Relevance of Corporate Social Responsibility (CSR) for Latin American Entrepreneurs

Winfried Polte
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Abstract
These times are very troubled ones. Not only do wars and political unrest seem to prevail in different regions of the world, but, corruption and fraud have reached an incredible dimension, too. It seems that societies have, to a large extent, lost values in which they had formerly believed in.
These issues may be the background why at the moment Corporate Social Responsibility (CSR) as a voluntary commitment is discussed in public that intensively. However, one gets the impression that this rather often seems to be superficial. Therefore, it is time to do some in-depth research to identify whether there is real substance behind these discussions or not. Latin America is a big continent with a greater number of countries which are running through difficult times as to corruption and fraud. Consequently, the author studied the policy of the central employers association Consejo Empresarial de America Latina (CEAL) with respect to the role of CSR. On the basis of statements, news and results of studies being regularly published, conclusions were drawn to which extent social and environmental aspects, along the line of ISO 26000, are playing a relevant role.
In order to avoid a too narrow view of the issue, a holistic approach concerning the general situation of Latin America has been selected using parameters such as economic growth, increase of population, poverty, inequality, and the global responsibility for environment. Furthermore, apart from the central organization CEAL, regional and national institutions with a specific mission for spreading and implementing CSR and two communal projects were analyzed as well. The conclusion of the paper is that there are some CSR ‘lighthouses’ but an urgent need exists to spread the idea of CSR more intensively across the continent. Corresponding recommendations about how to increase the relevance of CSR in Latin America are given at the end of the paper.

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DOI: 10.18418/978-3-96043-052-0
IZNE Working Paper Series
ISSN 2511-0861

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List of abbreviations

BID        Banco Interamericano de Desarrollo
BRL        Brazilian Real
CEAL       Consejo Empresarial de América Latina
CEPAL      Comisión Económica para América Latina y el Caribe (Naciones Unidas)
CSR        Corporate Social Responsibility
EC         European Commission
EITI       Extractive Industries Transparency Initiative
EMDE       Emerging and Developing Economies
FE         Forum Empresa
GDP        Gross domestic product
GIZ        German Corporation for International Cooperation GmbH
HR         Human Rights
ILO        International Labour Organization
NCP        National Contact Point
NGO        Non-governmental Organization
PPP        Purchasing Power Parity
ISO        International Organization for Standardization
ODS        Objectivos de Desarrollo Sostenible
OECD       Organisation for Economic Co-operation and Development
SA         Sociedad Anónima
SDG        Sustainable Development Goals
SME        Small and medium-sized enterprise
SR         Social Responsibility
UNESCO     United Nations Educational, Scientific and Cultural Organization
uniRSE     Unión Nicaraguense para la Responsabilidad Social Empresarial
USAID      United States Agency for International Development
WBSC       World Business Council for Sustainable Development
1 Introduction

1.1 There is a wind of change – who has seen it blowing?

Times have changed tremendously over these last few years, especially since 2016. Terrible wars are taking place in Syria and Iraq, fighting goes on in Libya and Sudan, and political unrest exists in many countries all over the world. Only the European Union - at least until recently – seemed to be stable. And now, Mr. Donald Trump has become the new President of the United States of America and has quickly scattered many stable fundamentals of world politics in all directions. No one knows how long Mr. Trump’s unusual behavior will persist and if the consequences of his policies will be sustainable.

Concerning Latin America, especially Mexico as neighboring country of the USA is in the strongest focus of President Trump. There is not only the question of the construction of the huge wall at the border, but also the increase of import duties by the Americans. The later point applies not only to Mexico, but to Latin America in general. However, one has to know that the trade balance between both continents – in contrast to the years between 2000 and 2008 – has turned into a big deficit for Latin America.\(^1\) This deficit might further increase and raise as well the continent’s interest in cooperating more intensely with China and Europe in the future.

One could argue that a country like Germany, as the export world champion in 2016, could lean back fully relaxed. However, there is the unbelievable fraud story of Deutsche Bank – in former years a very solid institution with a high reputation - which has to pay US-$7.2 billion to settle a US investigation on sales of mortgages and mortgage securities;\(^2\) this might result in litigations of around US-$15 billion. Unfortunately, this sad development continues with Volkswagen and Audi with an even higher amount of probably nearly US-$20 billion in penalties.\(^3\)

Corruption and fraud has happened in Germany in the past, too. However, the fundamental concern now is that, in these two cases, the amounts in question are exorbitantly high and that the institutional framework of German public institutions didn’t work adequately. The global financial crisis gave the impression that governments of many countries didn’t react very competently. It has been known that the investment banking of e.g. German Banks was exploding not only with high growth rates and profit, but also with risks involved. But no one did intervene at the right time.


Concerning the motor industry in Germany, many experts and media reported that fuel consumption of cars was demonstrably higher than officially reported by the motor industry - but neither the responsible ministry of the central government, nor the public institutions specialized in this field or, at least, the board of directors of automobile companies did intervene.

Bearing this in mind, one has to ask which wind has blown away the values which people believed to be a stable element of our democracies. The poverty of millions of people world-wide does still exist and those who are happy to have a job must take note that gaps of income and capital between the rich ones and the lower middle-class are still widening. The richest people have accumulated an unjustified percentage of world assets. Furthermore, members of a company’s board of management – according to the Nobel Prize winner Joseph E. Stiglitz - earn per month about three hundred times of what median worker receive at the same corporation.\(^4\) This is an unhealthy development and no theoretical concept can justify such high salaries. The social values of our society seem to have been lost in dark clouds.

There are many options to correct these misguided developments. One of them is the so-called Corporate Social Responsibility (CSR) of companies, by which enterprises implement a wide portfolio of social and sustainable measures on a voluntary basis. These measures are in addition to legal rules and regulations like those against corruption which, however, do not fulfill their function in many countries around the world. Both Petrobras and Odebrecht, large companies from the biggest country of Latin America, Brazil, are examples of outrageous corrupt practices which we will investigate in the following chapter.

The purpose of this study is to examine to what extent companies in Latin America feel obliged to follow CSR guidelines. In the framework of this research it is not possible to interview a larger number of enterprises in each of the 20 countries of the whole continent, so an indirect method has been used.

Therefore, the Latin American employer’s association CEAL (Consejo Empresarial de América Latina) with its statutes, reports and press news has been analyzed. Apart from that, the policy of some other institutions which are closer to the direct implementation of CSR, will be presented more in depth. The study concludes with a description of social foundations of banking and a business group.

As one may have observed already, CSR is not an isolated tool to improve the social situation of a limited number of employees. CSR, in its broader sense, is rather confronted with most of the issues of our modern world. Therefore, this paper will take into account the socio-political context of business in Latin America and will elaborate on some of its most relevant aspects. A final

conclusion will be drawn as to what extent entrepreneurs of this continent are guided in their business by CSR and ethical values in general and what additional measures should be taken in future.

1.2 Corruption, a fundamental problem of society – the example of Brazil

“Not one single country, anywhere in the world, is corruption-free” – that is the message of Transparency International’s report of the “Corruption Perceptions Index 2015”.

CSR needs an environment which broadly accepts ethical values as fundamental principle of coexistence for a diversified society. CSR means a voluntary commitment for its principles. They are not the fundamental basis of a society, but an important add-on. The framework of a society is marked by its laws; they are the bulwark, especially for a democratic state form. If these laws are not accepted, then, sooner or later inequality within a society will reach such a level that people will no longer follow strictly any rules and regulations. The consequence in the long run may be a more or less chaotic form of state or a dictatorship. ‘Nice thinks to have’ – as people might name it – such as CSR will no longer play a relevant role. CSR in principle needs good governance of a country as fundamental basis. Only then, CSR can start with additional voluntary measures.

However, one has to be aware that the increasing interest in CSR is caused by the weak performance of governance in the business world as well. Moreover, enterprises have to take into account that governments will observe the extent to which fundamentals of CSR are implemented. If not, they may set corresponding targets by law as they already have in other fields such as the banking sector.

Thus, it might be worthwhile to have a deeper look at the current corruption syndrome in Brazil where it seems to be not an isolated phenomenon of the one or the other company, but has spread to a large extent over society with a specific distinctness and on different levels in the business world and in politics.

In September 2010 the Brazilian oil company ‘Petrobras SA’ succeeded to realize the biggest share issue of all time with raised US-$70 billion. The future of this enterprise seemed to be very promising: the company was to double its production over the next ten years and to become one of the biggest oil-producers of the world. Six years later the situation looked totally different. Several waves of prosecution were initiated by the Brazilian Attorney General at the Supreme Court

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because of corruption issues of Petrobras. This caused new investigations against 83 Members of Parliament, senators, official and former ministers and party leaders. Additional 211 persons are under suspicion of corruption and have to defend themselves before lower courts – all this because of a huge network of corrupt practices created by Petrobras.\textsuperscript{8}

Preferred partner of corrupt managers of Petrobras and unethical politicians has been the construction company ‘Odebrecht SA’ which seems to have paid from 2001 to 2016 a gigantic US-$788 million bribes by setting aside up to 3 percent of excessive bills for illegal payments. However, a real end of the story cannot be seen yet as the investigation is spreading over to eleven other countries, nine of them from Latin America and two from Africa. To date, construction companies appear to have paid an amount of €2 billion in bribes to mainly Petrobras executives.

According to a court decision in the USA on December 21, 2016, the Brazilian petrochemical company ‘Braskem SA’, jointly owned by Petrobras and Odebrecht, has to pay an amount in penalty and damages of US-$957 million; Odebrecht itself has to pay US-$2.6 billion after the court decision on April 7, 2017.\textsuperscript{9,10}

However, this is not the end of the drama because the next big scandal followed immediately: the sale of rotten meat with an unbelievable extent involving the two biggest meat producers in the world.\textsuperscript{11}

Therefore it is not surprising that Brazil reaches an unsatisfying number 76 out of 167 in the “Corruption Perceptions Index 2015” of Transparency International; just the same position as Burkina Faso or India. Latin America in general ranks between position 21 (Uruguay) and 166 (Venezuela).\textsuperscript{12}

Having given only a rough overview on these corruption scandals, one must question how this could happen and how one should proceed in the future. The fundamental problem of this phenomenon is that an extremely large number of people from different professions and levels have been involved. It would seem that only the members of the different courts are a guarantee of stability in the Brazilian society. As big amounts of money have been transferred in this context, a permanent personal risk including death threats existed for public prosecutors and judges. One only can deserve them highest recognition for doing such an admirable job.

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Of great concern, however, is that the President of Brazil has now nominated a close ally as successor to the vacant position at the Supreme Court. This might negatively influence the future proceedings. A similar concern is expressed by Transparency International: “Even in countries where cases of large-scale corruption are being tackled, the risk remains that this is the result of a small group of brave individuals rather than a long-term plan.” A glimmer of light may be that according to the latest news the President himself is accused of corruption and obstruction of justice.

