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Abstract

This paper explores the concept of corporate social responsibility (CSR) and how it has been changing for over the last 50 years. It also considers the importance of CSR and the implementation of social actions in the community, most of all, in specific areas that need more attention such as poverty and education, the last one being the focus of this article. The research method, supported by the author's own concept, allows us to summarize and simplify the information collected about the Latin American companies that belong to the Fortune 500s list. We can identify which of them have social responsibility focused on education and what they do to achieve it. Finally, the article mentions two particular examples of Latin American companies with social responsibility in the education field.

Introduction

Being socially responsible to the needs of the society from the businesses side is an idea that arises in the 1930s. The idea of social responsibility of businessmen was introduced in 1953 by Howard Bowen. He gave it a preliminary definition "it refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (Bowen, 1953: p.6). Thanks to this work, the author is known as the father of corporate social responsibility (Carroll, 1999: p.270). Despite this definition, the term has become really disputed since then by many authors, and it has been given many different perspectives that have generated considerable controversy.

According to the World Business Council for Sustainable Development¹ no universally acceptable definition of CSR exists (WBCSD, 2000: p.2) and it will persist due to the lack of an all-embracing definition.

1 WBMSD: The World Business Council for Sustainable Development (WBCSD) is a CEO-led, global association of some 200 companies dealing exclusively with business and sustainable development.

The evolution of the term began to change at the moment that new points of views of each author appeared. For example around 1963, in his book entitled *Business and Society* (McGuire, 1963), Joseph McGuire added the concept “corporate” instead of “businessman” in his new definition for CSR, arguing that corporations have so many different obligations, not only legal and economic, but also obligations towards the community, and due to this the CSR should not be for individuals if not for corporations.

Corporate social responsibility was seen as an obligation, as something that the companies had to do for society; Milton Friedman (1970) was the first author who tried to refocus the definition in a “non-binding” way, as a voluntary aspect that companies could take on board or not, in his essay *The Social Responsibility of Business is to Increase Its Profits* (Friedman, 1970). This analysis raises some aspects that were later refuted and had some antagonistic comments by other thinkers. Friedman (1970) wrote that the only responsibility that corporations have is to make profits; as a consequence, several CSR opponents reacted arguing that corporations should not act socially responsible because of below reasons:

- Artificial persons; according to them, this type of persons cannot be morally responsible.
- Serve the shareholders; the entire company must focus all their efforts in order to achieve this goal: they must make profits for the owners.
- Social responsibility is a matter of the government; it is not the corporations job.

This opposition led to a debate that eventually led to a clarification of all these arguments, making them obsolete and completely refutable. For the first one, it was argued that decisions in a business are being made by individuals, and that of course they could be morally responsible. The second one leads us to wonder whether CSR generates losses to the companies, given that in a certain way the companies increase their costs in order to contribute or implement a social responsibility policy; therefore this will reduce their profits as well. In order to answer this question, in 1999 a quantitative study was carried out through a survey (Roman, Hayibor & Agle, 1999), which found that instead of generating losses, CSR provides good image and bring new opportunities to make new businesses and finally it recovers from the over cost assumed at the beginning. For the third assumption, it was argued that the government cannot bear the entire responsibility alone as it does not have sufficient resources to accomplish this by itself.

Despite the controversy around the concept of corporate social responsibility, it is very important to apply it in all companies. This is why it should benefit the areas identified as most in need of the community to focus their social responsibility efforts in a special area. The poverty and the lack of education that exist around

the world and the high levels of inequity and social exclusion in society, especially for the lower strata, is an important topic and an excellent target for the implementation of the social responsibility.

According to Edgar Morin in his book *Los Siete Saberes Necesarios para la Educación del Futuro* (Morin, 1999), teaching to think clearly, to understand the complexity of the phenomena, significantly helps to act with greater responsibility and awareness. Conversely, according to Morin (1999) an education that separates, breaks down problems or deals with a one-dimension approach prevents a right judgement and promotes irresponsible behavior. Regarding this assumption, we could note the importance of investing in education as an approach to applied corporate social responsibility

It is important to rely on background knowledge which serves as a framework or support for new ones, which are produced rapidly, either in the cultural aspect, scientific, technological, political, and social aspects. In the same way, people need to acquire social skills, in order to be included into a changing society, characterized by violence, discrimination, oppression, injustice among other problems.

