the commitment to behave always in the interests of the poorest sectors of the community.

Its specific scopes of action are the poorest areas in Cali and in the department of Valle del Cauca. However, it can extend its activities at a national and international level through consultants. In special circumstances, such as disasters, leaders’ requests, the specific scopes of action can extend themselves to other areas apart from Cali and the department of Valle del Cauca.

The principles which guide its behavior are:

1. Christian approach of social organization
2. Conception of development towards the human being’s dignity
3. Consider education as a safe way for changes and development of abilities
4. Construction of a citizenship culture
5. Improvement of the quality of life within a framework of peace, liberty, justice, democracy, equity, tolerance and solidarity.

To achieve a high level of transparency, honesty and commitment in its activities, the Carvajal Foundation adopted a Code of Ethics. It is made of norms of ethics and behavior that all the Foundation’s workers must take under account:

- Ethical behavior in the management of finances
- Hire people without any form of discrimination or pressure
- Make contracts respecting corporative guidelines and policies
- Avoid conflict of interests
- Respect personal and professional confidentiality in the management of information

If they have doubts on the right implementation of policies, in terms of ethic, contributions and payments, competences and conflicts of interests, they are used to share them in order to clear doubts out in a concerted way.

Activities and programs:

The Foundation has implemented, in concert with the poor communities it works with, programs and strategies which aim to fight against poverty in a comprehensive way, by developing people's potential, mainly through education, and creating healthy communities with better opportunities to grow and participate to the economic progress of its region. Much of these programs are supported by other national and international institutions (public or private).

In 1982, the Foundation implemented Community Centers for Basic Services, through the creation of a bank of building materials which dropped the costs of housing and stopped the speculators' action. Moreover, jointly with the town council of Cali and the "Universidad del Valle" University, it helped with the procedures for the legalization of properties and with the design and construction of housings. This gave birth to the Housing and Environment Strategy Unit which quickly extended its services to health, banking and food supply, clothing, savings and credits, training on micro-enterprise, etc. With the support of the European Union, these centers for basic services were implemented in specific popular poor areas, such as El Vallado (1985) and La Casona (1991).

In 1977, the Foundation made up a Development Program for Small Companies which contributed through training, consulting and funds. Its social impact led the national government to create, in 1984, the National Plan for the Development of Small Companies. This program was also extended to storekeepers and , in 1990, included the rural producers. In 1994, these programs fused together when the Housing and Environment Strategy Unit emerged and extended its services to small and medium companies through a company of corporative financing and the Regional Fund for Guarantees. Other foundations and institutions of knowledge and education of the region also joined this last project.

The Carvajal Foundation, jointly with foreign institutions and the Universidad del Valle Health School, also carries out health programs. In addition, it created a Comprehensive Program for Better Education in order to train school owners in the administrative and technical areas, and teachers in the pedagogical area. In 1976, it also created a Radio Program which became the HJSA stereo FM radio station in 1979.

Nowadays, it carries out the following programs:

1. Popular housing program.
2. Basic health attention program.
3. Programs of education.
4. Community basic services program.
5. Corporative development unit for micro-enterprises.
6. Environmental improvement program.
7. Broadcasting program.

PERU

Human Development Index Rank: 82
GDP per capita (US\$ PPP 2001): 4.570
Education Index (2001): 0.88
Life expectancy (2001): 69,4 years
% Population earning less than \$1/day: 15,5%
Population (2001) in millions: 26,4
(Source: Human Development Report 2003 – PNUD)

Peru and Bolivia are neighbor countries that have shared the same history for a millennium in terms of ancient civilizations and geography (both of them have an altiplano over 3.500 meters high). They also share a dramatic reality of poverty and cultural and social discrimination. During the past last years, this situation is being faced by all actors of the society (government, civil society, corporations) who have implemented mechanisms of participation and consultation of the populations about their respective jurisdictions' budgets (local and regional) and mechanisms to implement spaces for dialogue between public, private and social agents for the fight against poverty.