As we focus in this research paper on the role of Latin American entrepreneurs, a strong opinions leadership on this issue has to be expected from their side. These scandals originated from the Brazilian entrepreneurship and it is up to them to prove that they are prepared for a fundamental change of culture. A first step could be a clear dissociation from the incidents which have happened. Comments having read until now from their side in CEAL’s “news”, expressed concern in most cases only of ‘corruption’ in general; not mentioning the country itself nor describing at least the originators of these scandals. This lack of accountability is in line with the experience we have from other countries, too. But in this extreme case a different reaction could have been expected.

Therefore, one has to welcome explicitly the ‘Declaration from Bolivia’ in 2016. CEAL Opportunities and Investments in Difficult Times’ from April 29, 2016. Here, CEAL, in the name of civil society calls for a new understanding of ethics as to the management of public and private administration and finally rejects corruption in countries like Brazil. The declaration is even in favor of imprisonment for entrepreneurs. Furthermore, a strengthening of democratic institutions and big structural reforms are regarded as necessary in future for Latin America. CEAL intends not to be only an observer of these changes, but intends to participate actively in this process.

If this just mentioned new orientation will not really take place in Brazil and other Latin American countries (including unfortunately many other states of the world) a positive perspective of ethical values in business and the voluntary implementation of CSR will not have a realistic chance. As more than a year has passed since the ‘Declaration from Bolivia’, CEAL needs to present urgently and officially realistic and concrete ideas on the future development of the region.

1.3 Corporate Social Responsibility - A brief overview

Not only has mankind developed in our modern times so many incredible technical innovations such as TV, smart-phones, flights to the moon etc. but we also claim for ourselves the leading position in the development of global values. This refers to present types of democracy, internationally accepted principles of human rights and different kinds of multilateral agreements with an ever-increasing number of participating countries. Therefore, we should feel proud to have reached such levels of development.

However, we have forgotten prudent and visionary people such as the philosopher Aristotle, who already had a broader view on nature and values hundreds of years ago. His views not only seem to be, but are indeed, or partially, very ‘modern’. There is not enough room in this paper to elaborate on Aristotle’s very interesting criticism of usurious transactions in business or other relevant aspects of society. There should be made reference just to his message that ethics should not focus on knowledge but on action.\(^\text{17}\) In contemporary terms: all the discussions and all the papers on CSR are very important, but without the real implementation of CSR measures they are not that relevant.

Bearing in mind that this message had already reached mankind around 2,400 years ago, the above mentioned pride of people from our time in the technical development reached so far, shrinks to the level of a grain of sand. This view is justified by taking into account the long list of rules and regulations for business life which we have developed. The degree to which these values were implemented in real life is shockingly low and far behind of that which modern society could have achieved in the meantime.

Certainly, one can refer to the concept of the “respectable businessman” which existed in Italy and Northern Germany during the Middle Ages. Another example is the training of civil servants in China at the time of the Tang Dynasty (618-907 AD) when they were thought not only on administrative techniques but as well on ‘values’.\(^\text{18}\) However, all these models of a responsible engagement in business life were limited to a specific region and period of time.

Regrettably, there was another long gap until the 1950s when the development of modern CSR started. Only in the 1970s was the distinction made between legally demanded and voluntarily offered commitment for social responsibility. This distinction meant that CSR should begin where the laws end. Once again, many years passed until the 1990s when practical implementation of CSR became more relevance. At least for Europe, the Green Paper of the European Commission

\(^{17}\) Höffe, Otfried: Aristoteles: Die Hauptwerke [Major Works], Tübingen 2009, pp. 286 and 408.

(EC) from July 2001 may be regarded as the point at which many companies felt obliged to have a
deeper look into this subject. Nearly ten years later, the issue reached a new level when the EC
asked the EU member states to implement National Strategies for CSR.

The discussion as to the definition of CSR has broadened over time. The EC wrote in its
‘Greenbook’: “Most definitions of corporate social responsibility describe it as a concept whereby
companies integrate social and environmental concerns in their business operations and in their
interaction with their stakeholders on a voluntary basis.”19 Ten years later, in 2011, a new definition
emerged: “Responsibility of enterprises for their impacts on society.” 20 The new wording benefits
from being much shorter and less complicated than the one from 2001.

More importantly in the meantime, discussions started to focus on other issues such as human
rights, the relevance of working conditions along the whole supply chain of production and
procurement regulations. Public awareness is concentrated now on sustainability in the broadest
sense and the new definition incorporates current and future sustainability issues in the wording
“impacts on society”. These words refer to all the negative repercussions of business as we
understand them at the moment and all those which might become a problem for society in future.

A recent survey by Ernst & Young has emphasized the importance of a change of the behavior of
the business community which requires the re-acceptance of fundamental values which it seems to
have been lost over the years. This deterioration of moral and ethical standards caused the
problems we see in the business world of today. According to the result of this research, “…77% of
board directors and senior managers could justify unethical behavior to help a business to
survive…” 21

The great philosopher Immanuel Kant expressed his hope that mankind would improve his
behavior through the following words: “But the homage which each state pays (at least in words) to
the concept of law proves that there is slumbering in man an even greater moral disposition to
become master of the evil principle in himself (which he cannot disclaim) and to hope for the same
from others.” 22 It seems that unfortunately, we will have to wait a bit longer in order to reach this
target.

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19 European Commission: Promoting a European framework for corporate social responsibility. Green Paper,
20 European Commission: A renewed EU strategy 2011-14 for Corporate Social Responsibility, Brussels,
October 25, 2011, p. 6.
May 16, 2017).
22 Kant, Immanuel: Perpetual Peace. A Philosophical Sketch, 1795, Second Definitive Article for a Perpetual
In the meantime, administrative or scientific bodies have published many measures, additional guidelines and principles needed for CSR e.g. the ‘OECD Guidelines for Multinational Enterprises’, the ‘Equator Principles’ of the financial industry or the ‘Ten Principles of the UN Global Compact’.

ISO 26000 can be regarded as the most practical guideline for companies with respect to sustainable development. Its intention is to encourage companies to go beyond legal compliance. The International Organization for Standardization (ISO) is a private and voluntary initiative which goes back to the year 1946. In 2017 the membership comprised of 162 national standards bodies. Teams of experts, government agencies, consumer associations, academia and NGOs worked together since the creation of ISO to develop a portfolio of around 21000 standards for almost all sectors such as agriculture, construction, energy and transport. 66 countries accepted the ISO 26000 in September 2010 after five years of intense discussion with about 450 experts from 99 countries.

The seven core subjects and some of the 37 specific issues of social responsibility in ISO 26000 are as follows:

1.) ORGANIZATIONAL GOVERNANCE

Transparent decision-making processes, international accounting standards, audited annual financial statements

2.) HUMAN RIGHTS

HR risk situations, avoidance of complicity, resolving grievances, discrimination and vulnerable groups, civil and political rights; economic, social and cultural rights; fundamental principles and rights at work (ban on child labor)

3.) LABOR PRACTICES

Employment, conditions of work and social protection, social dialogue, health and safety at work (according to ILO standards), human development and training in the workplace

4.) ENVIRONMENT

Prevention of pollution, sustainable use of resources, climate change mitigation and adaptation, protection of environment, biodiversity and restoration of natural habitats; compliance with World Bank standards

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5.) FAIR OPERATING PRACTICES

Anti-corruption, responsible political involvement, fair competition, promoting SR in the value chain, respect for property rights, adherence of the Extractive Industries Transparency Initiative /EITI.

6.) CONSUMER ISSUES

Fair marketing, unbiased information, fair contractual practices, protecting consumers’ health and safety, sustainable consumption, consumer service, complaint and dispute resolution, data protection/Privacy awareness.

7.) COMMUNITY INVOLVEMENT AND DEVELOPMENT

Communal activities, education/culture, employment creation and skills development, technology development, wealth and income creation, health, social investment, tax payments.

Although these excellent CSR guidelines are available, fundamental social deficits in many business areas combined with an extreme human suffering can be identified even today. For instance, hundreds of people have died over the last few years in the garment industry of Bangladesh, but other Asian countries as well. These disasters have increased the pressure on entrepreneurs to follow the ‘Guiding Principles on Business and Humanitarian Rights’ of the UN.26

In the meantime, we have seen stricter control of the construction of factories and other security measures in Bangladesh’s garment industry. However, many deficiencies still remain. The tough in-fighting between unions, employees and entrepreneurs over adequate salaries and the possibility of founding unions within any company in February 2017 demonstrated how strained the situation still is.27 Elements of these problems do exist in other regions of the world as well.

Although it is rather obvious, the big difference between the possibilities of implementing CSR measures by a small or medium sized enterprise/SME or by a joint-stock company should be highlighted. The degree to which funds and personnel are available for social investment or other issues within CSR normally differs between these entities. However, “CSR…is an investment that can pay off in the longer term” for SMEs – and not only for them.28 Furthermore, one has to take note that each region is a special case and “what works in Europe does not necessarily work in Africa” or Latin America. Accordingly, it is important for companies which conduct business in

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emerging countries "…that their initiatives complement – and do not replace – the development of a local culture of social responsibility."  

At present, the quality of Sustainability Reports of bigger companies is under critical discussion in Europe. These enterprises are defined as having over 500 employees, a balance sheet of €20 million or €40 million in turnover and – inter alia – being listed on an EU stock exchange. This group of companies has been obliged to present annual Sustainability Reports since the beginning of 2017. However, many of them appear to be more or less ‘green washing’ as there is no independent third party quality control and they omit many critical CSR aspects as a result. Therefore, generally speaking, there is much room left for improvement - and this refers to most companies around the globe. This paper, however, will focus only on the situation of Latin American entrepreneurs.

2 Latin America – Some data concerning the economic, social and environmental situation

2.1 Economic situation and perspective

In the context of this research paper, only a brief overview of central aspects concerning the three topics mentioned above can be given: each of them relates differently to CSR. The ability of a company to fulfill its business plans and targets is dependent on its region or country’s economy. A company needs an adequate return on investment as fundamental basis not only to survive and grow, but also to finance different measures of CSR including fair salaries.

Looking at the development of real GDP growth, one has to take note of the fact that Latin America is the only region of the Emerging and Developing Economies (EMDEs) which has shown negative values in 2015 (-0.6%) and 2016 (-1.4%). This is very different to South Asia which has produced growth of 6.8 percent in both years and even Sub-Saharan Africa which achieved 3.1 percent and 1.5 percent over this time period.

The 27 countries which comprise Latin America and the Caribbean vary considerably in size and have very different natural resources and political systems, growth rates of real GDP vary accordingly. The Dominican Republic (6.8%), Panama (5.4%) and Nicaragua (4.5%) can be regarded as high-performers in 2016. The bigger economies have shown an inferior performance
like Venezuela (-11.6%), Brazil (-3.4%) and Argentina (-2.3%). Low prices for commodities and agricultural products, mismanagement on the political level, inadequate ethical behavior of enterprises and low competitiveness are generally touted as reasons for this weak performance. Apart from this, most countries also have their own specific challenges e.g. Venezuela with hyperinflation.