Juan Carlos Tedesco (2008), Minister of Education in Argentina said in his article *Educación Y Responsabilidad Social* (Tedesco, 2008) that it is important to recover forms of solidarity that promote social justice and responsibility based on the desire for change that aims to reduce levels of inequality and social exclusion. By exclusion, Tedesco (2008) refers to that part of the society that is not allowed to get the same opportunities as the rest of the people; due to this, those people become useless from the economic and social points of views, and in this sense, the excluded do not constitute a social actor. This is why education is an important target for social responsibility, thinking on a long-term orientation, because this will also reduce the inequity levels that are present in the current society, and which also leads to mark and stereotype Latin American countries as third world and underdeveloped countries. Education has become an important element in the economic and social development of any country, which is why investment is needed to increase both the volume and the quality.

Hunger, malnutrition, poverty, bad health system and lack of opportunities make of Latin America an excellent target on which social responsibility policies can focus, also taking into account the inequity of incomes which limits their growth. According to USAID² and their latest statistics in 2008 on education in Latin America, with the support of ECLAC, Colombia ranks second as one of the Latin American

2 USAID is the United States federal government agency primarily responsible for administering civilian foreign aid

countries that has most Adult Illiterate Population, with 2,099,835 persons in 2008, after Mexico that almost triplicates this figure. The table below displays the latest ranking (highest to lowest) of illiterate in Latin American countries:

Table 1: Number of Illiterate People in Latin America

ILLITERATE IN LATIN AMERICAN COUNTRIES (# OF PEOPLE)	
Country	2008
Mexico	5,406,742
Colombia	2,099,835
Guatemala	2,070,051
Argentina	698,797
El Salvador	659,638
Jamaica	267,728
Chile	174,318
Panama	156,796
Costa Rica	134,755
Uruguay	47.34
Suriname	33.95
Cuba	18,348
Trinidad and Tobago	14,434
Netherlands Antilles	5,682
Aruba	1,611

Source: USAID (2008: <http://www.usaid.gov/>)

Besides, we also have to take into account the statistics on education related to government expenditures; the table below shows the ranking of social public expenditure, education (% of GDP):

Table 2: Percentage of GDP of Social Expenditure in Education by Country

SOCIAL PUBLIC EXPENDITURE, EDUCATION (% OF GDP)	ACTIVITY
Country	2008
Cuba	16.3
Costa Rica	5.9
Brazil	5.6
Nicaragua	5.5
Trinidad and Tobago	5
Uruguay	4.3
Paraguay	4.1
Mexico	4.1
Chile	4.1
Colombia	3
Guatemala	3
Peru	2.6

Source: USAID (2008: <http://www.usaid.gov/>)

As we could observe in the tables above, Latin American countries present a huge lack of education investment, and it is important to promote social responsibility in this essential area, so that companies can help with this important task.

Corporate Social Responsibility of Latin American Companies Listed on Fortune 500s

Fortune Global 500³ is a ranking of 500 companies worldwide, measured by revenues. The list is compiled and published annually by Fortune magazine. Brazil, Mexico and Venezuela are the only Latin American countries that have national companies present in this list.

Ten Latin American companies are among the Fortune 500s, and only four of them (see table 3) are committed with the United Nations and have signed the Global Compact⁴ pact, in order to respond legally and transparently to the world by showing a responsible attitude towards issues such as social and environmental

3 Fortune 500s website <http://www.fortune500s.net/> [accessed on 10/11/2010]

4 Global Compact: is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. http://en.wikipedia.org/wiki/United_Nations_Global_Compact [accessed on 18/11/2010]

responsibility, anti-corruption and respect for human, commitments as defined by the United Nations.

The table below compiles information on those ten companies, such as their country of origin, the industry they belong to, their position on the ranking list Fortune 500s, whether they have signed the Global Compact Pact, and the kind of corporate social responsibility they have implemented This table was built through an exploratory research based on Fortune 500s list and information from companies' web pages in order to sum up the main information for the purpose of this work.