In Peru, the Corporate Social Responsibility issue is still at a first stage in many of its aspects. It appears through the speeches of some big companies but it is not part of small and micro-enterprises' agenda. That is to say, the theory and practice of CSR hasn't already been developed in a sector composed of many productive units and workers. Micro and small companies represent 27% of the GNP and employ 28% of the work force. However, they represent more than 98% of the corporate units in the country. On the other hand, big and medium companies represent 46% of the GNP and only 8% of the work force (less than 2% of the corporate units).th

Companies which try to implement CSR programs are very few and they basically appear through welfare programs or the diffusion of competitions on this matter. These programs are implemented by national and foreign big companies to which they assign funds. According to these companies' perception of CSR, it is an investment that can make companies achieve a better profitability and give a better image of themselves.

CASE 8: THE E. WONG CORPORATION (Peru)

General information:

The E.Wong Corporation is made of a group of the Wong Family's companies, dedicated to the sale and distribution of goods through supermarkets strategically located in various areas of Lima. It implements corporate social responsibility in its everyday business activities and in its marketing strategy.

They implemented the concept of "personalized self-service" in the supermarket area. Since then, they became one of the leaders in terms of service in the world. The E. Wong Corporation has won several national prizes, in reward for the quality and variety

of more than 50.000 kinds of products it sells, and the permanent innovation in its stores.

In 1942, Erasmo Wong father created a little grocery store in a residential neighborhood of Lima. Since then, Don Erasmo and his wife dedicated themselves to make their store be one of the best grocery stores in Lima. Since they were young, Don Erasmo's sons, Peruvian of Chinese descent, have contributed to the family business. In 1983, the sons created the first store, under Erasmo's leadership (the eldest son), which became what it is nowadays, that is to say one of the leader supermarket chains in Peru, with a participation of 69% in that sector.

Mission:

According to the company, the fundamental E.Wong Corporation's principle is "the client is our reason of being" and it bases its culture of organization on this principle. Since the Wong grocery store, they have dedicated their work to the satisfaction of consumer's pleasure and preferences, in Lima.

The E. Wong stores aim to be recognized for their good service. In each store, they employ almost 300 workers who are always ready to give a personalized and pleasant service.

In average, the E. Wong stores are more than 3.000 m²-wide. In the Metro Hyper and Supermarkets, owned by the same group, the average area reaches 10.000 m². Both chains have almost 1.000 tills.

E. Wong bases its strategy on the satisfaction of all the clients' demands, who mainly look for the best quality and service. The clients of *Metro Hyper- and Supermarkets* are those who look for low prices and good quality.

The personalized service and attention have been taken as an example for the implementation of other competitor chains, who agree in public on the fact that the level of supermarkets services in Peru is much above the international standard. Nowadays, they employ 6.000 people who are called "collaborators".

Activities:

Nowadays, the Corporation is composed of 27 stores which work under the "E. Wong" label (11 supermarkets); "Metro Supermarkets" (7 supermarkets); and Metro Hypermarkets" (9 hypermarkets). This growth followed the tendency that specialists in techniques of market called "to go against the crowd", due to the Corporation's innovations in that sector. For instance, while Wong was handling low stocks, the others were doing the contrary. It stressed on service while everyone was stressing on costs. It personalized the service when the prevailing concept was "self-service". It extended its stores when the tendency was to reduce them. They made investments when the economy of Peru was passing through a difficult time.

The group has a modern head office of Merchandise in Traffic, created to drop supply costs of the perishable products (it has 1.000 tills for 50.000 items or products proposed in the stores).

It has also a modern Center for Meat Distribution, in charge of processing meats which permitted to make standard cuts for 100% of the meats for the whole chain, respecting the norms of the HACCP system, which guarantee microbiologic quality to products, making them good for health.

It has a Central Reception, created as a distribution center for dried products where they achieve high efficiencies in terms of logistic, packing and distribution to all the stores.

These three centers are part of their philosophy based on the “Efficient Response to Consumers”. This Corporation understands corporative social responsibility as the capacity to provide always a better service to clients. Its main obligation is to satisfy its consumers’ demands and prospects.

For that reason, the E. Wong Corporation won twice the “Prize of creativity in the service provided to clients”, one of the most important prizes for innovation in Peru. It is obviously a different reward from the one given to companies which had carried out socially responsible activities.