Latin America is strongly dependent on the development of the USA. The USA is the largest export market for more than half of the EMDEs in Latin America and the Caribbean, especially for Mexico, Colombia and Ecuador. Furthermore, about 80 percent of remittances inflows are coming from the USA.

Taking into account that the new President of the USA and his government took over function only rather recently, the forecasts of the World Bank Group for the year 2017 may have to be adjusted to this new development rather soon: Argentina (2.7%), Brazil (0.5%), Colombia (2.5%) and Mexico (1.8%). Especially for the latter, President Trump has announced different far-reaching measures concerning their economic and political cooperation which makes forecasting extremely difficult. However, economic integration in the modern world is so complex that no one can predict the repercussions of such political and economic threats accurately, the eventual ramifications may even lead in an unintentional direction. To summarize it, Latin America is confronted with a rather uncertain prognosis. At least if prices for commodities recovered to a certain extent in the medium-term, one might envisage a positive growth rate of GDP.

2.2 Poverty and improvement of social justice

2.2.1 Regional comparison of poverty

One tool to describe poverty in different countries is to compare the percentage of the population below the two poverty lines of US-$1.90 and US-$3.10 a day, expressed in Purchasing Power Parities/PPP. For this research, the author will focus on the US-$3.10 poverty line, as the lower value doesn’t seem to be suited for measuring an adequate standard of living.

Based on this criterion, the following table gives an overview on the percentage of the population in selected Latin American countries living below the poverty line of US-$3.10. The first group of countries, starting with Uruguay, contains those countries most successful in reducing the poverty line, followed by those of middle values and the last three countries have the worst record.

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33 Ibidem, p. 61.
<table>
<thead>
<tr>
<th>Country</th>
<th>% poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uruguay</td>
<td>1.7</td>
</tr>
<tr>
<td>Chile</td>
<td>2.9</td>
</tr>
<tr>
<td>Argentina</td>
<td>3.7</td>
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<tr>
<td>Ecuador</td>
<td>14</td>
</tr>
<tr>
<td>Bolivia</td>
<td>15.8</td>
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<tr>
<td>Colombia</td>
<td>16.2</td>
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<tr>
<td>Nicaragua</td>
<td>25.2</td>
</tr>
<tr>
<td>Guatemala</td>
<td>26.5</td>
</tr>
<tr>
<td>Honduras</td>
<td>37.3</td>
</tr>
</tbody>
</table>

Table 1: Percentage of population living below US-$3.10; selected countries of Latin America

Source: Own depiction

These values can be compared with other regions of the world. In South Asia important countries still have a very high percentage of population living below the poverty line of US-$3.10: Pakistan 43.6 percent, Bangladesh 56.8 percent, and India 58 percent. Sri Lanka with 14.6 percent can be regarded as an exception within this region.36

As one can imagine, the situation in Sub-Sahara Africa looks very critical. Even South Africa and Ghana are reaching values of 34.7 percent and 49 percent. All the bigger countries have more than 50 percent of their population living under the poverty line of US-$3.10, e.g. Nigeria with 76.5 percent and the Democratic Republic of Congo with incredible 90.7 percent despite both countries have huge natural resources. Even South Africa and Ghana are reaching values of 34.7 percent and 49 percent.37

Poverty values of Latin America look rather good when compared to countries of South Asia and Sub-Sahara Africa. The question is with which region of the world one wants to be benchmarked. Most of Latin America compares less well against the weaker countries of Eastern Europe such as Romania (11.6%), Bulgaria (4.7%) or Croatia (2.2%).38 In other words, most of the Latin American

36 Ibidem.
37 Ibidem.
countries have a much higher percentage of poor people than Eastern Europe. From this perspective, poverty reduction should be one of the highest priorities for Latin America in general.

2.2.2 Economic growth and demographic development

The future prosperity of the inhabitants of a country also depends on the growth rate of the population. Surely, a certain growth is needed to avoid a rapid increase in the percentage of elderly people which may create frictions in a society. On the other hand, a rapidly growing population requires a stronger growth of the economy in order to have sufficient funds available to finance the necessary infrastructure and other measures to maintain the welfare of its population.

As to Latin America and the Caribbean, the World Bank expects in another forecast that Gross Domestic Product would contract by only 1.1 percent in 2016 and regain the growth path with 1.8 percent in 2017. Continued expansion is expected in 2018.\(^{39}\) Any existing risks for this forecast have been mentioned already in chapter 3.1.

We have to acknowledge that the above mentioned growth rates compare poorly with those of South Asia, the world’s fastest growing region which are expected to be of 7.1 percent in 2016 and 7.2 percent in 2017.\(^{40}\) Although these values will depend on the general development of the world economy, too, they do show the growth potential in this dynamic region, especially of India.

Sub-Sahara Africa, on the other hand, had a growth path which slowed down to 3 percent in 2015. The World Bank expected that economic growth would further decelerate to a level below population growth in 2016, which means a value of around 2 percent only\(^{41}\). It is quite clear that this growth is by no means sufficient to alleviate the extremely high poverty in most of the African countries.

Looking at the development of the growth rate of the population in Latin America and the Caribbean over the last twenty years, the situation looks much better than in Sub-Sahara Africa. Having had still a growth of 1.6 percent in Latin America and the Caribbean in 1995, it went down to 1.0 percent in 2015 and is expected to reach a value of only 0.9 percent in 2017. This value lies more than 50 percent below that for Africa. Expected population growth in 2017 of 1 percent in South-Eastern Asia and 1.2 percent for South-Central Asia in 2017 is more or less similar to growth rates expected for Latin America and the Caribbean.\(^{42}\)

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There is however a fundamental difference between South Asia and Latin America and the Caribbean when interpreting these figures with respect to poverty reduction. Economic growth of 1.8 percent in 2017 for Latin America and the Caribbean less the estimated 0.9 percent of population growth in the same year leaves only 0.9 percent of GDP growth to support additional poverty reduction in the region. In contrast to that, the same calculation shows a remaining GDP growth of around 6 percent for South Asia in 2017. Therefore, Latin America and the Caribbean need a much higher economic growth or a much deeper redistribution of wealth to make a bigger jump forward in reducing poverty; the latter will be analyzed in the following chapter.

2.2.3 GDP per capita and GINI index

To get an understanding of poverty in Latin America, an evaluation will be given of GDP per capita (in current prices) of the 20 biggest countries of Latin America. The range of the estimated values by the IMF for the year 2017 goes from US-$16,906 in Uruguay to US-$2,229 in Nicaragua and followed by a big gap with US-$714 in Haiti as one of the poorest countries of the world. 43

The following table gives an overview on the range of twenty selected countries. The first group beginning with Uruguay presents the countries with the highest GDP per capita in 2017, followed by countries of middle values and the last three countries are those with the worst figures.

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP per capita (US-$$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uruguay</td>
<td>16,908.500</td>
</tr>
<tr>
<td>Panama</td>
<td>14,228.500</td>
</tr>
<tr>
<td>Argentina</td>
<td>13,497.000</td>
</tr>
<tr>
<td>Venezuela</td>
<td>9,993.300</td>
</tr>
<tr>
<td>Brazil</td>
<td>9,408.500</td>
</tr>
<tr>
<td>Mexico</td>
<td>9,102.400</td>
</tr>
<tr>
<td>Honduras</td>
<td>2,570.800</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>2,228.800</td>
</tr>
<tr>
<td>Haiti</td>
<td>713.600</td>
</tr>
</tbody>
</table>

Table 2: GDP per capita in current prices (2017), selected countries of Latin America 44

Source: Own depiction

This overview may be helpful to understand where big differences exist between the prosperity of the population in these countries. However, these figures are average values for the whole population. Therefore, we must investigate how the prosperity of a country is distributed among its inhabitants. A helpful tool can be the GINI index which “…measures the extent to which the distribution of income…among individuals or households within an economy deviates from a perfectly equal distribution.”  

The range of the index goes from 0 (perfect equality) to 100 (complete inequality).

As an example, we will present the GINI index of a number of countries from Latin America which, due to their size, have a certain relevance for the region. The scheme of the three blocks is identical to table 1 and 2.

<table>
<thead>
<tr>
<th>Country</th>
<th>GINI index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uruguay</td>
<td>41.6</td>
</tr>
<tr>
<td>El Salvador</td>
<td>41.8</td>
</tr>
<tr>
<td>Argentina</td>
<td>42.7</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>47.1</td>
</tr>
<tr>
<td>Mexico</td>
<td>48.2</td>
</tr>
<tr>
<td>Bolívia</td>
<td>48.4</td>
</tr>
<tr>
<td>Brazil</td>
<td>51.5</td>
</tr>
<tr>
<td>Paraguay</td>
<td>51.7</td>
</tr>
<tr>
<td>Colombia</td>
<td>53.5</td>
</tr>
</tbody>
</table>

Table 3: GINI index of Latin American Countries (2014)

Source: Own depiction

This table demonstrates how income inequality is spread between the different countries in Latin America. As the collection of this data is very complex, The World Bank's latest figures date back only to 2014. Nevertheless, this data replicates previous findings that, currently, the future of Latin America does not look bright. It might be interesting also to look into the past to examine to what extent different countries have intensified efforts to reduce the inequality of income in their


societies. At least for few of them we can draw on data between 2011 and 2014. Below we will analyze several of them.\textsuperscript{47}

First, we would like to look at countries where the GINI index has improved steadily over this period of time. However, it is only Peru where the indicator fell from 45.5 to 44.1 over the four years. In a nearly similar way Honduras could bring down the index from 57.4 in 2011 to 50.6 in 2014.\textsuperscript{48}

Several other countries showed a positive development as well, however, with values which became worse temporarily during this period, though they finally remained below values found in 2011:

<table>
<thead>
<tr>
<th>Country</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>43.6</td>
<td>42.5</td>
<td>42.3</td>
<td>42.7</td>
</tr>
<tr>
<td>Brazil</td>
<td>53.1</td>
<td>52.7</td>
<td>52.9</td>
<td>51.5</td>
</tr>
<tr>
<td>El Salvador</td>
<td>42.4</td>
<td>41.8</td>
<td>43.5</td>
<td>41.8</td>
</tr>
<tr>
<td>Uruguay</td>
<td>43.4</td>
<td>41.3</td>
<td>41.9</td>
<td>41.6</td>
</tr>
</tbody>
</table>

*Table 4: Development of Gini Index\textsuperscript{49}*

Source: Own depiction

This table is interesting in so far as Brazil – one of the most important countries of the region – exhibits a falling index, but only reaches a value that is still above that of Honduras which registers at 50.6. Furthermore, only Colombia with 53.5 has a higher index than Brazil. Though we do not know yet the values of 2015 and 2016, it seems that there is an urgent need for Brazil to reduce the level of income inequality within its population. The only country which has had a steadily negative development of the index is Bolivia, where the value climbed up from 46.3 in 2011 to 48.4 in 2014.\textsuperscript{50}

Without going into too much depth, one can recognize that even some poor African countries such as Niger with 34.0 (2014) have a lower index than many Latin American countries. Also in Asia, \textsuperscript{47} The World Bank: Data Bank, from http://databank.worldbank.org/data/reports.aspx?source=2&series=SI.POV.GINI&country= (accessed March 3, 2017).
\textsuperscript{48} Ibidem.
\textsuperscript{49} Ibidem.
Pakistan fares well with a reading of 30.7 (2013). Conversely the USA with a figure of 41.1 in 2013, does not look too brilliant. The range seen in Europe is between 25 and 35.

