




the  **americas**
CONFERENCE ON
corporate social responsibility

“Alliances for Development”

PROCEEDINGS

**Antonio Vives
Amy Heinecke**

Editors



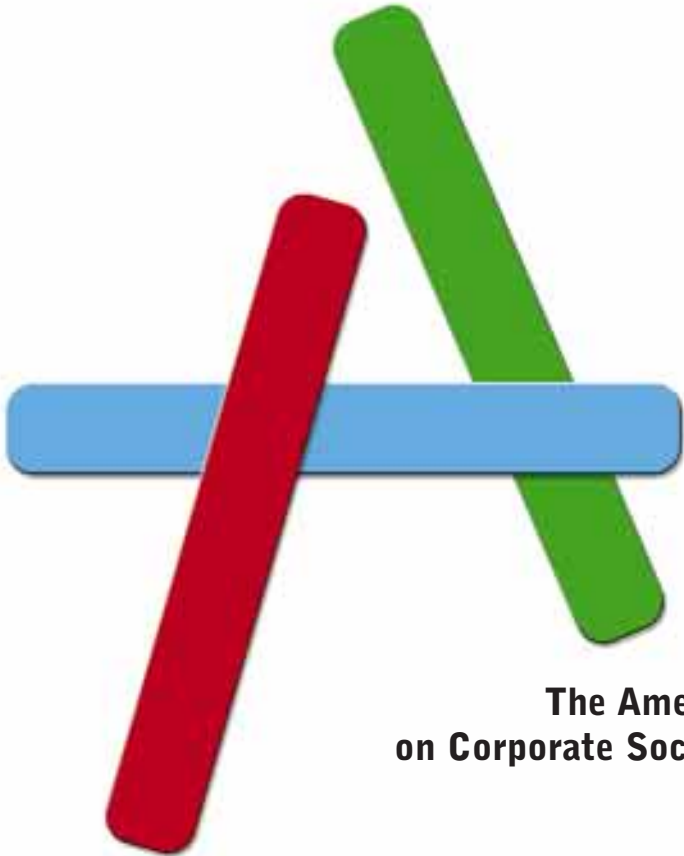
**September 22, 23, 24 2002
Miami, Florida**

PROCEEDINGS

Edited by
Antonio Vives
Amy Heinecke



Canada



**The Americas Conference
on Corporate Social Responsibility**

**Miami, Florida
September 2002**





THE AMERICAS CONFERENCE ON CORPORATE SOCIAL RESPONSIBILITY

“ALLIANCES FOR DEVELOPMENT”



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PRESENTATION

An increasing number of multinational and local companies based in the Americas have voluntarily undertaken a variety of activities for the improvement of the working and living conditions of the communities. These firms display their social responsibility by engaging in ethical business practices and creating value for their various stakeholders including shareholders, employees, customers, vendors, communities, public authorities, NGOs, and the natural environment. CSR practices are diverse and may include the traditional philanthropic programs, support for local charities, cultural and educational activities to a more integrated and comprehensive set of policies and practices linked to the company's operations.

These socially responsible businesses have "a purpose beyond making profit". Their challenge is to achieve the triple-bottom line: obtaining financial results and sustainable economic growth with more and better jobs and greater social equity. Their message to various stakeholders with whom they interact is clear: businesses have a crucial role in identifying and promoting sustainable and equitable solutions to key global issues affecting the physical, social, and economic environments. Some businesses have been actively pursuing and expanding their CSR practices for years, and are now experiencing a range of bottom-line benefits such as improved financial performance, enhancement in their brand image and reputation, increased sales and customer loyalty, increased ability to hire and retain employees, a reduction in regulatory oversight and access to capital.

The Americas Conference on Corporate Social Responsibility: "Alliances for Development", held in Miami on September 22-24 2002, focused on illustrative examples of how these businesses are helping with the wide array of complex social and economic issues of the region, and the above-mentioned benefits that these firms obtain. Both traditional and new players were the target audience of this conference. In addition, the conference sought to gather all players to promote a tri-sector collaboration: businesses, governments, and civil society - to confront and work together in developing solutions for the enormous social and economic challenges that the Americas is facing.

The Americas Conference on Corporate Social Responsibility served to increase awareness and advance CSR in the Americas by creating a forum in which to interact, exchange views, share experiences and build trust among the various players to work together towards the improvement of the communities and the environment.

The conference responds directly to a request made during the 2001 Summit of the Americas in Quebec, which called upon the participants to:

"...Convene a meeting as early as feasible in 2002 with the support of the OAS, the IDB and other relevant inter-American organizations involving representatives from governments, civil society, including mainly the business community, to deepen dialogue on corporate social responsibility in the Hemisphere, raise awareness of key issues to be determined and discuss ways to promote the development, adoption and implementation by the business community of principles of good conduct that will advance corporate social and environmental responsibility."

These Proceedings summarize the presentations and discussions held during the Conference. It also includes a summary of an electronic forum hosted by the World Bank Institute in preparation for the Conference. It is expected that the publication of these Proceedings will further enhance its objectives of contributing to disseminate the benefits, for all actors involved, of Corporate Social Responsibility.

ACKNOWLEDGMENTS

The organization and execution of the Conference owes a debt of gratitude to the many persons and institutions that were involved in its execution.

Organizing Committee

The Conference was organized by a team composed of:

Anne Tamara Lorre, Mission of Canada to the Organization of American States
 Antonio Vives, Chair, Inter-American Development Bank
 Amy Heinecke, Inter-American Development Bank
 Neli Vera Diaz, Inter-American Development Bank
 Carlo Dade, Inter-American Foundation
 Audra Jones, Inter-American Foundation
 Linda Borst-Kolko, Inter-American Foundation
 Amb. Lombardo Martínez, Organization of American States
 Fernando de Mergelina, World Bank

Rapporteurs

The Dante B. Fascell North-South Center of the University of Miami, through its President, Ambassador Ambler Moss, was generous in providing the rapporteurs for the meetings. Their summaries were instrumental in the preparation of these Proceedings and the work of the team is highly appreciated. The team was directed by Sherry Tross, and composed of Antonio Garrastazu, Christina Prkic, Dario Lobo, Wendy Grenade, Karla Mosquera, Consuelo Pinto, Manuela Picq, and Allison Brooks with support from Conchita Ramos.

Steering Committee

The Organizing Committee received guidance from the Steering Committee, in the areas of conference design, content of the sessions, identification of speakers and sponsors and in general in the promotion of the conference. Their efforts are highly appreciated.

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Stephan Schmidheiny President and Founder	AVINA Foundation	Maria Emilia Correa, Vice President, Social and Environmental Responsibility, GrupoNueva
James Wolfensohn President	The World Bank	Fernando de Mergelina, Corporate Sector Specialist, Finance, Private Sector and Infrastructure

Logistics

The logistics of the conference were ably managed by Meetings, Events and Conference Coordinators, MECC, of Miami, Florida.

Sponsors

Last and definitely not least, the conference was made possible through the generous contribution, in cash or in kind or both, of the many sponsors:

Main sponsors

Inter-American Development Bank
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Starbucks

To all, many thanks.

THE AMERICAS CONFERENCE ON CORPORATE SOCIAL RESPONSIBILITY

"ALLIANCES FOR DEVELOPMENT"



AGENDA

Sunday, September 22, 2002

- 3:30 p.m. – 7:30 p.m. Check in
- 7:30 p.m. – 8:30 p.m. Welcome Reception

Monday, September 23, 2002

- 7:00 a.m. – 3:00 p.m. Check in
- 8:00 a.m. – 9:00 a.m. Continental Breakfast
- 9:00 a.m. – 10:00 a.m. **Opening Ceremony**
Local Government Representative, *Manuel A. Díaz*, Mayor of Miami
Quebec Summit Representative, *Marc Lortie*, Assistant Deputy Minister (Americas)
and Personal Representative of the Prime Minister of Canada for the Summit of
the Americas, Canada
Inter-American Development Bank, *Enrique V. Iglesias*, President
Organization of American States, *César Gaviria*, Secretary General
World Bank, *David de Ferranti*, Regional Vice President, Latin America and the Caribbean
International Finance Corporation, *Peter Woicke*, Executive Vice President
- 10:00 a.m. – 10:30 a.m. Coffee Break
- 10:30 a.m. – 12:45 p.m. **First Plenary Session**
Benefits, Impact, and Results of Socially Responsible Business
Moderator:
Antonio Vives, Chairman of Conference Organizing Committee, Inter-American
Development Bank
- Evidence**
James Austin, Professor, Harvard Business School, Member of the Social Enterprise Knowledge
Network (SEKN), USA
- Private Sector Perspective**
William M. Hayes, Executive Vice-President for the United States and Latin America,
Placer Dome Inc., Canada
Henry Day, Board Member, Perú 2021 and Chairman of the Board, Forum EMPRESA, Peru
- Government Perspective**
Dominador Kaiser Bazán, Vice President of the Republic, Panama
Naresh Singh, Director General, Governance and Social Policy, Canadian International
Development Agency (CIDA), Canada

Civil Society Perspective

William S. Reese, Chief Operating Officer, International Youth Foundation, USA

Speakers from the different sectors (business, government, and civil society, including academia) will provide their perspectives and speak from their varying viewpoints regarding the benefits, impact, results, opportunities, and challenges of adopting CSR practices and policies in the Americas.

1:00 p.m. – 2:15 p.m. Lunch with Keynote Speaker

Introduction:

Ambassador *Roger Noriega*, Chairman of the Permanent Council and U.S. Permanent Representative to the Organization of American States, USA

Keynote Speaker:

His Excellency President *Enrique Bolaños*, Nicaragua

2:30 p.m. – 4:00 p.m. First Set of Breakout Sessions (three concurrent sessions)

Partnerships in Successful Programs of Corporate Social Responsibility

Breakout A:

Partnerships in Local Economic and Community Development

Moderator:

Roberto Gutiérrez, Universidad de los Andes, Member of SEKN, Colombia

Panelists:

Holly Wise, Director, Global Development Alliance, United States Agency for International Development (USAID)

Chuck Gagel, Associate Director, The Procter & Gamble Company, USA

Nelson G. Ríos, President, CIED / PDVSA, Venezuela

Viviane Senna, President, Ayrton Senna Foundation, Brazil

Humberto Rada, General Manager, Inti Raymi Mining Company, Bolivia

Guilherme Peirão Leal, Executive President, Natura Cosméticos S.A., and Social Advisor Council Member, Instituto Ethos de Empresas e Responsabilidade, Brazil

Join a discussion on innovative cases in which businesses seek to contribute to the economic growth and well being of low-income communities. Examples include investing in community economic development projects such as housing and neighborhood revitalization programs, working to preserve the environment, supporting education and training for disadvantaged people, and developing alliances with non-profit organizations to further build trust among community members.

Breakout B:

Partnerships with NGOs and Civil Society

Moderator:

Audra Jones, Corporate Liaison, Inter-American Foundation, USA

Panelists:

Andrea Schettini, Program Director, Fundacion Minetti, Argentina

Vicente Fenoll, General Director, Servicios Financieros Comunitarios, S.A. de C.V., Unión de Crédito (FinComún), Mexico

Ceres Loise Bertelli Gabardo, Administrative Coordinator, O Boticario Foundation, Brazil

Judith Morrison, Senior Foundation Representative for Brazil and Colombia, Inter-American Foundation, USA

Santiago Mariscal, Grupo Bimbo, S.A., Mexico

In this session, executives from corporations, NGOs, and corporate foundations will showcase partnerships between the private sector and civil society that have led to innovations in sustainable environmental planning, community development, and microenterprise development.

Breakout C:
Partnerships through the New Philanthropy and Volunteerism

Moderator:

Rosa Maria Fischer, University of São Paulo, Member of SEKN, Brazil

Panelists:

Charles Raymond, President and CEO, Citigroup Foundation, USA

Ralph Edmond, President, Farmatrix, and President, Haitian Partners for Christian Development, Haiti

Sarah Jane Rehnberg, RGK Center for Philanthropy and Community Service, Lyndon B. Johnson School of Public Affairs, University of Texas at Austin, USA

Shari Nourick, Consultant, and author of OECD publication Corporate Social Responsibility: Partners for Progress, USA

One of the most important resources that corporations can give their communities is the time, knowledge, and skills of their leaders and employees in enhancing the living conditions of those in need. From differing viewpoints and the perspective of various countries, this session will illustrate and discuss examples of how organizations and individuals are further engaging in the communities through the donation of their time.

4:00 p.m. – 4:30 p.m. Coffee Break

4:30 p.m. – 6:00 p.m. **Second Set of Breakout Sessions
(three concurrent sessions)**

**Promoting Corporate Social Responsibility I:
Managing Changing Expectations**

Breakout A:
The Demand Side: Investors and Consumers

Moderator:

Adrian Hodges, Director for the Americas, Prince of Wales International Business Leaders Forum, UK

Panelists:

D. Wayne Silby, Co-Founder and President, Calvert Social Investment Fund, USA

Helio Mattar, President, Akatu Institute, Director and member of the Council, Ethos Institute, Brazil

Christopher Coulter, Vice-President, Environics International, Canada

Investors and consumers play an active role in influencing companies by purchasing the shares and the products of responsible businesses. They also may exert pressures by monitoring and influencing companies' behavior, through very direct actions. In many countries, companies are experiencing new pressures as investors, pension funds, and socially responsible investment funds are examining and rewarding ethical businesses. This session will illustrate the new trends of socially responsible investment and how they affect companies' activities. Session participants will have the opportunity to discuss and exchange ideas on what are the various forces that drive companies to adopt CSR: market forces, investors and consumer pressures, public incentives/disincentives, or corporate choice?

Breakout B:
Business as a Role Model for Business: Beyond the Supply Chain

Moderator:

Lee Tavis, Mendoza College of Business, University of Notre Dame, USA

Panelists:

Paul Rice, President, Transfair, USA, USA

Bradley K. Googins, Executive Director, The Center for Corporate Citizenship at Boston College, USA

Jesús Moreno, President, Empresas Bon, Dominican Republic

Vicky Schreiber, POEMA, and Joachim Zahn, Daimler Chrysler, Brazil

Jaime Sotela, Supply Manager, Portico S.A., Costa Rica

This session will examine how large companies and other business organizations—through their examples, actions, and requirements—can influence the responsible behavior of small and medium-sized firms that are key contributors to the local economies. Standards of excellence will also be discussed.

Breakout C:

The Role of the Media in Promoting the CSR Agenda

Moderator:

Ana María Majano, Executive Director, Latin American Center for Competitiveness and Sustainable Development (CLACDS) – INCAE, Costa Rica

Panelists:

Michael Reid, Americas Editor, The Economist, UK

Mack Quintana, President, El Paso Times, Gannett Co., Inc., USA

Wendy Arenas, EL TIEMPO, Colombia

The influence and power of the media is enormous and their role is critical in communicating and expanding the CSR agenda in the Americas. This discussion will illustrate some trends in media coverage of CSR in the Americas, and the impact on the public.

7:30 p.m. – 9:00 p.m. Dinner with a Keynote Speaker

Introduction:

Ambassador *Ambler Moss*, former U.S. Ambassador to Panama, and Director, Dante B. Fascell North-South Center, University of Miami, USA

Keynote Speaker:

Ambassador *Otto J. Reich*, Assistant Secretary of State for Western Hemisphere Affairs, USA

Tuesday, September 24, 2002

7:30 a.m. – 8:45 a.m. Breakfast with a Keynote Speaker

Introduction:

Jorge Luis Arrizurieta, Alternate U.S. Executive Director, Inter-American Development Bank

Keynote Speaker:

Bernard Pasquier, Director, Latin America, International Finance Corporation

9:00 a.m. – 10:30 a.m. Second Plenary Session

Supporting an Enabling Environment for CSR: How Can We Work Together?

Moderator:

Errol P. Mendes, Professor of Law, University of Ottawa, Canada

What Should the Government Do?

Bernardo Avalos, Chief, Office of Civil Society Participation, Presidency of the Republic, Mexico

Sefano Pogutz, Professor of Business Administration, and Advisor on Corporate Social Responsibility, Bocconi University, Italy

What are the Needs and Contributions of the Private Sector?

Enrique García, President, Telcel BellSouth, and President, Alianza Social Committee, Venezuela

John McWilliams, Senior Vice-President, Nexen Inc., Canada

What Can Civil Society Contribute?

Soledad Teixidó, Executive Director, PROhumana, Chile

This plenary session will provide a unique opportunity to engage in a significant tri-sectoral debate: What should governments do to create an environment for CSR to flourish? What are the benefits of working together and how can we make it easier? What can we learn from one another? What do we need to do to make CSR more attractive? What can civil society bring to the partnership to help facilitate implementation? What do corporations need in order to contribute effectively?

10:30 a.m. – 11:00 a.m. Coffee Break

11:00 a.m. – 12:30 p.m. **Third Breakout Session
(three concurrent sessions)
Promoting Corporate Social Responsibility II**

Breakout A: The Role of Civil Society Organizations

Moderator:

Chris Pinney, Vice President, Corporate Citizenship, The Canadian Centre for Philanthropy, Canada

Panelists:

Erwin Hahn, Executive Director, Forum EMPRESA

Hon. *Vivian Lowery Derryck*, Sr. Vice President and Director for Public-Private Partnerships, Academy for Educational Development (AED), USA

Felipe Cajiga, Coordinator, Corporate Responsibility Program, Mexican Center for Philanthropy (CEMEFI), Mexico

Evaydée Pérez, Executive Director, Alianza ONG, Dominican Republic

Richard Jones, Executive Trustee, Community Tourism Foundation, Barbados

Non-profits, labor unions, minority groups, indigenous peoples, women's groups, environmental groups, local communities, religious and civic organizations: Do they have a say in how companies behave? Do they play a role and can they help in building a CSR agenda together with businesses? This session will present examples of how civil society organizations are actively engaged in CSR discussions and practices.

Breakout B: The Role of Oversight and Accountability Institutions

Moderator:

Gabriel Berger, Universidad de San Andrés, Member of SEKN, Argentina

Panelists:

Alice Tepper Marlin, President, Social Accountability International, USA

Allen White, Acting Chief Executive, Global Reporting Initiative, USA

John Sabapathy, Program Manager, AccountAbility, UK

Carlo di Florio, Director, Sustainable Business Solutions, PricewaterhouseCoopers, USA

Michael Hopkins, CEO, MHC International Ltd, UK

As business ethics come under increasing scrutiny, a growing number of companies have begun to produce reports on their social and environmental performance. This session will illustrate the new trends in corporate reporting and accountability to their diverse stakeholders and how they affect companies' behavior.

Breakout C: The Role of Supranational Institutions

Moderator:

Enrique Ogliastri, INCAE, Member of SEKN, Costa Rica

Panelists:

Georg Kell, Executive Head, UN Compact Office

Donald Terry, Manager, Multilateral Investment Fund

Dwight W. Justice, Multinational Companies Department, International Confederation of Free Trade Unions

Daniel Funes de Rioja, Regional Vice Chairman, International Organisation of Employers

Multilateral and Inter-American organizations are developing diverse initiatives to expand the breadth and depth of CSR research, policies and practices, and to help build a new CSR framework for social and environmental sustainability. This session will facilitate a debate on what is the current role of supranational institutions and what role these organizations may play in the future.

12:30 p.m. – 1:30 p.m. Panel Discussion

The Future of Corporate Social Responsibility

Moderator:

Ambassador *Luis Lauredo*, former U.S. Ambassador to the OAS, USA

Panelists:

Danny Leipziger, Director, Finance, Infrastructure, and Private Sector Development, World Bank

Robert Dunn, Chief Executive Officer, Business for Social Responsibility, and Board Member, Forum EMPRESA, USA

Beatrice Rangel, Senior Advisor to the Chairman, Cisneros Group, Venezuela

Susan Aaronson, Senior Fellow, The National Policy Association, USA

Maria Silvia Pineda, Executive Director, Fundazúcar, Guatemala

This panel discussion will allow panelists to speak to points raised during the conference and present their ideas on the future of CSR from their respective sectoral perspective. This panel discussion will provide participants with an opportunity to summarize the conference discussion while extracting the major points from the conference sessions on how we can work together, what have we learned from each other and where do we go from here.

1:30 p.m. – 2:30 p.m. Closing Lunch Buffet

Antonio Vives

Chairman of Conference Organizing Committee,
Inter-American Development Bank

Introduction

The opening plenary explored the benefits, impacts, results, opportunities, and challenges of CSR. A mirror session explored the actions needed by all actors to promote CSR.

There seems to be a reasonable consensus, with some exceptions, that CSR should be promoted, that it is good for business, and that it is good for society at large. But are corporations embracing CSR out of conviction or out of fear of the consequences? Are we good citizens out of the goodness of our hearts or out of fear of punishment? This question remains controversial. There are those who maintain that the current trend is attributable to herd behavior, that the benefits of CSR are overblown, and that civil society exerts an inordinate amount of pressure. Some say that it is easier for companies to capitulate to such pressure than to resist it. Where does the truth lie? The question is not merely philosophical. It affects the strategy chosen: whether to pursue collaboration or confrontation, facilitation or compulsion, or voluntary or mandatory methods. Most of these issues were discussed in the session.

The session covered the full spectrum of viewpoints from the different sectors and from countries in different degrees of development. It started with a background presentation from the academic world by Prof. James Austin of Harvard University, presenting the evolution in CSR thought, reasons for engaging in CSR, and conditions for success. It was followed by the point of view of the private sector, as represented by Mr. William Hays, Executive Vice-President for the United States and Latin America, Placer Dome—a large mining concern from a developed country, Canada, operating in a developing country, Chile—and by Mr. Henry Day, a successful businessman, as well as a leader of a business organization promoting CSR in Peru and Latin America. Afterwards, the point of view of governments was presented by the Vice-President of Panama, an emerging country, Mr. Dominador Kaiser Bazan, and by the Director General of the Canadian International Development Agency, Mr. Naresh Sing, from a developed country. Finally, Mr. William Reese of the International Youth Foundation presented the position of civil society. The highlights of those presentations are discussed below.

The Concept of CSR

Prof. James Austin presented a conceptual framework for CSR, based on the research of the Social Entrepreneurship Knowledge Network, SEKN, which includes business schools from throughout the hemisphere. In analyzing why corporations invest in Corporate Social Responsibility, SEKN has concluded that there are many reasons, falling in a spectrum between purely altruistic reasons and pure utilitarian purposes. The altruistic reasons were the origin of CSR and continue to be the basis for many corporations. Nevertheless, recently, companies have started to appreciate the benefits of a more hands-on involvement. These include internal benefits, such as hiring, retaining, developing, and motivating employees, and external benefits, such as competitive advantage and goodwill from consumers, investors, and government. As Peter Woicke, Executive Vice President of the International Finance Corporation, mentioned in the opening session, “CSR is not something you do *to* your bottom line, it is something you do *for* your bottom line”.

This viewpoint was also highlighted by William Hayes, representing the private sector, who stated that social responsibility is translated as assuming responsibility for the impacts that business

activities will have on society. The old vision that the company’s responsibility was limited to the creation of wealth, employment, and fiscal revenue has been broadly expanded to such issues as the environment, participation in civil society and human rights. Within this context lies the second main element of business responsibility: the creation of social value. A third element is the use of best practices. Combining all these elements, we could attempt to define CSR as the development of a company’s activity, assuming responsibility for its impacts, in such a way as to create value for its shareholders and society through the employment of best practices.

Stages of CSR

In order to implement a successful CSR program—one that delivers benefits to the bottom line—corporations need alliances with civil society organizations, as well as the cooperation of governments. The level of collaboration between the parties falls into a continuum between the purely *philanthropic* and the ultimately *integrative* approach. An intermediate stage, where most corporations in developed countries probably lie, is the *transactional* approach. Under the philanthropic approach, there is little engagement, the commitment is light, and falls within a narrow

scope of activities with low strategic value for the corporation. Usually financial resources are given to selected causes, related or unrelated to the activities of the firm, and are carried out by others, with little impact on the activities of the corporation beyond giving it a good name.

In the integrative approach, CSR is part of the long-term strategy of the firm, involvement is high, much of it is carried out by the firm itself, resources are committed beyond purely financial ones, the activities are integrated in the mission, and are usually closely related to the activities of the firm. Under this approach, CSR is part and parcel of the firm's activities. Between these extremes lie the majority of corporations in the developed world, with different levels of commitment and resource allocation, with parts of their CSR activities being integrated into the overall strategy. In developing countries, CSR is still in its infancy. It is associated mostly with the early stages of philanthropy and with the relatively large firms and those associated with multinationals.

Successful Alliances

Within these approaches, in order to be successful, a program will have to deliver value to all parties; otherwise, it risks becoming a short-lived effort. The most critical component of an effective strategic collaboration is a balanced value exchange. If the exchange is not perceived as fair, there are two risks: that one side will be unmotivated, and/or that decision-making will be unequal. Association with civil society organizations can deliver benefits for both parties if the program is properly crafted and is backed by a long-term commitment. Businesses can create value for non-profits most obviously and directly through the allocation of financial resources. But there are other tangible and intangible values to be created as well. For non-profits, these include know-how in management, fresh ideas, a whole set of management skills, greater credibility and visibility, and access to key networks and physical infrastructure. In turn, non-profits can create value for businesses by helping them understand consumers and markets better, improving their public image, increasing their legitimacy among other non-profit actors and the government, developing the emotional commitment of consumers to their brand, increasing motivation for employees, providing access to knowledge of what is happening in civil society and providing access to key networks and technical expertise. In such ways, and in general, non-profits can help companies increase their competitive advantage.

Not that this is easy. There are many barriers to collaboration. Prof. Austin summed these up as the Seven C's: Culture, Conflicting Goals, Confusion of Roles, Control, Capacity, Competition, and Costs. To counteract these barriers and achieve successful collabora-

tion, Prof. Austin proposed another set of Seven C's: Clarity of purpose, Connection with purpose and people, Congruency of mission strategy and values, Creation of value, Communication between partners, Continual learning, and Commitment to the partnership.

CSR in Developing Countries

An example of the complexities and the results of such alliances was presented by **William Hayes** of Placer Dome, who is also President of the Consejo Minero, an association that represents the 17 largest mining companies in Chile. According to Mr. Hayes, CSR is gaining more and more supporters, especially in developing countries, including Chile. In many cases, these countries have social deficiencies, which greatly exceed the capacity of the state to provide. Thus it is not surprising that the Canadian-Chilean Chamber of Commerce has named CSR as the main corporate topic of the 21st century. For the companies making up the Consejo Minero, CSR has a double dimension. On the one hand, it is an ethical mandate; on the other; it is a best business practice.

The regrettable financial scandals that have recently affected some of the large corporations have induced Placer Dome to reflect about what has been until now the most important parameter to evaluate a company's success or failure: constant growth. The constant and increasing need to add value for shareholders has been one of the main causes for the manipulation of financial results. Looking back, perhaps it has been a mistake to put so much emphasis on adding value for the shareholders, forgetting that the obligations as businessmen are also about creating value for society as a whole. There is a need to balance short-term performance with long-term value.

