

Executive Summary: “The State of Corporate Social Responsibility as seen by Company Executives in Latin America”

Companies in the region have made considerable advances in Corporate Social Responsibility (CSR), however it is not clear in which areas, nor to what magnitudes. One of Forum Empresa’s (FE) principal motivations for carrying out this study was to obtain more information on these aspects. Forum Empresa is a regional network promoting CSR in the Americas. FE believes that this information is crucial in order to identify priorities and to set strategies based on the reality of CSR in the region.

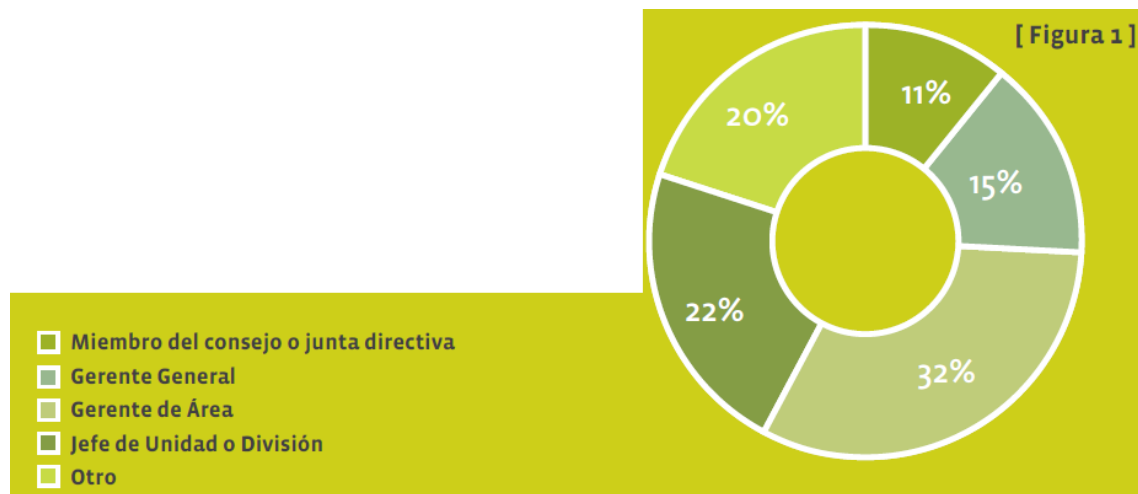
Description of the Participants

The perception of executives is of key importance, given that the advances proposed by their companies depend on their diagnoses.

1500 executives participated in the study. Of these, 529 answered all of the questions in the survey. The majority of the respondents were area managers (32%) and division chiefs (22%). CEOs and members of the board of directors amounted to 26%.

Figure 1 shows the position of who responded to the questionnaire. The majority are area managers (32%) and division chiefs (22%). CEOs and members of the board of directors form 26%.

Figure 1: Position of the participant in the company

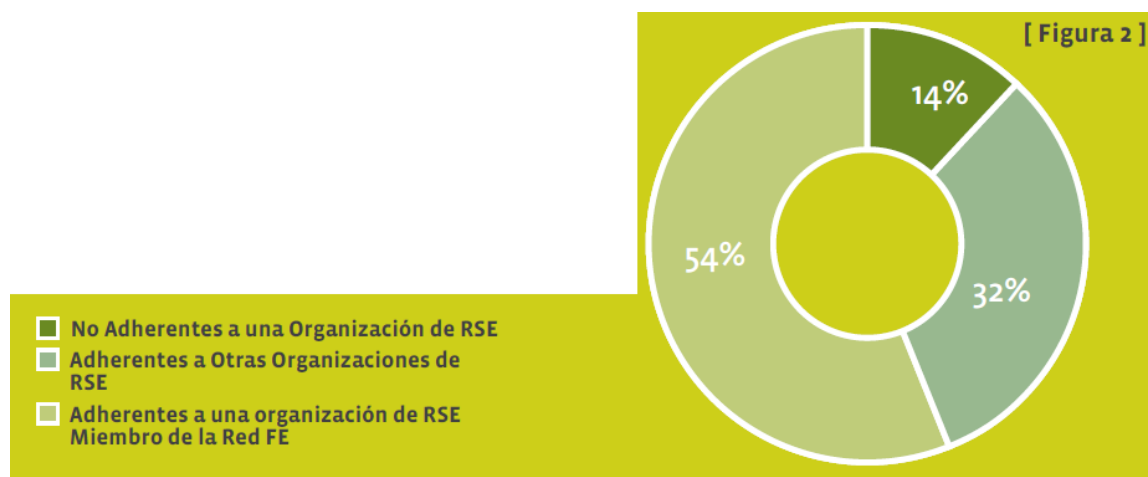


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68% of the respondents work for companies that are affiliated to a CSR promoting organization.