CASE 9: THE PERU 2021 CONSORTIUM (Peru)

General information:

“Peru 2021” is a civil organization with no profit purpose, created in 1994 by a group of businessmen who wanted to commit themselves to the country and its future. By 2021, Peru will celebrate its 200 year independence anniversary, therefore the name of this initiative has precisely the same spirit.

They think that:

“Corporative social responsibility is a relatively new field in Peru. It began in the nineties as the result of globalization, especially because of the decreasing governmental protectionism and controls on the private sector and the increasing distrust from civil society towards the corporative power.

Until now, there’s no single concept or definition of Corporative Social Responsibility; however, it is understood as a commitment from the company to identify and manage its relationships and social, economic and environmental impacts on society, in a responsible way.

It has three motivations: the improvement of society, the improvement of the community in which it settles down and the company’s own profits. Social responsibility incorporates the philanthropic behavior, the necessity to be sure of

the loyalty of the community in which the company carries out its activities, the search for an increasing work productivity and the interest in permanent and steady profits in time. CSR is a new way of business management.” (see Web site: www.peru2021.org)

Vision:

The Consortium’s vision of Peru in 2021 is the following one:

“A prosperous, peaceful, democratic and fair Peru [...] in which all people will be educated with the necessary values and knowledge to carry out their ambitions through a stimulating and decent work [...] a country with strong and transparent institutions which guarantee people’s rights, the respect of the laws and private initiatives [...] a welcoming and supportive country, proud of its huge environmental, cultural and social diversity [...] A country where we can live happy”

Its vision of itself as a Consortium is:

“To be a famous and respected corporative institution for its contribution to turn Peru into a country to which we all aspire, with a view in a long term on which its citizens, leaders and institutions would base their actions.”

Mission and purpose:

Their mission is the following one:

“Contribute to the implementation of a dynamic process at a national level in order to create a concerted view of Peru in a long term; where companies become the driving force for development and incorporate social responsibility as a management tool, contributing to a better quality of life and competitiveness of its environment”

After the change of status in April 2004, education has become its main scope of action. They point out that the organization aims “to promote educational and cultural development of the Peruvian society, in an individual or collective way, in order to achieve its development and social welfare”.

Goals:

In summary, the Peru 2021 Consortium’s goals are:

1. Gain the leadership in terms of corporative social responsibility, through promoting and educational actions of the Peruvian businessmen, the creation of Peruvian CSR rates, and the promotion of its proposals in events and books.
2. Rise the national collective self-esteem, through participative dialogue, compilation and wide diffusion of successful experiences.
3. Support education and childhood, through strategic alliances with specialized organizations in that field.

4. Wide diffusion of the long-term vision of the country, as pointed out above.

According to them, CSR aims to the achievement of sustainable development in the country. They consider that the impact of CSR depends on the work-force and contribution of the agents involved in that matter. Hence, the Report of Sustainability they promote, must contain indicators to measure the results in terms of economic, environmental and social contribution. Moreover, it must be published and available for any kind of public interested in that matter (“stakeholders”), for their knowledge and comments.

Activities:

1. The Peru 2021 Sustainable Productive Chain Project (CADENA) is an innovative initiative, supported by the association of leader companies jointly with their small and medium suppliers for the implementation of Environmental Management Systems (EMS) ISO 14001, extended to eco-efficiency and corporative social responsibility. It aims to rise the level of efficiency, quality and competitiveness of a group of small and medium companies in Peru, through the introduction of environmental management systems.
2. Symposia: up to now, eight international symposia have taken place, in which they have tried to present to civil society and businessmen, the new approaches in terms of promotion and implementation of CSR, based on world tendencies and international experience.
3. Competition: in 2003, the “I Peru 2021 - Corporative Social and Environmental Responsibility Competition” to which participated all the private companies who implemented CSR in their management, took place. A second one will be organized in 2004.
4. Exhibition-Fairs: these activities are carried out jointly with other organizations. In 2004, the “I Exhibition-Fair of CSR Projects” took place and mainly aimed to give the opportunity and sufficient space to exhibit and strengthen social initiatives carried out by companies.