The companies of the Consejo Minero understood a long time ago that their actions must be based not only on economic considerations but also on solid ethical fundamentals. For this reason, they assumed a socially responsible attitude that is demonstrated by the impact they have had on Chilean society. The mining industry is one of the most important sectors of the economy of the country, and even more so for the geographical regions in which they operate. Its impact in the economic, labor, social, and environmental areas is significant. This imposes a greater social responsibility on the mining industry. The second reason why mining companies in Chile have assumed the challenge of social responsibility is because they believe it is sound business. The voice of civil society organizations has increased greatly. As a consequence, the risk of neglecting civil society is too great for business. A third reason to endorse CSR is the consideration of public image. No longer can a business rely solely on financial indicators.



■ Opening of the first Panel

According to **Henry Day**, Board Member of Peru 2021 and Chairman of the Board of Forum EMPRESA, strategic alliances are extremely important to the private sector. Many of the countries throughout the hemisphere have numerous political, economic, and social issues that need to be taken into consideration by the business community. Businesses need to contribute to the reduction of poverty. This is not only an important business consideration but also an ethical question, which businesses must face. The business community has a great stake in the sustainable development of our communities. We require a stable country in order to achieve greater returns and minimize risks on long-term investment. For this, we need to create a unified vision and a culture of democracy.

The greatest way in which businesses can contribute to the development of developing countries is to recapture the business spirit. Latin America has had a difficult history, and we cannot afford to think only in the short-term. We need strategic alliances to begin overcoming some of these long-standing problems.

These problems of public mistrust are not unique to Latin America, but also prevalent in developed countries such as the United States, as shown in the cases of WorldCom and Enron. Businesses of today are looking for proactive persons: persons with good values, persons who are transparent, persons with a true business spirit. This great change in the persons making up today's businesses is resulting in a grand change in the spirit of some of today's most successful businesses. The standout businesses of today also have a respect for the consumer, for society, for ethics, and for greater values.

In Latin America, there is significant momentum in the promotion of CSR. There are many examples of outstanding work such as that of Avina and Forum EMPRESA. Forum EMPRESA is a new network, which includes, among others, national associations of businesses like Ethos in Brazil, BSR in the United States, Peru 2021, ALIARSE in Mexico, and Fundemas in Central America. The idea is to create an international network of CSR organizations throughout the hemisphere.

CSR and Development

Dominador Kaiser Bazán, Second Vice President of the Republic of Panama, emphasized the role of governments in CSR. One of the most important roles is for governments to create the proper conditions for business to flourish. This includes the maintenance of economic stability, respect for the rule of law, creating a level playing field for corporations to compete, maintaining the highest ethical standards, conducting government and business affairs with transparency and fairness, and promoting fair and equitable laws and regulations.

Nevertheless, governments can also play a more proactive role in the promotion of CSR by recognizing that, as CSR should be part of the business of businesses, some of the expenses incurred should also be considered part of doing business. Also, governments can participate in the alliances of business with civil society and participate actively in the projects that both jointly undertake for the benefit of society.

As **President Enrique Bolaños** of Nicaragua reminded the audience during the luncheon address, if government neglects these responsibilities, labor, human, and economic rights suffer. Consequently, government's role in supporting CSR is "not a matter of will, but a commitment to permanent change." Governments must take a stand against corruption, as does Nicaragua in its open campaign against corruption. Corruption undermines citizen welfare and engenders poverty, which leads to political instability. Through anti-corruption initiatives, such as an independent judiciary, equitable application of laws, a well-trained and healthy workforce, and governments' share and commitment to CSR principles as vehicles of social change, governments can provide the environment for CSR to flourish.

In this regard, **Naresh Singh**, Director General, Governance and Social Policy, Canadian International Development Agency (CIDA), also underscored the role that governments and official development assistance have in the promotion of good CSR principles, as part of their contribution to development, particularly

in local economic development. The best place to start is to think about what the international community has agreed to try to do in terms of the social development goals. This commitment is well captured in the Millennium Development Goals, which state the intention of the international community to reduce poverty and hunger by 50 percent by 2015.

We need to make a bold new move in CSR and we have come to a new frontier. The business of business is business, but the most important social contribution is sustainable livelihoods, most importantly among the marginalized and disadvantaged. Business, working together with civil society, can address these issues through investments, rather than through philanthropy, charity, or donations. This investment is in the asset base of society, in terms of human, social, natural, and physical capital.

As mentioned above, governments have a significant role to play. Governments can help to build the capital investment base through their usual role of public investments. Governments need to look at investment led-structural adjustment. Investments must expand in order to widen the revenue base, improve health and education, and expand domestic aggregate income.

Developed country governments also have a role in this international scenario. Debt relief is very important if business is going to be able to play its role as a partner. Governments can work to improve market access to developing country products, remove farm subsidies, and make official development assistance more responsive to the needs of countries, rather than donor-led. Foreign policy statements must act as a guide to the behavior of transnational corporations. Governments can also help build market institutions, strengthening them where they exist or building them where they may not exist.

Governments, businesses, and official development assistance can and must work in the development of *all* forms of capital. CSR promotes this.

The Role of Civil Society

There was consensus in the panel that for the implementation of CSR, successful alliances with civil society organizations are critical. Expanding the discussion initiated by Prof. Austin, **William S. Reese**, Chief Operating Officer, International Youth Foundation, pointed out the importance of scale in the interventions by civil society. In order for CSR programs to have impact and reach the greatest number of beneficiaries, they must have the proper scale. Small interventions are fine, but they do not achieve durable impact, as they are harder to mainstream. For alliances to be successful, they must also have scale.

There are a number of strategies to achieve scale:

- **Expansion**—increasing the size and coverage of an existing program so that it reaches more people, usually in the same city or community, through expanded services, additional staff and, today, increased use of technology.
- **Replication of successful programs to additional sites**—using similar fundamentals and common strategies, while addressing local needs and capacities.
- **Explosion**—the power of an idea whose time has come. Here “scaling up” is usually accomplished when a government adopts a local program or policy and takes it nationwide.

Scaling up has many benefits, but it also has risks. Among the benefits are the strengthening of the actors, shared accountability, greater learning, broader dissemination of best practices, and an expansion of the capacity to change policy. Among the main challenges are the need to develop trust and the need to truly believe in the potential of the partnership and both partners to achieve the right conditions. Does the project have the capacity? Do the programs really reflect best practices? If not, the quality will decline as partners try to expand. Actors also need to find common interests and vision, to find a partner with a solid international network, to find a champion, to have good governance, and most importantly, to measure the results.

Forging an alliance is not easy. However, tri-sectoral partnerships can improve far more lives and have a far deeper impact than any single sector effort or local program, no matter how effective.

Closing Remarks

CSR is a powerful tool to increase the quality of life in society. In order to have effective CSR programs, businesses must recognize that CSR is also good for business: not only in the short run through better response from employees and customers, but also in the long run through a better business environment in which to conduct its activities. For these programs to be successful, all parties need to work together, each playing its proper role. Businesses can take the lead in recognizing the value of CSR and making it part of their strategy. Civil society can recognize the comparative advantages of CSR and their responsibilities and put them to work for the benefit of society. Governments can create the proper environment for businesses, civil society, and CSR to flourish. None of these players can achieve the goals of CSR alone. Properly structured alliances are needed between all parties, in an environment of trust and mutual respect for the different roles each has been called to play.

To summarize, there is a growing consensus that CSR makes economic sense for business, but I would add that it also makes common sense.

Partnerships in Local Economic and Community Development

Roberto Gutiérrez, Ph.D.,
Universidad de Los Andes,
Member of SEKN, Colombia

Our social problems are so pressing that all contributions are welcome. The private sector can contribute to the solution of social problems by concentrating on its business or by creating social initiatives that support community projects. A company works on its business or develops social initiatives alone or in partnership with public and social sector organizations. Working independently or relying on collaboration changes the breath and characteristics of each contribution.

The panel highlighted innovative cases in which businesses seek to contribute to the economic growth and well being of low-income communities. Five different experiences were presented as examples of different types of private sector involvement with social issues. A private mining company tackled local development issues. A corporate university developed a program to address unemployment. Two experiences in which schools received support from foundations and from businesses that partner with research centers. A public-private partnership addressed nutrition issues.

In the following sections, I will differentiate between these types of contributions to highlight the particular ways in which they operate. As they illustrate concrete experiences, it is possible to identify their potential and shortcomings.

“The Business of Business is Business”

A private company may pay attention to social issues within its operations. In order for a business to develop in its social setting, stakeholders are rallied and they expect benefits to keep up with their participation. To concentrate on providing benefits to shareholders runs the risk of ignoring the needs of other stakeholders. This affects the sustainability of the whole enterprise. As **Guilherme Leal**, President of Natura Cosméticos, stated, “To develop a company is to enhance the quality of its relationship with its many stakeholders.” Management needs to take care of all stakeholders and to satisfy them in a balanced way. Suppliers and customers, employees and shareholders, government and community, all need attention.

The Inti Raymi Mining Company operates in Oruro, Bolivia. One of its prides is to provide a much higher income level to its

workers than the local and national averages. According to their figures for 2001, Oruro’s villagers annual income averaged US\$300 while their workers annual average salary was US\$10,500 (compared to the average annual income per capita in Bolivia of US\$1,021). The company also provides training and education and full access to medical care to its employees. By doing this within its business operations, it is taking care of the needs of one of its main stakeholders.

Procter & Gamble has engaged in an alliance with USAID to provide an affordable micronutrient-fortified food product for commercial sale in developing nations. They share the common goal of improving the health status of mothers and children through micronutrient fortification. While P&G develops, tests, manufactures, markets and distributes its Nutristar product, USAID had a role to play in Nicaragua, one of the countries where the alliance has grown. According to **Holly Wise**, Director of the Global Development Alliance, USAID:

- helped P&G gain access to the Nicaraguan scientific community in order to present their findings showing the nutritional benefits of the P&G-patented beverage, Nutristar;
- collaborated on behavioral research, which was made available to any company; and
- will offer public service messages about the benefits of generic supplementation and fortification for mothers.

Although these are three actions that can benefit any company, one in particular offers the greatest advantage. The public sector shares technical expertise, and the cost of behavioral research is not charged to the consumer. Is this private gain from public funds disputable? Or can it be argued that these public funds are used in a context where one private company is best suited to compete? Procter & Gamble is opening a market for its products, and USAID succeeds in improving mother-child health among the poor in Nicaragua. In other words, a commercial product is provided at a lower cost than it would otherwise be offered, and it helps meet the nutritional needs of mothers and children.

The two companies, Inti Raymi and Procter & Gamble, are concentrating on their business. The first one found sustainability on its own, while the second one sought an alliance to achieve it. Their contributions—to workers or mothers and children—came from the business operations. Another way companies contribute to society is by establishing social initiatives.

Social Initiatives

The establishment of a foundation and the support of a community project are examples of social initiatives that are not directly related to a particular business. A company is willing to undertake such investments for several reasons: these include the desire to satisfy some needs of the community where it is located, to improve its public image, to increase its control over the resources it gives to government in taxes, to increase worker morale and attract better employees, and to obtain favorable responses from investors and public officials.

Social initiatives concentrate on working with actors who are beyond the immediate boundaries of the company, but who are still stakeholders. Even though these social investments are not directly related to the core of their business, companies benefit from them and contribute as well to alleviate certain social problems.

In 1991, for example, Mario Mercado, former president of Inti Raymi, established the Inti Raymi Foundation to carry out social and productive investments in the Oruro community. Social investments included health and education programs, while the productive investments had a small business program, and a grant and loan program. These were developed in partnerships with the municipal governments and with the Inter-American Foundation. To date, the Foundation has invested more than \$US10 million in rural development projects for 25 communities and the city of Oruro. The Inti Raymi Foundation as a social initiative allowed the company to contribute to the needs of the communities where its operations were based. The company is now closing operations in Oruro and its facilities will become an industrial park.

Another social initiative, the Ayrton Senna Foundation, has a business that generates its financial resources. All the proceeds from licensing the Senna brand are used to improve the quality of schools all over Brazil. The Senna Foundation works with government, private sector companies, and universities to construct social technologies—as its President **Vivianne Senna** calls them—that address the problems of nearly 13 million children who repeat a school year. (Only 3 percent of the 32 million children in the Brazilian school system are on schedule.)

These two foundations work with other organizations to deliver their services. Neither is self-sustainable, but they differ in their relationship with the private company. The Bolivian foundation depends on a mining business that is closing operations in Oruro, while the Brazilian foundation is unique in using all the financial resources coming from the commercial use of the Senna name. They also differ in the degree of their autonomy in deciding how to use the resources they receive.

Another social initiative developed by the private sector is the corporate university created by the Venezuelan petroleum company PDVSA. It is the largest corporate university in Venezuela and it provides skills training and entrepreneurial education. As unemployment has increased in the four big petroleum-producing states, one of the university's programs aims to develop entrepreneurial initiatives with the unemployed population. The creation of microenterprises and cooperatives alleviates the social pressure on PDVSA. Although education is not at the core of its business, the effects of this social initiative are soon felt by the company because it addresses the needs of a demanding stakeholder. But it does so alone, independently from other organizations in the education sector.

Based on a different approach, the leaders of Natura—the largest South American cosmetics company, with a portfolio of more than 600 products in five countries—believe that life is an interlinking of relationships.¹ In a program with the Abrinq Foundation for Children's Rights, Natura Cosméticos shares core competencies to work with NGOs and schools and improve the quality of education in Brazil. Natura shares its strength in mobilization and articulation, while the Abrinq Foundation has the credibility and capacity to coordinate many actors in civil society. In the words of one of its founders, **Guilherme Leal**:

Creer para Ver (Seeing is Believing Program) mobilizes Natura's partners for the creation of products that are voluntarily sold by the 300,000 Natura sales representatives. All the funds obtained from the sale of these products are invested in the technical and financial support of projects for the improvement of the quality of education in Brazilian public schools. These projects are led by non-governmental organizations from all over Brazil that operate in partnership with schools, communities, and the local public authorities. Since 1995, the Programa Creer para Ver has supported 144 educational projects, which have involved 3,600 schools and 768,000 children in 21 states in Brazil. Approximately 11 million reais have been invested in the program.

Natura has several social initiatives, which are not related to its cosmetics business. The Seeing is Believing Program, however, starts with partners creating products for this special program. Doing business with these products allows the program to impact hundreds of schools.

¹ At Natura, cosmetics are considered instruments to enhance awareness, to improve the relationship of the individual with himself or herself, with others, and with the world.

Different Approaches, Distinct Lessons

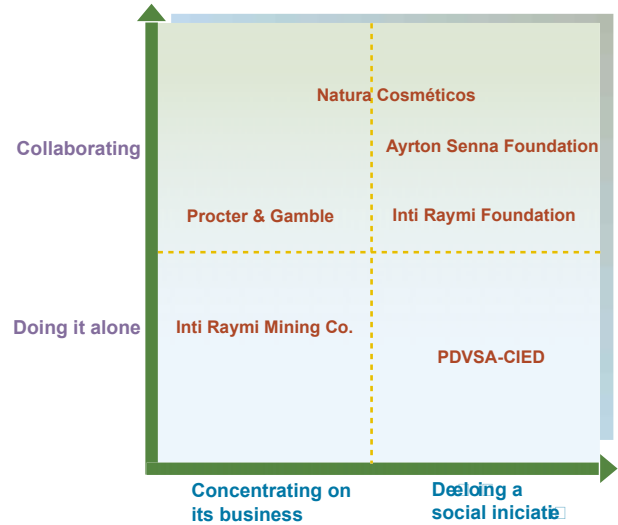
The five cases presented in the local economic and community development panel can be located on a map that demonstrates two dimensions: the centrality of the experience to the business, and the degree of collaboration present. Figure 1 maps the five experiences along these dimensions.

Reviews of CSR experiences indicate that social initiatives tend to have more of a social impact. Efforts by businesses to concentrate on the business at hand are less likely to yield a social impact. Under the latter approach, companies do not finance efforts by others to confront social problems created by many—even by those organizations. Rather, companies strive to eliminate, at the source, anything that feeds into the social problems, which will later need an intervention. In this way, businesses act responsibly and do not create social problems.

On the matter of the degree of collaboration, Holly Wise cautioned about the time and difficulty involved in developing alliances. Specifically, she pointed out that, “True partnership involves shared problem definition and joint design of solutions; partners want to be involved at the front end, not invited to join after major decisions have been made; and alliances require special outreach and messaging, which we are not accustomed to doing.”

Some of these lessons, learned from USAID’s experience with Procter & Gamble and other partners, are included in the seven guidelines of strategic collaboration outlined by James Austin in his book *The*

Figure 1.
Contributions by the Private Sector



Collaboration Challenge: How Nonprofits and Businesses Succeed through Strategic Alliances. Other guidelines emphasize how partners must create value, commit to the partnership, and be able to learn continually. Such is a way to reap the benefits of collaboration. ▲

² Austin, James E. *The Collaboration Challenge: How Nonprofits and Businesses Succeed through Strategic Alliances.* 1st ed. The Drucker Foundation Future Series. San Francisco, Calif.: Jossey-Bass Publishers, 2000.



■ Plenary room at full capacity

Partnerships in Successful Programs of Corporate Social Responsibility

First Set of Breakout Sessions:
Breakout B

Monday, September 23, 2002
2:30 p.m. – 4:00 p.m.

Partnerships with NGOs and Civil Society

Audra Jones,
Corporate Liaison,
Inter-American Foundation, USA

The panel highlighted innovative partnerships between the private and civil sectors with support from the Inter-American Foundation (IAF), an independent agency of the U.S. government.

The breakout session consisted of representatives from three corporate-NGO partnerships: Fundación Minetti, the corporate foundation of Grupo Minetti, S.A., an Argentine cement multinational; Fundação O Boticário, the corporate foundation of the O Boticario company, a Brazilian fragrance multinational; and a foundation supported by Grupo Bimbo, S.A., the third largest bakery in the world with its partner, FinComún, a non-profit, financial services institution in Mexico.

The session presented two models of corporate social responsibility undertaken in partnership with civil society. The first model, *social investment*, is less top-down than traditional philanthropy. Social investment is a more participatory model of CSR in that it defines programs to address needs expressed by the community. The results of IAF-corporate social investment programs have shown sustainable and integrated levels of involvement from the corporation that is not limited to the giving of financial resources. The “investment” approach to engagement is now becoming widely used in many external CSR initiatives. The panel presented the two cases of corporate foundations partnering with the IAF on a decentralized fund: Fundación Minetti, to finance community development, and Fundação O Boticário, to support education programs and sustainable environmental planning programs.

The second model, *direct integration*, is in the forefront of CSR programs, particularly in lesser-developed countries. In this model, companies are integrating low-income populations into their business processes through training relationships, supplier relationships, distribution relationships, and even market competitor relationships. These programs are often hotly debated as external CSR initiatives, given they have a direct tie to the companies’ business interest. However, in the context of the developing world, the direct integration model is even more enticing, as many countries rely heavily on foreign direct investment rather

than creating value-added, second-tier industries. Without value-added industry, the poorest echelon of a society will never have true economic opportunity because the necessary enabling environment will not be developed.

The panel presented an overview of the partnerships, motivations, results, and plans for the future.

Andrea Schettini, Fundación Minetti. Juan Minetti, SA was founded in 1930 in the city of Córdoba. Today, Grupo Minetti has Argentina’s second-largest production capacity of cement and concrete. The Minetti Foundation was created in 1987 to support programs that facilitate the self-help development of individuals and their organizations, and to improve the standard of living of low-income populations. Since then, it has donated cement for community construction projects, provided training and other resources to unemployed workers and community organizations, and promoted social responsibility among other Argentine corporations.

The Minetti Foundation is considered a leader in CSR. It is a member of Argentina’s prestigious Group of Foundations, which includes Bunge and Born Foundation, YPF Foundation, Telefónica Foundation, Bank Boston Foundation, MAPFRE Foundation, Navarro Viola Foundation, the Kellogg Foundation, the C&A Institute, and the ARCOR Foundation.

As a result of its partnership with the Inter-American Foundation (IAF), the Minetti Foundation is now playing an even larger role than funding grants in the community. It is an example to Argentine corporations looking to improve their social responsibility programs. When a large company that donates far more than the Minetti Foundation found its production and transportation disrupted by social protests, it came to Minetti for help. According to **Andrea Schettini**, Minetti Foundation Program Coordinator, “Representatives of this company came to us, asking in part, ‘How do you do so much with so little?’”

Building Bridges. Between 1997 and 2001, the Minetti Foundation and the IAF contributed \$285,000 each to create the “Building Bridges Fund,” which provided grants to 28 community organizations in the province of Córdoba. While the focus of this fund was primarily informal education, the guiding principle was that of building *relationship capital*—for Grupo Minetti and for the grant recipients. As a result, there were a relatively large number of grant recipients for that amount of money: 28. More

impressive, however, is that nearly 250 participating organizations mobilized a total of \$884,000 in cash and in-kind resources—which was 150 percent more than the actual financing awarded through the Building Bridges grants.

As a result of the track record established by “Building Bridges,” in 2001 the Minetti Foundation leveraged \$120,000 from Spain-based Telefónica Foundation to complement its \$170,000 for a technical assistance fund for community organizations, housed at the Business School at Córdoba’s Catholic University. In 2002, U.S.-based Hispanics in Philanthropy matched that \$290,000 dollar for dollar.

As part of its continuing leadership, the Minetti Foundation also held a workshop for several businesses in the province of Buenos Aires. The majority agreed on the benefits of adopting the Minetti Foundation’s philosophy and methodology: that is, shifting from simple donations to financing projects that strengthen local organizations. Already, five companies have joined forces to support a local educational project and plan to provide monitoring and other follow-up. According to Ms. Schettini, “The Argentine crisis has caused our work to be in high demand by other corporations. Many have the desire to help, but no methodology.”

IAF Value-added. The IAF’s value added in this partnership has been the transfer of its Grassroots Development Framework tool for measuring project results. According to Ms. Schettini, “We now have results information that goes beyond the numbers of beneficiaries and training hours.” Minetti and its grantees know exactly how many project beneficiaries have increased skills and practices in areas ranging from reading and writing to improved diet and nutrition to new income-generating activities. The lessons learned from “Building Bridges” has improved the effectiveness of virtually all the Foundation’s programs.

Every successful businessperson knows that relationship capital is as important as financial capital. Furthermore, positive corporate image, visibility, and a loyal work force are key to the remaining competitive in ever-tight markets. While the Minetti Foundation was created to “do good” in the community, these are examples of the returns it has produced, especially from creating its first grant-making fund, “Building Bridges.”

When a Small Grant Transforms an Entire Community. Like Grupo Minetti, the Minetti Foundation knows how to take calculated risks that yield high returns on a small investment. For example, “Building Bridges” provided a grant of 15,000 pesos to La Merced Housing and Service Cooperative in a semi-rural community that is impoverished and isolated—physically, economi-

cally, socially, and culturally. Both adults and children suffered high rates of illiteracy because the written word was virtually absent: no street signs, no sign indicating the name of the school, and worse, no books.

With support from “Building Bridges,” a group of concerned parents, educators, and social workers initiated a program of educational support for at-risk students that evolved into an ongoing, youth-led project involving 80 children. Youth involved in “The Kids Place” tutor their younger peers and develop other extra-curricular activities that help both groups stay in school—and succeed there. A follow-up grant was made to the organization that emerged from the project, Protagonism for Community Activities (PROCOM).

After just three years, the transformation is unmistakable. Today, two 12-year-old librarians hunch over a notebook, writing slowly and carefully as they sign books in and out of a community children’s library. The Kids Place is covered with colorful posters listing the group’s objectives and achievements, and each cubby and pencil holder is carefully labeled with a handwritten sign. Visitors are given a copy of *Little Workers*, the youth’s literary magazine filled with their own stories and poems.

According to project coordinator Adriana Alanis, “More than just the money, it was the encouragement that we received in our visits from the Minetti Foundation, the training, and the opportunity to learn from other groups, such as how to start our library, step-by-step. The money is important, but the other is just as critical.” One of the most dramatic project results is that the community has come together to make it sustainable. “There are many urgent needs in this community, even hunger, so we’ve begun producing food. If we secure outside help, we will be able to respond more quickly. If not, we will still succeed, just more slowly. But the commitment and protagonism are there. That’s what’s new.”

With support from “Building Bridges,” PROCOM published a small book that details their experience with this project. As a result, La Merced is often showcased as a model for community development—and has received unsolicited donations for their work. According to Ms. Alanis, “One woman who read the book called to say she wanted to help but wanted anonymity. So twice a week we go by and the manager of her apartment building hands us what we need to provide nutritional snacks to the children at The Kids Place.” Others provide scholarships for the students. Support from “Building Bridges” has also given other grantee organizations the experience and track record that has allowed them to mobilize public and private resources, local and nationally.

Ceres Gabardo, Fundação O Boticário. Environmental conservation organizations and promoters of socioeconomic programs often have conflicting priorities in the sustainable development arena. The Fundação O Boticário de Proteção à Natureza (FBPN) and the Inter-American Foundation (IAF) are bridging that gap and proving that if all parties are dedicated to finding creative solutions, the benefits from a partnership can be enormous. The Eco-Development Fund, the main fruit of the FBPN-IAF partnership, provides a forum for sharing best practices and an opportunity for both organizations to support community development projects that generate income and promote conservation of the environment.

Fundação O Boticário de Proteção à Natureza. O Boticário began in 1977 as a small cosmetics pharmacy in the progressive Brazilian town of Curitiba. Today the company has more than 2,500 retail stores in six countries and remains dedicated to its original values of mutual respect, transparency, and commitment to the environment. O Boticário favors the use of natural ingredients in its perfumes, lotions, and cosmetics, bolstering the company's image as an environmentally responsible corporation. FBPN, a non-profit institution, was created in 1990 to support nature conservation activities in Brazil. Although O Boticário maintains the Foundation financially by donating 10 percent of the corporation's pre-tax profits, FBPN operates independently, with complete technical responsibility for its own projects.

FBPN focuses on three programs: protection of natural areas; promotion of education and mobilization for nature conservation; and financial support of conservation-related projects developed by other organizations. As a basis for all of its programs, the Foundation has a biodiversity conservation training-center at the Salto Morato Natural Reserve. The center prepares 240 people each year for careers in park management, conservation, and ecotourism. The reserve itself, a private property owned and maintained by FBPN, won UNESCO recognition in 1999 as a World Heritage Site.

Vila Morato: A Partnership Emerges. While FBPN's main focus at the Salto Morato Natural Reserve was preserving the environment, the Foundation's technicians soon realized that without the awareness and cooperation of the surrounding neighbors in Vila Morato, the task would be impossible. Many of the inhabitants of the area lived in extreme poverty and made their meager livelihood from illegally harvesting palm hearts from the nature reserve at night. The black market in palm existed due to unscrupulous businessmen in the palm industry who supplemented legal palm quotas with clandestine products purchased from people such as the inhabitants of Vila Morato. Concerned with balancing the economic needs of the community and the

dwindling palm reserves, FBPN contracted a natural fibers instructor to research alternate income-generating opportunities near the reserve. Surveying the area, the expert quickly discovered an exotic pestilent weed that is easily made into rope and can then be woven into baskets. FBPN presented the idea to the community, which began producing good quality baskets, and eventually formed an artisan's cooperative to standardize quality and facilitate timely fulfillment of higher volume sales.