Coming back to Latin America, one has to summarize, that the inequality of income is a fundamental problem within the region. Therefore, CSR could have a tremendous importance for Latin America. According to The World Bank, reduction of extreme poverty in this continent would need a robust economic growth. However, figures shown in chapter 2.2.2 for the GDP growth in 2016 and 2017 were negative or only slightly positive. Therefore, low estimates are given for the GDP per capita in 2016 with a reduction of -2.5 percent and for 2017 still with a weak 0.1 percent. That means that inequality will not be reduced over these two years. Therefore, additional policy action is indispensable in order to achieve a sustained reduction in income inequality e.g. - inter alia - safety nets, early childhood development, improved health care, and a good quality education.

2.2.4 The ‘Bolsa Familia’ Program – Public Social Responsibility in Brazil

So far we have described important factors influencing the level of poverty such as economic growth, demographic development and the GINI index as indicators of inequality within a country. Apart from that, there are additional elements such as the political system or a cultural tradition which influence the specific shape of poverty as well.

Sometimes elements do exist, which are emphasizing the positive ‘environment’ for poverty reduction in a country. For instance, the Economic and Social Institute of the German Hans-Böckler Foundation puts Argentina at a very good position 15 in an international ranking of minimum salaries, above Brazil at 36.

On the other hand, Brazil introduced the public program ‘Bolsa Familia’ more than thirteen years ago. This program can be regarded as one of the most successful government initiatives in an emerging country and supports a large segment of the poor local population. The program dates back to the year 2003 and started in 2004. It is part of the ‘Zero Hunger’ strategy and combines former isolated income transfer instruments with the improvement of education, health, food and

53 ibidem, p.46.
the use of cooking gas. Supported by this program, an estimated number of 15 million Brazilian households were lifted out of poverty over the years.

The so-called target group of families living in extreme poverty is defined as having an income per capita per month between BRL 77 (US-$26) and BRL 154 (US-$51). The support received varies according to the type of benefits between BRL 35 (US-$11) and BRL 336 (US-$108) depending as well on the household income per capita per month and the family size.

The broader success of the program occurred only after families were obliged to comply with defined conditions. As to education, parents had to allow and encourage their children to attend school. In a similar way, the health situation of children should be improved, inter alia, by a regular control of vaccination and health checks.

According to an official announcement of the central government, the program intended to reach 14 million beneficiaries with a total amount of R$2.2 billion (US-$710 million) and an average value per family of R$170 (US-$55) in January 2017. This measure has been an important factor in reducing poverty in the country. However, the prevailing political and economic crisis may endanger the further continuation of the program at the same level. Such a policy may also have negative consequences causing an increase of social and political tensions and an additional reduction of the economic growth as demand falls. The World Bank has suggested reducing the large spending commitments to the non-poor population and the wasteful subsidies to enterprises to solve this problem.

2.3 Latin America and its global responsibility for environment

One of the most important challenges for the future of mankind is the question, if it will be possible to limit the climate change to the envisaged “below 2 degrees Celsius” increase of global temperature. Of course, there are many other important facets like the abundance of any species, which have a high priority as well.

In the context of this research paper, we will focus on the climate change and the specific role of Latin America with a closer look on Brazil. Naturally, the increasing number of big cities in Latin

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America has caused energy consumption to increase dramatically over the years in different sectors. This is the result of a big jump forward in the number of cars, increased energy demand from growing industrial production and electrical demand from devices such as air-conditioning for offices and households. All of them have direct and indirect negative impact on climate.

There is, however, an element, which might play a fundamental role for the future growth of the global temperature – the size of the existing tropical rain forest. If the reduction of the remaining area in Latin America, Asia, and Africa continues in the same way as it has in the past, then major negative repercussions are to be feared.

That is more or less at the moment the general opinion of the situation. It is very sad in the truest sense of the term, that this understanding is not new. Most of the risks which endanger the future of mankind were mentioned previously in a voluminous book with the title “The Global 2000 Report to the President”, published in 1980 and commissioned by President Jimmy Carter in 1977.61

According to “Global 2000”, the forests of the world are disappearing in 1980 with a speed of 18 to 20 million hectares per year; this decline could mean a reduction of 40 percent in the emerging world by the year 2000.62 Regarding Latin America, the area of dense and productive forest would shrink from 550 million hectares in 1978 to only 329 million hectares in 2000.63 Normally, 90 percent of wood is used in the emerging countries for cooking and heating. However, in Brazil, huge areas were cleared of trees for the extension of agricultural farms or the exploitation of natural resources including the sale of high quality wood. Reforestation measures cannot fully compensate for this loss. The Amazon forest has been expected to shrink to less than 50 percent of its area in 1980 by the year 2000.64

The report “Global 2000” concludes that above mentioned harmful measures will cause an increasing concentration of carbon dioxide (CO₂) in earth’s atmosphere. This increase will cause a rise in temperature of around 1 degree Celsius in the year 2000 compared with the early seventies.65 Furthermore, the report refers to a climate model, which expects a temperature rise of 2-3 degrees Celsius if the carbon dioxide in the atmosphere doubles.66

Most of these forecasts have come true in one way or another. However, positive developments can be seen as well. Brazil achieved an 82 percent reduction in the deforestation of the Amazon between 2004 and 2014, cut in half its greenhouse gas emissions, initiated reforestation programs

63 Ibidem, pp. 61-62.
64 Ibidem, p.332.
and increased the funding of protected areas to a total of 58.3 million hectares. The improvement of inspections and monitoring will also have an important effect.\textsuperscript{67}

It is extremely difficult to compare the data of the forecasts from “Global 2000” with recent information on the situation within the Amazon forest.\textsuperscript{68} It would appear that the anticipated fear of a reduction to less than 50 percent of the then existing forest area did not materialize because of the above mentioned measures. But nevertheless, one can assume that the forest did shrink substantially.

As a result of the successful uptake of these measures, Brazil has gained a reputation as one of the leaders in international climate talks, which could enable them to attract additional green financing. However, recent macroeconomic developments such as the devaluation of the Brazilian currency and low commodity prices could reverse these developments as further deforestation and the expansion of agricultural and grazing land would become more attractive in monetary terms.\textsuperscript{69}

To avoid such a situation, the Brazilian government and most of the other Latin American countries need to maintain the legal regulations and to install a strict control. Furthermore, broadening the understanding of CSR according to ISO 26000 would be helpful as well. Our environment would benefit from every measure to reduce pollution as well as promoting sustainable resource use in the business world. International companies should use their influence to improve the sustainability in Brazil and other countries of the region as they did in a similar way in the garment industry in Bangladesh. Customers can play an important role as well as the case of the Brazilian Amazon shows that “…the private sector – especially the soy, logging, and cattle industries – are increasingly responsive to consumer demand for less-damaging commodities”.\textsuperscript{70} However, the main effort has to come from national governments, local authorities and the people themselves.

3 Business Council of Latin America (CEAL/ Consejo Empresarial de America Latina)

3.1 Mission and organizational structure

CEAL was founded in Mexico 28 years ago, on February 19, 1990, with the intention to promote the integration of Latin American entrepreneurs and to create a united entrepreneurial community as hub for the economic and social development of the region.

The organization comprises business leaders from Latin America, Puerto Rico, Miami, and Spain. The main objective of this network is to encourage the participation of its members in trade flows. Another target is to cooperate in all areas in which the private sector can help strengthen mutual ties and the socio-economic progress of the respective nations. CEAL intends to support regional integration as its members feel that actively involving entrepreneurs as agents of change in this process is more successful.

Today, the organization comprises 21 regional chapters from 21 countries with more than 600 business leaders (annual subscription in 2017 US-$1,200). The executive committee is lead by the international president, two vice-presidents, two former international presidents, and two other members (including the Executive Director General). The international presidents have come from 12 different countries over the last 27 years; the longest period of five years was allotted to Brazil, followed by four years to Mexico and three years each to Argentina and Ecuador. Apart from Ecuador this ranking corresponds in broad lines the importance of the first three countries within the Latin American region.

Once a year, a general meeting takes place in one of the member countries. High ranking people or experts discuss a broad topic based on speeches and presentations. The day before this event, workshops and other meetings take place.

Apart from its own structure, CEAL has ten partnerships with institutions from other regions of the world like China, Japan, Germany, and South Africa which also have the intention to promote entrepreneurial activities to support the social and economic situation of their countries. The aim is to have a regular exchange of ideas on important international topics.

3.2 Central messages

In its mission statement CEAL mentions the challenge to promote an “America without borders” (“America sin Fronteras”). This is a very positive and visionary perspective. This key message is repeated in many documents of CEAL and speeches by its representatives. At the general meeting of 2015 in San Juan, Puerto Rico, the central topic has been accordingly “America without borders”. In this context reference was made especially to the USA and the EU. Negotiations between the USA and Brazil highlighted the desire for a huge free market which could improve the economic and social situation of Latin America.

Whereas the advantages of such a regional cooperation are presented in length, it remains rather unclear how this target could be reached on the political level. Certainly, the Mercosur and other regional economic unions of Latin America are mentioned, but it is well known that it took a long time to implement them and there are still many difficulties in reaching an even deeper cooperation in Latin America itself. It was only with Simon Bolivar (1783-1830) that four Latin American countries became unified for a mere three years (1824-1827), followed by long enduring civil wars. Furthermore, this vision is questionable given President Trump’s desire to realize step by step the big wall at the frontier with Mexico. There is, therefore, a risk that “America without borders” becomes, simply, an empty phrase. It would seem to be necessary to explain CEAL’s vision on the current situation and possibly give its message a new orientation.

The DECALOGO CEAL (the Ten Commandments) which comprises ten principles (see Appendix) is an important document, too. Out of these, four are relevant to the importance of CSR for Latin American entrepreneurs:

- **Facilitate the cooperation between the entrepreneur and society.** The intention is to promote the political, social and cultural relationship with public or private entities and the society in general. Apart from Latin America, this refers to other regions of the world, too. Without presenting further details, it is expected that the socio-economic progress of these countries will improve. One can assume that this intensified relationship should increase the economic growth of both sides and the welfare of the relevant population, too.