CASE 10: BOARD OF AGREEMENTS AND FIGHT AGAINST POVERTY (Peru)

General information:

This is an experience of different economic agents’ social responsibility which aims to implement actions to fight against poverty, in a concerted way. It is based on the will of dialogue and concertation between civil society (Churches, social organizations, labor and corporative unions, and NGOs), the State (11 Departments and the Presidency of the Ministers Council, Regional, Local Governments) and the international cooperation. This experience was born in Peru during the democratic transition government (2000-2001).

The Board of Agreements and Fight against Poverty is an unprecedented fact as a result of a cooperative effort that tries to be institutionalized. For that purpose, it is important that this forum was created by a Presidential Decree in 2001. This strengthens the link of the participation and decision of the parts involved in the Board. The Board of Agreements and Fight against Poverty has a national decentralized structure made up of 26 departmental boards (regional), more than 160 provincial boards (Peru has 190 provinces) and more than 1.000 district boards (out of the 1.800 Peruvian districts).

The Board of Agreements and Fight against Poverty is the result of the awareness that the participation of both public and private sectors is essential if we want to overcome the deep problems of inequality and social exclusion, establish democratic institutionality on strong bases and reach the levels of welfare and social justice to which all the Peruvian people aspire.

In addition, the representatives of the different sectors that participate in the Board of Agreements and Fight against Poverty obtained the approbation of the creation of a Social Chart, approved in 2001, a document that lays down the institutional orientations, tools and commitments in a long term, that will be used as a guide for public and private agents' actions in order to rise the performance in terms of coverage, efficiency and quality of development and fight against poverty. Through this Social Chart, the Board commits itself to work jointly for the construction of a Peruvian population welfare system through the dialogue and agreements between the State and civil society.

Goals:

According to the Presidential Decree which gave birth to the Board of Agreements and Fight against Poverty, it has four main goals:

1. Concert social policies with a human development perspective, based on equity and gender.
2. Reach a greater efficiency in the implementation of programs to fight against hunger.
3. Institutionalize the participation of citizenship in the creation, decisions and control of the State social policies.
4. Achieve transparency and integrity in the programs to fight against hunger.

In addition, the modifying Presidential Decree extended the functions of the Board of Agreements and Fight against hunger to:

- e. The promotion of a national dialogue to achieve the coherent articulation between the State, Civil Society and Private Sector's efforts to fight against poverty.
- f. The implementation of mechanisms of coordination between the Government and Civil Society's sectors, to achieve transparency, efficiency and systems of true and precise information of public social investment, in the framework of social purposes already established.
- g. The coordination of social help programs in order to guarantee the rational and precise use of the available resources and define the geographic and thematic priorities for the assignment of the resources.

- h. Be a place of concertation for the elaboration of national, regional and local plans which refer to development and social promotion policies, and the definition of priorities in terms of budget.

Activities:

The Board of Agreements and Fight against Hunger carries out workshops and national meetings at a provincial, regional and local level, with the participation of provincial, regional and local coordinators, to share their experiences and work orientations.

In 2001, the Board published the Social Chart: Commitment for Development and Overcoming Poverty and in December of the same year, it made public the “Declaration of Ayacucho”, approved in the Second Regional Coordinators Workshop, which took place in Huamanga.

Six National Meeting took place in August 2004. The experience carried out to promote the Concerted Plans of Development and the Participative Budgets is one of the greatest contributions that the Board of Agreements has made to the process of decentralization in the country.

The Board stresses on the importance of a concerted planning of development and the participative elaboration of budget through the organization of Decentralized Fora about these issues – in coordination with the National Congress of the Republic of Peru – and the presentation of their contribution to regional and local governments’ laws. These tools have been incorporated to the legislation and must be respected at a regional and local level, as it is indicated in the Regional Governments Law, the Organic Law of Municipalities and the General Law for Participative Budget.

CASE 11: FERSOL (Brazil)

“Societal responsibility—cultivating our land and our people.” This is the slogan adopted by Brazilian company Fersol (manufacturer of agricultural products such as pesticides, fungicides and herbicides) across all its communications. The slogan underlines the duality of the position adopted by the company in aiming to develop a wide range of societally responsible actions with the purpose of driving forward a genuine transformation of responsibility in society.