At the time, O Boticário was in the process of making its stores more customer-friendly and had decided, coincidentally, to purchase natural fiber baskets that shoppers could use to hold their purchases before checking out. The baskets would allow the customers hands-on access to products, making the shopping experience more interactive. The natural fiber constitution would, of course, accentuate the company's ecological image. The purchasing department was on the verge of awarding the contract to a producer in Thailand when the board of directors learned of the operation at Vila Morato. Although the unit price for baskets from Vila Morato was higher (US\$6 versus US\$2 for the Thai baskets), the board decided that this was an excellent opportunity to exercise corporate social responsibility while reinforcing the company's strategic objective of selling natural and sustainable products. They placed an order for approximately ten baskets per store, giving the artisans at Vila Morato a first taste of the challenges of fulfilling relatively large sales.

The IAF, interested in the endeavor's potential for improving living conditions in Vila Morato, co-funded the artisan project. The encouraging results of this project in terms of community development and environmental conservation inspired the two foundations to further explore possibilities for joint action, and from these discussions emerged the Eco-Development Fund.

Eco-Development Fund. The Eco-Development Fund, created in 1998, is a US\$1 million fund financed equally by FBPN and IAF. FBPN manages the fund and selects projects in consultation with IAF. The fund provides small grants for projects that advance socioeconomic community development while preserving the environment and promoting reduced pressure on natural resources. By combining resources of FBPN and IAF, both organizations hope to minimize program costs and maximize results.

On an institutional level, the partnership takes advantage of the strengths and resources of the two foundations. FBPN, the pre-eminent conservation group in Brazil, has important technical expertise and access to a vast network of grassroots level contacts. IAF brings to the partnership extensive experience in project evaluation and selection, and a proven quantitative method for measuring project results. Miguel Milano, Technical Director of



■ The President of the Inter-American Development Bank, Enrique V. Iglesias and Secretary General of the Organization of American States, Cesar Gaviria exchange views on the opening session.

FBPN, explains how his foundation has adopted some of IAF's techniques. "We had always judged proposals as-is, and either accepted or rejected them as a whole. Now we receive proposals, analyze them, discuss them, meet with project coordinators and analyze potential partners. This was an IAF methodology which we have incorporated into our process."

Judith Morrison, IAF Foundation Representative for Brazil, considers the partnership innovative in several respects. While the IAF does take into consideration environmental impact when selecting projects to fund, the more rigorous ecological requirements of the Eco-Development Fund are new to the IAF. Ms. Morrison anticipates that several of these indicators will become a permanent part of the IAF's system of project evaluation, called the Grassroots Development Framework, which will augment environmental awareness in the evaluation of sustainable development projects.

Both foundations have thus far found the cooperative process very satisfying. A strong dedication to creative problem solving and a willingness to adapt has facilitated the successful meshing of two sets of development goals. As Mr. Milano aptly noted, a successful partnership requires mutual respect and confidence, conditions that truly prevail in the FBPN-IAF relationship. Future plans include a benchmarking book featuring case studies of the Eco-Development Fund projects. After the fund's current five-year life expires, the FBPN will roll the project into the Foundation's permanent program portfolio.

Eco-Development Fund Projects. FBPN recently selected the fund's first two projects, Café com Floresta and Esse Mar é Meu. Under the Café com Floresta project, IPE, a Brazilian nonprofit, will create corridors of organic, shade-grown coffee in the Pontal do Paranapanema area of the Atlantic Forest. Most of the inhab-

itants of the area are subsistence farmers, resettled on the land as part of an agrarian reform, but lacking the appropriate inputs for successful farming in the region. IPE and the local farmers will work together to develop at least 80 organic coffee corridors, creating an income-generating alternative to the less productive and more environmentally damaging subsistence farming. These corridors, in addition to providing economic livelihood, serve a vital ecological purpose. They will connect the remaining isolated fragments of the ecosystem. Only 1.85 percent of the original Atlantic Forest cover still exists, and the survival of the flora and fauna in these small pockets depends on the ability of birds and other animals to travel freely between the preserved sections of the forest. The Café com Floresta project will position the coffee corridors as stepping stones, reuniting isolated patches of the forest and facilitating propagation of potentially endangered species.

The Esse Mar é Meu project, an initiative in the Northeast State of Ceará, will develop income-generating alternatives to lobster fishing. Ten years ago, the region enjoyed an abundant supply of lobster, but over-fishing and destruction of the habitat have devastated the stock. Today only 2 percent of the original fishing capacity remains, translating to massive unemployment in the community. The project will help the inhabitants of the area develop alternative methods of income-generation using abundant local supplies of coconut and cashew. Project objectives also include promotion of ecotourism and protection of the endangered manatee. By creating for itself alternatives to fishing, the community of Icapuí will begin to reclaim a quality of life that has slipped away over the past decade. The comprehensive objectives and high profile of the project have attracted additional financial resources, trainers, and technical assistance from five local organizations, further increasing the likelihood of long-term sustainability.

Santiago Mariscal, Grupo Bimbo and Vicente Fennoll, FinComún. In 1991, the Juan Diego Foundation (FJD) was formed as a “community of persons whose purpose is to look for and support solutions to eradicate the structural causes of poverty in Mexico.” From its inception, the objectives and the spirit of the Foundation were decidedly corporate and its founders were leaders of Mexico’s industrial and financial sectors. On the board of this new organization were members of the Servitje family, founders of Grupo Bimbo, S.A., who supported various activities of FJD with their business acumen and the donation of their personal financial resources. In 1994, FJD created FinComún, a financial services business dedicated to serving low-income people in Mexico. FJD is currently its principal shareholder.

Innovations in Low-income Banking Services. FinComún is widely recognized as Mexico’s premier microfinance institution. It is a pioneer on several fronts, including the capture of capital, customer service, use of technology, and the testing of new ideas and innovative partnerships.

For a financial services company, developing capital resources is a primary concern. FinComún has developed several creative ways as a financial service provider to meet its unique needs in the area of micro-credit. Currently it offers three main products; savings accounts, certificates of deposit (CDs), and micro-loans.

According to the vision expressed by senior management, FinComún’s savings accounts are its most important financial instrument. A primary objective is to support a culture of saving, which does not yet exist in Mexico, especially among the very poor. To this end, accounts can be opened with as little as one dollar. The program not only promotes savings but also retains capital to underwrite other credit-based products offered. In addition, FinComún generates capital by holding savings accounts for upper- and middle-upper- and middle-income customers. Organizations such as churches and NGOs can open accounts with FinComún that have slightly lower interest rates than the market would dictate. These clients have a need for interest-bearing savings accounts but are also concerned with creating social value and knowing their funds are helping to finance micro-credit loans to poor people. The level of total savings at the bank has risen to US\$2 million. FinComún also offers some limited investment options for its clients in the form of short-term (28-day) certificates of deposit.

These savings programs support FinComún’s micro-lending program. Loans are made to low-income individuals at the prevailing market rate for a period of 16 weeks. The credit is for small business and productive activities, in accordance with FinComún’s

values and vision. As of 2001, 11,576 loans totaling US\$12 million have been made, with a default rate of 0.1 percent.

FinComún has excellent customer relationships. As the General Director, **Vicente Fennoll**, emphatically states, “Credit is a commodity. Where we compete is in service.” Toward this end, FinComún seeks to fill an institutional gap by opening branch offices in poor neighborhoods where no other regulated financial institutions exist. It offers personalized service and has a fiduciary relationship with its clientele, serving as financial adviser and business consultant in addition to providing banking services. It offers other convenient services—clients may authorize payment on their loan account with funds drawn from their FinComún savings account by telephone. FinComún also has several strict policies in force to maintain customers’ trust. Given the volatile banking history in Mexico, based on the peso crises throughout the 1990s and the failure of some unregulated savings banks in 1999 and 2000, FinComún clearly markets itself as having oversight by the National Banking Commission. Furthermore, FinComún has a written policy that has the capacity to return client money upon demand. Finally, FinComún is careful to maintain a trustworthy image, including equipping the branch offices with visible security and other protective measures.

Another prominent feature of FinComún is its efficiency through the use of cutting edge technology. All transactions are computerized and linked to a central server. Client information can be accessed immediately from this database. A relatively new component of this technology is the Palm computer credit program. Loan advisors who visit credit applicants at their homes and businesses can input data directly from their Palm computers into the FinComún centralized system for an on-the-spot credit risk analysis, cutting the loan application process time in half. It is worth noting that this technology program was initially started with support from 3Com.

Finally, and perhaps most interesting are FinComún’s innovative partnerships. Its reputation and ties to the private sector have helped it achieve recognition from the Mexican government to include management responsibility for a \$US3 million government micro-credit fund. The institution is also deeply involved in shaping national policy to regulate micro-finance activities. New legislation will help reduce the risk for those who participate in micro-credit programs, while allowing institutions to offer new and varied services to their customers. In preparation for this, FinComún is working to develop an extensive customer database to help customize the types of loan services needed, is researching the benefits of computer modeling, and is considering the idea of licensing FinComún as a franchise.

A Model for Social Investment. Recently, FinComún has embarked on an innovative partnership with Grupo Bimbo, S.A. This new project in corporate social investment integrates FinComún's and Grupo Bimbo's core business activities. As a result, that elusive quality known as synergy is evident between FinComún and Bimbo in this partnership. Although one is a multinational corporation and the other a community bank, both are experts in their respective fields. In part due to the organizational history and close private sector ties, they also have similar values.

Specifically, the partnership allows Bimbo to take advantage of FinComún's expertise in providing micro-loans, while FinComún is tapping into Bimbo's distribution network and product delivery methodology. Under this partnership, FinComún loan advisors will accompany Bimbo delivery drivers on their daily routes. At each stop, the driver will give a short introduction of the loan officer, who will then have four minutes to make a presentation to the retailers while the driver unloads the products. Follow-up visits will then be made within a week. The process of arriving at a viable partnership required a complex series of negotiations that lasted one year. Of primary concern was that both sides would receive tangible benefits.

Grupo Bimbo, for its part, was concerned about the bottom line. Bimbo derives 80 percent of its income from small Mom and Pop stores; 20 percent of these clients regularly ask for credit. Previously, Bimbo had an informal program to provide credit services to these stores. As a result of the partnership with FinComún, Bimbo expects to reduce bad debt, reduce the amount of time in which loans are repaid, and achieve its goal of providing credit to 22-30 percent to its clients.

FinComún for its part must be able to get credit to these customers—which may mean an increase in risk—while maintaining its low default rate and low transaction costs. FinComún is always searching for ways to increase its customer base. Because loan amounts are small (from US\$50) with an average of US\$750 per client, financial sustainability depends upon volume. With this in mind, FinComún's new business model conceives going physically into the low-income neighborhoods to identify new clients, rather than depending exclusively on branch offices to attract business. The partnership with Bimbo allows FinComún to tap into Bimbo's established distribution network and potential new clients in keeping with its strategy. Additionally, the Bimbo brand is strongly associated with quality, giving FinComún instant credibility with potential clients. Both sides made compromises in arriving at an agreement. However, the results of a small-scale pilot program between the

two showed that 20 percent of Bimbo clients received credit, and expressed overall satisfaction with the customer service provided by FinComún.

IAF Value-added. Since 1998, the IAF has committed over \$US500,000 in counterpart funds to FinComún in accordance with its mandate to support creative solutions to community development. FinComún's strategy involves a balance between growth and consolidation in established zones of operation. IAF support is utilized to help finance expansion for very specific purposes, such as the opening of new branch offices and the hiring and training of new personnel. As a result of this program, FinComún dedicates more of its own resources to improving existing services and generating new ideas.

The IAF has also been a valuable catalyst in FinComún's institutional learning. The IAF's emphasis on documenting the learning process and identifying lessons learned from the collective experiences of the institutions required FinComún to constantly self-evaluate. As its first international donor, the IAF worked with FinComún to hone its ability to project business growth and needs more precisely by assessing results along the way. The IAF's role is to ask why the endeavor works and to ask those involved to forecast what the results of additional funding will be.

Beyond Social Investment. The next part of the plan involves the donation of a Bimbo van that will be customized as a mobile FinComún branch office. It will serve to open up the credit market and prepare neighborhoods for savings/credit activity and services. If the neighborhood is favorable to micro-credit operations, it will also be a precursor to opening a permanent branch office. With this new method, FinComún expects new branch offices to break-even in six months, rather than the current one-year time frame, because the customer base is already established.

There are more collaborative plans in the pipeline. Bimbo personnel will distribute FinComún's marketing materials prior to visits from the loan advisor. There is the possibility of a program of pre-authorized credit once Grupo Bimbo's customer database can be merged with FinComún's credit analysis and client/industry profiles. FinComún is looking at managing some of Bimbo's liquid assets. The possibilities seem limitless. This is the future of corporate community involvement.

Partnerships in Successful Programs of Corporate Social Responsibility

First Set of Breakout Sessions:
Breakout C

Monday, September 23, 2002
2:30 p.m. – 4:00 p.m.

Partnerships through the New Philanthropy and Volunteerism

Dr. Rosa Maria Fischer

Universidade de São Paulo,
Member of SEKN, Brazil

Rosa Maria Fischer opened the session, talking about her relationship with Universidade de São Paulo and the other institutions. She mentioned CEATS' major accomplishments, namely the MBA course to be initiated next year. She included an explanation on her connections with the third sector and strategic intersectoral alliances for social action.

Charles Raymond, President and CEO, Citigroup Foundation, USA, commented on Citigroup Foundation's work of providing financial support to NGOs that help improve the community and its residents. He listed the major projects in which they are currently investing (\$US300,000 in grants in 75 countries in 2001, including areas such as education, scholarships for the children of the victims of the 9/11 attacks, programs in public schools, financial education, technical assistance to microfinance institutions, entrepreneurship in communities (SMEs), work with Habitat for Humanity in 20 countries, culture and health). He stressed their belief in the importance of the NGOs they support be linked to the local and the fact that, whenever they support NGOs financially, they provide human capital as well. They have a policy of encouraging their employees to become active in the organizations by volunteering their time, personal financial resources and expertise. He presented Citibank's CEO Sandy Weill as a role model in terms of promoting corporate social responsibility in his company, as well as volunteering personally, as an individual.

Then Mr. Raymond presented some of the key characteristics that Citigroup is looking for in an NGO partner: to have a proven track record, be respected for its vision, dedication, and efficiency of operations. On the other hand, Citigroup has been willing to be entrepreneurial and has supported organizations that just seem to have great promise. He gave some examples of Citigroup's partners in Latin America and the Caribbean: Pan-American Development Foundation, Resource Foundation, Conservation International, Habitat for Humanity, among others.

He then described Citigroup's volunteerism internal program, in which most of their 40,000 employees worldwide work in communities building schools and houses, libraries, and community computing labs.

Ralph Edmond, President of Farmatrix, and President of the Haitian Partners for Christian Development, focused on a totally different point of view of volunteerism: the micro level of volunteerism and how the sum of many micro actions have a macro effect.

He referred to three levels of engagement:

- contribution;
- monetary contribution, with monitoring of what has been done with those resources;
- commitment in which the person gives his/her time for such activities as mentoring and social bundling.

He described some of his personal experiences and the micro vision of the situation in Haiti, such as the lack of jobs. He talked about the importance of social bonding.

Then he commented on the position of the person who volunteers: "We help because we are in need: in need to help. That's the only way we can exist as human beings." As an example at the individual level, he mentioned someone he had just met; they told each other of the volunteer work they were separately developing back in Haiti. Their intention is to accomplish something together and multiply their efforts.

Sarah Jane Rehnberg, of the RGK Center for Philanthropy and Community Service, University of Texas at Austin, defined volunteerism as micro-social responsibility, the micro response to social challenges. She talked about the concept of "love" and how it is complex and simple at the same time. She developed the thought of encouraging children to love one another. Then Ms. Rehnberg connected the idea of love with the idea of service and giving one's time. She talked about the existence of volunteerism in three dimensions: monetary contribution, time, and management of both money and time. She gave details on some of the work she develops, such as teaching a course on community engagement and the management of volunteers in nonprofit and public organizations. She commented on 300 community service centers and their lack of concern about volunteerism work. She provided figures, such as 2 out of 5 volunteers leaving work due to poor management.

She cited various research projects on:

- how to make volunteerism successful working on management improvements;

In order to manage the overflow of participants, tables had to be removed at the end of the room.



- how public policies affect volunteerism;
- how the job, interests, and abilities of a person affect his/her possibilities of volunteering;
- effective ways to organize;
- benefits of volunteerism for the company and its human resources;
- findings in terms of cultural differences;
- roles of volunteers within the public sector;
- skills to facilitate volunteerism.

She commented on the importance of educating leaders. Finally, she talked about the gap between the academic work being developed and the lack of access from volunteering managers and vice-versa.

Shari Nourick, author of *Corporate Social Responsibility: Partners for Progress*, started by questioning Milton Friedman's statement that "the business of business is business" in light of the growing process of globalization and the resultant change in the role of business.

She talked about governance in different countries, mainly in Europe, and the new philanthropy and the importance of partnerships in today's economy. Then, she discussed the historical confrontation between stockholders and stakeholders. She introduced some differences between pure and strategic philanthropy. Strategic philanthropy, unlike charitable actions, is planned for the long term, with the primary goal of using the money to make a positive difference. She discussed the density and diffusion of donations and noted that nowadays, grant-making is more targeted. She discussed how strategic philanthropy is taking over the slack in funding left by decreased government support, lower per-

sonal contributions, and shrinking pure philanthropic donations. She noted that funding decisions in companies that practice pure philanthropy are being made by corporate staff. By contrast, strategic givers are relying on a more diverse range of players within the company. Finally, she stated that strategic philanthropy involves a lot more than just writing the check; it is a time-consuming process, requiring staff and planning.

Ms. Nourick talked about the benefits of volunteering as another tool to increase the competitive advantage of businesses, as well as to illustrate their commitment to the community and employees, in a trend that makes volunteering increasingly carefully managed and controlled. Still, it makes employees feel good about their company and strengthens partnerships.

She introduced the concept that all this enhances the image and reputation of a corporation. However, the real challenge is to adhere to socially responsible strategies while upholding the company's commitments to shareholders and maintaining sales. The key to real CSR rests in that balance.

She identified several challenges as most prominent. These include the expansion of the focus of corporate giving to reflect the needs and expectations of the workforce and customer base at the local level; innovation in the ways companies incorporate greater stakeholder participation in philanthropic activities; the creation of long-term relationships with non-profit organizations; and the implementation of concepts of partnerships and dialogue as part of the day-to-day corporate activities.

Promoting Corporate Social Responsibility: Managing Expectations

Second Set of Breakout Sessions:
Breakout A

Monday, September 23, 2002
4:30 p.m. – 6:00 p.m.

The Demand Side: Investors and Consumers

Adrian Hodges,
Director for the Americas,
Prince of Wales International Business Leaders Forum, UK

The Big Picture

Working in business is like living in a constant whirlwind of conflicting pressures. As a result of technological and communications developments, of globalization of markets, of shifts in demographics, and of changes in values, a set of issues that were once peripheral to decision-making and incidental to business success is fast becoming crucial.

Yet few company directors or their managers appreciate what they are or how they impact their firms. What used to be known as “soft management issues”—such as ecology and environment, health and well-being, diversity and human rights, and community development—have now become hard: hard to ignore, hard to predict, and potentially hard for the business when they go wrong.

Increasingly, at home and abroad, these emerging management issues affect key corporate needs. These include the ability to access finance, to achieve differentiation in a crowded marketplace, to sustain joint ventures with partners, to build and retain loyal customers, to attract and keep talented staff, and to protect corporate and brand reputation. Companies are faced with changing expectations of their behavior and performance that can directly impact business success. Below, I examine how these expectations are influenced by a series of inter-connecting global forces for change and describe how leading companies are responding.

Forces for Change

We have been living through a revolution in technology and communications. Computer power is 8,000 times cheaper than it was 30 years ago and information travels fast and wide. Millions of text messages are transmitted around the world daily. There are of course many consequences from these developments. For example, news and opinions about a company and the way it does business—whether good or bad—also travels fast and wide, often unchecked and unsubstantiated. Technical advances enable accurate and cheap measurement of pollution in both densely popu-

lated and remote parts of the world using equipment affordable to self-proclaimed corporate watchdogs, as well as to industry.

And we have been experiencing a revolution in markets. In the mid-1970s, there were some 7,000 transnational firms. Today some 60,000 operate across national boundaries, each with a separate but interdependent network of international clients, customers, suppliers, sub-contractors, and regulators.

The share of the world’s market that is globally contestable—that is, open to global competitors in products, markets, or services—was some \$4 trillion in the mid-1990s: one-seventh of the world’s economic output. That figure is expected to pass \$21 trillion—half the world’s economic output—shortly.

As a consequence many more companies and their managers are operating in many more parts of the world, where understanding cultural and regulatory differences can mean success or failure for business.

That the average person recognizes 1,000 corporate logos—but only 10 varieties of leaves from plants—highlights for me the importance of the intangibles like brand. Some 60 percent of the value of Coca-Cola’s market capitalization and 21 percent of Microsoft’s has been estimated as brand value. Figures like this make companies vulnerable, and they need to protect that value along an extended supply chain.

All of this has been happening against a backdrop of a revolution in demographics and development. Finite resources are under pressure as demand for food, shelter, and space to live increases with the rapid growth of the world’s population. One young girl from Sarajevo had the distinction of being labeled by the United Nations as the six billionth person on the planet. Some 2.8 billion people live on less than \$2 a day, 1 billion are unemployed or underemployed, 40 million are infected with HIV/AIDS. Two-thirds of mankind will live in water-stressed conditions by 2025, by which time, 5 billion people will reside in urban areas.

Why do these statistics matter? Because to thrive, business needs competent, reliable, healthy, and efficient personnel, an expanding market and consumer base, and a stable and safe environment in which to operate.

Consider the impact of the HIV/AIDS pandemic. South African electricity firm Eskom estimates the impact of HIV/AIDS to be

some 15 percent of payroll costs. Gold Fields, the SA mining company, says that HIV/AIDS infection rates added \$10 per ounce to the cost of gold (26 percent of the 50,000 workforce is HIV positive). And the South African arm of telecommunications firm Vodafone estimates that as a result of HIV/AIDS, the potential market for its products is one-third less.

This scenario impacts the stability of the market, from access to trained employees, to consumer growth, to the ability of governments to focus spending on efforts to encourage economic development: all factors directly impacting a firm planning to import or export from that market. The message is clear: just as what happens to business matters to society, what happens to society matters to business.

And last but not least, we are in the midst of a revolution in values. Trust in government, the political process, and business has declined. High profile scandals, corruption, and apparent lack of accountability have led many to question the authority vested in organizations long regarded as the Establishment. Research by Canadian firm Environics International (www.environicsinternational.org) and Chilean-based Latinobarometro (www.latinobarometro.org) reveal declining trust, whether in institutions of government or big business.

Who do people believe in now and turn to for information and guidance? Research by Edelman PR (www.edelman.com) shows strikingly the growing reach of global NGOs. In Europe, people trust NGOs more than corporations: the highest NGO score of 76 percent went to Amnesty International, compared to 45 percent for Microsoft. And the figures are fairly level for the United States as NGOs are on par with those for business.

People are more willing – and thanks to the Internet, more able—to question and check information that they are being given. Enron, Andersen, Tyco, Merrill Lynch—those events will only reinforce the trend questioning authority. Yet here lies a paradox, for business—not development aid—is recognized as the principal motor for growth and development in the world today, leading to rising expectations of the role of business in society.

Rising expectations manifest themselves in various ways:

- From consumers, who are increasingly making purchasing decisions partly based on their perception of a firm's ethical, environmental, or social behavior as well as expecting firms to make a definite positive contribution to society. The Brazilian Akatu Institute believes that "Consumers have been more recently posing an increasing tension in their relationship to companies by demonstrating that human values and contribution to social welfare and environmental preservation by companies will also be considered as important elements in their choices of consumption." A study by the Ethos Institute of Business and Social Responsibility (Instituto Ethos de Empresas e Responsabilidade Social) carried out in Brazil in 2001 backs up this statement. Over 60 percent of the consumers interviewed considered that large corporations must "actively help build a better society for everyone." This fact is found worldwide in the studies of Environics International.
- Polls show that in other less developed markets in Latin American and the Caribbean, a growing middle-class is prepared to punish or reward companies for their behavior. The figures are much higher in Europe and North America, setting the agenda for those markets where many firms in other countries are producing and exporting goods.
- Investors and financial institutions have rising expectations. They are pressing firms to introduce business practices to mitigate social, ethical, and environmental risks, as well as introduce better systems of governance and transparency. They can exert pressure in a number of ways, including very publicly at annual general meetings, or through specialist ethical investment funds. One such player is the \$US8 billion Calvert Social Investment Fund, a pioneer in the area of socially responsible investing, including shareholder activism, community investments, and venture capital.
- Financial institutions are reducing the costs of loans for firms that meet certified industry performance standards. And multilateral lending institutions like the World Bank, International Finance Corporation, and Inter-American Development Bank are taking compliance with standards into consideration.
- Employees too are becoming more organized and vocal about their expectations. Companies wishing to attract and retain the best talent are finding they have to answer tough questions about their corporate responsibility practices.
- Governments and their regulatory authorities are adding pressures, calling for more direct corporate engagement in partnerships to address education, crime, and other local needs, but also tightening laws. Witness the growing application of the "polluter pays" principle in the form of take-back legislation for manufacturers of white-goods (now on the books in some 28 markets). In addition, governments are demanding adherence to performance standards in order for firms to be eligible to tender for public sector contracts and in privatization programs.
- Organized campaigning groups and NGOs have increased the pressure on companies with on-going scrutiny and sophisticated use of the media to help broadcast allegations. Consequently, corporations in many sectors—textiles, agribusiness, extractive, and energy—must be able to monitor business behavior through an extended supply chain.

So global forces for change are helping to morph peripheral, soft management issues into mainstream, hard management issues.

The Impact on All Sizes of Companies

The developing pressures not only impact large multinational corporations with high profile brands. The nature of business today means that if a firm is not somewhere in the supply chain of the 500 large companies responsible for 70 percent of the value of world trade, it is likely it be working with or selling to someone who is.

Smaller firms are under the same pressures and experiencing the same issues of transparency and accountability as their larger cousins, the only difference being scale.

- Large companies are demanding evidence of good environmental practice and good labor practices from their suppliers. If a small firm wants to keep or win business, it will need to meet stipulated standards. Suppliers of GM must all reach ISO14001 by the end of this year. Customers of Shell—wherever in the world—must commit to their operating values and principles, if they want to have their business. (After auditing workplace conditions, 100 suppliers and 400 individual production units were barred from having further business with international retailer C&A. Forty of those 100 took corrective action.) The question then is, does the firm have the skills and know-how to meet these new expectations? Has it anticipated additional costs/potential savings and lead times?
- In addition, most regulations concerning health and safety, environmental performance, or discrimination apply to all firms, regardless of size. Has the firm planned accordingly?
- A small firm needs to be respected in the communities in which it operates and its trade sector, and trusted by its customers. If it joins forces in a joint venture with firms overseas, it needs to have done not only financial due diligence but also social, ethical, and environmental due diligence.

Getting it right the first time is essential as the majority of small firms will be operating on tight margins where levels of efficiency and effectiveness can mean the difference between survival and collapse.