¹ Member of the Board,CEO,Area Manager,Division Chief,Other

Figure 2: Distribution of the companies according to their affiliation with CSR promoting organizations



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About the Questionnaire

The studied dimensions were defined by Forum Empresa during the project ‘Promotion of CSR in the Americas’, which was carried out with the support of the IADB and the OAS (2004-2008). These dimensions are as follows:

- Decision Making and Transparency
- Relations with the Community
- Environment
- Consumers and/or Users
- Relations with workforce

A sixth dimension called ‘Future Projections’ was also included with the aim of learning the impact of the international financial crisis of 2008 on CSR plans for the following three to five years.

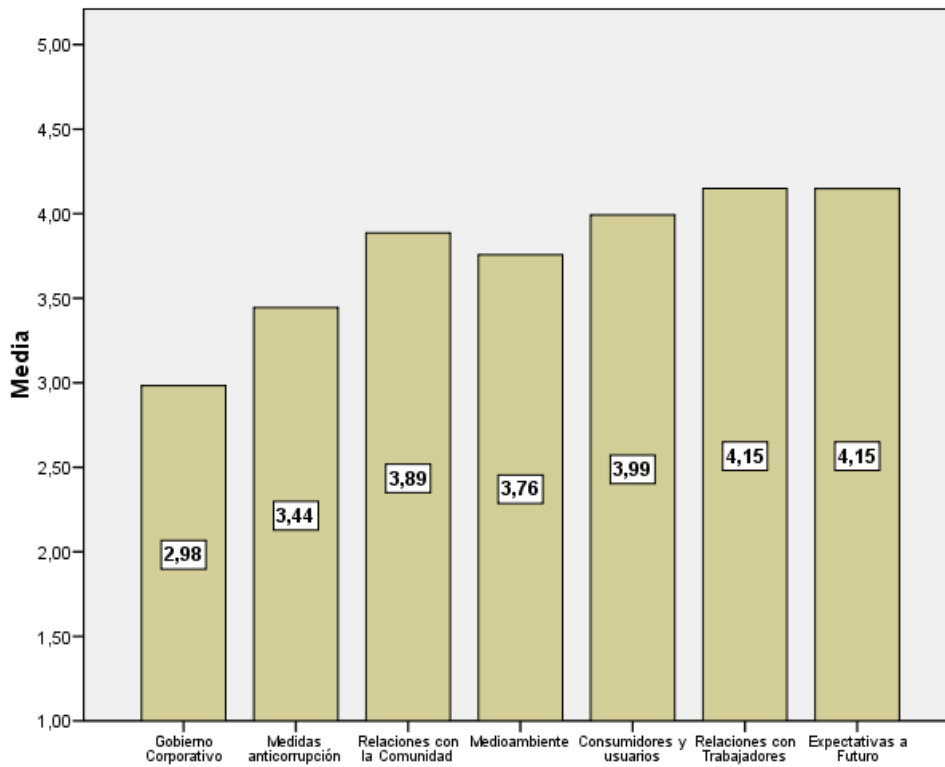
The Most and Least Valued CSR Dimensions

Of the CSR dimensions studied, the participating executives considered that their **companies are most advanced in relations with their workforce**. They indicated that the aspects that are least advanced in companies in the region are decision making (corporate governance) and transparency (anticorruption measures). The dimension ‘Future Expectations’ obtained one of the highest results.

The companies that achieved the best relations with their workers also have the best expectations regarding future development of their CSR policies.

² Not Affiliated to a CSR Organization, Affiliated to a CSR Organization, Affiliated to a FE Member CSR Organization