- **Priority for education.** According to this principle, especially basic education should be improved as to quality, equality and extension of the target group. As we know, education is a fundamental precondition for increasing the chances of getting an adequate and well paid job. Therefore, education has a priority in the context of CSR. In its “Global Economic Prospects”

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76 Ibidem.
from January 2017 The World Bank identifies immediate needs for investment in education for
ten countries in Latin America and the Caribbean. The biggest deficits are identified in pre-
school and early childhood education; other priorities are i.e. better teacher training and the
improvement of student-teacher ratios.\textsuperscript{78}

- \textit{To put respect of the law into practice}. CSR intends to encourage entrepreneurs to implement
additional social measures on a voluntary basis. This assumes, however, that companies are
following the existing laws strictly as a fundamental basis of fair business. As we know in
reality, corruption and fraud are indeed widespread over the globe. As long as this ‘minimum
requirement’ of respecting law is not fulfilled, it is not very realistic or at least extremely difficult
to envisage any extension of the idea of CSR. Therefore, this principle of respect of the law has
a tremendous importance.

- \textit{Be guided by moral and ethical principles}. Entrepreneurs should demonstrate an example to
society that success for a company is possible without corruption – just by following moral and
ethical principles. This message can be interpreted as a call for implementing CSR in as many
companies as possible.\textsuperscript{79}

The four principles mentioned above open a broad opportunity for \textit{CEAL’s} members to follow
ethical standards stretching from society and the business world in general to specific aspects
such as corruption or the improvement of education. Though there is no direct reference made to
CSR, the guidelines are laid for members to follow.

Several documents of \textit{CEAL} and speeches of members from the organization at different
opportunities mention the \textit{GINI index}, as the relevant indicator of the inequality of income in a
country. This is rather astonishing given that trade associations do not normally refer to this index
which in general is used by research institutes or development institutions. \textit{CEAL is obviously keen
to refer to} the GINI index for Latin America as it shows an improvement in contrast to other regions
of the world.

This message, however, has to be questioned. From a technical point of view, it seems not to be
adequate to mix the values of different countries. According to The World Bank, data differs – inter
alia – as much by the year of collecting the statistics and the method of calculating the values.\textsuperscript{80} In
chapter 3.2.3 we mentioned already that the latest figures of the GINI index for Latin America date
back to 2014. As important countries in the region showed a lower economic performance for 2015
and 2016, it can be assumed that the index climbed up again for several countries. The
abovementioned chapter also explained that the values of different Latin American countries are

\textsuperscript{78} World Bank Group. 2017, pp. 127-130.
\textsuperscript{80} Index Mundi: Gini index, from http://www.indexmundi.com/facts/indicators/SI.POV.GINI/rankings/central-
even higher than those of some African countries. Correspondingly, The World Bank elaborates in its “Global Economic Prospects” from January 2017 that of the ten countries with the highest – that means the most negative - GINI index, eight are from Latin America and the Caribbean.  

Therefore, the message of having an improved GINI index for Latin America should be modified in the sense that several member states could reach even lower values (if latest figures can confirm this). However, in general intense additional efforts are still needed to reduce inequality of income in the region. In contrast to pure politics, a business organization like CEAL should be able to send more differentiated messages; though it is quite clear that politics and business are often closely linked in real life.

As an institution with a global perspective, CEAL has also developed its “Strategic Plan 2015-2020” from October 2015 as a vision of the future. This means that CEAL is striving to be recognized worldwide as the reference organization and voice of Latin American and Caribbean entrepreneurs. Its mission is to become the leading entrepreneurial community in the region with the intention of influencing the economic and social development in order to promote an “America without borders”.  

As to the subject of this research paper, seven of the eight objectives of the strategic plan include relevant aspects:

- Objective 1 - Stimulate the economic and social development of the region…
- Objective 2 - Respect of Human Rights and environmental sustainability…
- Objective 3 - Promote the intensification of education…
- ...
- Objective 5 - Create an adequate forum…to discuss the most important topics of the political, economic and social future of Latin America and the role of the private sector in the socio-economic context of each country.
- Objective 6 - …to promote sustainable and inclusive development and to reduce the poverty of the region.
- Objective 7 - …to maintain the high standards of integrity and transparency of its members…

CEAL expects its members to have – inter alia – a profile of recognized ethical and moral quality.

Furthermore, an active participation is demanded from members in thematic groups such as education, sustainability, green economies, social inclusion, and ethical Corporate Governance.\(^{83}\)

Summarizing these guidelines, one has to recognize that \textit{CEAL} tries to motivate members to follow fundamental social and ethical principles. \textit{CEAL} also recommends in its strategic plan that members should not politicize the topics. Surely, in business life this is very often a difficult balancing act. In their view, entrepreneurs regard themselves more or less as followers of politics and not as co-creators of the society. It is only when their commercial interest is affected, that they try to intervene directly or indirectly and sometimes rather massively, too.

However, to direct the world at least gradually into a positive future, entrepreneurs have to raise the voice in critical situations of the society as well as otherwise economic and social framework conditions might become over time unfeasible for business. With this dynamic strategy, a beneficial interaction based on CSR standards can be installed between business communities and society. Out of this, important stimuli from the entrepreneurial side could bring forward initiatives for which governments alone might seem to be too weak. This inability has been exploited before as can be seen in the numerous corruption issues or the totally inadequate behavior of many banks or companies of the motor or garment industry, which have been mentioned in previous chapters. In these cases, the business community has to clearly dissociate itself from these ‘black sheep’.

As the strategic plan dates from 2015, it is surprising that apart from expressions like social, inclusive, ethical and sustainable, the term ‘Corporate Social Responsibility’ is not mentioned at all. Conversely, nowadays, it can be found in many papers of international organizations.

\subsection*{3.3 Reference made to CSR in documents and statements of CEAL}

Having analyzed different central messages of \textit{CEAL}, we will now focus on the more ‘day to day’ communication with its members. We will evaluate the “Noticias”\(^{84}\) (‘News’) which appeared at the internet initially in April 2012, followed by another in September 2013. It is due to be monthly from June 2014. Each ‘News’ normally contains between one to a maximum of ten topics which can be unrolled up to a text of one page. Sometimes reference is made to studies from CEPAL or the UN which are added as enclosures.

During the period examined from April 2012 to March 2017 a total of 185 ‘News’ messages were evaluated by the extent they make reference to social issues. However, firstly all the messages which contained only announcements of meetings or conferences and similar issues were removed from the survey, so that the final number reached 163 messages. The survey itself differentiates according to the three following criteria:

\begin{itemize}
  \item CEAL: Noticias, from http://ceal.co/sala-de-prensa/ (accessed March 27, 2017).
\end{itemize}
• The message does not at all refer to social aspects in a broader understanding, but just to economic issues like regional integration, cooperation of companies, structural reforms or global competition.

• The message contains at least key words of a socially oriented context e.g. economic, social and environmental development, sustainable development, poverty reduction, critical judgment on corruption, transparency, climate change, social inclusion or poverty focused sectors such as education and health. Sometimes only one of these keywords has been mentioned; in other cases additional elaboration was made. As already described above, in several cases interesting studies were added as well. However, the message was considered only if it contained just the relevant keywords as it was presumed that business people normally do not have enough time to read a study which reaches nearly 300 pages.

• The message has a focus on CSR or similar issues such as poverty, environment, transparency, corruption, ODS, education for poorer people and equality of opportunities. In this segment, one enclosure has been taken into consideration as it contains a speech of the International President of CEAL mentioning social issues which might have been read by a larger number of members.

The following chart presents an overview on the distribution of the three criteria:

• No relevance = 44% (71 news)
• Minimum relevance = 44% (72 news)
• CSR focus = 12% (20 news)
The pie chart shows that messages with a special focus on CSR and similar issues are numerically rather limited. That is why it seemed to be interesting to study their contents in more depth. It appeared that only seven out of the 20 messages are really focused on CSR. These seven examples refer in three cases to the chapter of CEAL in Managua and two times each of Honduras and Miami. Most of the messages describe social projects of three different foundations. The evaluation underlines that until now a rather limited number of chapters and individual persons of CEAL are really active as to CSR matters.

The other 13 messages with a focus on CSR refer to different topics and conferences. The aspect of climate and sustainability plays an important role. Therefore, “News” reports in three of its messages on a climate summit at Lima which took place in December 2014 and on another conference on sustainability at Madrid in July 2015; furthermore, an article on “Why Climate Change is an Education Issue” from Felipe Calderon, the former President of Mexico and Chairman of ‘The Global Commission on the Economy and Climate’, has been published. The 10 remaining messages have a focus on poverty, inequality, human rights, corruption, sustainable development, and education.

Given the large number of people in Latin America, the thousands of small and medium sized companies and the hundreds of internationally competitive enterprises, one has to notice that CSR indeed is not yet sufficiently implemented in the business community. Certainly, the number of CEAL’s members is limited, however each state of the region is represented within the organization and this should provide enough room for a substantial increase of socially oriented companies.

4 Decentralized structures supporting CSR and exemplary projects in the education sector

4.1 FORUM EMPRESA (FE), the regional CSR network

The current study is mainly focused on the role of CEAL in the context of CSR. However, it seems important to analyze at least briefly the decentralized structures and to which extent they contribute to the spread of the economic, social and environmental responsibility of Latin American entrepreneurs too. This job was allotted to forum empresa which exists since 1997. The organization is located now in Panama, and cooperates with 12 national independent partners. These institutions employ more than 400 people who are working permanently on CSR issues, but have a focus on similar issues such as the ‘Sustainable Development Goals/SDGs’ of the United Nations as well. Apart from this, FE also cooperates with other national agencies which pursue the
same ideas in a direct alliance; in total up to 21 organizations in 18 Latin American countries with 3,400 companies.\textsuperscript{85}

Based on this network, \textit{FE} can be regarded as the umbrella organization for CSR in Latin America. Its mission is the promotion of responsible entrepreneurship and the creation of an innovative and sustainable business community on the American continent. To reach this target, \textit{FE} acts as a platform for the exchange of CSR relevant information, offers technical assistance in theory and supports practically the coordination of regional projects.\textsuperscript{86}

In this context, \textit{FE} has a close cooperation with international organizations like UNESCO, UNICEF, Global Compact and BID and presents its experience with CSR in Latin America at conferences and workshops in the whole American continent, in Europe, Asia or the Near East.\textsuperscript{87}

Another important function of \textit{FE} is to carry out studies on CSR relevant issues like the one from 2009 on “The State of Corporate Social Responsibility as seen by Company Executives in Latin America”. 1,500 people participated; of these, 529 answered all questions of the survey.\textsuperscript{88} An interesting conclusion of the study was that companies at that time were most advanced with respect to CSR dimensions in relation to their workforce; the least advanced were decision making (corporate governance) and transparency (anticorruption measures).\textsuperscript{89} Furthermore, the service sector showed a better performance of CSR measures than the industrial sector and the greater the CSR related installed personal capacity was, the better were the valuations.\textsuperscript{90}

A second study dates from 2011 and analyzes the status of CSR in Latin America by means of questioning consumers and company directors about their perception. In this case 3,200 people, around 1,900 consumers and 1,300 managers, participated in the online questionnaire which was based on five selected criteria of ISO 26000. According to this survey, 73 percent of the managers felt that CSR has reached an adequate ‘level’ in their companies, whereas only 54 percent of customers were sharing this perception. Inter alia, the relationship with consumers and users reached the highest positive judgment from both sides.\textsuperscript{91}

A third study from November 2013 with 89 participating enterprises is focused on the practical implementation of CSR by member companies of \textit{CEAL}. The main result has been that the

\textsuperscript{87} Ibidem.
\textsuperscript{89} Ibidem, p.2.
\textsuperscript{90} Ibidem, p.3 and 5.
companies are concentrating their CSR activities on the local community combined with investment in education. There is a lower emphasis on human rights, fair business practices and environment.\textsuperscript{92} The outcome of the study is that at this time, important CSR values were not yet adequately taken into account. However, entrepreneurs were open to new ideas like the development of a working plan for CSR measures which should be administrated by a committee, the importance of education in the region and so on.\textsuperscript{93} It seems that several of these ideas have gained a certain relevance over the last years.