Larger firms are responding to these emerging management issues by introducing a range of systems and processes to measure social and environmental risks, producing sophisticated social balance sheets and reports, committing themselves to perform against not one but three bottom lines. They can articulate the business case for action, map key stakeholders, and build stakeholder partnerships for mutual benefit, integrate issues into on-going manage-

ment practices, and select tools to monitor and report on progress.

Conclusion

In conclusion, three key messages stand out. First, due to global forces for change, professionally managing social, ethical, and environmental issues is no longer a “nice-to-do” but a “have-to-do” for companies of whatever size, though obviously to differing degrees. Second, tools for the job exist, and places where companies can go to share and learn good practice are increasing. And third, firms are impacted at the individual company level, but also need to work collectively through associations such as responsible business intermediaries, chambers of commerce, and multilateral institutions to address some of the wider more systemic issues.

A Note on the Panelists

Special thanks to panelists **Christopher Coulter**, Vice President, Environics International, Canada; **Helio Mattar**, President, Akatu Institute, Brazil; and **D. Wayne Silby**, President, Calvert Social Investment Fund, USA.

The International Business Leaders Forum is a membership organisation of global corporations and senior executives that promotes good practice in corporate responsibility. www.iblff.org Adrian Hodges is co-author with David Grayson of *Everybody's Business: Managing Risks and Opportunities in Today's Global Society*, published by Dorling Kindersley, 2001.

Business as a Role Model for Business: Beyond the Supply Chain

Lee Tavis

Mendoza College of Business,
University of Notre Dame, USA

The supply chain connects the original producer with the final consumer. Each chain has its own unique institutional structure and dynamic. Several characteristics of these chains make them particularly important to the promotion of corporate social responsibility:

- They often connect production by small landholders or microentrepreneurs through channels that become increasingly sophisticated and tie the eventual product to consumers in advanced markets.
- The power imbalances along the chain, including corporate marketing and production relationships, are substantial.
- Many of the supply chain linkages are contractual rather than ownership, thus breaking the sequence of legal responsibility for producing stakeholders.
- The involvement of nongovernmental organizations (NGOs) at various stages in the supply chain is increasing.

The abuse of power and oppression of weak stakeholders in the supply chain is readily observable in the consumer-driven pricing pressure of developed markets on the margins of small industrial and agricultural producers; this leads to the exploitation of workers. Closely tied to these pressures is environmental degradation. In these kinds of global marketing conditions, individual governments find it difficult to impose environmental regulation.

Nonetheless, in this exploitative environment are repeated examples of responsible behavior, based on a vision that extends well beyond a cheaper price or a maximum profit. Consumers will pay more for a product that they know has been produced without damaging the small producer or the environment. An enterprise will work with its subcontractors to improve working conditions for subcontracted employees, in the absence of legal requirements, and then monitor performance to ensure that the subcontractor meets these minimum thresholds. As the consumer and the corporation extend their efforts beyond self-centered motives, they often find it necessary to rely on nongovernmental organizations. Indigenous NGOs are deeply rooted in local communities. As the business firm—multinational or local—moves beyond its business model to deeper involvement with stakeholders, they

come to appreciate the importance of grassroots development and the NGO's nuanced understanding of the community. For its part, the alert NGO understands that collaboration with the business enterprise will usually yield a greater social benefit than confrontation.

The cases presented in this session describe situations where both business and NGOs have extended themselves to jointly meet development needs. They reflect a great deal of moral imagination. Four lessons are common to these experiences.

The Need for Models

As management increasingly understands the importance of meeting the expectations of society as an integral component of long-term business strategy, they venture into unfamiliar associations and managerial issues. The same holds for NGOs, as they move from strategies of confrontation to partnering with business as a means of serving unmet needs. This institutional insecurity is why models are so important as a guide to workable solutions for the concerns of governments, businesses, and the not-for-profit component of civil society. The presentations in this session cover a range of models for how local needs can be represented in an increasingly globally integrated economic world, including:

- Providing reliable information for consumers. When consumers in the sophisticated global markets want to reflect their social concerns through purchasing decisions, they must have reliable information. The readily available information on price and quality in the marketplace is in sharp contrast to information on the conditions of production. For coffee or tea consumers, Transfair USA, as described by Paul Rice, will dependably certify to consumers that their fair trade purchase will contribute to the economic security and ecological sustainability of coffee- and tea-producing communities in the developing world.
- Promoting small producer development. The desperate conditions of small landholders in rural areas have been exacerbated by the increasing efficiency of global markets. Small farms need counsel on production and more efficient channels of access to markets. This is particularly important where market pressures, combined with inadequate local infrastructures, are pressing small producers into environmental destruction. **Jesús Moreno**, President of Empresas Bon, outlined the procedure whereby his company, the largest ice cream producer in the

Dominican Republic, works with small farmers to produce organic fruit for ice cream flavors, as part of a broader program on rain forest preservation. In Costa Rica, **Jaime Sotela**, Supply Manager of Portico S.A. and his company perform the same kind of role in forest products. In this case, Portico S.A., producers of entry doors, owns a large tract of forest. Their forest management includes extensive work with indigenous people who are pressured by markets to convert the forest to other uses. Both presenters viewed their outreach as a strategic component of business, assuring the long-term sustainable development of the enterprise itself.

- Implementing a multinational corporate social response. Another model is an example of a large multinational working with a university-based organization. This global-to-local partnership, outlined by **Vicky Schreiber** of Programme Poverty and Environment in Amazonia (POEMAR) and **Joachim Zahn** of Daimler Chrysler, Brazil, encourages commercially viable and environmentally friendly multiple-use production systems among small landholders in the Amazon basin, with a concentration on fiber production.
- Sharing business experience. This model is a university-based executive center involving 400 managers sharing their experiences. Drawing on a solid base of employee, family and community involvement, the Boston College Center for Corporate Citizenship, directed by **Bradley Googins**, explores how corporations can compete on one level and collaborate on another. The Center's theme is to "integrate social interests with other core business objectives," as reflected in all the cases presented during the session.

The Centrality of Grassroots Development

Small landholder development is at the center of the presented programs. Several lessons are clear. First, the economic enhancement of small producers is the key to environmental protection. Given the opportunity, small producers are responsible stewards, as demonstrated by the way coffee farmers use the incremental profit margins provided by fair traded coffee; the ability of Dominican farmers to grow organic fruit in consort with the rain forest; the attention of Costa Rican indigenous peoples to forest preservation; and the commercial production of fiber in the delicate Amazonian ecosystem.

Second, indigenous NGOs are intimately involved in each program, thus providing nuanced counsel and trusted linkages to local producers. Third, these models are all tied to the core business of the enterprise, as distinct from philanthropic outreaches. This type of social response is made even more effective through

the sharing of the technical expertise and managerial capabilities of the company with other productive units, providing far greater leverage than money alone. Finally, the importance of fitting corporate or NGO development initiatives with governmental policy, and of government policy with these elements of civil society, in such areas as shared infrastructure development, is critical.

The models in this session provide the positive side of "small is beautiful." As Naresh Singh noted in the first plenary session, however, small can also be ugly. In the informal sector, for example, the creation of jobs with small capital investment, or the comradery among workers and management, can be offset by the avoidance of government worker safety or child labor legislation. The potential for ugliness set against the dramatic sustainable potential of small producer development underscores the importance of grassroots development.

Supplementing Bottom-Up with Top-Down Development

As demonstrated in the models presented during this session, sustainable development is based upon the notion of *subsidiarity*. Issues need to be solved and actions initiated at the local level. This idea of grassroots development was pioneered and has been practiced and articulated by the Inter-American Foundation over recent decades. The repeated failure of top-down development has been well documented. The tradeoff, however, is not top-down versus bottom-up. It is better to focus on how national and global institutions can best support development at the grassroots. This is in accordance with the *subsidiarity principle*, where institutions from a broader or higher level can intervene when necessary but then only on a temporary basis. With globalization, many issues and solutions have increasingly moved beyond the power of local communities to control.

The importance of support from higher levels in the supply chain is well documented in the models presented during this session.

The Need for Business/NGO Partnership

Professor James Austin insightfully outlined the importance and nature of the partnership between business and NGOs, an analysis strongly reinforced by the models of this session. All these case examples are strategic alliances where the level of engagement is the most intense and holds the greatest promise. The NGO/business partnerships are maturing to equal partnerships.

- In the case of Empresas Bon, the interaction with Fundación Loma Quita Espuela is an integral component of ice cream production, supporting the small farmer production of organ-



■ Rooms were filled with participants, who took the opportunity to network.

ic fruits along with rain forest preservation. The partnership is assured by the same person serving as the president of both organizations.

- For Portico, FUNDECOR provides critical technical assistance and supervision of small- and medium-sized lumber producers to supplement the supply from Portico's own forests. The NGO also grants the certification of good forest management from The Forest Stewardship Council. Portico was able to increase raw lumber prices to small- and medium-sized producers by 50 percent, offsetting the cost by increases in productivity.
- Without POEMAR and the range of private and public partners it drew into the project, Daimler Chrysler would have been unable to find a local source for indigenous fibers in a way that promotes environmental sustainability.

The cases presented—and the dynamism of the presenters—seem to meet a critical element stressed by Prof. Austin: the importance

of keeping the relationship fresh through the continuing contribution of each partner.

In these ways, the models of this session underscore the importance of sustainable development through the responsible behavior of small producers. They demonstrate how grassroots development can be stimulated through bottom-up activities combined with top-down support. They also illustrate the importance of linkages between the grassroots and the globalizing economic and social standards, as well as the need for continual nurturing of the business/NGO partnership in these linkages. Still, at core, the fundamental lesson to be drawn from these experiences is the depth of the presenter's commitment. It is impossible to become involved with disadvantaged people or issues of environmental degradation without being shaped by them.

Partnerships in Successful Programs of Corporate Social Responsibility

Second Set of Breakout Sessions:
Breakout C

Monday, September 23, 2002
4:30 p.m. – 6:00 p.m.

The Role of the Media in Promoting the CSR Agenda

Ana María Majano

Executive Director, Latin American Center for Competitiveness and Sustainable Development (CLACADS)-INCAE, Costa Rica

The influence of the media in all aspects of modern society is enormous, since by providing information and shaping public opinion they can promote changes in attitudes toward economic, social, and environmental issues. For this reason, the media can play a critical role in the communication and progress of the Corporate Social Responsibility (CSR) agenda.

In the majority of countries in the Americas, the most important communication media are owned by private companies. This creates two fields of action for them regarding CSR. The first, and probably more influential, is the information they disseminate about good and bad practices on the part of private companies. The second is the development of social responsibility programs of their own, dedicating resources to the advancement of specific issues.

This panel featured three distinguished representatives of written media that have influence either at the local, regional, national, or international level; they presented their points of view and spoke about their experiences regarding CSR in the Americas. The panelists were Mack Quintana, President of the *El Paso Times*, a newspaper owned by Gannet Co. Inc; Michael Reid, Americas editor for *The Economist*; and Wendy Arenas, who is in charge of the Social Responsibility Program of *Editorial El Tiempo*, Colombia.

Mack Quintana spoke both from the perspective of the newspaper he leads and of Gannet Co., which publishes 90 dailies in the United States and 15 in the United Kingdom. His talk focused on the influence that news coverage and editorial treatment of certain issues can have in increasing public awareness and shaping policy-making.

Acknowledging the importance of choosing the right issues, Mr. Quintana spent his first six months in El Paso meeting with community leaders to identify topics that were relevant for the local society. As a result of this process, they decided on education and military base activities as the two focal points of their social responsibility work. Considering the economic and geographic situation of El Paso, the paper has also worked on bi-national issues relating to the environment, business climate, immigration, narcotraffic, and employment.

As an example of the importance the newspaper has placed on education, Mr. Quintana noted that 56 stories related to educational issues that had been published in his paper in the 30 days prior to the conference. Additionally, from Monday to Friday every week, the paper acknowledges the Teacher of the Day, as a way to encourage excellence on the part of educators. The emphasis on education is already having an impact in public policy-making. For example, thanks to several articles and stories printed by the paper, the state of Texas has changed its dropout count methodology.

As for Gannet Co., Mr. Quintana mentioned the contributions of the group to the social causes of the communities where they work, not only in financial terms, but also through the involvement of their executives and employees in various community initiatives. He pointed out that communication media are in fact a business, but a special kind of business, with unique responsibilities not only as corporate citizens but also as community watchdogs and defenders of constitutional freedoms.

Michael Reid presented a critical view of the role that the Latin American media have played regarding corporate social responsibility. He noticed that the notion of CSR is not new for British and American media, which have been denouncing abuses on the part of private companies as long as capitalism has existed. By contrast, for the Latin American media, the term and the concept itself seem to be fairly new.

This circumstance should be a matter of concern for those promoting the CSR agenda, the media in the region is very influential, and opinion polls show that they enjoy a great deal of credibility. The same polls show that private companies, if not loved by the public, have at least a better reputation than politicians. This means that media coverage of CSR has at least the potential to legitimize private business in Latin America.

In Mr. Reid's view, the media has two main responsibilities in this area. The most relevant is scrutiny, not only of government activities but also of businesses, NGOs, and the media itself. The second is reporting on and encouraging best practices by private companies. Both these roles are important and should be exercised responsibly, but they are relatively underdeveloped in the region. This should not be surprising, since in general, business coverage is underdeveloped in Latin America.

The quality of investigative journalism in the region has greatly improved in the past two decades, but it has tended to concentrate

on the performance of governments. Among the reasons for the scant business coverage of Latin American media, Reid pointed to the weakness of the private sector in the region. The informal sector is large and the formal sector is dominated by large family groups, which clouds the transparency of corporate governance and makes business information scarce.

Other important causes of the poverty of business journalism in Latin America are the lack of specialized business journalists, since this profession is expensive, and the conflicts caused by the ownership of most media by large, diversified business groups, which have no incentive to question the business practices of their peers.

These reasons explain why much of the reporting of irresponsible business practices in the region has come from the foreign press, or has been driven by denunciations of international NGOs. Reid applauded this type of reporting, but warned that it should be practiced responsibly, since there is always the danger of exaggeration and sensationalism. It is true that there are businesses engaging in illegal labor practices or polluting the environment, but there are also many companies in Latin America treating their workers and the environment properly and investing in the community, as has been shown in this conference.

The coverage of good corporate social practices is important, and surely will increase over time. But it is important to keep in mind that journalists are not in the business of public relations, and must be careful not to advance hidden private agendas or silence uncomfortable stories. For Mr. Reid, this is a matter of concern, since the aforementioned opinion polls also show that trust in the media, although relatively high, is falling. For this reason, he concluded his presentation with a call to the media for self-criticism.

Wendy Arenas began by stating that the media has a social function, since they produce a public good—information—which is a basic input for democracy. Therefore, they have the social responsibility to make explicit their ethical, political, and economic positions, not only in the relationship with their audience, but also by participating in public fora.

This has been the basis for *Editorial El Tiempo's* social responsibility strategy, which has led to the creation of an internal unit for this matter. Besides educating their readers about issues they consider relevant, they promote and participate in public debates about subjects such as education, social peace, and the responsibility of journalism

Ms. Arenas acknowledged that coverage of business irresponsibility in Latin America is difficult. Many journalists face conflicts related

to the ownership of the medium where they work and their relation to other business interests, although she pointed out that is not the case of *Editorial El Tiempo*. Furthermore, in many countries there are serious threats associated with legal security and political climate.

Regarding the media's social responsibility, Ms. Arenas put forward the need for self-criticism, to analyze how the coverage of a specific issue impacts the attitudes of the public. The media has a great power to scrutinize governments and business, but it is not clear in Latin America and the Caribbean who scrutinizes the media. Arenas described the efforts their unit is making to bring this matter to the group's editorial teams.

After the speakers' presentations, there were several questions from the public, with ensuing discussion by the panelists regarding the independence of the Latin American media and the challenges faced by journalists trying to report on corporate social practices. The interest on the part of the audience demonstrates the need for more public debate of this subject.

From the presentations and the discussions, it can be concluded that the media can effectively catalyze corporate social responsibility, primarily by reporting on business practices and also by dedicating resources to advancing specific social issues. In the United States and Europe, media coverage of business social performance is not new, and it has had a tremendous influence in public opinion and policies. However, in Latin America this is an underdeveloped field.

There is a need for more and better investigative reporting on business social practices in the region. Scrutiny and criticism on the part of the media has been focused mainly on government performance, for reasons related to weaknesses in the private sector, journalists' preparation, media ownership, and even political insecurity.

Bringing firms to accountability is an important role of the media, but it must be exercised responsibly, without falling into sensationalism when the reports are bad, or becoming public relations instruments when the reports are good.

The advancement of the CSR agenda by the Latin American media requires stronger collaboration with social organizations and other stakeholders, as well as the improvement of the conditions for a free open press and the legal and personal security of journalists. For these reasons, those working to promote corporate social responsibility should dedicate resources to foster public discussion of this issue and to create the proper atmosphere for more vigorous business journalism in the region.

Partnerships in Successful Programs of Corporate Social Responsibility

Second Plenary Sessions:
Breakout C

Tuesday, September 24, 2002
9:00 a.m. – 10:30 a.m.

Supporting an Enabling Environment for CSR: How Can We Work Together?

Errol Mendes

Professor of Law, University of Ottawa, Canada

The goal of the plenary session was to provide a unique opportunity to engage in a significant tri-sectoral debate: What should governments do to create an environment for CSR to flourish? What are the benefits of working together and how can we make it easier? What can we learn from each other? What do we need to do to make CSR more attractive? What can civil society bring to the partnership to help facilitate implementation? What do corporations need to do in order to contribute effectively?

The following is a summary of the views of the speakers and participants as regards the key issues posed to the speakers.

At the outset of the plenary, Prof. **Errol Mendes** asked the speakers to address some key questions on the subject matter of the plenary.

- What are the clear social, economic, and environmental needs in local communities that may or may not be integrated into corporations' social and environmental management strategic planning for CSR?
- Are any of these social, environmental, and economic needs more properly the responsibility of governments—which should not avoid their own capacity-building skills in this area?
- What are the core competencies of governments, corporations, and civil society that can meet such needs?
- What should be the proper motivations of each partner in CSR, which can result in more effective CSR initiatives?

Bernardo Avalos, Chief of the Office of Civil Society Preparation of the Presidency of the Republic, Mexico, emphasized that the focus of a supporting environment for CSR for governments should be to promote an environment of citizenship participation and democratic policy development. This can be developed in three phases.

First, there should be an environment of open government where citizens, and indeed corporations, can have adequate access to information about public policies and how they are developed. Secrecy and non-transparency in the development of public policies is not conducive to the environment of CSR or indeed to democratic development.

Second, it is critical for governments to consult effectively with citizens and corporations in the development of public policies. In this regard, there must not merely be a harvesting of opinions which are then ignored, but there must be real efforts made to incorporate the perspectives of those who are consulted into the development of public policies. This leads to the third phase.

Third, where possible, there needs to be active participation in the design, evaluation, and implementation of public policy by citizens and corporations, to the benefit of all in society. There will be conflicting interests and agendas between groups of citizens and between citizens and corporations, but these conflicts must be managed and if possible reconciled by governments to promote the widest possible benefits to society.

In general, Mr. Avalos laid out the general challenge that governments face today—of which creating the environment for CSR is one of the most complex; in an era of globalization and increasing complexity in the task of governing, it can not only be the technical experts and even elected politicians who have the major role in the development of public policy. The challenge for democracies in the Americas and elsewhere is to develop new methods of citizen participation that include corporations, which will facilitate the development of an environment for CSR that will promote the greatest benefit to society.

Stefano Pogutz, Professor of Business Administration, Bocconi University, Italy, gave a European perspective on the role of government in promoting CSR. Drawing from the experiences of CSR initiatives in Italy in particular, he suggested that governments should encourage and ultimately direct CSR practices as a way of constituting a change in the corporate paradigm. He suggested that in Europe there are three levels of CSR.

First, CSR at minimum should encompass corporate compliance in letter and spirit, with rules and regulations in areas such as environmental, social, and other related critical ethical areas.

Second, corporations should integrate the concerns of stakeholders into their planning and practices on a voluntary basis in areas such as social development and environmental concerns.

Third, there should be a corporate commitment to social welfare (CCW). Drawing on initiatives in Italy, Mr. Pogutz suggested that CCW can promote proactive behavior on CSR by establishing best practices in corporate involvement in social welfare. This in turn

can contribute to the establishment of a national or even international systems for appropriate corporate involvement in social welfare systems. He stressed that CSR must move beyond philanthropic initiatives to strategic and integrative initiatives among governments, corporations, and civil society that ensures sustainable and viable partnerships.

Mr. Pogutz also acknowledged the difficulty both in Europe and in the Americas of measuring performance and involvement of small and medium-sized companies in CSR initiatives.

Enrique García, President, Telcel BellSouth, and President of the Alianza Social Committee, Venezuela, argued forcefully that in Latin America, the private sector needs to accept its social responsibility of actively working with civil society and governments in the development of social programs in order to be considered a democratic partner. He argued that there can be no passive observers in this regard. However, he also put forward the business perspective that corporations must also do what they are created to do: namely, provide goods and services, generate employment, and be profitable for their shareholders. That being firmly stated, he also argued that the CSR responsibilities of corporations should extend to entering into partnerships to improve the quality of life of communities, offering greater employment opportunities to marginalized groups, promoting human resource development, participating and collaborating in the efforts to ameliorate local problems, and contributing to the development of the more deprived areas of the countries where they are situated. He outlined how his own company has walked the talk as regards these types of contributions that corporations can make to CSR.

John McWilliams, Senior Vice President, Nexen, Inc., Canada, gave another corporate perspective from a major international energy company situated in Canada, but with operations in many countries, including Yemen, Nigeria, Colombia and Brazil. He argued first that there is a growing business case for partnerships and contributions to CSR. Drawing from the work of the World Business Council for Sustainable Development, he argued that some of the most promising markets for corporations are to be found in the developing world, where partnerships with civil society groups and governments could offer sustainable business opportunities. In particular, enterprises will find profitable opportunities to help meet health, education, and nutritional needs. These markets will favor businesses and civil society to serve basic needs, enhance human skills, increase economic capacity, help remedy inequities, and conserve the environment. Mr. McWilliams demonstrated how Nexen has tried to achieve these contributions to CSR within its sphere of influence through fair sharing of benefits with local communities in its operations around the world, through collaboration with the Global

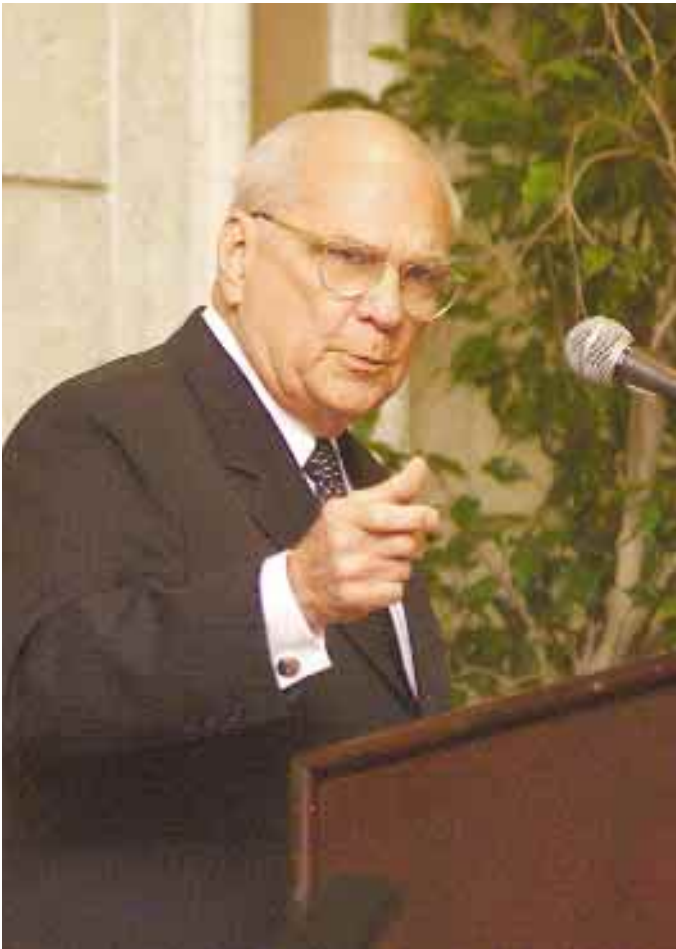
Compact Initiative of the Secretary General of the United Nations, and through sustainable community development projects. Ultimately Mr. McWilliams recommended that corporations must let go of “old thinking”, develop mutually rewarding relationships with host governments, NGOs, suppliers, institutions, and civil society; focus on engagement versus issues management; support capacity building; reduce environmental impacts; and continuously improve.

Both Mr. García and Mr. Williams strongly agreed that corporations should meet national and international standards for commerce. They also agreed that governments and civil society will hold corporations accountable to be socially responsible and promote development that meets basic human needs, while supporting democracy in the hemisphere and being transparent. What they both expect of government is to ensure that there is a level playing field especially as regards the fight against corruption and bribery, a cooperative approach based on the rule of law and shared values as regards good governance, transparency, flexibility, and engagement. They also expect government not to forget that the role of business includes providing a return of investment to their shareholders.

Soledad Teixidó, Executive Director, PROhumana, Chile, the civil society representative, made the final contribution to the plenary. She focused on the critical need of civil society to become real and effective participants in policy development, echoing the call for such effective participation by Mr. Avalos. She urged the evolution of a new type of citizenry committed to the logic of social transformation. In this new paradigm, the highest values for partnerships between governments, corporations, and civil society in the area of CSR should be reciprocity and trust. In this new form of partnership, citizens must become more active and build bridges to the other partners in CSR initiatives. They must also build new networks with their partners in government and business in critical areas such as training and promoting social change for the better. Here she echoed the views of Mr. García speaking from his business perspective.

Finally, she added a spiritual dimension to the discussion of CSR by asking for collaboration between governments, corporations, and civil society to move away from the rush to material acquisitions and unsustainable consumption and toward satisfying the spiritual needs of the human family. CSR should not only focus on what we are now, but on what we would like to be.

As regards the questions posed by Prof. Mendes at the outset, the speakers replied that the areas crucial to strategic management planning for CSR are fair sharing of benefits from business operations, human resources training and sustainable employment, especially



■ The President of Nicaragua, His Excellency Mr. Enrique Bolaños was the keynote speaker at the luncheon. He stressed the need for responsibility both at the government and at the private sector level.

of marginalized groups, environmental stewardship, and assisting in the amelioration of local problems and deprivations.

However, it was quite clear from the business representatives that corporations should not allow governments to abdicate their functions in these areas. The most essential role of business is to provide value-added content and resources to those areas where government resources and capacity are not adequate.

The core competencies and contributions of governments are to establish an effective participatory policy development framework and then act as a catalyst to bring the other partners to the table to initiate effective CSR projects. Businesses must then examine what core competencies they possess within their industrial and commercial sectors and see how such competencies can assist in relevant CSR projects. For example, because Nexen has great expertise in geology and hydrology and resource extraction, it makes eminent sense for such a company to plan and implement a pilot project to bring clean water to a local community in Yemen in partnership with the government and civil society. This

is one of their projects in the planning stage under the UN Global Compact Initiative. However, if the project is successful, then the Government of Yemen must take responsibility of building nationwide capacity for access to clean water for all its inhabitants. The core competencies of civil society is to build bridges and networks with the other partners and civil society to ensure that there is maximum benefit to the community from these initiatives.