Figure 3: The average obtained for each CSR Dimension



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CSR by Economic Activity

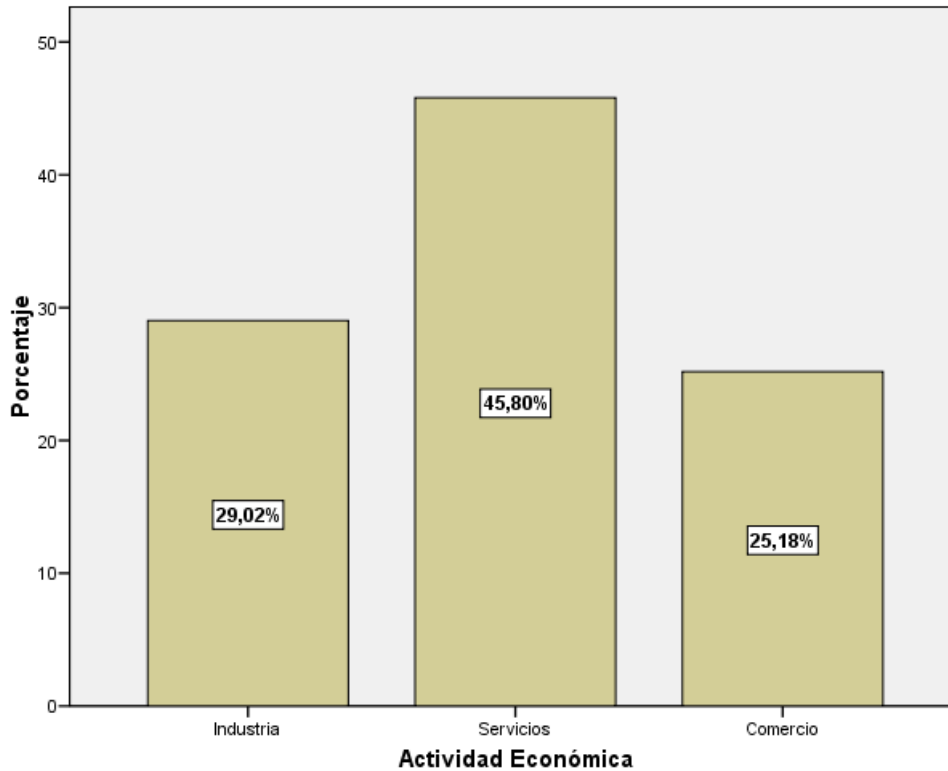
The service sector showed a higher level of CSR than the industrial sector, which in turn obtained better valuations than the commercial sector.

The economic sectors that were best valued for each CSR dimension are:

- Decision making: Industry
- Transparency: Services
- Relations with the community: Industry
- Environment: Commerce
- Consumers and/or users: Commerce
- Relations with workers: Industry
- Future expectations: Services

³ Corporate Governance, Anticorruption Measures, Community Relations, Environment, Consumes, Workforce Relations, Future Expectations

Figure 4: Distribution of the respondents by economic activity



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CSR Installed Capacity

The study incorporated the variable “CSR installed capacity”, to identify if installing capacities and resources to advance CSR gave concrete results. The variable ‘CSR installed capacity’ was defined in order to describe the resources that companies dedicate to the development of their CSR strategies. Four criteria were considered.

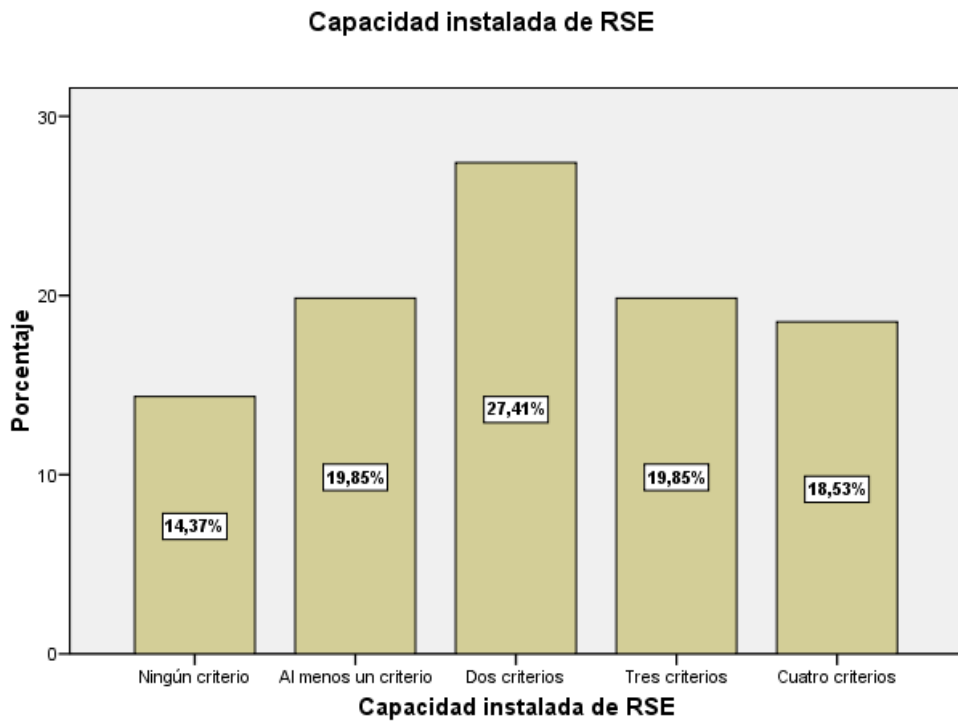
The company:

- publishes sustainability reports
- has an employee in charge of CSR
- is affiliated to a CSR promoting organization
- subscribes to CSR standards

Figure 5 presents the participating companies in terms of the number of installed capacity criteria they fulfilled. Only 14% or 74 of the companies did not meet with any of the CSR installed capacity criteria, at the other extreme 19% fulfilled all four of the criteria. If all those that met with three or four of the criteria are considered, a total of 39% or 206 of the participating companies demonstrated an advanced capacity in CSR.

⁴ Industry, Services, Commerce

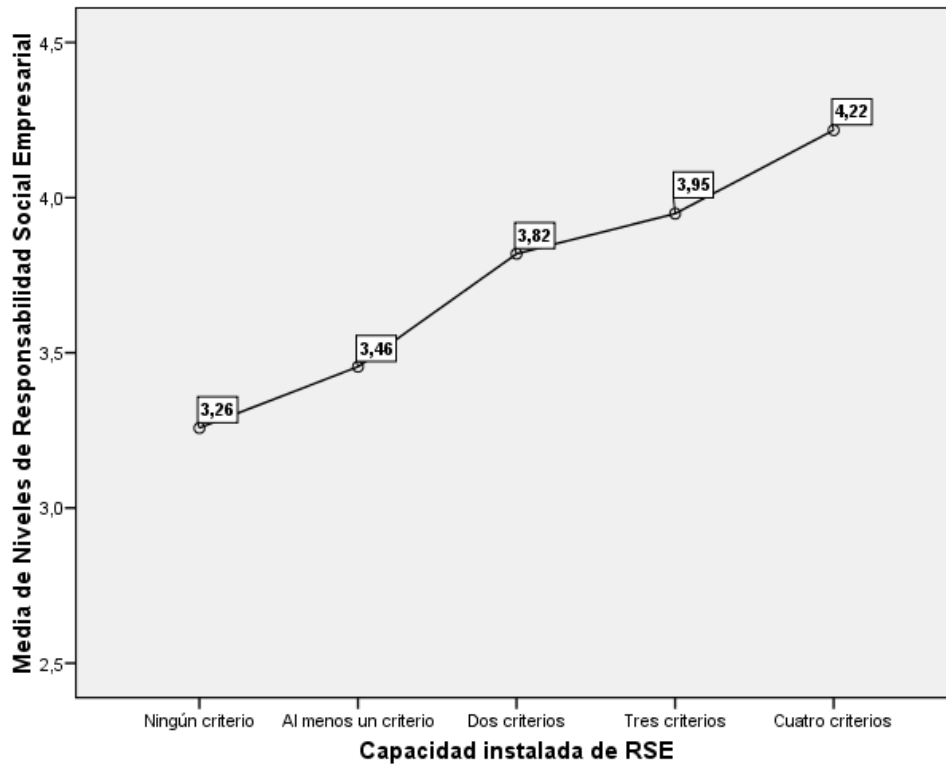
Figure 5: CSR Installed Capacity



As shown in Figure 6, it was found that the companies with greater CSR installed capacity were also those best evaluated in their CSR advances by their executives. That is to say, the greater the CSR installed capacity, the better the valuations and vice versa. This relationship is more pronounced in commerce and is weakest in the service sector.

⁵ No criteria, 1 criteria, 2 Criteria, 3 Criteria, 4 Criteria

Figure 6: CSR Installed Capacity and Level of CSR



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CSR and Size of the Company

46% of the companies that responded employ more than 500 workers, 29% employ between 50 and 500 workers and the remaining 25% employ less than 50 workers.

Figure 7: Distribution of the participating companies according to their numbers of workers



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⁶ No criteria, 1 criteria, 2 Criteria, 3 Criteria, 4 Criteria

The highest levels of CSR were found in the largest companies: 57% of these companies reached high and very high levels, compared to 42% and 45% respectively for small and medium sized companies. The middle levels were most populated by small companies (30%) and in low levels of CSR, medium sized companies were found in the greatest proportion (31%).

The medium sized companies presented a lower level of future expectations for CSR development than the small and large companies.

Sustainability Report

Of the surveyed companies, 40% publish a sustainability report, of which 58% also include stakeholder participation in its elaboration.