As has been mentioned, \textit{FE} is focused on a wider range of topics. During the year 2016, \textit{FE} organized or participated at 23 conferences or meetings; around 20 percent of them were directly focused on CSR, the other on energy, sustainability or the Global Compact. Through this broad spectrum of topics, \textit{FE} can integrate a relevant number of new developments in the field of social and sustainability issues in its work. This can be helpful when \textit{FE} supports its partner organizations in developing a CSR strategy. However, it seems that with the president, the vice-president, two executives in the secretariat and five advisory experts, the staff is definitely too small to exert a strong leading role for CSR in the huge Latin American continent. The fall in the number of activities in 2016 from 2015 would vindicate this view. Furthermore, the latest study dates back to the year 2011.\textsuperscript{94}

\section*{4.2 \textit{uniRSE}, the national organization for CSR in Nicaragua}

It has been mentioned in the previous chapter that 12 national independent organizations with a special focus on CSR exist in Latin America. In the framework of this paper, it is not intended to present a comparison between these institutions. Therefore, \textit{uniRSE} will be described as just one example of this type of organization.\textsuperscript{95}

The ‘Union Nicaragüense para la Responsabilidad Social Empresarial’/\textit{uniRSE} was founded in Managua in April 2005 with 22 members; their number has increased to 70 today. Like all the other similar institutions, \textit{uniRSE} is a non-governmental and non-profit organization. Members are enterprises, company managers, individual persons or business foundations. The common objective is the promotion of CSR with its seven core subjects and the different target groups like stakeholders, employees, customers etc.\textsuperscript{96}

\textsuperscript{92} Forum Empresa: Estudio sobre Prácticas de Responsabilidad Social Empresarial de las empresas afiliadas al Consejos Empresarial de América Latina (CEAL), 29 de noviembre de 2013, p.2.
\textsuperscript{93} Forum Empresa: Estudio, p.3.
\textsuperscript{95} Remark: The author participated at the conference of CEAL’s Extended Board in Nicaragua in August 2016 with a speech on “Ethical values as basis and critical success factor of Corporate Social Responsibility”, therefore the national organization \textit{uniRSE} has been selected as reference.
With its vision, uniRSE intends to encourage companies of all different sizes to adopt Social Responsibility with the perspective to implement the Sustainable Development Goals/SDGs in Nicaragua.\(^97\) It is rather rarely to see this direct reference made in the CSR community. To some extent, the 17 goals with 169 targets of the SDGs seem to be quite deterrent, as this increases the complexity of an already overwhelming challenge.

Apart from the mission of uniRSE, which is mainly focused on the support of implementing CSR by its members, reference is also made to promote strategic values: commitment, sincerity and integrity, honesty and transparency, equality and inclusion, mutual respect and confidence.\(^98\) uniRSE arranged a seminar at the end of January 2017 to develop, under the leadership of an external consultant, a strategic plan in order to structure its activities during the period 2017 – 2020.\(^99\)

Concerning its own organization, uniRSE is guided by a board of 15 members. The staff comprises of nine people; the executive director, a project coordinator with an assistant and personnel for administration, communication and accounting. Though there are only three people who are directly involved in the CSR business, they can fully concentrate on this activity, as the remaining personnel seems to be sufficient for all the other more administrative functions.\(^100\) \(^101\)

uniRSE can draw on a broad network other than just its direct relationship with forum empresa. First, there are eight important alliances with their local offices of UNICEF, USAID or GIZ\(^102\). Second, five regional alliances with similar partner organizations in Costa Rica, El Salvador, Guatemala, Honduras, and Panama do exist. Third, uniRSE has four international alliances with ETHOS from Brazil, the ‘World Business Council for Sustainable Development’/WBSC or the Global Compact of the UN.\(^103\) \(^104\) \(^105\)

Another important focus for uniRSE is the communication with its partners and the public. uniRSE uses media tools such as national news, international news, a bulletin, columns and hints on cases of good CSR practice or on the winners of a competition for socially responsible journalism.\(^106\) All these communication instruments are mainly concentrated on contents with a CSR context.

\(^98\) Ibidem.
\(^101\) Ibidem.
\(^102\) Remark: German Corporation for International Cooperation GmbH mainly implements technical cooperation projects on behalf of the German government.
\(^104\) Ibidem.
\(^105\) Ibidem.
However, through the columns broader messages can be sent as well, for instance asking for free and democratic elections in Nicaragua in 2016. Furthermore, the hope has been expressed that the existing bilateral dialogue between the government and the entrepreneurial sector can be expanded to civil society, academia and the unions as well.\(^\text{107}\)

All in all, having no direct comparison with other national CSR institutions in Latin America, uniRSE seems very effective at spreading, deepening and implementing the message of CSR in Nicaragua. It may be that international cooperation from outside has helped the creative impetus as well, but the wide range of ideas from uniRSE how to motivate people and companies for CSR activities has to be emphasized positively. This may include the ‘National CSR Fora’ in different districts of the country over a period of several months\(^\text{108}\) or offers of a business breakfast or lunch.\(^\text{109}\) Certainly, not each and every proposal or news article will get a positive reaction or reach the expected number of participating people in different kinds of meetings. Most important, however, is to constantly try to find ways how to motivate people and companies for the ideas of CSR.

4.3 Practical examples of the implementation of CSR

4.3.1 Ficohsa Foundation for Early Childhood Education

The quantity of literature on CSR has increased considerably over the last few years. However, the larger part of it seems to be focused on theoretical considerations only. Concrete proposals as to practical use are rather rare. One or the other authors have criticized this, too.\(^\text{110}\) Therefore, we will present below at least two project examples of community involvement.

The central messages of CEAL, the ‘Ten Commandments’ (see chapter 3.2) regard education as one of the highest priorities for Latin America. Therefore, CEAL has produced examples of seven member companies in different countries which are financing outstanding educational projects.

One of these is the *Ficohsa group* from Honduras with its non-profit foundation. Camilo Atala Faraj, the current president of *CEAL*, is the CEO of *Ficohsa Bank*, which was elected by the magazine ‘LatinFinance’ as the bank of the year for Honduras and Latin America in 2015. Apart from being

the biggest bank in the country, the Ficohsa group owns the largest insurance company of Honduras as well.\footnote{LatinFinance:Ficohsa, from http://ceal.co/latinfinance-ficosah-el-mejor-banco-del-ano/ (accessed February 23, 2017).}

According to the President of the Ficohsa Foundation “…education is the fundamental pillar on which the development of a society rests.”\footnote{Fundación Ficohsa: Quiénes Somos, from http://www.ficosah.com/fundacion/quienes-somos/mensaje-del-presidente, p.1 (accessed April 27, 2017).} The project is focused on pre-basic education of boys and girls with an age of three to six years who come from poor rural areas of the country. With this strategy, Ficohsa Foundation opens an opportunity for children very early in their lives in a country, from which each year thousands of young people try to flee from criminal and drug gangs to the USA.

The Ficohsa group which has been active in this field for 15 years, supports 140 preschools in 19 cities of Honduras (8,500 children p.a.) and two centers each in Guatemala, Nicaragua and Panama.\footnote{CEAL: Noticias, from http://ceal.co/entrevista-con-camilo-atala-lider-de-la-banca-hondurena-y-presidente-del-ceal-capitulo-de-honduras/ (accessed April 25, 2017).} In the period from January to end of September 2016, Ficohsa Foundation has spent around €660,000 on the project.\footnote{Fundación Ficohsa; Reporte Financiero, from http://www.ficohsa.com/fundacion/media/1471/fundacion02.jpg (accessed February 2, 2017).} Thanks to these measures, thousands of children have received an educational base which may help them to escape from poverty in the future.

The foundation builds or rehabilitates educational centers and provides them with furniture, didactic material, first aid equipment and computers. Furthermore, funds are available to train teachers. Very important for the development of the children is the cooperation with the World Food Program which makes it possible to get a school snack regularly. For many of the children that is at least one meal a day.\footnote{Fundación Ficohsa: Quiénes Somos, from http://www.ficosah.com/fundacion/quienes-somos/mensaje-del-presidente, p.1 (accessed April 27, 2017).}

Many companies which are engaged in communal development emphasize their own contribution very intensively – which is very understandable. In the case of the Ficohsa Foundation, however, one sentence of their message is very remarkable: “It is fair to recognize the commitment of parents and community members, their active participation has been a fundamental element to achieve success, all have responded in solidarity and responsibly, with a sense of ownership that empowers them and makes them protagonists of the schooling of their children and the development of their environment.”\footnote{Ibidem, p.2.} Here we find in the truest sense a societal engagement with a broad philanthropic understanding.
With this background, the school centers can show success on different levels: significant reduction in school drop-out, increase in retention rates and attendance by children in classes. A further important step has been to create centers of excellence in 2011 to guarantee a quality of education which includes children technology centers on the one side and recreational games on the other side. Furthermore, the boys and girls are exposed to environmental awareness activities, one of the first steps to become trained in values too.\textsuperscript{117}

One can express highest recognition for the work done by \textit{Ficohsa Foundation}. This refers to the number of pre-school centers and the thousands of children who have benefited from their promotion. Furthermore, it is a good strategy for the sustainability of this complex project to enter into different types of alliances. Therefore, the foundation cooperates on an international level not only with the World Food Program, but also with private companies like Microsoft which support them in different ways.