Finally, it is clear from the presentations that motivations to enter into CSR initiatives that are primarily based in public relations exercises or disguised commercialization, will ultimately not be effective or sustainable. There is a strong business case for CSR and a strong moral case for CSR that should make businesses avoid the public relations and disguised commercialization motivations.

The audience asked some critical questions in the following areas. First, there was a question as to what was the role of some entities that are not usually thought of in CSR discussions: namely, local and regional governments. The speakers acknowledged the importance of these entities in CSR partnerships, especially given their leverage over procurement and their core competencies in health and education. In future conferences on CSR, they should be targeted as key participants. Another question from the audience concerned the lack of involvement of small and medium-sized businesses in the CSR discussions and how to measure their performance. The speakers, in particular Mr. Pogutz, acknowledged the difficulty of involving small and medium-sized business in the CSR partnerships and measuring their performance. He pointed out that the European Union is moving to develop indicators and measuring regimes that could extend to such corporations, especially in the environmental area.

In conclusion, Prof. Mendes noted how well all the speakers' perspectives seemed to fit with one another and that the questions from the audience tied up the loose ends perfectly.

The Role of Civil Society Organizations

Chris Pinney

Vice President, Corporate Citizenship,
The Canadian Centre for Philanthropy, Canada

In this session, participants heard from five civil society organizations working to engage businesses on issues of corporate social responsibility. These organizations represented a broad range of civil society experience in corporate engagement. They included Forum Empresa, a network of organizations promoting corporate social responsibility in the Americas with active participants in Brazil, Chile, El Salvador, the United States, Mexico and Peru and soon incorporating participants in Argentina, Colombia, Venezuela, Guatemala, Uruguay, Canada, and Panama. Collectively, according to **Erwin Hahn**, the Executive Director, this network has now engaged over 2,700 companies, encouraging and working with them to promote CSR. From the Caribbean, the workshop heard from **Richard Jones**, Executive Trustee of the Community Tourism Foundation of Barbados, representing a community economic development initiative in the tourism sector, and **Evaydé Pérez Sarraff**, Executive Director of Alianza ONG, a newly formed coalition of social service NGOs working to engage business on a broad range of social issues in the Dominican Republic. The Hon. **Vivian Lowery Derryck** from the Academy for Educational Development presented a U.S. NGO's perspective from their experience in working with large multinationals on nutrition issues in Nicaragua.

What was striking in all the presentations was how after decades of often highly fractious and adversarial relations between the NGOs and the private sector, that a new openness and pragmatism by civil society organizations in approaching business is leading to a much more constructive and productive engagement between the sectors.

There was strong commentary by all panelists on the dramatic impact of globalization on their respective countries and the retrenchment or inability of governments to provide adequate support for social development. In this new reality, the need for new relationships and sharing of responsibility for social development among governments, business, and CSOs (Community Service Organizations) was seen as essential without the active participation of business—and importantly, business leaders, as some of the panelists observed—there was little hope of addressing the social development challenges now facing much of the Americas.

In engaging the private sector, most panelists identified the starting place as creating a process that can break down the misconceptions and stereotypes that each sector has of the other. For CSOs, the challenge is moving beyond seeing business simply as part of the “problem” or alternatively a source of cash “philanthropy” to building a more comprehensive relationship with business that can engage a whole range of corporate resources in helping address social challenges. On the business side, the challenge is to break down biases that tend to characterize the CSO sector as inefficient, unaccountable, and unrealistic in its expectations.

Some of the panelists, such as Evaydé Pérez Sarraff of Alianza ONG and Erwin Hahn from Empresa, said that a key part of their strategy in this regard had been to create high-level forums where leaders from business CSOs and government could come together to have a frank and open discussion about the challenges facing their country and how they could work together. These helped create the opportunity for business to see that CSOs can be a powerful ally in helping business find more effective ways to impact social development and manage their social responsibilities, according to Ms. Pérez Sarraff. Part of the strategy, as Ms. Pérez Sarraff pointed out, is to frame the conversation so that it focuses on the future and does not simply revisit the past. The challenge is to see the opportunity and potential and move past simply talking about problems.

These kind of forums, as Mr. Hahn from Empresa pointed out, help business leaders understand why a quiet little “philanthropy” is no longer an adequate response to the challenge of corporate social responsibility and to see why businesses must now take a broader view of its social responsibilities.

A second key observation shared by all the panelists was the need to make the “business case” when approaching business. For CSR to succeed, it must be put in the context of a win-win, as Vivian Lowery Derryck of the Academy for Educational Development put it. Both sides need to understand the practical short-term benefits of working together, as well as the longer-term advantage. Practical benefit that CSOs can offer business in developing CSR initiatives, according to Ms. Derryck and other panelists, include:

- Detailed knowledge of the local environment, which can help the company in devising and implementing its marketing strategy and labor force development programs.

- Knowledge of the needs and services in the community, which can help companies target their investments more effectively and avoid overlap and duplication.
- Substantive knowledge in specific fields, from education to nutrition to strategies to combat HIV/AIDS. For example, AED is working with a major multinational in Nicaragua in the food industry. AED offers nutrition education and data on how to reach a wider market at reduced price. AED also brings the company and community together to discuss major issues.
- Communication and convening skills that can help bring communities together and help companies negotiate their “license” to operate with key stakeholders.
- A credible partner in defining appropriate CSR standards and benchmarks that can guide corporate behavior and help companies avoid potential risks in areas such as human rights abuses, and gender and social equity issues
- Strengthening of indigenous labor force and suppliers for large business.

For their part, business can provide many specific benefits to communities and CSOs, as part of their broader social responsibility. These go well beyond simply philanthropic donations. They include:

- Expertise in the form of employee volunteers and the loan of trained executives. For example in Peru, Empresa is working with the Ministry of Education in a pilot program involving 30,000 students, 3,000 teachers, and 1,000 schools to modernize the management and development of the schools.
- Marketing and communication networks that can be used to help educate around key social issues, such as HIV awareness.
- Political influence and leverage.
- Facilities, meeting places, and other resources that can be used by communities.
- Capacity to influence CSR behavior of suppliers to ensure things like fair labor practices and human rights standards.



A third observation shared by most panelists was that governments have a key role to play in creating a more “enabling” environment for CSO business cooperation around CSR issues. In particular, several participants mentioned the need for governments to create more tax incentives that would encourage companies to invest and support CSOs, as well as creating more opportunity for tri-sectoral dialogue around the establishment of CSR benchmarks and performance standards.

While the experience of the CSOs on the panel all demonstrated the strong potential role of CSOs in engaging business in CSR, the dialogue with participants in the workshop demonstrated that successful CSO business engagement is hard work that requires new skills and capacity in both the CSO sector and business.

On the one hand, the challenge is to learn how to create a higher ground dialogue that can engage leaders in business to see their broader responsibilities as leaders in society. On the other hand, the challenge is to clearly articulate the business case. Middle managers concerned with the next quarter’s profits need to understand why CSR is a critical component of reputation management in today’s globalized economy and a key part of managing a business so as to maximize returns to shareholders and society.

Moving forward, the panelists identified a number of ways to strengthen CSO business engagement around CSR issues. These include:

- Better networking between CSOs working on CSR to share experiences and strategies. In this context, the participants had high praise for the CSR Summit and hoped there would be a follow up to it.
- Better analysis of “best practice projects” to identify success factors and key drivers.
- Development of more practical tools and tool kits to help businesses and CSR develop capacity in CSR.
- Creating better recognition systems for and publicly recognizing and rewarding companies that adopt responsible CSR practices.
- More government incentives and support for CSR.

■ Detail of the table for the dinner, where the United States Assistant Secretary of State for Western Hemisphere Affairs, Mr. Otto Reich was the keynote speaker.

The Role of Oversight and Accountability Institutions

Gabriel Berger, Ph.D.,

Universidad de San Andrés, Argentina, and
Ezequiel Reficco, Ph.D. Harvard Business School, USA

The session focused on the work being conducted by different organizations engaged in creating models for corporate reporting and accountability to their diverse stakeholders on their corporate social responsibility.

As scrutiny of corporate behavior increases and social demands on corporations intensify, some companies have begun to produce reports on their social and environmental performance. Meanwhile, new organizations have emerged, focusing their activities on developing models and standards to hold corporations accountable for their policies and activities.

International codes of conduct developed by these organizations provide a framework for monitoring companies' social and environmental performance. At the same time, investors and consumers are increasingly scrutinizing the social, environmental, and ethical performance of companies. These pressures and market forces are driving companies toward adopting responsible business practices.

The session included presentations by representatives from some of the world's leading initiatives in this area: Alice Tepper Marlin, President of Social Accountability International (USA); Allen White, Acting Chief Executive of the Global Reporting Initiative (the Netherlands); John Sabapathy, Program Manager of AccountAbility (UK); Carlo di Florio, Director of Sustainable Business Solutions at PricewaterhouseCoopers (USA); and Michael Hopkins, CEO of MHC International Ltd (UK). The panel was moderated by Gabriel Berger, Professor at Universidad de San Andrés (Argentina) and member of SEKN.

Alice Tepper Marlin emphasized that verified adherence to social standards and voluntary codes of conduct can be the centerpiece of a national competitiveness strategy that not only creates wealth and benefits business, but also promotes social development.

According to Ms. Tepper Marlin, the best social accountability systems have the following features. They:

- Engage diverse stakeholders in a consensus-building process to improving workplace and community conditions.

- Base the standards both on widely accepted UN conventions and on compliance with local law.
- Combine performance with management systems elements.
- Are voluntary.
- Provide transparent information.
- Utilize a corrective action system for systematizing and confirming improvements.
- Encourage permanent improvements.
- Build capacity, including training programs for managers and workers alike.
- Involve credible verification, using independent third parties that are accredited by an impartial agency that regularly audits the auditors.
- Include an accessible complaints and appeals system that provides unbiased confirmation of allegations and fair judgment.
- Are scalable, to allow application to large supply chains.
- Deliver measurable benefits to business, workers, and the community.

Several cases of improvements in labor conditions were mentioned that came about through corporate certification through SA8000, the standard of corporate social responsibility that Social Accountability International has put together, based on the popular ISO 9000, to measure the social performance of companies. Those cases illustrated corporate benefits obtained by using these standards such as lower employee turnover, better quality, reduction in recruitment costs, greater employee commitment, and enhancement of reputation. Systems such as SA8000 can be useful tools for implementing socially responsible systems at the workplace. These systems face challenges. Ms. Tepper Marlin mentioned several. Given that social auditing of corporations is a new field, there is a need for developing trained auditors. Further research and cost-benefit analysis is needed. Duplication among existing standards must be reduced, and mutual recognition increased. Governments and international organizations need to provide greater incentives, such as loans, reimbursements for costs, and public subsidies, to introduce social accountability standards.

The Global Reporting Initiative (GRI) is a long-term, multi-stakeholder, international process whose mission is to develop and disseminate globally applicable sustainability reporting guidelines. There is a growing demand for higher standards of

accountability. Accountability has different dimensions: measuring management output against standards; verification; and reporting public disclosure of performance against environmental, social, and economic objectives. GRI has developed guidelines that organize “sustainability reporting” in terms of economic, environmental, and social performance (known as the “triple bottom line”).

Several trends have given a new push to the GRI. These include globalization; new markets leading to global standards; the crisis in corporate governance and the call for higher standards of internal governance; the emergence of new values that give intangible assets greater relevance; financial markets’ interest in sustainability reporting; and the search for new accounting standards that embrace valuing intangible assets. These trends have expressed themselves in responses from advocacy organizations, as well as policy and legislative initiatives in several countries. Among these are the Corporate Responsibility Coalition in the United Kingdom, and the EC Green Paper of July 2002 in the European Union.

Allen White explained the mission of the Global Reporting Initiative. First, is to elevate economic, environmental, and social reporting to a level as routine as financial reporting, and with the highest standards of rigor, comparability and verifiability. Second, is to design and continually improve a reporting framework including guidelines, protocols, and sectoral supplements. Third, is to create a global, independent institution to become steward of the guidelines. GRI is affiliated with the United Nations as a United Nations Environment Programme (UNEP) Collaborating Center, and is the only recognized independent initiative UN Global Compact (GC) companies may use to demonstrate progress towards the GC principles.

The GRI Guidelines came about in response to the need for comparability, consistency and verification among the growing number of companies that are establishing report cards on their economic, environmental, and social performance. GRI seeks to harmonize and integrate initiatives such as SA8000, AA1000, ISO14001-14063, and EC CSR. It includes reporting on the following categories: direct economic impacts, environmental, labor practices and decent work, human rights, society, and product responsibility. Its approach is to promote an incremental adoption of GRI Guidelines that allows for building the resources and expertise required to expand the scope of their reporting. Those organizations that decide to prepare their report in accordance with the guidelines must meet the following conditions. First, they must report on the organizational profile, governance, and management systems. Second, they must respond to each core indicator of the guidelines (reporting or explaining its omission). Third, they must include a GRI content index, linking GRI components to the information

included in the report. Fourth, they must ensure that the report is consistent with GRI reporting. Fifth, they must include a statement signed by the board or CEO indicating that the report was prepared following the guidelines.

According to **John Sabapathy**, there is a tendency in Europe to see Corporate Social Responsibility as a way of managing risks and opportunities, taking companies beyond the paradigm of philanthropy. Recent trends illustrate a strong market for CSR in that continent, and some European governments have been proactive on this issue. Parallel to these trends, there has been an explosion of different standards and criteria in recent years, which led to a number of institutions that try to manage that multiplicity. Sabapathy cautioned that more data is not sufficient and may even be meaningless without global standards and verification processes. The central question for him was how to assure that corporate reports using these standards are truly accurate and balanced representations of organizational performance, their underlying systems, processes, and competencies.

To establish these mechanisms there is a need to build partnerships to engage in oversight of these standards. Moreover, the governance of these partnerships must be designed in such a way as to encourage inclusiveness, prevent dominance of vested interests, and facilitate debate. Without broad inclusiveness of all key stakeholders, these standards have no impact, no credibility, and little insight. The AA1000 was developed by the Institute for Social and Ethical Accountability under these premises. It is an accountability standard designed to improve accountability and performance by learning through stakeholder engagement. It was developed to address the need for organizations to integrate their stakeholders into daily activities. The framework of AA1000 seeks to establish a systematic stakeholder engagement process that generates the indicators, targets, and reporting systems needed to ensure its effectiveness in overall organizational performance. The building blocks of the process framework of AA1000 are planning, accounting and auditing, and reporting. It does not prescribe what should be reported on but rather concentrates on how to engage in proper reporting. In this way, it is designed to complement the GRI Reporting Guidelines.

Sabapathy focused on a key challenge, related to assurance mechanisms. Assurance is an evaluation of the credibility of an organization’s public reporting and the quality of its underlying systems and processes. It is determined against a set of principles and standards and is performed by an independent, competent expert, who expresses a conclusion on whether the information disclosed provides a reliable and balanced representation of the performance of the organization. The trustworthy assurance mechanism must be based in the following five principles: completeness, responsiveness, relevance, evidence, and accessibility.



■ The audience kept the interest throughout the conference.

Carlo Di Florio emphasized that CSR is a multidimensional concept, and consulting firms have generally understood that. Accordingly, the consultants involved in this area draw from a number of fields, including ethics and NGO management. The field of sustainability is composed of a number of institutional actors: corporate reporting initiatives, NGOs, international organizations and agencies, corporations, governments, and professional advisors (consulting firms). In this arena, the role of consulting firms can be defined according to di Florio as “helping clients to understand and integrate sustainability goals into the business processes by operationalizing strategies, policies, and management systems.” In that capacity, professional advisors in the field of CSR work in risk and opportunity assessment, governance and stakeholder engagement, program management and compliance, performance measurement, value reporting, and verification. Therefore, they help organizations build governance frameworks and business principles to deal with all of these issues, and embed them in its strategy. Corporate reporting is the result of this process.

Effective professional advice builds upon collaboration with the multiple institutional actors working in this field. Success in sustainability as a goal requires building partnerships and collaboration between them.

Michael Hopkins noted that CSR is concerned with treating the stakeholders of companies ethically or in a responsible manner. Given that CSR is aimed at creating benefits for multiple stakeholders of the firm, codes of conduct should consider several of them, and not just one stakeholder as many codes or standards seem to be focused on (for example, management or governance, labor, or the environment). The number of codes and standards is increasing every day, Hopkins said, but they seem to lack profound conceptual basis and their proliferation might lead to counterproductive results. In addition, the use of codes and standards may lead to “rogue” certifications. Rather than thinking about CSR in terms of a triple bottom line, corporations can conceptualize CSR in terms of “Triple P”: First, does the company have a clear statement of *principles* of social responsibility? Second, is this statement followed by a number of *processes* to

implement these principles (processes of social responsiveness)? Third, what outputs (*partnerships*) can be measured related to the firm’s social relationships? This approach must incorporate a limited number of key indicators. Michael Hopkins concluded that the approach that focuses on the triple bottom line is unrealistic. Instead, corporations should focus on creating stakeholder value as measured by profits, in a socially responsible manner.

Final Comments and Questions

The role of oversight and accountability mechanisms and organizations is an emerging and growing field of inquiry and debate. Several issues and dilemmas remain open to further debate, such as whether reporting must be mandatory and compulsory or voluntary. Or must heavy market mechanisms be used to induce corporations to use accepted standards of corporate social responsibility?

Another issue is related to the content of the reporting, and whether emphasis must be placed on progress in the corporate process of achieving standards or expected practices, or whether behavior must be judged against codes of conduct. Put in another way, different approaches focus on certification, meeting standards, or on reporting improvements toward expected conduct. Another area in which further discussion seems to be needed is how to conduct verification, what is the role of third party auditors, and what is the role of NGOs and multi-stakeholder partnerships in the process. In this regards, the panel discussed the case of some industry-led certification standards, which were launched in direct competition with more inclusive multi-stakeholder schemes and decried as self-serving by NGOs. Examples of this tension could be found in the toy industry and the forest industry.

The audience raised questions as to whether these schemes and models can be currently applied in Latin America, given the context of lack of norms and disrespect for the law prevailing in several countries. Questions were also raised as to how implement these models in small and medium-sized corporations. Finally, additional comments asked about what kind of role multilateral financial institutions can play in encouraging corporations to include reporting practices on CSR and applying standards.

Partnerships in Successful Programs of Corporate Social Responsibility

Third Set of Breakout Sessions:
Breakout C

Tuesday, September 24, 2002
11:00 a.m. – 12:30 a.m.

The Role of Supranational Institutions

Amy Heinecke

Inter-American Development Bank

This breakout session explored the role of multilateral and Inter-American organizations. Panelists also discussed the current work of various organizations and the diverse initiatives in which they are engaging to expand the breadth and depth of CSR research, policies, and practices, and to help build a new CSR framework for social and environmental sustainability. Session speakers discussed the current role of supranational institutions, described the role these organizations may play in the near future, and attempted to answer the larger question: Do multilateral organizations have a role to play in CSR and if so, what should it look like?

The session covered the spectrum of viewpoints, from various supranational organizations and from countries in different degrees of development. It began with a presentation by Georg Kell, Executive Head of the United Nations' Global Compact, as an overview of the UN's model for CSR promotion, reasons for engaging in CSR, and a status of the Global Compact's achievements. It was followed by the point of view of Donald Terry, Manager of the Multilateral Investment Fund, who is currently exploring ways the MIF can further engage in CSR development. The next speaker, Dwight Justice of the Multinational Companies Department at the International Confederation of Free Trade Unions, spoke from the perspective of international labor, and discussed some of his concerns regarding CSR. Finally, session participants listened to the point of view of the International Organization of Employers, presented by Daniel Funes de Rioja, Regional Vice Chairman for the Americas. The highlights of those presentations are discussed below.

Global Perspectives

Many international actors are becoming increasingly interested in the benefits, results, and impact of CSR and the components of CSR promotion in which they may engage and which further contributes to their organizational objectives and mission.

From the perspective of **Daniel Funes de Rioja**, the European Commission defines CSR as a concept where companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis.

CSR has both its supporters and critics, but for the International Organization of Employers, the concept contains some useful ideas. First, the IOE recognizes that CSR is a voluntary action; and second, CSR can also be viewed as a reflection of concern experienced by the business in its particular market.

International codes and standards have existed for more than half a century. However, four questions began emerging in the nineties. These questions address the level of attention being paid to international and social issues, particularly (i) child labor; (ii) the increasing interest and activity of government, trade unions, and NGOs; (iii) media interest and publicity generated; and; (iv) the speed and extent of the business response.

The rise in globalization has prompted this broad international debate over a range of social and environmental issues. This debate has produced an active push by a variety of parties for codes of conduct applicable to individual companies, and their suppliers. Globalization has also made the global network of modern business more visible. The decision made today in one country impacts through supply chains others elsewhere. Modern communications means that the actions or inaction of business are seen and evaluated immediately by society. Out of this movement, the IOE believes the real danger lies in calls by some for government to regulate what is a voluntary initiative by business on the basis of its experiences.

The Executive Head of the United Nations Global Compact, **Georg Kell**, agreed that global companies in particular—the key drivers and beneficiaries of globalization—are enjoying tremendous benefits, and that the international community has enabled economic transactions on an efficient basis. Despite these greater benefits, he noted, we have neglected the social and environmental dimensions. Out of this realization, there has been a call to help build the social and environmental pillars through voluntary approaches and self-enlightened engagement.

The problem in many situations is not a lack of legislative environment but rather a lack of enforcement. The realities of the market and the expectations by society of businesses are creating a number of dilemmas. Increasingly, enterprises are confronted with pressure by some stakeholders to impose codes of conduct. Any debate that looks at the responsibilities of business must also

Distribution of
equipment for simultaneous
interpretation into four
languages.



include the consideration of the responsibilities of the other actors in the society, especially governments. Over time, the focus of attention has shifted from the purely local or national scene to the international activities of multinational companies. A different range of actors is now engaging in CSR; thus, the debate requires clarification and refocusing.

There is confusion as to what CSR means and what are the appropriate responsibilities of business and other actors. At times, government has sought to shift its appropriate responsibilities to others. Whatever the view and wherever the debate, the impact on business as well as on society at large could be really important. For the International Organisation of Employers, there is only one rationale for voluntary initiatives and that is to improve the image of the companies and solve problems with a new generation of stakeholders.

CSR is a positive drive and voluntary response to the business environment today. In this light, business plays an important role wherever it operates as a primary source of wealth creation and employment. If a certain business behavior is contrary to the law, then its actors should be held to account by the law. However, if the behavior relates to an effort by the business to do more than is required by the law, then that business cannot be legally liable for that effort. The IOE is opposed to standardized codes, or monitoring by outside groups, or a one-size-fits-all approach.

Corporate social responsibility is a business-led response to the business environment. Given the speed of change in the marketplace, business needs to be able to respond to market shifts.

The voluntary nature of CSR and the vast range of responses available to business means that this need for responsiveness can be addressed while the social progress advanced by CSR can continue to develop.

CSR Initiatives in Practice

In relation to the greater question regarding the role of the supranational actors, the United Nations believes that there is a clear role in the development of socially responsible corporate behavior for supranational actors. The basis for the UN's approach to CSR promotion is the Global Compact.

Through the Global Compact, one supranational organization has found a way to challenge the international business community to be part of the solution by helping to establish shared values that cross national borders, irrespective of whether governments have implemented them. The Global Compact challenges businesses to implement, embrace, and make part of their strategy and day-to-day operations nine principals: two in the area of human rights; four fundamental principals and rights in work; and three environmental principals.

Out of this specific call to action, a global network has emerged, currently consisting of several hundred companies, international labor organizations, and several thousand global non-governmental organizations. This leadership-based model requires the leadership commitment to come from the company's chief operating officer and the board. Commitment must be put in writing as a condition to engage in the Global Compact.



Devoted interpreters
into Spanish, Portuguese,
English and French

Through the Global Compact, an international organization like the UN affords corporations access to an engagement mechanism such as dialogue, learning, and projects. In the area of dialogue, contemporary topics of globalization are being tackled. In the area of learning, there is an opportunity to exchange experiences not only through the Global Compact website but also in face-to-face meetings. In the area of projects, an effort is made by the UN system increasingly to work on the ground with companies to make development solutions more feasible and more effective by making corporate citizenship part of the enterprise.

Supranational institutions can provide a global platform through this type of model, by integrating government-endorsed value notions, while incorporating an engagement mechanism based on a voluntary basis—assuming that there is a self-enlightened interest to be part of the solution. Based on this model, the

United Nations is trying to steer the initiative forward. It has been receiving overwhelming support and interest.

For the UN, the attraction for working in the promotion of CSR has been two-fold: an interest in giving practical meaning to the values that governments have long hammered out, but which are often lacking real implementation; and an attraction to finding new and innovative ways to make progress on the developmental front.

The Multilateral Investment Fund, as part of the Inter-American Development Bank Group, has a history of focusing on innovation and private sector development, with special emphasis on small businesses. Over the past 10 years, the MIF has focused on innovation, in their partnering with NGOs, trade associations, and chambers of commerce throughout the region, resulting in some 500 different projects.

According to **Donald Terry** of the Multilateral Investment Fund, the role of government is shrinking, but it is still extremely important. The role of the government is to make sure that the enabling environment is correct. In this changing environment, Mr. Terry explained that the MIF is trying to address some larger questions: What has the MIF done? What types of things can the MIF do? What is the role of supranational organizations? Regardless of the form, Donald Terry pointed out to audience members that in his opinion, the MIF needs to work with organizations that are doing work in CSR. He believes that this work will only further contribute to organizational objectives.

Mr. Terry went on to say that “the good businesses know that they cannot succeed in environments that aren’t positive,” further exemplifying the belief that businesses have a real stake in the health of the communities, and an interest in the work being done by some of these larger organizations. Working together is a win-win situation.

The Risks

One of the most important considerations when supranational institutions talk of corporate responsibility or citizenship, according to Georg Kell, is making sure that this kind of voluntary approach is not being used as a pretext for governments not to do what is their proper role and their proper job. As we think through the whole CSR movement, we must realize that ultimately it is government’s failure that necessitates the search for pragmatic solutions. When propagating the approach at the global level, we must be aware that there is a delicate balance between the role of government and the role of the private sector.

Dwight Justice of the International Confederation of Free Trade Unions, said that in his opinion, the danger in CSR is that actors are reinventing the wheel, as many of the issues have been addressed through international codes. In the 1970s, there was a great deal of interest in the power of multinational companies and international business, and their responsibilities. Out of this interest, a UN Commission on Transnational Companies was formed, and resulted in the adoption of the OECD guidelines. Additionally, the International Labor Organisation adopted a tri-partite declaration of principals concerning multinational enterprises and social policy.

In Mr. Justice's opinion, it is wrong to think that at the international level there can be binding regulations for such topics as property rights and certain frameworks for a global economy, but on the social side, these can be balanced out with approaches such as CSR. The result would be a sort of global economy that has to be balanced by better rules and frameworks with a social dimension.