Fersol’s conversion to the CSR cause can be dated back to around 1996 and has developed in a proportionate manner thanks to continuous program of in-house and external actions designed to boost good citizenship on the part of the company.

1. Objectives

Having successfully extricated itself from a fragile financial position (from 1993 to 1999) that put its existence into doubt, the company decided to address CSR in a fully transparent way in discussions with staff, clients, suppliers, financiers and civil society, setting the following objectives:

- choosing the orientation for investments;
- favoring job security;
- emphasizing training and specialization;
- promoting education and the process of raising awareness of environmental issues.

The achievement of objectives was backed by the far from miserly commitment of 15% of the company’s profits.

Below we detail a few of the CSR actions already undertaken by this beacon company.

2. Education program

Fersol is certain that education has to be stressed as a “strategic space within any project for social and economic development, because a just society is comprised and strengthened by the presence of citizens who are both active and critical.” Taking this as a starting point, the company is keen to promote education, convinced that it is the most effective mechanism for building the foundations of citizenship.

In 1996 the Fersol school was set up. It originated in the desire of few of the company’s staff to learn, study, grow and develop as citizens. Observing that some staff were insufficiently literate or had failed to complete the minimum required level of schooling, led to the decision to set up the Zero Illiteracy program. This involved expanding the school, hiring teachers to provide remedial adult reading classes, and the adoption of an educational process based on the work of educationalist Paulo Freire.

3. Diversity of human resources

One of the company’s overarching principles is to encourage people and their potential, irrespective of gender, race, sexual orientation, ideology or state of health. Everybody has the chance to show off their skills and their abilities, thus participating in the construction of a new society.

The HR department therefore favors diversity in its hiring programs, integrating workers from population groups that have traditionally been marginalized in Brazil. As of December 2003, the workforce comprised 61% women, 38% people of African descent, 26% people aged over 45, and 3% disabled people. According to Exame

magazine's 2003 Good Corporate Citizenship Guide, Fersol is one of the top forty employers promoting women's entry into the workplace.

The company also keeps a close eye on continuous improvements not only to its products but also to its processes. In November 2003 the company gained its certification for ISO 9001:2000 (quality) and ISO 14001 (environment); Fersol was one of the first Brazilian chemical companies to achieve this certification. The company is currently involved in the process of working towards SA 8000 certification (human rights and employee relations).

4. Political conscience

A political conscience is one of the company's cornerstones; it willingly describes itself as a company that continually exceeds its objectives thanks to the willingness of its staff to engage with the wider society.

By staging debates during elections it offers its staff a glimpse of a range of competing visions for the future of the country and the world. In partnership with various specialist NGOs it regularly offers training and lecture/debates featuring representatives from political parties, academics and social movements..

5. Food security

Fersol has created, develops and maintains projects that fight hunger; these are an integral part of its policy of societal responsibility. These are initiatives taken for employees, although they also benefit the community and social institutions.

In a similar vein, the company has a program called *When 1% is Transformed into 100%*, created at the instigation of some of its staff who wanted to take part in the national Zero Hunger program. The program consists of a voluntary 1% salary contribution that is used to buy and distribute food baskets for local families in difficulty or for social organizations in Mainrique and its environs. In return, the beneficiaries are encouraged to participate in domestic waste recycling and literacy schemes. The main difference between this approach and that commonly witnessed in Argentina is that the food baskets are distributed to beneficiaries who participate in debates or lectures on topics such as the environment, education or job creation, during which they are taught how to sort waste and are given a kit to help.

6. Quality of life

The company seeks to improve quality of life for its workers. To this end it employs aids such as display panels offering information, thoughts, suggestions, poems, etc., all intended to educate people about health and taking care of themselves. Why? To improve the quality of life of workers and their families.

7. Human rights

People within the company think that "a just and democratic society can only be built by those whose rights are respected and who respect the rights of other citizens in turn". Since 1998 Fersol has therefore been involved in the fight for children's rights, working in collaboration with the Abrinq Foundation.

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