However, in times in which the relationship between private companies and schools is critically discussed as well – at least – in Germany and probably in other countries, too, one should reflect the way in which this cooperation should take place. As pupils are already or will become ‘normal’ consumers, their rights should be protected as well according to core subject number six of ISO 26000. It is clear that in general they are not yet in a position to understand modern marketing techniques by themselves and so the Federal State of Hessen in Germany is preparing a law which intends to control advertising in schools more strictly.\textsuperscript{118}

\textit{Ficohsa Foundation} has prepared a video which introduces the project with a special sequence about the support of ‘Microsoft’ for the introduction of computers. It shows young children working in the classroom at their PCs. As Microsoft has a lot of other avenues to market their products, particularly as the company can afford it, such an obvious reference to the ‘sponsor’ seems to be inappropriate. It should be sufficient to mention ‘Microsoft’ on the list of cooperating partners and not in such a pronounced way. Certainly, the borderline between sponsoring and advertising at schools is flowing. In the light of the excellent work done by the foundation, it would be a pity if this video were to detract from the reputation of \textit{Ficohsa Foundation} in this regard.\textsuperscript{119}


\textsuperscript{118} LobbyControl: Lobbyismus an Schulen zurückdrängen [Lobbyism at schools force back], from https://www.lobbycontrol.de/schwerpunkt/lobbyismus-an-schulen/ (accessed April 28, 2017).

4.3.2 Sagrera Palomo Foundation and the ‘Supérate\textsuperscript{120} Program’ in El Salvador and Nicaragua

The education sector offers a wide range of possibilities to support pupils and students. Whereas the *Ficohsa Foundation* tries to broaden the basics in this sector at a rather early stage for children, the *Sagrera Palomo Foundation* is focused on students from public schools at an age of 13 through to 18. They come from underprivileged families and often from areas affected by crime and violence. Precondition of the program is that the students have demonstrated high academic performance and that they are eager for self-improvement. This is a necessary condition as the program has classes for a period of four hours a day and six days a week and is offered for three years before or after the regular school day. Having completed this program, students will receive an international certificate.\textsuperscript{121}

Ricardo Sagrera Bogle and his family created the *Sagrera Palomo Foundation* as a nonpolitical and nonprofit organization to support the education of young people in El Salvador in the year 2000. However, it took several years of studying the education sector and evaluating possible types of projects in this field before the foundation became active. The breakthrough occurred when the established working group took note that foreign investors of the globalized business world looked for employees with knowledge of the English language and of computers in their industrial parks and service enterprises such as call centers. The foundation developed its specific education program based on this perception.

Together with the visionary assumption that there will be a need for a deeper understanding of values in society, the concept for the first ‘Superate’ center was born in 2004 and based on the principles of CSR. The role of these centers is to complement the courses of public schools and to offer their graduates better chances of employment.\textsuperscript{122} This offer to the labor market coincided with an unsatisfied demand from industry; creating a win-win situation.

A contract between the *Sagrera Palomo Foundation*, USAID and Microsoft El Salvador created a public-private alliance in 2010. The biggest portion of the total investment, US-$3.9 million, came from the Foundation with US-$2.5 million as private funds and US-$1.5 million from USAID as public funds. According to a press statement from USAID, the software license was made available by a “donation” from Microsoft.\textsuperscript{123}

\textsuperscript{120} Remark: This means in a broader sense: surpass yourself.
Regarding this contribution from Microsoft not only from a short-term commercial view but from a long-term economic consideration, this ‘donation’ has to be defined as a long-term investment. Their return will come from the possibility to select later – where appropriate – the best qualified graduates for their own company and to create a future demand as the students are accustomed to Microsoft software. This may result in a high return on the original investment but as in all ‘normal’ investments, there is a risk of loss, given the case that no graduate want to work at Microsoft or might use later a competitor’s software.

According to the criteria of transparency derived from ISO 26000, Microsoft should give a hint on and be honest about their own interest in this investment and shouldn’t define it as a normal “donation”, as this would fall under the definition of ‘green washing’. A statement from Microsoft (September 2015) concerning the future ‘investment’ of US-$75 million in computer science education confirms this strategy.\footnote{Fortune: Microsoft, from http://fortune.com/2015/09/16/microsoft-invest-75-million-computer-science/ (accessed May 16, 2017).} Currently, the company proceeds even more aggressively and is offering ‘Microsoft Schools programs’ where pupils can buy laptops, tablets and the software ‘windows 10’ directly from them.\footnote{Microsoft: Education, from https://www.microsoft.com/en-us/education/school-leaders/showcase-schools/default.aspx (accessed May 16, 2017)}

Despite these remarks, the ‘Superate Program’ has been extremely successful up to now. Other private companies have replicated the model and extended it to Panama and Nicaragua as well. The number of centers has increased to ten (seven in El Salvador, two in Panama and one in Nicaragua) with more than 1,200 students at the end of 2016. The extension of the program in El Salvador has been supported by an increased donation to US-$3 million from USAID to match the other funds available which makes it possible to run the intervention through 2018.\footnote{USAID: SUPÉRATE!, from https://www.usaid.gov/documents/1862/supérate-program (accessed April 29, 2017).}

The latest project of the ‘Superate Program’ was installed in Nicaragua in 2014 by the CALSA Foundation (established in 2007) which is owned by the CALSA Group with its chairman César Augusto Lacayo and the CEO Carlos Reynaldo Lacayo. The Group with its different business activities and companies invests in distribution centers for consumer goods, real estate and the automotive industry and is very much dedicated to CSR. César A. Lacayo is at the same time the president of the CALSA Foundation and the Nicaraguan chapter of CEAL and Carlos R. Lacayo has been chairman of uniRSE in Managua.

The school project follows the concept of the ‘Superate Program’. After an initial investment of around US-$500,000, the annual budget amounts to about US-$400,000 and is mainly supported by contributions from the CALSA Foundation\footnote{OCAL: Noticias, from http://www.ocalsa.com/index.php/noticias2 (accessed April 23, 2017).}. At the moment, there are nearly 150 students and
35 graduates. The standard of the school and the behavior of the students are very impressive, so that one may suppose that most of the young people will have a bright future.

5 Conclusion and outlook

Very often, CSR is regarded as ‘the’ solution for each and every problem of our society. In reality, however, this subject seems to be so hopelessly complex, that many companies and people do not dare to start even with small steps. In addition to this, people fear that additional costs would surpass any reasonable levels. On the one side we know that, if companies would take care of at least some critical developments which are connected with their business, our world would be more stable. On the other side, global business is so complex that we need a holistic approach for CSR. In other words, in order to run a company sustainably is not to just reduce the consumption of water and electricity a little bit. Instead of that, we have to acknowledge that some of our raw materials or intermediate products may contribute to destroy e.g. the rain forest or to harm local people in a country which is far away from our production site.

Based on research of around the last ten years, we have a lot of information now concerning any typical problems in the different business sectors as well as suggestions on how to overcome certain problems with a direct solution or at least possible alternatives. The challenge is rather to convince the business world and other people to follow CSR guidelines in their commercial and/or private life.

Certainly, people very often have the impression that activities of enterprises have a negative impact on their living conditions and that they have little chance to escape from it. Such an approach is a much too narrow a view as enterprises are not the only ones shouldering such responsibilities. The consumer groups are playing a very important role as well. Furthermore, our society has a very complex structure with shifting characteristics. In other words, there is a permanent movement in the balance of power. At certain times politics, important industrial conglomerates and/or financial institutions alternate as dominant forces – and sometimes even civil society may have a ‘revolutionary’ movement which cannot be ignored.

All of these participants influence in some way or other living conditions and even values of the ‘silent society’, which is usually regarded as the larger part of our population. At the same time, these people may give the main players an official mandate or a passive approval for their behavior and activities. Thus the ‘silent society’ can influence in a certain way as well the behavior

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129 Remark: During his business life the author has visited many schools in different countries of the so-called emerging world. This time, he was really impressed by the natural behavior of the students and their open-minded judgment on different kinds of topics.
of the other players. The reason is that those have to bear in mind the real or supposed attitude of the population at large who may be at least partially very active too. Accordingly, different laws e.g. against inadequate investment banking or corruption and fraud in general were indirectly initiated from their side because they expressed dissatisfaction with the existing situation. It shows that the 'voice of the people' still has some relevance.

The following graphics looks complex but is still simply structured in comparison with reality as for instance the relation between companies and universities, civil movements, NGOs (including consumer organizations) and political parties is not shown; this is the same with all the other players which have multiple contacts, too. However, integrating them as well would mean that the graphics would become even more confusing.

![Diagram of Silent Society](image)

**Table 6: Influencing factors on ‘Silent Society’**

Source: Own depiction

This ‘confusion’ dominates our real life and explains how difficult it is indeed to spread the ideas and values of CSR to all relevant players and the ‘silent society’ in a well planned manner. A strategy for the dissemination of CSR has to take into account of the structure of our system presented above. Unfortunately, to make it even more complex, we have to also take into account that most of these institutions and target groups are represented on a local, regional, national and international level.

Any attempt to throw our net over this complex structure and to incorporate everyone within the vision of CSR will be an extremely difficult challenge. Especially because counter forces are active
as well with regard to such a system of values. They perceive this as limitation of their own plans and try to avoid any additional ‘unnecessary’ costs. With such a strong headwind and a huge area to cover, we only can try to reduce the unavoidable holes in our net to the minimum possible.

Therefore, a strategy for spreading the idea of CSR to our society has clearly to set certain priorities. The intention should be to reach at least a limited number of people and organizations which can in turn be supportive as multiplier, either on a qualitative or quantitative level. Furthermore, history has shown that we need in such a situation at least one or even more people who are willing to work and fight hard in order to push forward the CSR vision – and who are suited to fulfill the role as a visionary facilitator.

These reflections have to be in our mind, when we revisit the structure of the institutional framework in Latin America which is at the moment involved in supporting efforts for disseminating the idea of CSR on the continent. Such a review will help us to obtain a realistic impression to which extent CSR has relevance for Latin American entrepreneurs.

Starting with the first and highest level, we must analyze the future role of CEAL in the context of CSR and its values. Certainly, the primary role for CEAL, as an association of Latin American entrepreneurs, is to represent its members. However, each from such an organization may have an important signalling effect on the business community and the political sphere. It is up to CEAL’s board to decide if they want to take up this opportunity or just follow a policy of neutrality.\(^{130}\)

CEAL’s statement assuming that the level of inequality in Latin American has developed positively as the GINI coefficient had declined, sends a somewhat misleading signal to both the public and politicians. In reality the level of inequality is still extremely high in many Latin American countries. Therefore, a clear appeal to both the business community and to the public to increase efforts to reduce inequality would have been a better message. The same sentiment could be applied of the widespread corruption and fraud for which the latest big cases are a strong proof. A more positive approach would have been to suggest that society should leave corruption and fraud behind and that principles of corporate governance should be given a clear priority in future; as difficult as this may be. With such a policy CEAL would be credited for a visionary view rather than being associated with a negative image.