Mr. Justice argued that at the international level, there are legitimate international norms and standards that are very important and that should not be overlooked. Mr. Justice's concern is that through CSR, business may attempt to self-define or re-define their responsibilities, and went on to say that we shouldn't allow people to redefine these standards.

According to Mr. Justice, the importance of trade unions is not being understood in the CSR debate. Mr. Justice argued that there are only two ways in which workers have ever been protected: through the application of good labor law and the responsible functioning of governments, and through self-organization. No amount of consultants, social auditors, social reporters, focus groups, polling, or private workplace inspectors can replace what workers can do if they are allowed to self-organize and protect themselves.

Mr. Justice reasserted the important role of unions in the partnerships in the labor area. In his opinion, unions are the only way to give workers a way to be partners. Unions are not always well understood, according to Justice. They are also civil society organizations. Often the biggest civil society organizations are the trade unions in their respective countries.

The Future

The future of CSR lies in the ability to address the need for a development dimension for CSR, according to Mr. Kell. The most urgent challenge on the CSR front is to develop a clear developmental dimension, to elaborate on what a sustainable investment means, and to determine under what conditions employment creation and positive linkages with the national economy can be achieved so that maximum benefits accrue.

Foreign investment thrives in the medium term only if society as a whole thrives as well. This search for the developmental dimension has recently brought the UN together with heads of states, including Jack Chirac and Tony Blair at the Johannesburg Summit in the summer of 2002. It was here that the UN introduced the concept of sustainable investment, resulting in the mobilization of some 40 large companies, willing to invest more in what the UN qualifies as least developed countries on the premise that additional investment occurs in support of long-term sustainable development principals. The UN hopes this will translate into a long-term benefit for national economies, meaning there are maximum spillovers, and maximum impetus toward SME promotion. This initiative is currently being rolled out in several least developed countries, which normally do not attract foreign direct investment because of economic barriers in addition to institutional barriers.

So where does the movement go from here? The levels of interest and achievement are extremely exciting. Georg Kell finished his presentation by stating that he would make a call for some notion of convergence, in order to avert running the risk of the CSR movement could fizzle out into special interest groups that serve very narrow, often Northern-driven interest groups, in particular segments of the social arena.

Supranational organizations need to seek the establishment of "hyper norms" (also called "Global Norms"). Such norms are basic rights and positive business practices that should have virtually universal recognition. By establishing these universal norms, separate local civil factions must converge in order to multiply their strength. By doing this, hyper norms will be developed and extended, and the CSR movement will benefit greatly.

Conclusion

A clear conclusion emerged from the presentations by representatives of various supranational organizations: the concept of CSR is attracting the attention of many, and the interest continues to grow. With all this interest and a convergence of objectives, many international actors are extremely excited about the potential they may be tapping into.

Although opinions vary as to the best approach or the appropriate involvement of corporations and the supranational actors, one thing is certain. With the high levels of international poverty and mounting social ailments, challenging the private sector to become part of the solution—with the proper considerations—can be a win-win situation for all involved.

Partnerships in Successful Programs of Corporate Social Responsibility

Panel Discussion

Tuesday, September 24, 2002
12:30 a.m. – 1:30 a.m.

The Future of Corporate Social Responsibility

Amy Heinecke

Inter-American Development Bank

This panel discussion allowed panelists to speak to points raised during the conference and present their ideas on the future of CSR from their respective sectoral perspective. This panel discussion provided participants with an opportunity to summarize the conference discussion while extracting the major points from the conference sessions on how we can work together, what have we learned from one another, and where do we go from here.

The closing panel discussion presented viewpoints from various sectors and from countries in different degrees of development. The session began with a presentation by Danny Leipziger, Director of Finance, Infrastructure, and Private Sector Development at the World Bank, as an overview of his observations on privatization of state-run industries, and ways to improve the transition and socially responsible nature of these transitions. It was followed by the point of view of Robert Dunn, Chief Executive Officer of Business for Social Responsibility, and Board Member of Forum EMPRESA, in terms of two very different paths CSR could take on in the future. The next speaker, Beatrice Rangel, Senior Advisor to the Chairman of the Cisneros Group, spoke from the perspective of the private sector, and discussed some of her observations as to the importance of CSR. After which, Susan Aaronson, Senior Fellow at The National Policy Association, gave her thoughts on the proper role of CSR in relation to governmental responsibilities and important considerations as the movement proceeds forward. Finally, session participants listened to the point of view of civil society, presented by Maria Silvia Pineda, Executive Director of Fundazucar. The panel was moderated by Mr. Luis Lauredo, former US Ambassador to the Organization of American States. The highlights of these presentations are discussed below.

The Road Ahead

During his presentation, **Robert Dunn** directed the audience to a provocative and thoughtful book entitled *The Answer to How is Yes*. It struck an important cord with him as a reminder that over the two-and-half day conference, he had been witness to many people at one gathering who were all indeed saying yes. This overwhelming support left many conference participants and industry

professionals extremely excited and encouraged about the future of CSR, in whatever shape the movement may take, and feeling as though the possibilities were infinite. The ultimate outcome, however, depends crucially on the continued support and cooperation of so many key actors across the sectoral boundaries.

In the opinion of Robert Dunn, the future of CSR is unclear. We could look through two very different lenses. Through the lens of pessimism, we see a continuing failure of the voluntary market economy to close the economic and social gaps, an ongoing lack of social due diligence, concern about the performance of privatized industries, identification of certain companies with corruption and regressive public policies, and continuing action by certain companies that undermine democracy, the health and safety of their workers, and the well-being of the cultures and natural resources of the hemisphere. If these activities continue, we are likely to see a bleak future for the hemisphere. And if the private sector does not demonstrate a greater commitment to social well being, it is hard to believe that society will have an ongoing commitment to the well being of the market economy.

Through the lens of optimism, we see quite a different picture—and one that was documented at the conference. Financial and consumer market rewards for responsible business behavior and sanctions for irresponsible behavior are increasing. The Internet and the media are making transparency both more possible and necessary. Companies are under increasing pressure to act in a consistent way wherever they do business in the world, especially through the supply-chain. Leadership companies have begun to establish new models, and these companies are now being supported by a growing infrastructure of NGOs that make resources available to make it easier for companies to be good citizens. Disposition towards hemispheric cooperation and collaboration is growing across sectors. If these favorable developments continue to gain momentum, CSR could become a transforming way of thinking in the business community. It could influence the broader society to view the private sector as a significant partner in creating a better life for current and future generations. In this scenario, public sector and NGOs will work cooperatively and extensively to determine what each can contribute so that all of the institutions in our society support the creation of a more just, civil, and sustainable life.

Seeing the enthusiasm and achievements during the conference over just a few days, and recognizing the important fact that the major multilateral organizations of the hemisphere have



Breakout sessions were also well attended



The President of Nicaragua greets the former Governor of Nueva Esparta State, Venezuela, and the Chair of the Organizing Committee of the conference

embraced CSR and have declared their determination to be advocates, promoters, and supporters, makes the future seem quite positive.

Corporate Success and CSR

In the eyes of **Beatrice Rangel**, the future of a corporation's success is inherently linked to its understanding of the indispensable value of CSR. The 21st century is the age of alliances. Technology is providing citizens greater access to knowledge and expectations of the future. Secrecy is being shattered, and accountability is prevalent. Alliances are at the core of the new world order. CSR is key to success in our times. Those who fail to understand the new reality will not succeed.

Corporate planners need to understand that the most effective force of growth is aggregate demand, and that in order for this condition to be present, through peaks and valleys, price and policy that aim at extracting quasi-monopolistic reign attached to scarcity value is self-defeating in the long run. Indeed such policies will not allow products and services to transcend the realm of lead customers—whose loyalty is not guaranteed, as they have the widest range of choice possible. The larger the number of subscribers or clients, the larger the probability of success. This means, according to Ms. Rangel, that corporations need to bring their products and services to the lower-income groups.

Three principal concepts need to be understood. First, consumer loyalty is not guaranteed. Second, it is no longer enough to produce a product or service without factoring in social value. This entails the adoption of the following production criteria:

- **Validation**—Recognition and affirmation of the customer's existing values, beliefs, and ways of life;
- **Competence**—A sense that every customer counts, and that their inquiries to customer service are a valuable source of information to ascertain the relevance to the product or service and the effectiveness of the delivery system;
- **Transformation**—The product or service needs to bring a pleasing change to the customer's life;
- **Connectedness**—To know and anticipate customers needs.

Finally, people must be placed at the core of every endeavor, understanding that the single most important strategic resource is manpower, which is key to success.

Understanding the Role of CSR

The topic of CSR is extremely hot. That is exactly why conferences centered on CSR discussions are popping up all over the place. However, in all of the discussions, as **Susan Aaronson** pointed out, we must be sure not to confuse the roles of the various actors.



■ Coffee breaks provided opportunities for networking.

As Ms. Aaronson stated, “All this talk about CSR really worries me. Let’s be honest. GE brings good things to life, but it cannot end poverty. Archer Daniels Midland may claim it’s the super-market to the world, but it cannot ensure that no child goes hungry. DuPont may provide better living through chemicals, but it can’t ensure safe drinking water worldwide. You and I both know that is the role of governments. Multinational corporations acting responsibly cannot save the world. But we, the stakeholders of these firms, can insist that these firms do more because they have benefited so greatly from the global economic efficiencies. Ultimately, however, policy makers must do more to ensure that the rights and responsibilities of investors in states are well defined. Policy makers must examine the signals that they send to market actors.”

All of this interest in CSR stems from a failure of national and international governments. There are no global rules governing international investors. Although the International Trade Organization, the United Nations, and the MAI (Multilateral Agreement on Investments) have tried numerous times to come up with a code that delineates the responsibilities of the global investors, we have not been able to do so, as of yet.

Multinational corporations acting responsibly cannot save the world, but governments can demand that they do more. It is not good enough to just talk about corporate social responsibility; rather, governments need to work to promote it. Some examples of strategies that have been undertaken by international govern-

ments include initiatives or programs such as the Ethical Trade Initiative of Great Britain, which is attempting to raise labor standards around the world, as a partnership between governments, the private sector, and labor officials, or steps by the Netherlands to give tax credits to companies subscribing to the OECD guidelines, or finally, efforts by the Canadian government, which is trying to be a model in ethical procurement. The bottom line is that governments can and should be doing a lot to promote global corporate social responsibility.

Building Public Trust: Long-Term Thinking

Throughout the two-and-a-half day conference, many of the panels were energized by extremely timely, useful, and broad perspectives, in most cases focusing on a win-win solution. Danny Leipziger, in his presentation, chose to focus on the subject from the cases that he perceives to be the more interesting: those involving trade-offs.

Mr. Leipziger looked at infrastructure privatization in Latin America as a way of examining the future of corporate social responsibility. As he noted, the paradox is that, viewed from one perspective, US\$290 billion dollars worth of investments was made in infrastructure in the Americas in the 1990s, and in many sectors the efficiency, quality, and access to service was improved. Nevertheless, in recent public opinion polls in Latin America, 63 percent of the population registered opposition to privatization. From this opposition have stemmed massive demonstrations. A

social critique would suggest that these transactions have lacked transparency. There is the common perception that multinationals are making excessive profits, that tariffs have increased enormously, as has unemployment, that people's lives have not improved, and that the poor are being overlooked. Hence, there is a great deal of anxiety surrounding infrastructure privatization.

At stake is the basic infrastructure of many Latin American countries. None of the governments have the financial resources to support the infrastructure, including water, sanitation, and other basic services to the public—much less the poor. The whole fabric of the infrastructure is at stake. In the 1990s, the funding for infrastructure privatization peaked; now it is declining. Who is responsible for this turnaround? What can we expect of the various actors?

Corporations need to look at the long term in terms of sustainability—not merely the short-term relation to profitability. Corporations need to incorporate some appropriate social due diligence into their transactions, and give adequate weight to their long-term corporate reputational risk. The most important considerations of corporations should be: making sure that public services' tariff increases are affordable; that through the transaction they are generating benefits; that they are giving proper consideration to laid-off workers; that their transactions are transparent; and that there is a proper regulatory framework in place.

Governments need to balance between the benefits of one-time payment, and the need for these companies to increase tariffs; explain to the public what they want to achieve through clear communication; and avert corruption at all costs.

Multilaterals need to seize the opportunity politically for privatization; advise governments to build-in adequate protection for low-income groups; and remind governments to look beyond the short-term gain.

According to Mr. Leipziger, the private sector is indispensable for some of the basic services that the World Bank would like to see delivered in Latin America. More than one-third of population is under the poverty line. In terms of infrastructure investment in Latin America, through these ventures, the private sector and governments need to work to rebuild public confidence. In addition, there is a need for greater awareness of positive outcomes where social responsibility, profits and efficiency co-exist, and to distinguish responsible behavior from irresponsible behavior. Most importantly, corporate social responsibility needs two-way partners.

Summary

In two days of intense discussion, the conference successfully helped raise awareness of central issues in CSR, advanced the dialogue among key partners, discussed principles of good conduct to advance corporate social and environmental responsibility, and highlighted successful examples of companies that adopt socially responsible practices.

As Kofi Annan, Secretary General of the United Nations, said at the World Summit in Johannesburg, 2002, “We are not really asking corporations to do something other than their normal business. We are asking them to do their normal business differently.”

Opening ceremonies of the conference



WORLD BANK INSTITUTE

Promoting knowledge and learning for a better world

Americas e-Conference on Corporate Social Responsibility

June 10 – July 5, 2002

<http://www.worldbank.org/wbi/corpgov/csr/eforum.html>

Edited by Djordjija B. Petkoski

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PREFACE

The continuing critical importance of sustainable and more equitable development reinforces the need for a better understanding of the issues of corporate responsibility, accountability, and sustainable competitiveness, as well as their relationship to economic growth, poverty reduction, and good governance. There is a clear need for companies to accept corporate social responsibility (CSR) as a vital component of business strategy and for countries to incorporate CSR in their overall development strategy.

In many cases, the CSR agenda has been driven from outside the private sector – by governments, civil society, NGOs, and academia. Consumers, investors, and the media are starting to pressure corporations to pay more attention to their employees, clients, communities, and the environment. In partnership with governments and civil society, companies need to take a more active role in developing their understanding and capacity to integrate CSR concepts in their business strategies.

However, CSR is a complex issue, with many players, definitions, and interpretations. Instead of over-focusing to find “correct” answers to often ill-defined questions, the real challenge is how to manage the dialogue among various stakeholder groups, build coalitions for action, and create additional learning opportunities through implementation.

Globalization has made CSR an issue of international concern, though significant additional insight can be gained when the discussion is focused on regional circumstances, and best practices using local knowledge are explored more deeply. With this in mind, this report captures the key insights and suggestions from participants in the Americas e-Conference on Corporate Social Responsibility, which took place from June 10 to July 25, 2002.¹ The conference provided an opportunity to over 200 participants from 55 countries to exchange their views on various CSR issues focusing on the particular circumstances within the Americas region.

In addition to the participants, who through their written contributions had a critical impact on the overall success and quality of the dialogue, expert moderators also played an important role by providing background readings and guidance, thus maximizing knowledge transfer opportunities. All participants were encouraged to generate concrete recommendations on how CSR could best be promoted and implemented to serve the needs of all stakeholders in the development process. The main findings and recommendations from this conference will be disseminated at the ‘CSR in the Americas’ conference, which will be held in Miami from September 22 to 24, 2002.

Alisa Valderrama, Anke Schwittay, and Abhijit Kulkarni assisted in the preparation of this report.²

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¹ Unless expressly stated otherwise, the findings, interpretations, and conclusions expressed in the materials in this publication are those of the various authors of the work and are not necessarily those of the World Bank Group Boards of Executive Directors or the countries they represent.

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Introduction

The Interactive Americas e-Conference on Corporate Social Responsibility took place from June 10 to July 5, 2002, under the auspices of the World Bank Institute (WBI) and the Inter-American Development Bank (IADB). The idea for this e-conference originated among participants in the preparatory meetings for the 'CSR in the Americas' conference, to be held in Miami from September 22 to 24, 2002. The Americas e-conference provided an initial opportunity for participants from the Americas and from around the world to exchange their views about the roles of various stakeholders in promoting CSR, and participants were encouraged to discuss their own experiences or opinions on successes and challenges to CSR. The e-conference was guided by an expert team of moderators, who provided weekly topics, background readings, and focus. The 219 conference participants from 55 countries included CSR professionals, corporate executives, academic researchers, members of multilateral and civil society organizations, and students. The Americas were represented by 125 participants from 17 countries, including Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominica, Guatemala, Guyana, Honduras, Mexico, Panama, Peru, Puerto Rico, the United States and Venezuela. The most active countries in this e-conference were Canada, Chile, Spain, and the United States. The key findings and recommendations from the e-conference will be disseminated at the CSR conference in Miami.

CSR in the Americas – Capitalizing on Regional Diversity

Participants in the Americas E-Conference on Corporate Social Responsibility faced a dual challenge: finding common ground in defining CSR, then discussing the application of this term over a region as politically, socially, and economically diverse as the Americas. In this four-week on-line discussion, even the most basic questions were difficult. Are there universal principles and benefits to CSR in the Americas? Who is positioned to promote CSR in the Americas? Is a uniform brand of CSR across the region possible or desirable?

As true in the Americas as anywhere else, there is great variation in definition and implementation of CSR. To accommodate this variation, participants advocated an innovative approach, where the socio-economic diversity of the Americas provides an opportunity for different countries to promote CSR in a way that builds on the specific characteristics of each country and region. Rather than attempting to formulate a general approach to CSR in the Americas, participants suggested that as long as the most general principles of CSR are upheld, CSR could and should vary accord-

ing to domestic or even local needs. For example, while government regulation in the United States in the first half of the twentieth century led to the establishment of first internal and then external CSR practices, the CSR environment in Latin America demands a leap of faith for companies, because government policy often does not encourage CSR.

Participants from the United States and Canada suggested that shareholders, money managers, institutional investors, and consumers can harness the mechanisms of the free market economy to demonstrate that CSR can lead to long-term profits, competitive advantage, innovative strategy, and overall health of a firm. Therefore, the "business case" may be the most salient incentive for CSR in North America, where CSR is promoted by strong consumer and shareholder pressure on the market and secondary reliance on government incentives.

In contrast, participants from poorer countries with underdeveloped market institutions suggested that the government and consumers acting alone may lack the leverage to advocate CSR if they act without the cooperation of other sectors of society. Participants from South and Central America also focused on the so-called "development case" for CSR adoption and implementation, where CSR is promoted as creating a favorable investment climate through encouraging good governance and efficiency, leading to domestic economic growth and sustainable development. To achieve this goal, strong partnerships between the private sector, public sector, and civil society are needed.

Whether the "business case" or the "development case" for CSR is employed, the two approaches are not mutually exclusive. The business case for CSR is complemented by the development case for CSR, insofar as the development case serves the economic growth of the region while still reinforcing the business case for CSR. According to this model, where the economy is robust enough to be used as a mechanism for CSR promotion it should be fully utilized. Similarly, in countries where the government or the private sector have initiated CSR strategies they should be strengthened rather than compelled to conform to a general prescription for CSR across the Americas. One risk of this model is that in the absence of an attempt to apply broad CSR measures, CSR will vary in scope and depth across borders, possibly to the detriment of those societies most in need of CSR implementation. The benefit of this model is that each country can develop ownership over its own CSR implementation strategies even at incremental levels in places where CSR may have otherwise not been considered feasible.

Because CSR is still in its infancy in terms of broad acceptance across the region, the possibility exists that unless long-term approaches are developed, CSR will be perceived as a fad, or worse

yet, used by government or companies as a shield for irresponsible practice in one area while claiming adherence to CSR in another. Under any approach to CSR, fundamental economic questions such as “What are the indicators for a good economic outcome?” need to be re-addressed. Overall, CSR may require what one participant called a reframing of the relationship between governments and markets, where “free market systems and government regulations should not be viewed as conflicting entities,” as one participant suggested. Instead, government regulations should be seen as a means toward the delivery of long-term economic growth instead of an obstruction to the free market.

Finally, a balance must be reached where CSR can be diverse enough to accommodate distinct domestic needs but where the fundamental mission of CSR – that business should fairly serve the interests of various sectors of society— is preserved. CSR, if correctly implemented, will not benefit one sector of society while others are left with great cost. All should share in the responsibilities and the benefits of CSR implementation. Building on specific characteristics that each region can offer to the CSR movement is a step, but it must be vigilantly overseen by innovative leaders in all sectors who should continue to ask, as Adrian Hodges did, “Is all the noise about CSR being matched by increased action on the ground?” The regional diversity model may provide some of the checks and balances necessary for CSR application across a region as diverse as the Americas, but will need consistent support from international development institutions.

There is no doubt that across the Americas there is a rising and financially substantiated interest in CSR. While identifying the fundamental principles is a starting point, the existence of principles is a necessary but insufficient indicator of progress in the area of CSR. In fact, as identified in this conference, the recipe for suc-

cess may lie in the allowance for CSR diversity. Therefore, the metric for CSR success should extend beyond the search for uniform CSR principles. There is a certain future for CSR in the Americas, but to achieve long-term commitments each country should decide how CSR could serve its particular needs. The hope is that through trade, mutual learning, and the setting of examples, the Americas will develop a working model of CSR that will perpetuate itself. One possible illustration of this concept has been made below:

Executive Summary and Recommendations

The discussion of the e-conference was framed by Adrian Hodges’ overview of the development of CSR in the Americas over the last decade (Hodges’ complete overview is attached in the Appendix). Hodges described how, until the mid-1990s, CSR activities mainly referred to philanthropic and charitable contributions and there was little discussion, research, or reporting on the topic. In contrast, now most large and many small- and medium-sized enterprises (SMEs) have detailed statements about their CSR activities. There has also been a sharp increase in organizations and institutions promoting CSR, and many cross-sectoral partnerships have emerged to tackle specific issues in the field of corporate responsibility. This shift is largely due to the rising expectations of various stakeholders, globalization, advances in technology, and shifts in personal values.

On the basis of this overview, the conference discussion focused on the importance of local and regional context when addressing CSR, making it somewhat difficult to speak uniformly about CSR as concept and the roles played by various stakeholders in promoting and implementing CSR across the Americas. Participants in the Americas e-conference indicated that varia-

Regional Diversity Model for CSR in the Americas

	Business Case for CSR United States and Canada	Development Case for CSR Central and South America
Promote CSR to achieve	<ul style="list-style-type: none"> - corporate long-term profits - competitive advantage - innovative strategy 	<ul style="list-style-type: none"> - favorable investment climate - domestic economic growth - sustainable development - improved corporate governance
Main drivers for CSR are	<ul style="list-style-type: none"> - primary market pressure: shareholders and consumers - secondary government action: including tax incentives 	<ul style="list-style-type: none"> - partnerships between corporations, public sector, and civil society

tions in regional, national, and local circumstances necessitate that the design, promotion, and implementation of CSR programs also vary (See results of CSR survey in Appendix). In the United States and Canada, CSR can be promoted through the “business case” where CSR can be linked to long-term profits, increased market share, and innovative strategy. In Latin America, CSR can be promoted as an integral part of the development agenda, contributing to a favorable investment climate and sustainable and equitable economic growth. In both regions, the most successful programs have been the ones that integrate CSR into a company’s core strategy and incorporate community participation and empowerment. There are also differences as to which groups could be most effective in promoting CSR: shareholders, consumers, and institutional investors in North America and public-private partnerships in Latin America. Despite the challenge of addressing CSR across a diverse region, there was some agreement on the general benefits of CSR for companies, such as cost avoidance, business development, and reputational risk management.

Participants agreed that all key stakeholders, including government and civil society, have important roles to play in CSR across the Americas. Corporate executives and managers are critical in driving CSR practices and need to be educated accordingly. Executives and managers should nurture a corporate culture of ethical behavior that instills the importance of CSR in all of their employees. Participants also indicated that while governments should provide a favorable CSR environment through incentives, it might not be appropriate for governments to regulate the social responsibility of corporate practices. Civil society organizations are important information gatherers and distributors regarding companies’ social and environmental performance, and can help to establish liaisons between multinational corporations and local communities. Individuals should exert their influence as consumers, investors, employees, and voters by incorporating their moral values of responsibility and integrity into their behavior.

Listed below are the topics for each week of discussion and the week’s key recommendations.

Week One: WHY SOCIALLY RESPONSIBLE BUSINESS?

Recommendations:

- International organizations like the UN and the World Bank should continue to promote the CSR agenda in their regions and countries of operation.
- Governments should offer incentives to foster CSR, but not legally enforce standards.
- Corporate top management must realize the importance of CSR. Mid-level managers and executives have to be trained to assure their involvement in CSR projects.

Week Two: PROMOTING CSR IN THE AMERICAS

Recommendations:

- Different challenges to CSR raised in different regions of the Americas lead to different roles for the government, private sector, and civil society. Therefore, a nationally relevant CSR policy should be established by examining which incentives work and which sectors of society are best suited for CSR promotion.
- It should be recognized that market systems and government regulations must work together to ensure sustainable outcomes for problems defined through inclusive and collaborative processes.
- Possibilities must be explored to account for CSR as a market value, so that these investments become a strength for the corporate bottom line.

Week Three: EXAMPLES OF SUCCESSFUL CSR PROGRAMS

Recommendations:

- Develop CSR programs whereby corporations have self-interest to ensure their continued participation.
- In politically sensitive environments, CSR activities can be initiated in less political domains, such as ecologically sustainable practices.
- CSR projects should be based integrating innovative programs with community participation and empowerment. NGOs and community organizations should be equal partners at the negotiating table.
- Exit strategies should be planned in advance to diminish dependencies.
- Local representatives should be empowered in the corporation to make decisions that capitalize on their understanding of local socio-economic conditions.

Week Four: SUPPORTING AN ENABLING ENVIRONMENT FOR CSR

Recommendations:

- NGOs should educate shareholders and consumers about companies’ social and environmental performance.
- More collaboration is needed between NGOs and corporations to facilitate companies’ relationships with the local population and its needs and ideas for development.
- Transparent corporate behavior should be rewarded.
- CSR should be integrated both internally and externally at each stage of company’s activity plans.
- Corporate boards of directors should screen CEOs based on integrity.

A number of participants in the Americas e-conference had also participated in the previous “Future Leaders E-conference on

CSR,” and were therefore able to share some of the ideas from the Future Leaders e-conference with the Americas CSR participants. While the two conferences focused on distinct issues related to CSR, many of the conclusions and unanswered questions from the Americas e-conference were similar to those reached during the Future Leaders’ e-conference, indicating that there are a variety of universal concerns related to CSR that deserve further inspection. These include:

- The challenges of establishing universal CSR standards across diverse regions.
- The question of who should bear responsibility for corporate compliance with stated CSR principles.

A selection of the Future Leaders’ contributions can be found in the Appendix, along with other sample emails from the Americas e-conference

Weekly Summaries

(to read the complete discussion, visit http://www.worldbank.org/devforum/forum_americas_eforum.html)

Week One: WHY SOCIALLY RESPONSIBLE BUSINESS?

“There is a return to the corporate sector in both cost avoidance and business development by investing in long term sustainable community economic development.”