Figure 8: Distribution of the companies according to whether or not they publish sustainability reports

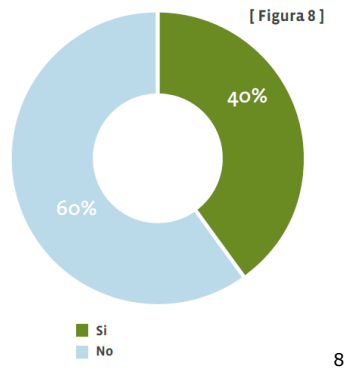
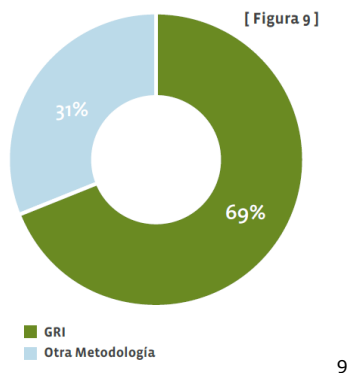


Figure 9: Methodology used to carry out the sustainability report

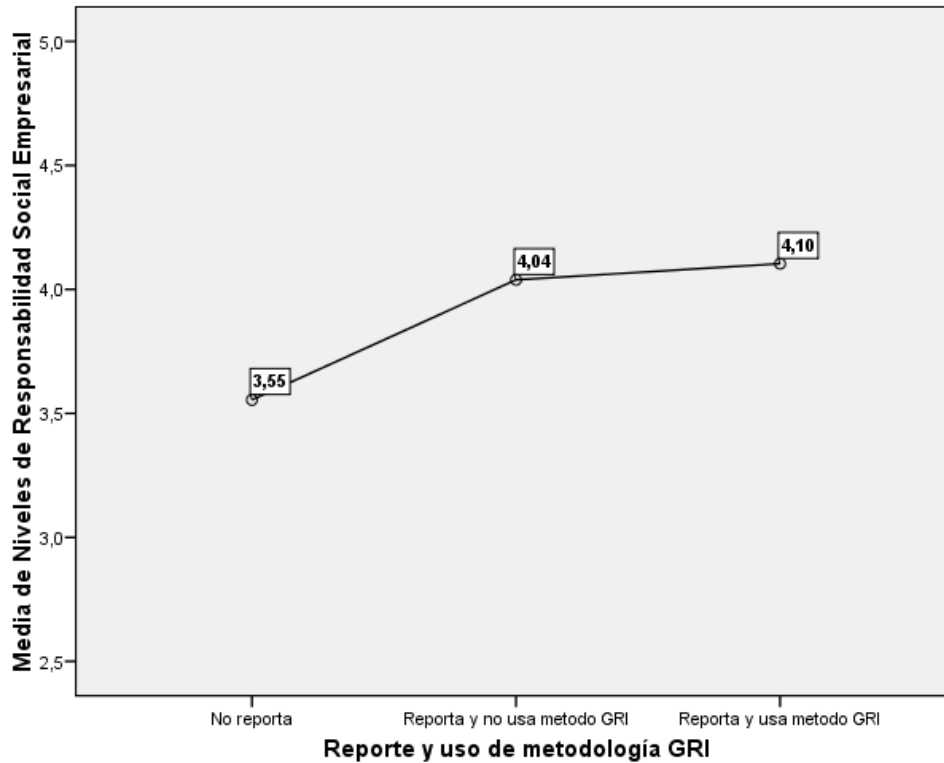


⁷ 50 or less, 51 – 500, 500 or more

⁸ Yes, No

It was found that publishing sustainability reports has a positive impact on the executives' perception of the advances of their companies in this matter; although the use of GRI methodology was not an influential factor in their evaluations.

Figure 10: Relationship between the report and advances in CSR



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Conclusions

The business executives who participated in this study have an optimistic perception of their companies' achievements regarding CSR, in each of its dimensions. Nevertheless, they pointed out corporate governance and transparency as the least developed aspects. Work remains to be done in this area, such as introducing more diversity in the composition of board of directors, defining decision making procedures which consider businesses' social and environmental impacts and moving towards anti corruption measures that lead companies to further contribute on this issue.

Generally, the participants said that the 2008 economic crisis will not affect their plans for the next 3-5 years regarding CSR; on the contrary, they were very optimistic on this subject, even more so for the executives who rated their companies highly in the other CSR dimensions that were measured.

The companies with the largest CSR installed capacity were the highly rated and vice versa. From this result, it is possible to infer that constructing capacities to implement CSR activities has a concrete and positive result.

⁹ GRI, Other Methodology

¹⁰ Does not report, Reports but doesn't use GRI, Reports using GRI

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