\(^{130}\) Remark: At least according to the knowledge of the author, this is the first systematic analysis of a national Commercial Association as to its role concerning CSR. Isolated comments on similar associations can be found occasionally. For instance Monciardini mentions the firm opposition of the German employers’ association (BDA/BDI) - supported by the German Cabinet of Angela Merkel - in the context of the proposal of a far-reaching reform of CSR reporting regulation by the EU Council. See: Monciardini, David: The Rationales of Lawyers, Accountants and Financial Analysts in Shaping the EU Agenda on CSR, in: Idowu, Samuel O. & Vertigans, Stephan (Editors). Stages of Corporate Social Responsibility. From Ideas to Impacts, Switzerland 2017, p. 11 and 13.
At the moment, CEAL releases too few supportive messages on the subject of CSR. Therefore, publications should mention the CSR system and its values or particular components from time to time, supporting those members of CEAL who are really interested in implementing CSR or SDGs in their companies. Undoubtedly, this could also be done in an unexcited way. Another possibility would be to nominate a number of ‘CSR-Ambassadors’ from each chapter of CEAL who personally should try to push forward the idea of CSR within their national structures.\footnote{Remark: A similar system has been installed by the CSR competence center of the Chamber of Commerce and Industry and the University of Applied Sciences Bonn-Rhein-Sieg in the city of Bonn/Germany.}

Coming to the second level, the Forum Empresa, one has to point out, that it ought to play an even more active role by delivering important information on specific topics based on research studies. Also very relevant is its coordination function by organizing conferences and meetings on CSR or SDGs and supporting weak national structures.

However, it seems that Forum Empresa has an insufficient number of staff to fulfill this function in an adequate manner. The challenge is to spread new ideas on CSR to national communities and to consult with them on any deficits which have been recognized. It seems that not all of CEAL’s national chapters are very active in the field of CSR. Furthermore, an efficient organizational capability within Forum Empresa is very important because through it the information on the latest international developments and any fundamental questions arising in Latin America can be transmitted comparatively easily to the national and local structures.

Certainly, an analysis of Forum Empresa’s personnel requirements and possibilities of its financing has to be carried out. Taking into account that companies have managed to pay huge fines for corruption and fraud without collapsing, enough funds should be available within the business community to finance the costs of an extended coordinating organization. Furthermore, governments should have also a fundamental interest in strengthening the position of CSR and corporate governance in their countries, as the recent scandals and the associated loss of reputation might have had a very strong negative effect on their economy, too.

With the third level, we discuss now national institutions like uniRSE which have a very important role because they are closer to the real projects than the organizations mentioned previously. Their role is not only to develop a strategy on the national level and to transmit information to the members but also to give advice on the implementation of different types of projects. These institutions support the dissemination of ideas within companies regarding CSR along the principles of ISO 26000. This may result over the time in convincing thousands of employees to follow the transmitted values. Additionally, there is a potential dissemination effect as family members and friends may be positively influenced during the process, too. This may contribute to
spread the ideas on CSR within the society in a very long term; not in a planned and well structured manner but in an informal way.

With its national and international partners uniRSE may facilitate the transmission of the latest developments in CSR to the local entrepreneurial community, too. Another important aspect is the integration of CSR into the Agenda 2030 with its SDGs and the relevant national implementation plans.

Without knowing uniRSE in all its details and without having an overview of the other national organizations, it seems that uniRSE may be regarded as an especially good example of this type of institutions. There are probably only a few organizations which have reached the same level in Latin America. This judgment is even more important as these institutions play a central role for the dissemination of the CSR philosophy and the implementation of projects as they have the direct contact with local companies. Therefore, it seems necessary to strengthen their role in most of the member countries of CEAL. Taking into account the size of Latin America and the huge group of existing companies, the number of outstanding CSR projects which are named by CEAL or Forum Empresa are rather limited. Therefore, according to Carlos R. Lacayo from uniRSE, it is necessary to unite the efforts of the different parts of society.132

A certain guideline for the reinforcement of national organizations can be drawn from the National Contact Points (NCPs) of the OECD which should support the implementation of the ‘Guidelines for Multinational Enterprises’. Though the NCPs are funded by public sources, their function of promoting the guidelines, ensuring that they are available and receiving funds from their partners is similar to the role of private institutions like uniRSE.133

Projects of Ficohsa Foundation, Sagrera Palomo Foundation with its ‘Superate Program’ or CALSA Foundation with the tenth ‘Superate’ project are very impressive. A lot of work and money has been invested by these foundations and the companies supporting them in the background. The owners or managing directors of SMEs, in particular, tend to be highly motivated with respect to CSR. However, one has to remember that CSR according to ISO 26000 is not just a communal activity. Management must try to implement at least most of the above mentioned targets both inside and outside a company. These activities might range from e.g. fair prices and solid quality of products, adequate salaries, improvement of all the relevant gender issues and control of human rights along the production chain.

Normally CSR would be on a voluntary basis additional to existing laws. However, as these laws are – to our experience – very often not really respected, a broader consensus on the implementation of CSR measures and the relevant values in our society may help to improve the general recognition of our ‘basic laws’ by the business community. This means that through the sensitization of CSR the guiding principles of our society could be strengthened and not the other way around as it normally should be.

There is also the issue of how much money or services is reasonable to expect corporates or institutions to invest in the context of CSR. Obviously, each and every support made by companies in our world of social inequality is helpful. However, it makes a difference if a smaller company invests US-$100,000 for social activities than a quoted enterprise which makes a net annual return of several million or even hundreds of millions US-Dollars.

It is difficult to propose a specific percentage of the annual net return of a company as this depends as well on the inequality of a society – that means the need to support people – or the system of taxation which varies tremendously between different countries. As an example, in India, enterprises have to invest annually two percent of their net return in communal and other CSR activities.\(^\text{134}\)

Currently, on the global level every company apart from the case of India is free to decide by its own to what extent, if at all, they are prepared to share their return with society. However, this freedom cannot be a long-term solution, because otherwise one day the ‘silent society’ may ask for it very loudly. One should not forget that sharing one’s wealth with others is, to a certain extent, not only a question of values but of self-esteem, too.

As was explained at the beginning of the chapter, the challenge for the future in Latin America will be to broaden the net of CSR. Without radically increasing the number of projects, there will remain isolated islands of humanity. This increase is necessary not only in the very supportive communal initiatives but also in all the other relevant CSR aspects. Surely, the shocking size of current corruption and fraud cases has promoted the involvement of many people in CSR issues. However, people tend to ‘forget’ such events rather quickly. But similar problems may happen again in the not-too-distant future and so society should become better prepared. A really dramatic development on a national or international level may occur unless a solid system of values along the line of CSR principles and of laws referring to good governance are adopted widely. Frustrated members of our society have already expressed their anger by electing extreme political parties. Therefore, additional efforts need to be made urgently to increase the relevance of CSR to a larger number of Latin American entrepreneurs.

Decálogo CEAL

Relación de proposiciones y creencias, dirigidos a la sociedad latinoamericana, que orientan la conducta del Consejo Empresarial de América Latina y de sus miembros.

Los empresarios de CEAL se comprometen a conducir sus actividades personales, sus negocios y sus acciones políticas de acuerdo a los siguientes principios:

1. **Promover la integración Latinoamericana.** Incentivar el desarrollo de la integración económica, política, social y cultural de los países de América Latina, dentro de un marco de democracia y en un ambiente de paz y seguridad institucional y personal.

2. **Desarrollar una red empresarial.** Promover la formación de vínculos de amistad entre los empresarios, organizando el intercambio sistemático de ideas y de información de las principales cuestiones relativas al acontecer político, económico, social y cultural de América Latina, así como el rol de la empresa privada dentro del contexto de cada país.
3. **Facilitar la cooperación entre el empresario y la sociedad.** Promover las relaciones políticas, sociales y culturales con entidades públicas o privadas, y la sociedad en general de América Latina y de otras partes del mundo, en todo cuanto la iniciativa privada pueda contribuir al robustecimiento de sus vínculos recíprocos y al progreso socio-económico de los respectivos países.

4. **Priorizar la educación.** Promover el mejoramiento de la Educación, priorizando la Educación Básica en América Latina, especialmente en lo referente a la calidad, la equidad y la ampliación de la cobertura.

5. **Hacer respetar la Ley.** Reunir los esfuerzos del sector privado a que se establezca plenamente en todos los países de América Latina el Estado democrático de Derecho, con independencia de los Poderes federales, la garantía del debido proceso legal, la protección a la propiedad privada y la atención a los contratos, propiciando ambientes orientados por la estabilidad y por la seguridad jurídica personal e institucional.

6. **Aumentar la competitividad.** Actuar, en el sector privado y junto a los gobiernos, a que se implementen agendas comunes con vistas a elevar la competitividad sistemática de nuestros países, incluyendo: la liberalización comercial, el desarrollo y la mejora de la infraestructura física, el perfeccionamiento de los sistemas recaudatorios y de gastos públicos, así como relaciones laborales, la utilización de tecnologías de información.

7. **Reducir la burocracia, pública y privada.** Desmantelar las estructuras burocráticas y disminuir los procedimientos rutinarios, liberando la capacidad productiva para alcance de las actividades afines de las empresas, privilegiando la libre iniciativa y la natural capacidad emprendedora del ser humano.
8. **Fomentar la innovación.** Generar ambientes favorables a la creatividad y al desarrollo de tecnologías propias, posibilitando el florecimiento de una cultura innovadora, por medio de: la fluida interacción entre empresas, centros de investigación y órganos gubernamentales; y de marcos normativos que garanticen la autoría intelectual.

9. **Privilegiar el financiamiento interno.** Construir sólidos mercados de capitales domésticos, ofreciendo modernos y diversificados instrumentos de aplicación, incentivando la acumulación del ahorro nacional y haciendo viable la inversión productiva, de manera de propiciar el crecimiento económico basado en recursos propios.

10. **Conocerse por principios morales y éticos.** Ofrecer el ejemplo a la sociedad de que es posible que el empresario que mantenga coherencia moral y ética pueda lograr éxito en sus actividades y ser un vencedor – no es necesario burlar la ley o enredarse en esquemas corruptos para obtener éxito en los negocios.

Bitácora Del Presidente (http://ceal.co/acerca/mensaje-del-presidente/)
Decálogo CEAL (http://ceal.co/acerca/decalogo-ceal/)
Plan Estratégico 2015-2020 (http://ceal.co/acerca/plan-estrategico-2/)
Acuerdos y Convenios (http://ceal.co/acerca/acuerdos-y-convenios/)
Contrapartes (http://ceal.co/acerca/contrapartes/)
Galería de Presidentes (http://ceal.co/acerca/galeria-de-presidentes/)
Educación (http://ceal.co/acerca/educacion/)

**Próximos Eventos**
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