—Rupert, Canada

The e-conference began with a discussion about the mandate of corporations in society. Most participants agreed that they currently exist to maximize shareholder wealth, ensure their own survival, serve customers, and create economic value. As one participant from Portugal argued: “Firms are not created to develop CSR issues, but to maximize the profit of their shareholders on the business that they are good at.” The consensus view was that corporations are not established for the sole purpose of community benefit or to address social development issues. Furthermore, many participants commented from personal experience that only large corporations with high profit margins and operating in expansionary economic times could afford to worry about and invest in CSR initiatives. While participants from Latin America argued that SMEs usually have scarce resources to devote to CSR projects, a North American contributor commented that small enterprises, female-owned businesses, and non-profits usually lead in the generation and implementation of CSR initiatives. It is mainly large corpora-

tions with substantial advertising budgets, however, that can showcase their CSR work and market their activities. Most participants concurred that companies scale down their CSR initiatives in tough economic times, although the moderator pointed out that it has been exactly in such times that some of the strongest organizations in promoting CSR have emerged. There was also debate on whether the social standing of a company helps to raise capital. Some participants mentioned that while corporations often cite cost as a reason for not embracing CSR, they are in fact hindered by inertia and an unwillingness to rethink their practices.

Moderator: Adrian Hodges

Adrian Hodges is the Director for the Americas of the Prince of Wales International Business Leaders Forum. Before that, he was Head of Global Communications for The Body Shop International and worked for various research and consultancy organizations, as well as local governments.

Participants highlighted the following benefits resulting from CSR:

- Cost avoidance through compliance with government regulations.
- Business development through investments in long-term, sustainable community economic development.
- Reputational enhancement through the publication of social audits and reports.

Week One Recommendations

- Governments should offer incentives to foster CSR but not regulate any standards.
- International organizations like the UN and the World Bank should continue to promote the CSR agenda in their regions and countries of operation.
- Corporate top management must realize the importance of CSR and mid-level managers and executives have to be trained to assure their involvement in CSR projects.

Week Two: PROMOTING CSR IN THE AMERICAS

“If in a market there isn’t the possibility of grasping that added value [of CSR] companies cannot account for benefits, but will account for costs...then those investments become a burden instead of being a strength.”

—Joao, Portugal

Participants realized that even though the general tenets of CSR have taken root across the Americas, there is great variation in the specificities of design, implementation, and benefits of CSR programs. Rather than be daunted by the diversity of the Americas as a challenge to CSR, participants suggested a model wherein this diversity can provide an opportunity for different countries and sectors of society to promote CSR in a way that builds on the specific characteristics of each region. The hope is that these CSR initiatives will travel as part of inter-American trade, and that best practices can be exported, adapted, and improved according to the specific needs of each country.

The “business” and “development” cases for CSR grew out of legitimate concern that in promoting CSR, different players have evolved different notions of what CSR means with varying degrees of success in terms of general welfare. On the one hand, the attempt by some multinational companies to uniformly apply CSR across borders can be detrimental. This is the case when a particular CSR measure does not have practical local applications. Then precious CSR funds are squandered on “[issues] that have little or no relevance for local workers and the local environment. You can already see this happening in...parts of Latin America,” said one participant. On the other hand, multinational corporations may have a special duty to promote CSR because smaller companies cannot absorb the costs of CSR, and may not have the resources to promote or implement CSR without support from the government. The Philippines Business for Social Progress group was mentioned as an example of the national business community taking the initiative in solving its country’s problems rather than waiting for the government or civil society to act. Moreover, it emerged during difficult economic times and is now an effective CSR-promoting organization.

Moderators: Hugh Wilkinson and Wayne Dunn

Hugh Wilkinson is an international business consultant specializing in economic and social development projects. He has worked as the Senior Advisor to the Executive Director for Canada at the Inter-American Development Bank (IADB) and as a Senior Commercial Officer at the Canadian Embassy.

Wayne Dunn operates Wayne Dunn and Associates Ltd., an international management consulting firm that specializes in CSR. He is also a Senior Associate at the Center for the Study of Global Issues at the University of British Columbia, Canada.

Week Two Recommendations

- The different challenges raised in different regions of the Americas result in different roles for government, private sector, and civil society in each region.

- Regionally and nationally relevant CSR policy should be established by examining which incentives work for CSR and which sectors of society exert key influences over CSR promotion.
- Market systems and government regulations must work together to ensure sustainable outcomes for problems defined through inclusive and collaborative processes.
- Possibilities should be created for adding CSR value as corporate benefits, so that these investments become a strength rather than being a burden on the bottom line.

Week Three: EXAMPLES OF SUCCESSFUL CSR PROGRAMS

“It is no longer an approach based solely upon strict profits, but rather upon the integration of partnerships to better harness sound planning with risk factors and cost-benefit analyses.”

—Emmanuel, Chile/UK

Participants agreed that the most successful CSR programs, where the program benefits the company’s bottom line and all its stakeholders as well, are based on the integration of CSR activities into a company’s core business plan. As exemplified by one of the moderators, where this integration is not present, program success is limited, and the benefits to the company and stakeholders are diminished from a lack of comprehensive commitment. The moderators highlighted the importance of taking local contexts into account in the design and implementation of successful CSR programs.

National and regional differences lead to different strategies for CSR practices (See table below). In highly politicized environments like Venezuela, activities that encourage people to become politically active are especially risky to pursue, because they could cost companies their license to operate. Instead, companies might want to focus their activities on less politicized areas like the environment. Furthermore, strategic long-term planning becomes especially important because external CSR initiatives will be important for corporate survival and the creation of value-added local capacity.

Diversity of National CSR Environments

On a regional level, the social investment dynamic in Latin America is more development- and less market-oriented than in industrialized countries. Companies such as Intel Costa Rica and WestCoast Energy in Mexico are practicing CSR to mitigate risks; in turn, their activities can impact government policies. In

Venezuela

- Relationship between government and business very politicized.
- Companies forced to decide if they want to get involved in politics to the extent that is sometimes necessary.

Haiti

- Complete lack of government involvement in CSR activities.

Guatemala

- Visión Guatemala encouraged consultations between all stakeholders. As a result, business and investment opportunities were refocused toward CSR as conduits for change, peace, and socio-economic growth.

Brazil

- Instituto Ethos very successful in promoting CSR.
- High consumers awareness has led to high level of CSR practices, even in the absence of tax incentives.

contrast to the United States, where government regulation in the first half of the century led to the establishment of CSR practices, the CSR environment in Latin America demands a leap of faith for companies that CSR is the right thing to do and will bring benefits. As a consequence, there is a tendency to start with projects that do not match CSR with company objectives, hoping that they will grow into more sophisticated strategies. This does not always happen however.

Speculating about the future of CSR in Latin America, participants said that CSR in Latin America should aim to develop the capacity of the poor to plug into local production supply chains and to increase their purchasing power. This narrow approach will more likely be favored over a broader approach that would give people skills for personal development, which that might fall outside the realm of corporate responsibility.

Moderators:

Carlo Dade, Audra Jones, and Judith Morrison

Carlo Dade is the Inter-American Foundation (IAF) representative for the Dominican Republic and Haiti. He has also worked in the World Bank's Latin American and the Caribbean Region Technical Department and heads Dade Communications, a web development and Internet consulting company.

Audra Jones has worked for Citibank's Latin American Regional Office for commercial banking investments and the General Electric Trading Company (GET). She also consults with USAID, IAF and the IADB.

Judith Morrison is IAF's Representative for Brazil and Colombia, and serves as the Foundation Representative to the World Bank and IADB Consultation on Race and Poverty. She has also worked as the director of a nonprofit management training organization and a CSR instructor.

Week Three Recommendations

- In very politicized environments, focus CSR activities on less political areas such as the environment.
- Develop CSR programs in which corporations have self-interest to ensure their continued participation.
- Base CSR projects on a platform that integrates innovative programs with community participation and empowerment, and make NGOs and community organizations equal partners at the negotiating table.
- Plan an exit strategy to diminish dependency of the recipient organization.
- Empower local representatives in the corporation to make decisions that capitalize on their understanding of local socio-economic conditions.

Week Four:

SUPPORTING AN ENABLING ENVIRONMENT FOR CSR

"If the goal is to make CSR the norm and not the exception, a dialogue that involves all stakeholders, particularly the private sector, will be critical in ensuring the development of sound policies."

—Gabriella, United States

Participants agreed that local citizens, governments, and private corporations need to work together to create an environment favorable towards CSR. All of these stakeholders need to realize that their actions affect others, leading to alternative ways of thinking that are not motivated by greed and egocentrism.

Participants believed that corporations usually implement CSR programs because of a combination of fear and opportunity. In order to encourage positive and proactive CSR initiatives, companies need to institute a corporate culture that supports CSR, rather than one that instills fear of retribution in the face of a crisis, which has been the number one reason for companies to adopt CSR policies. This culture can be created through collaborative learning between all parties involved. CSR work should be included in the operational planning of the company, and be presented alongside operational activity plans when entering new countries. As one participant asked and others agreed, the question then becomes what corporations should be rewarded for: "Great CSR policies? No ... it's too easy to window dress. I believe we should reward companies that are prepared to tell us where their problems are and what they are taking into account to resolve them. Rewarding corporations for transparency will encourage a culture of transparency and a generation of transparent thinkers."

The suggestion from one participant that “responsibility cannot be taken on or acted out by corporations. It needs to be accepted and implemented by the people in those corporations,” had special resonance with the e-conference audience. The example of companies in Bolivia was mentioned as a good case in point. Where firms often lack formal structures for the implementation of CSR programs they are instead initiated and driven by the CEO’s belief in corporate responsibility, which is then passed on to managers, and through managers, on to employees. CSR is ultimately a set of values by which employees must feel morally compelled to behave, and it is therefore most important to generate enthusiasm among employees.

The governments of developing countries should get a chance to define what CSR is in their own contexts. In some cases, the reputation of whole countries hinges on the way companies behave, as is in the US at the moment. This means that governments have an equally important role to play in practicing CSR and encouraging it through such incentives as tax breaks. In Barbados, one organization is working towards establishing a 150 percent tax

rebate for contributions to social investment funds that support small-scale community development projects. Lastly, as members of civil society, shareholders and consumers need to be educated and change their behavior patterns.

Moderator: Tim Cullen

Tim Cullen heads Tim Cullen Associates. He also worked as Senior Advisor for External and United Nations Affairs at the World Bank, for Ford and the Continental Bank in Chicago.

Week Four Recommendations

- NGOs should educate shareholders and consumers about companies’ social and environmental performance.
- Collaboration between NGOs and corporations should be increased to facilitate companies’ relationships with the local population and its needs and ideas for development.
- Society should reward companies for transparency.
- Include CSR at each stage of company’s activity plans.
- Boards of directors should screen CEOs for integrity.



■ The audience gets involved in the discussions.

“A Commentary on the Development of CSR in the Americas”

**Adrian Hodges,
The Prince of Wales
International Business Leaders Forum,
June 2002**

The development of Corporate Social Responsibility (CSR) in Latin America and the Caribbean—the geographical area of focus for this paper—cannot be separated from the history of the region’s political, social and economic development. This contextual backdrop has been well-documented elsewhere and it is not my aim to repeat it here.

It is worth, however, reiterating that the nature of influence and interaction between the institutions of state, church, military, an organized business community, and an increasingly independent and vocal civil society, is a key determinant in the evolution of CSR. The processes of rapid technological and communications development, and the globalisation of markets and ideas is, as in other parts of the world, causing a reassessment of traditional roles and responsibilities, and this dynamic as it is playing out in Latin America and the Caribbean underlines the observations that I make below.

Yesterday

In the mid-1990s, “corporate social responsibility” was not a phrase commonly heard from leaders of business, government, civil society or other authorities across Latin America and the Caribbean. Most engagement by business in the community was driven by a philosophy of philanthropy and took the form of charitable financial donations given by international corporations or wealthy national business leaders. The vast majority of corporate giving was separate from the business of the business.

- Relatively few companies had published policies or public statements that described the criteria by which charitable giving priorities were determined.
- There were, however, a few companies who had moved from charitable giving to planned programs of social investment based on mutual benefit and enlightened self-interest.
- Business engagement in the process of Development, specifically through the vehicle of partnerships to address social, economic and environmental challenge, was in its infancy. Some groundbreaking pilots and trials have occurred over the last few years—for example elements of the World Bank Partners in Development program.
- The relationships between business, government and civil society organizations were characterised by feelings of mistrust, fed by stereotypes and misunderstanding about motivations and

working practices. A further layer of complexity was—and still is—provided by the strong influence of the Church and, in some countries, of the military.

- Research about corporate practices in the social, ethical and environmental field was hard to come by.
- Media interest in CSR was at best polite, not inquisitive or informed.
- A few institutions did have active programs promoting corporate philanthropy, for example the Institute of Quality of Education – borne out of the American Chamber of Commerce in São Paulo; the GIFE group of corporate foundations, also in Brazil; the Kellogg Foundation; CEMEFI of Mexico; and the Inter-American Foundation with pioneering work in grassroots development.
- There were few meeting places—for example seminars and workshops or conferences—where interested parties could get together and discuss business/societal relations, roles and responsibilities.
- Issues addressed by companies in their community involvement programs focused on economic development, environment, education and occasional humanitarian relief in times of natural disaster.

Now

There has been a tremendous surge in interest in CSR in the region – mirroring a similar pattern in other parts of the world. Today we find that...

- It is rare now for large international companies investing in the region not to have statements which commit to being good corporate citizens, and which are not shy about saying that it makes business sense to do so. To a lesser but growing extent, larger national companies are also articulating their belief in CSR.
- More corporate programs are now linked to core business practices and finding ways of meeting the needs of the business as well as communities—for example in cause-related marketing programs, or management and employee development through volunteering activities.
- We have seen a rise of national organizations promoting CSR, such as Instituto Ethos in Brazil (at whose sell-out annual conference I am writing this note) with young organisations recently formed in Chile and El Salvador, and embryonic

groupings starting in Cuba and the Dominican Republic. And some of the older groups are transforming and embracing a CSR focus—like Peru 2021 and AliaRSE out of CEMEFL.

- A hemispheric organisation - EMPRESA - to support and share information and learning amongst these institutions, is going from strength to strength (www.empresa.org).
- Other business groupings and associations have recognized their important role in helping to create a critical mass of business engagement by promoting collective action—for example the Alianza Social efforts of the Venezuelan AmCham.
- A growing number of cross sector partnerships have emerged to tackle a range of issues—child labor, women in development, youth business, etc
- Serious media coverage has begun to appear regularly, for example from the newspapers ‘Valors’ in Brazil and ‘Reforma’ in Mexico
- There are an increasing number of events where leaders can go and hear good practice—in the last few months alone we have seen a Central American conference hosted by El Salvador, an ILO session on labor standards in the region held in Santo Domingo. In September there will be a meeting to discuss promoting CSR in Haiti. And of course, later this year the IDB and OAS sponsored the CSR in the Americas Conference in Miami (www.csramericas.org), and then the annual Business for Social Responsibility Conference will also be held in Miami (www.bsr.org).

Why the Shift?

So why is CSR now higher up the political, social and corporate agenda? In my view, this is happening not because of a sudden softening of attitudes amongst hard-nosed business leaders suddenly racing to take on the role of corporate social welfare agents. Rather, it is the result of market forces in the shape of rising expectations from stakeholders – consumers, investors, employees and NGOs. Those rising expectations are in turn caused by global forces for change, which affect all parts of society and allow for widespread comparing and sharing of ideas and challenges to the old orders of authority.

We are all impacted by these forces: by a revolution in technology and communications, the globalisation of markets, shifts in demographics and in personal values. As a consequence, a set of issues once considered peripheral to business strategy have emerged as crucial to mainstream business success and – importantly – competitiveness, with the potential to impact costs, reputation and profitability.

These emerging management issues can be summarised under the headings of ecology and environment, human rights and diversity,

and communities. Or put another way, what used to be known as the ‘soft’ management issues, but have not become hard—hard to ignore, hard to predict and hard on the business if they go wrong.

Rising expectations manifest themselves in various ways:

- Consumers are increasingly making purchasing decisions partly based on their perception of a companies ethical, environmental or social behaviour (see www.environmentalinternational.org for a comparative world study of consumer attitudes on CSR). Polls show that figures for consumers in the Latin American and Caribbean who punish/reward companies are not that high, rather it is consumers in Europe and North America who are setting the agenda—as it is for those markets that many companies in the region are producing goods.
- Investors and investment institutions are more aware of the potential negative effects of poor risk management practices—either operationally or for safeguarding reputation—in the broad CSR agenda. Consequently they are pressuring companies in which they have investments to put their houses in order—leading to a reassessment by corporations of their potential liabilities, and the introduction of business practices to mitigate risks.
- Employees too are becoming more organized and vocal about their expectations—and companies wishing to attract and retain the best talent are finding they have to answer tough questions about their CSR practices.
- Governments and their regulatory authorities are adding pressures, both by calling for more direct corporate engagement in partnerships to address education, crime and other needs, but in some cases by tightening laws for example in the areas of ‘polluter pays’ legislation.
- Organized campaigning groups and Non Governmental Organisations have increased the pressure on companies by higher degrees of scrutiny and sophisticated use of the media to help broadcast their accusations. Consequently corporations must be more aware of business behaviour throughout an extended supply chain—for example in the textile or agribusiness sectors.

The ‘nice-to-do’ – corporate philanthropy – has now become a ‘have-to-do’ – CSR.

What Lies Ahead?

What will be the issues that will lead the evolution of CSR in the region over the next few years? For me, they will include the most basic question: is all the ‘noise’ about CSR being matched by increased action on the ground by companies? A key challenge I

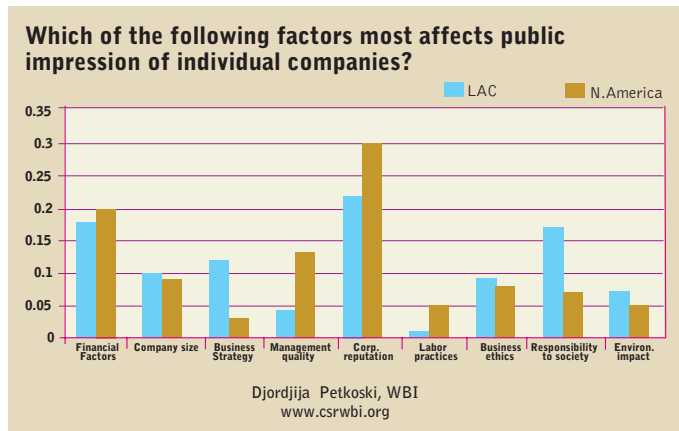
suspect is to build capacity of national centres of excellence linked together and sharing knowledge so the wheel is not re-invented. Other matters of concern include:

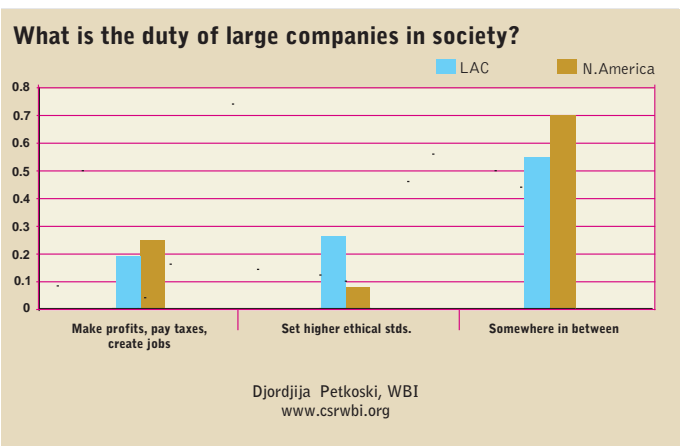
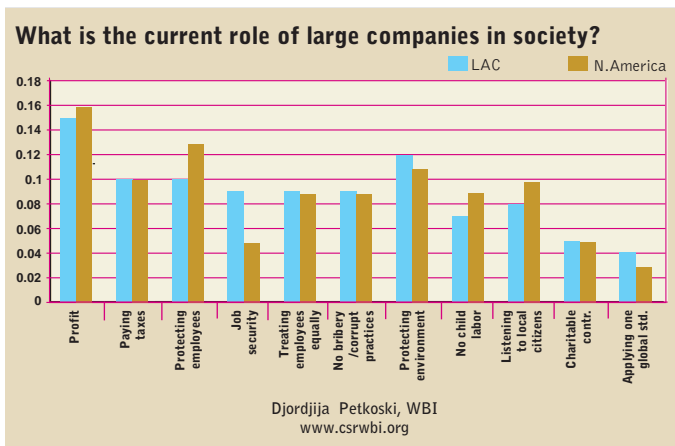
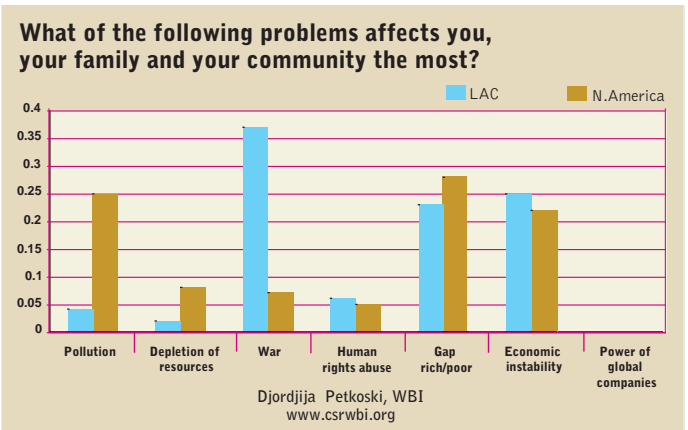
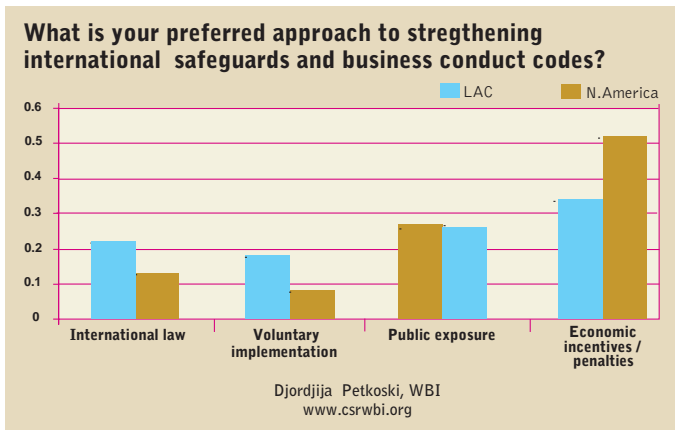
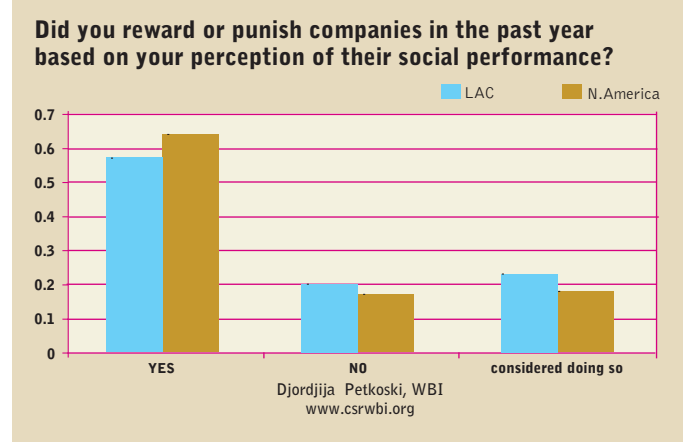
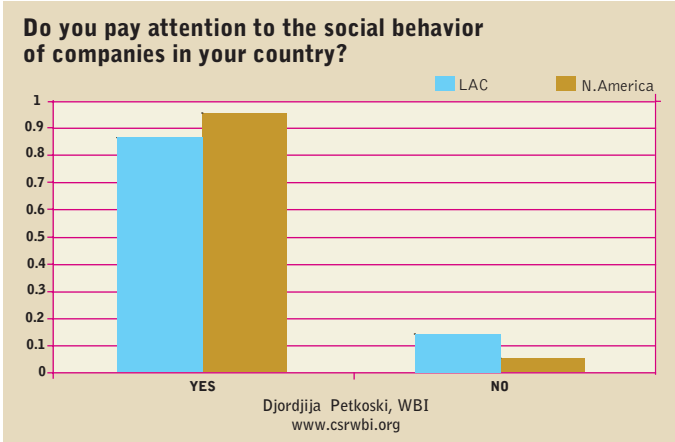
- whether there will be a ready stream of ‘local’ business champions willing to stand on platforms and enthuse their peers with arguments for CSR – arguments of the head as well as appeals to the hearts
- whether we can support CEOs in their challenge to get middle management to understand how to integrate CSR agenda into everyday business practices
- whether we can transfer lessons of the last decade learnt with large companies into the small and medium-sized businesses sector
- whether we can transfer the ‘common sense’ inherent in CSR into informal economy – so important in Latin America and the Caribbean
- whether government will be content to play an enabling role and not a suffocating role and create the right regulatory conditions under which CSR can flourish
- whether business leaders can persuade citizens of the benefits which will flow from a free market economy and international trade, many disillusioned—for example, most recently in Argentina—by the impact on their lives of poorly implemented and regulated public policy and privatization programs
- whether consumers in the region will use their purchasing power to influence corporate behavior – rewarding brands who invest in causes and punishing companies who cause harm
- whether corruption can be reduced and shown to be a drag on social and economic development
- whether CSR is seen as a fig leaf worn by the local elite as means to divert attention away from efforts to change the status quo of vested interests controlling local markets
- whether the capacity of civil society organisations can be built so they can truly partner with business for mutual benefit and help

- to deliver social services and compliment government safety nets
- whether business schools and academia developing the business leaders of tomorrow take on board CSR as a legitimate part of the curriculum

Results of an International Survey on CSR

For the past year and a half, the Corporate Social Responsibility (CSR) and Sustainable Competitiveness Program has conducted a worldwide on-line CSR survey. Approximately 3,000 respondents from over 100 countries have taken this survey. Some 15.5 percent of respondents are from Latin America/Caribbean and approximately 15 percent are from the United States/Canada. Here we present a segment of the survey data comparing responses from Latin America/ Caribbean (LAC) and United States/Canada (North America) that reflects some of the diversity in opinion across the region with regard to popular perceptions and behaviors regarding corporate social responsibility. Worldwide survey data available at www.csrwbi.org.





CORPORATE CITIZENSHIP RESOURCES READINGS, REFERENCES & WEB SITES



THE CENTER
FOR CORPORATE
CITIZENSHIP
AT BOSTON COLLEGE

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About The Center

The Center for Corporate Citizenship provides leadership in establishing corporate citizenship as a business essential, so all companies act as economic and social assets to the communities they impact by integrating social interests with other core business objectives. Through its research, executive education, consultation and convenings on issues of corporate citizenship, The Center is the leading organization helping corporations define their role in the community.

ACKNOWLEDGEMENTS

This publication is supported in part by The Americas Conference on Corporate Social Responsibility: “Alliances for Development.” The mission of this conference is to increase awareness and advance CSR in the Americas by creating a forum to interact, exchange views, share experiences and build trust among the various players to work together towards the improvement of the communities and the environment. This project responds directly to a request made during the 2001 Summit of the Americas in Quebec City, Canada. The conference is organized by the Inter-American Development Bank, with the support of the Organization of American States and the World Bank, and with the sponsorship of the Government of Canada and the Inter-American Foundation, among others. The date of the conference is September 22-24, 2002, in Miami, Florida. Additional information on the conference can be found at www.csramericas.org.

Foreword

Corporate citizenship is an area of practice and study that is growing at a rapid pace. The variety and sheer number of resources and discussions that are emerging provide both great opportunities for growing this movement, and also present challenges to those of us who scramble to keep on top of it all. We have developed this brief guide to the literature and resources in corporate citizenship to help you access the information and partners who can help build your capacity and increase the impact of your work. This publication is supported in part by the Americas Conference on Corporate Social Responsibility. Increasingly corporations are finding that they are bound together with civil society in their quest for wealth creation and sustained prosperity. They are finding that being a good corporate citizen is a business essential. In the following pages you will find resources demonstrating how businesses and organizations across the globe are developing innovative strategies for meeting business challenges while meeting societal needs.

The field of corporate citizenship encompasses many issues: human rights, the environment, economics, work-family, philanthropy, community relations, and more. The resources provided here focus primarily on the general issues of corporate citizenship, with an eye toward the organizational practices and frameworks that need to be employed for change. The web site listings provide a taste of the wide variety of organizations engaged in this important work. A more extensive set of bibliographies and web sites is available on The Center’s web site. We encourage you to use this resource and to let us know of new resources to add to future editions or to our web site.

These are exciting times. The wealth of information, the speed of discovery, and the momentum for partnering are building to demonstrate that a corporate citizenship agenda can result in stronger and healthier economies and communities, and in positive business outcomes.

Bradley K. Googins, Ph.D.
Executive Director
The Center for Corporate Citizenship at Boston College

Books and Journals

Andriof, Jorg and Malcolm McIntosh. **Perspectives on Corporate Citizenship.** Greenleaf Publishing: Sheffield, UK, 2001.

An introduction to corporate citizenship, this book addresses the role of executives and senior managers in assuming greater accountability for a wide range of issues, including human rights, sustainability strategies, corporate governance codes, workplace ethics, and stakeholder consultation. Contributions draw from a variety of international experts in the field of corporate citizenship.

Avery, Christopher. **Business and Human Rights in a Time of Change.** Amnesty International: UK, 2000.

Surveying recent initiatives by companies, human rights advocates, governments, the United Nations and others, this report identifies sources of pressure on business to act responsibly, how this pressure is intensifying, and how business is responding. It also displays how quickly events are moving, and how important it is for companies and human rights advocates not to be left behind.

Business and Society. SAGE Publications: Thousand Oaks, CA

A peer-reviewed academic journal devoted specifically to publishing pieces on business and society. The journal publishes original research, book reviews, and dissertation abstracts that relate to business ethics, corporate governance, corporate social performance, and environmental management issues.

Corporate Social Responsibility Monitor. Environics International Ltd.: Toronto, Canada, 2002.

The monitor is an annual public opinion survey that delivers strategic metrics and insights about consumers' expectations and attitudes towards corporate responsibility. Conducted annually in 25 countries, the monitor will be conducted for the first time in the US in 2003 in partnership with The Center for Corporate Citizenship at Boston College

Elkington, John. **Cannibals With Forks: The Triple Bottom Line of 21st Century Business (Conscientious Commerce).**

New Society Publications: British Columbia, Canada, 1998. Elkington's book identifies seven key dimensions that have led to the growth of corporate citizenship. By using case study examples, he also characterizes the "blind spots" — reasons why some corporations find it difficult to maintain the standards of a global corporate citizen.

Ethical Corporation Magazine. FC Group: London, UK
Targeted to companies around the world, this magazine provides practical advice and examples of how to successfully integrate responsible corporate practice into their management systems. It is a free print magazine and is distributed monthly. Editors strive to publish practical implementation advice and best-practice case studies to help practitioners with integration strategy.

Gibb, Blair and Peter Schwartz. **When Good Companies Do Bad Things: Responsibility and Risk in an Age of Globalization.** John Wiley and Sons, Inc.: Indianapolis, IN, April 1999.

Explores the strategic relationship between know-how, integrity, and integration, demonstrating how companies that fail to embrace the deeper meanings of these terms jeopardize their reputations and future prosperity. It suggests corporations are increasingly taking on social issues, not to be politically correct or enhance reputation, but to strengthen their long-term business strategy and delivery.

Henderson, David. **Misguided Virtue: False Notions of Corporate Social Responsibility.** The Institute of Economic Affairs, London, 2001.

A short book arguing that the current trend towards CSR is misguided by officers surrendering to the herd instinct and not justified by the defense of the overriding principle of shareholders welfare first. Although repetitive, it is well written and if read by somebody knowledgeable about CSR it will end up reinforcing his/her convictions about the positive aspects of CSR.

Hodges, Adrian and David Grayson. **Everybody's Business.** BK Publishing: Marina Del Ray, CA, 2002.

Using compelling evidence to suggest how the myriad issues ensuing from globalization and changes in technology and communication are affecting companies across the globe, this book discusses how these changes affect corporate managers. Solutions are offered for managing change, including a seven-step process for minimizing risks and maximizing opportunities.

International Business Leaders Forum. **The Business of Enterprise.** IBLF: London, 2002.

Brings together a selection of 24 case studies from around the world. The book highlights ways in which large companies are fostering local economic development by sharing their knowledge, skills, and technology with small and medium sized enterprises. The book identifies the benefits that flow from these linkages and suggests frameworks within which new initiatives can be planned.

Izzo, John and Pam Withers. **Values Shift: The New Work Ethic and What It Means for Business.** Fairwinds Press: Toronto, Canada 2001.

Discusses the nature of world changes in demographics, trends, and employees. Focusing on six major value shifts, the book offers suggestions and guidelines to adapt a company to today's changing world.

The Journal of Corporate Citizenship. Greenleaf Publishing: Sheffield, UK

A multi-disciplinary journal that publishes work by researchers and practitioners of public policy, organizational behavior, economic history, strategic management, citizenship, human rights, corporate governance, sustainability management, responsible supply chains, stakeholder management, poverty, gender, and globalization.

Levy, Reynold. **Give and Take: A Candid Account of Corporate Philanthropy.** Harvard Business School Press: Boston, MA, 1999.

Describes the underlying dynamics of philanthropy and its appeal in today's business environment. Sections include the fundamentals of corporate philanthropy, operations and organization, advice to seekers of philanthropic support, and a prediction for the future.

Logan, David. **Employees in the Community: A Global Force for Good.** The Corporate Citizenship Company: London, UK, 2002.

Identifies how employee community involvement is valued and how its impact is measured. Case studies feature Zurich Financial Services, Danone Group, GE, IBM, and Samsung. Muirhead, Sophia A., Charles J. Bennett, Ronald E. Berenbeim, Amy Kao, and David Vidal.

Corporate Citizenship in the New Century: Accountability, Transparency, and Global Stakeholder Engagement. The Conference Board: New York, NY, 2002.

Over 700 companies participated in a research study incorporating three surveys conducted by The Conference Board between 2000 and 2001: one each for corporate managers of citizenship programs, CEOs, and board members. Based on the views and experiences of these corporate practitioners, the report examines the state of global corporate citizenship practices, expectations, and trends.

Nelson, Jane. **Building Partnerships.** United Nations Department of Public Information: New York, NY, 2002. Provides an overview of the evolving relationship between the United Nations and business, ranging from traditional procurement and consultative arrangements, which have been in place since the founding of the UN in 1945, to new types of cooperation at the global and operational levels.

Nelson, Jane. **Building Competitiveness and Communities: How world class companies are creating shareholder value and societal value.** Prince of Wales Business Leaders Forum: London, UK, 2002.

Developed in collaboration with the World Bank and the United Nations Development Program, this publication consists of a report and a series of over 20 multinational company profiles from across the globe. The study inquires about these companies' leadership and management challenges; strategies, systems, and new forms of partnership being used to address these challenges; forms of contributions; and general lessons learned. The report provides findings and offers a framework for further analysis.

OECD. **Corporate Responsibility: Private Initiatives and Public Goals.** Organization for Economic Cooperation and Development, Paris, 2001.

This booklet discusses Private Initiatives for CSR (codes of conduct, management systems and business accountability) and their effectiveness.

OECD. **Corporate Social Responsibility: Partners for Progress.** Organization for Economic Cooperation and Development, Paris, 2001.

This book provides a comprehensive overview of CSR experiences and practices at the local level. It illustrates the power of partnerships in helping firms become more socially responsible. It includes interventions from the Conference "Partners for Progress—Towards a new approach to Corporate Social Responsibility," held in Paris in November 2000.

Regelbrugge, Laurie, ed. **Promoting Corporate Citizenship: Opportunities for Business and Civil Society Engagement.** Civicus: Washington DC, 1999.

Offering observations and reflections from institutions leading the way in developing successful partnerships, this publication provides practical guidelines for making and keeping partnerships between civil society organizations and corporations. It also outlines the work of Civicus' Task Force on Corporate Engagement that sets the rationale for engaging corporations.

Rochlin, Steven and Tamara Bliss. **Benchmarks for International Corporate Community Involvement.** The Center for Corporate Citizenship at Boston College: Newton, MA, 1998.

This study explores the strategies, tactics, operations and good practices of 14 leading multinational companies headquartered in Europe and the U.S.

Rochlin, Steven and Janet Boguslaw. **Business and Community Development.** The Center for Corporate Citizenship at Boston College: Newton, MA, 2001.

Presents an overview of the business and community development (BCD) framework, and digs deep into the nuts and bolts of designing and managing a BCD strategy. The five corporations profiled in this report pursue BCD as “business as usual,” approaching low-income markets as any other business opportunity. This study details models for developing untapped markets, meeting human resource challenges, making investment decisions, and enhancing corporate branding, reputation, and citizenship.

Rochlin, Steven and Brenda Christoffer. **Making the Business Case: Determining the Value of Corporate Community Involvement.** The Center for Corporate Citizenship at Boston College: Newton, MA, 2000.

In recent years there have been many claims that corporate community involvement is “good business” in that it supports and improves core business functions. This report reviews recent research on the business benefits of CCI. It concludes that while more research is needed, there is much evidence that CCI can benefit companies.

Rochlin, Steven, Platon Coutsoukis and Leslie Carbone. **Measurement Demystified.** The Center for Corporate Citizenship at Boston College: Newton, MA, 2001

Based on a best-practice benchmarking project conducted jointly by The Center and the American Productivity & Quality Center, this report takes a magnifying glass to the measurement process. It looks at seven companies that have demonstrated best practices in measuring their community involvement programs and deconstructs the processes they follow.

Roy, Delwin, Laurie Regelbrugge, and David Logan. **Global Corporate Citizenship: Rationale and Strategies.** Hitachi Foundation: Washington DC, 1997.

The authors suggest that global political and economic change ensures that those businesses that do not have an international corporate citizenship strategy, even if they define their market in strictly domestic terms, run the risk of inadequately and inaccurately assessing maintenance of market share, profitability, and their long-term survival.

Sagawa, Shirley, and Eli Segal. **Common Interest – Common Good: Creating Value Through Social Sector Partnerships.** Harvard Business School: Boston, MA, 2000. Argues that forward-looking businesses and social sector organizations (both nonprofit and government) can solve many of their problems by working together, while still serving the common good in the process.

Sullivan, Jeremiah. **The Future of Corporate Globalization: From the Extended Order to the Global Village.** Quorum Books: Westport, CT, 2002.

Sullivan’s book suggests a changing dynamic of the business world; namely from capitalist market economy to the Global Village Model, with justice, virtue, stability, and national sovereignty at the core of the values system.

Tabb, William K. **Unequal Partners: A Primer on Globalization.** New Press: New York, NY, 2002.

Globalization has moved many jobs away from the industrialized countries to developing nations. Tabb provides an introduction to the complex themes of first world/third world business environments, and provides a perspective on how vital these relationships are to today’s economy.

Tichy, Noel, Andrew McGill, and Lynda St. Clair. **Corporate Global Citizenship.** Lexington Books: Lanham, MD, 1998. Features case studies on individual companies’ corporate citizenship practices. A variety of industries are profiled, including companies such as American Express, Merck, and Procter & Gamble.

Waddock, Sandra A. **Leading Corporate Citizens.** Irwin/McGraw Hill: Columbus, OH, 2001.

Waddock’s book is a comprehensive and instructional guide to corporate citizenship, suggesting that business leaders operate on the three levels of individual, organizational, and societal. The premise of the book is the business case for corporate citizenship — that corporations will operate more successfully in a society where they are respected and responsible to stakeholders.

Walsh, Jim and Josh Margolis. **People and Profits: The Search for a Link Between a Company’s Social and Financial Performance.** Lawrence Erlbaum Associates, Inc.: Mahwah, NJ, 2001.

Explores the links between the social impact on management and the bottom line. An informative guide that utilizes a compilation of 95 studies published since 1972 to shed light on the relationship between corporate social and financial performance.

Weeden, Curt. **Corporate Social Investing: The Breakthrough Strategy for Giving and Getting Corporate Contributions.** Berrett-Koehler Publishers, Inc.: San Francisco, CA, 1998.

The book describes how to implement corporate social investing, a "new concept" that requires that every commitment of money and/or product, equipment or land which a company makes has a significant business reason.

Weiser, John and Simon Zadek. **Conversations with Disbelievers.** The Ford Foundation: Washington DC, 2000. Provides an analysis of key data and case studies that prove the business case for corporate community involvement in community economic development.

Wilson, Ian. **The New Rules of Corporate Conduct: Rewriting the Social Charter.** Quorum Books: Westport, CT, 2000.

Corporations operate under the terms of a largely unwritten, constantly changing social charter — a dictum as forceful as their written legal charter. Wilson explores the new rules that are beginning to govern corporate performance, rules that arise from society's ever-changing values and expectations.

Zadek, Simon. **The Civil Corporation: The New Economy of Corporate Citizenship.** Earthscan: London, UK, 2001. Zadek looks to establish what can realistically be expected from corporations in the move toward sustainable development. The book reviews contemporary practices of corporate citizenship, new patterns of civil governance, the scope of corporate engagement, learning and advocacy for maximizing sustainable development, and how and when corporate citizenship can be actualized.

Zadek, Simon, Niels Hojensgard, and Peter Raynard. **Perspectives on the New Economy of Corporate Citizenship.** The Copenhagen Center: Copenhagen, Denmark, 2001.

Convening some of the best thinking in the field, the volume consists of a series of short essays by analysts and practitioners from around the world on the subject of corporate citizenship and the new economy. It introduces many specific issues of focus, for example, disability, privacy, community development, and lifelong learning.

INTERNET RESOURCES

ACCION Empresarial,

<http://www.accionempresarial.cl/index3.htm>

Based in Chile, this organization is part of the International Forum Empresa. It promotes corporate social responsibility and business harmony between various companies and communities in Chile. The web site is entirely in Spanish.

AccountAbility,

<http://www.accountability.org.uk/aboutus/default.asp>

AccountAbility supports organizational accountability and sustainable performance by connecting accountability practitioners, developing practical tools and standards, and supporting structured professional development.

African Institute of Corporate Citizenship,

http://www.aiccafrica.com/about_af.html

Focused on the continent of Africa, this nonprofit organization works with companies and organizations to extend corporate citizenship in Africa through the development of tailored, solution-oriented consultancy.

AIM Center for Corporate Social Responsibility,

<http://www.aim.edu.ph/rvr/rvr.asp>

The Asian Institute of Management's Center for Corporate Social Responsibility is involved in case writing and research, program development, executive education and training.

Alianza para la Responsabilidad Social Empresarial (AliaRSE),

<http://mx.groups.yahoo.com/group/ResponsabilidadSocialEmpresarial/>

AliaRSE is a new alliance of organizations currently forming to promote corporate social responsibility in Mexico.

Aspen ISIB,

<http://www.aspeninst.org/>

The Aspen Initiative for Social Innovation Through Business (Aspen ISIB), a policy program of the Aspen Institute, encourages business to engage and invest in solutions to business and social problems.

Business Partners for Development,

<http://www.bpdweb.org/index.html>

The Business Partners for Development (BPD) initiative was designed to study, support and promote strategic examples of partnerships involving business, government and civil society working together, with the World Bank Group as an equal partner, for the development of communities around the world.

Business in the Community,

<http://www.bitc.org.uk/>

Business in the Community (BITC) is a movement of companies across the UK committed to improving their positive impact on society. BITC works with companies to benchmark their performance for sustainable environmental practices, addresses how to recruit and manage a competitive, diverse workplace, and helps companies work with charities to use the power of brands for their mutual benefit.

Business for Social Responsibility, <http://www.bsr.org>

Business for Social Responsibility (BSR) is a multinational nonprofit organization that assists member companies in corporate responsibility, including ethical values, respect for human rights, and environmental protection.

Canadian Centre for Philanthropy,

<http://www.ccp.ca/>

The Canadian Centre for Philanthropy is a national charitable organization dedicated to advancing the role and interests of the charitable sector for the benefit of Canadian communities. (See Imagine.)

The Canadian Ethics Centre,

<http://www.ethicscentre.com/>

The Canadian Ethics Centre is a volunteer driven, charitable organization that works with organizations and companies dedicated to creating and maintaining an ethical corporate culture.

Caux Round Table,

<http://www.cauxroundtable.org/>

A group of senior business leaders from Europe, Japan, and North America who are committed to the promotion of principled business leadership by identifying and promoting solutions to global issues. Publications are offered in eleven languages: Arabic, Chinese, Danish, German, English, Spanish, French, Japanese, Polish, Portuguese, and Swedish.

The Center for Corporate Citizenship at Boston College,

<http://www.bc.edu/corporatecitizenship>

The Center helps companies act as economic and social assets in the communities they impact by offering consulting, executive education, convenings, research, and benchmarking.

Center for Work and Family at Boston College,

http://www.bc.edu/bc_org/avp/csom/workfamily/

A national leader in helping organizations create effective workplaces that support and develop healthy and productive employees. Research includes cases on work and home-life issues.

CIVICUS,

<http://www.civicus.org>

An international organization devoted to promoting civil society as a result of citizen action throughout the world. Their philosophy includes the belief that private action for public good can be expressed by many different organizations in a variety of ways, including dialogue with government and business.

Committee to Encourage Corporate Philanthropy,

<http://www.corphilanthropy.org>

A national business forum of CEOs with an agenda focused on corporate giving. The Committee pursues dual advocacy and facilitative roles in the cause of expanded strategic philanthropy.

Conference Board,

<http://www.conference-board.org/>

This independent membership organization creates and disseminates knowledge about management and the marketplace to help businesses strengthen their performance and better serve society.

Conference Board of Canada,

<http://www2.conferenceboard.ca/>

Helps member companies and stakeholders anticipate and respond to the increasingly changing global economy through the development and the exchange of knowledge.

Cool Companies,

<http://www.coolcompanies.org/index.cfm>

The Center for Energy & Climate Solutions helps company's design and implement strategies to cut energy use and pollution. The organization develops institutional 'best practices' for greenhouse gas reduction, and provides neutral, credible verification of emissions baselines and reductions.

Corporate Community Involvement,

<http://www.ccinet.org>

Set up by the Charities Aid Foundation, this web site provides links to hundreds of company web pages for corporate community involvement, as well as case studies on best practices.

The Copenhagen Centre,

<http://www.copenhagencentre.org>

An independent, autonomous institution established by the Danish government that recognizes the need for governments to encourage corporate citizenship. TCC supports voluntary partnerships between government and business for social improvement.

The Corporate Citizenship Company,

<http://www.corporate-citizenship.co.uk/>

A consulting firm working in the for-profit sector, the Corporate Citizenship Company's assists companies in their attempts to become active corporate citizens and meet the aspirations of stakeholders and society. Publications are available in a variety of different languages.

Corporate Citizenship Unit,

<http://users.wbs.warwick.ac.uk/ccu/>

The Corporate Citizenship Unit (CCU) aims to bring together diverse people from business, government, and civil society organizations for research and teaching in corporate citizenship.

CSRwire,

<http://www.csrwire.com>

CSRwire seeks to promote the growth of corporate responsibility and sustainability through solutions-based information and positive examples of corporate practices. The site has four core services: CSR press release distribution, corporate report links, CSR events promotion and CSR resources.

CSR Europe,

<http://www.csreurope.org>

A business-to-business network in Europe, CSR Europe's mission is to place corporate social responsibility in the conventional business practices, helping companies achieve profitability, sustainable growth, and human progress. CSR Europe provides information, offers programs for business managers, and facilitates dialogue between stakeholders.

Environics International,

<http://www.environicsinternational.com/>

Environics conducts multi-client public opinion research, specializing in strategic analysis of global issues, including the social, ethical, environmental and economic impacts on corporations and their stakeholders.

Ford Foundation Corporate Involvement Initiative,

<http://www.winwinpartner.com>

An information clearinghouse for business executives looking to increase profits and address common business challenges through investment in low-income communities. The site offers examples of major corporations' successful win-win strategies.

Forum Empresa,

<http://www.empresa.org>

A western hemisphere coalition of both business organizations and affiliated companies interested in corporate social responsibility. The mission of the forum is to promote corporate social responsibility throughout the Americas. The web site is available in English, Spanish, and Portuguese.

Foundation Center,

<http://fdncenter.org/>

Fosters public understanding of the foundation field by collecting, organizing, analyzing, and disseminating information on foundations, corporate giving, and related subjects.

Foundation for Business and Society,

<http://www.foundation.no/>

Based in Norway, the virtual university's mission is to bridge the digital divide and change business course through education. Courses are offered via the Internet in a variety of corporate social responsibility disciplines.

Fundacion Empresa y Sociedad,

<http://www.empresaysociedad.org>

A non-profit organization founded in 1995 to encourage and promote corporate community involvement in Spain.

Fundación Empresarial para la Acción Social (FUNDEMÁS),

<http://www.fundemas.org/paginas/index.htm>

FUNDEMÁS was created to contribute to the socioeconomic development of El Salvador by stressing the importance of social awareness for private businesses, the promotion of entrepreneurial philanthropy, and the promotion of entrepreneurial values. Members include individuals, businesses, unions, foundations and institutions of higher education.

The Global Reporting Initiative,

<http://www.globalreporting.org/>

Established with the mission of developing globally applicable guidelines for reporting on economic, environmental, and social performance, initially for corporations and eventually for any business, governmental, or non-governmental organization (NGO).

Green Biz,

<http://www.greenbiz.com/>

Provides useful corporate resources for aligning environmental responsibility with business success.

Imagine,

<http://www.imagine.ca/>

Canada's national program to promote public and corporate giving, volunteering and support to the community. Imagine is specifically geared to encourage and promote partnerships between the corporate and charitable sectors.

INSEAD,

<http://www.insead.edu/>

With campuses in both Asia and Europe, this educational institution has a global perspective and multicultural diversity that is reflected in its teaching faculty. The institution enrolls MBA, doctoral students and executives.

Instituto Ethos de Empresas e Responsabilidade Social,

<http://www.ethos.org.br/>

The Ethos Institute of Business and Social Responsibility based in Brazil, this is an association of companies interested in developing their activities in a socially responsible manner, in a permanent process of evaluation and improvement. Although the web site has a few English pages, the majority of information is in Portuguese.

Interfaith Center on Corporate Responsibility,

<http://www.iccr.org>

Composed of over 275 Roman Catholic, Protestant, and Jewish investors, the ICCR sponsors shareholder resolution discussions and promotes environmentally and socially responsible practices for companies. ICCR issue groups include energy and environment, equality, global corporate accountability, global finance and community economic development, international health and tobacco, and militarism and violence resolution.

International Institute for Sustainable Development,

<http://www.iisd.org/default.asp>

This institute produces recommendations on international trade and investment, economic policy, climate change, measurement and indicators, and natural resource management to make development sustainable.

International Labor Organization,

<http://www.ilo.org>

A UN agency that seeks the formation of international labor standards, as well as protection of labor rights. The web site is available in Arabic, German, Italian, Japanese, Portuguese, and Turkish.

The Mexican Center for Philanthropy (CEMEFI),

<http://www.cemefi.org/>

An organization created to promote philanthropic culture in Mexico, and strengthen organized societal participation in its fundamental development and in the solution of community problems. The web site is currently available in Spanish only.

MHC International,

<http://www.mhcinternational.com/>

A research and consulting company that focuses on CSR and international social development, poverty and employment issues.

National Business Initiative,

<http://www.nbi.org.za/>

Launched by Nelson Mandela in 1995, NBI operates as a partnership between business and government. Its focus is on the contributions of the business world to socio-economic delivery, employment creation, and delivery of basic services within local governments.

National Committee for Responsive Philanthropy,

<http://www.ncrp.org/>

A nonprofit organization dedicated to making philanthropy more responsive and available to people with the most need, least wealth and opportunities. The web site features links to other resources as well as publications.

The National Policy Association,

<http://www.multinationalguidelines.org/csr/>

This site focuses on public policies to promote socially responsible business practices.

New Academy of Business,

<http://www.new-academy.ac.uk/>

An independent school for business managers that aims to build a new future that is both just and enterprising. The New Academy engages in teaching, research, and organizational learning.

The New Economics Foundation,

<http://www.neweconomics.org>

A research and policy think tank that challenges the current practices of economics and business in order to promote future ethical practices. Research areas include participatory democracy, local economic revival, and reshaping the global economy.

Peru 2021,

<http://www.peru2021.org>

A non-profit entrepreneurial association whose objective is to promote the creation and diffusion of the shared national vision of a society that is built on the highest values and a positive attitude. Based on its commitment to this vision, Peru 2021 promotes initiatives in the areas of education, social awareness and the environment.

Plaza Nueva,

<http://www.plazanueva.org/home/home.php>

A resource for collaboration on social responsibility. Provides information about social responsibility, innovative social projects, social responsibility initiatives and altruistic community involvement. The site is currently available in Spanish only.

Prince of Wales International Business Leaders Forum (IBLF),

<http://www.csrforum.com/>

An international educational charity set up in 1990 to promote responsible business practices internationally that benefit business and society, and which help to achieve social, economic and environmentally sustainable development, particularly in new and emerging market economies. The web site has a variety of research, publications, and corporate citizenship related news events.

Public Affairs Council,

<http://www.pac.org/>

Provides products and services that help member organizations become more effective in their public affairs activities, including research and information about international conferences.

Social Accountability International,

<http://www.cepaa.org>

A charitable human rights organization devoted to improving communities and workplaces by generating appropriate socially responsible standards. The organization promotes understanding and implementation of such standards worldwide.

SustainAbility,

<http://www.sustainability.com/>

A strategic management consultancy and think tank dedicated to promoting the business case for sustainable development. The web site is available in German, Spanish, and Japanese.

SustainableBusiness.com,

<http://www.sustainablebusiness.com/>

Provides job postings, news briefs, and sustainability resources and event listing.

UN Global Compact,

<http://unglobalcompact.org>

A value-based platform with nine principles for responsible corporate practice derived from the Universal Declaration of Human Rights. The web site contains case studies, current projects, and annual policy dialogue.