Table 3: Summary of Latin American Companies listed on the Fortune 500s and their CSR actions

COMPANY	COUNTRY	PLACE	ECONOMIC INDUSTRY	GLOBAL COMPACT	CSR ACTIONS
Petrobras	Brazil	54	Petroleum	Yes	Promotes sports and encourages respect for human rights
Itausa - Investimentos Itau	Brazil	117	Financial and industrial	No	Doesn't handle CSR
Banco Bradesco	Brazil	135	Financial	Yes	Education
Banco Do Brasil	Brazil	148	Financial	Yes	Education, labor and social technology
Vale	Brazil	363	Mining	No	Infrastructure, and human and economic development
Ultrapar Holdings	Brazil	471	Services	No	Doesn't handle CSR
JBS	Brazil	496	Food	No	Environmental and social development
PEMEX	Mexico	64	Petroleum	Yes	Environmental and social development
America Movil	Mexico	269	Communication	No	Doesn't handle CSR
PDVSA	Venezuela	56	Petroleum	No	Finances projects in areas such as education, environment, infrastructure among others

Source: Author's own concept based on Fortune 500s list and information from companies' web pages

As we could observe in the table above, only two of these companies concentrate all their social responsibility efforts in the field of education, *Banco Bradesco* and *Banco do Brasil*; although the others ones finance or promote community welfare, education per se is not the focus of their responsibility.

Banco Bradesco S.A is one of the biggest and most important banks of Brazil. Through CSR and with the aim of helping the Brazilian community to improve education, the company create CIDs (in Spanish, *Centros de Inclusion Digital*) with which they pretend to offer internet services in undeveloped places that do not have this service yet. The main objective of the *Programa Educa+Ação*⁵ is to provide training to teachers in order to teach well all educational content to children in schools.

Banco Do Brasil S.A. is the major Brazilian and Latin American bank by assets. Their social responsibility efforts try to abolish illiteracy and hunger. The aim of the *Fundação Banco do Brasil* targets the youth and adult literacy and the development of entrepreneurial awareness by learners, with a view to active membership in social reality and in the workplace.

Latin American Business Cases That Focus Their Social Responsibility on Education

With the purpose of making an analysis of corporate social responsibility based on education in Latin America, the main subject of this paper, two specific cases were chosen to illustrate very good examples of companies seeking to improve education on the regions where they are located, looking for a better welfare and quality of life for the people involved. These cases are: INTEL with one of their most important branches located in Costa Rica, and EPM (*Empresas Públicas de Medellín*) of Colombia.

Intel Technology

INTEL Corporation is an American global technology company and the biggest chip maker around the world, based on their revenue (INTEL, 2007 Annual Report). INTEL was founded in 1968 by Gordon E. Moore and Robert Noyce in California, USA.

INTEL is one of the Fortune 500s companies listed by Fortune magazine, and it is also one of the companies that have signed the Global Compact with the United Nations.

INTEL's social responsibility began in 1989 when it founded Intel Foundation, which helps to increase interest in maths and science education. It

⁵ *Programa Educa+Ação*: Bradesco and Bradesco Foundation created the *Programa Educa + Ação* to integrate the private and the city in an effort to raise the educational standard of students in public schools.

also helps to empower women and underprivileged youth in the communities that are involved.

In the picture below we can see the countries around the world in which INTEL provides help to the community in the education area. As we could notice, in Latin America, INTEL's education programs are present in Mexico, Costa Rica, Colombia, Bolivia, Brazil, Chile and Argentina.

Figure 1: Presence of INTEL's Education Programs around the World



Source: INTEL (2010): <http://www.intel.com/about/map/index.htm>

Programs to improve teaching and learning, technology for advanced education, competition to inspire innovators and entrepreneurs, and research and advocacy to transform education, are the goals that INTEL has established to improve education around the world, with a commitment toward governments and communities in each region.

Thanks to the following table we can understand the ways INTEL has to help Latin American countries in education, and the specific actions they carry out for each one. This table is a summary based on the information presented by INTEL's education programs.

Table 4: INTEL's Education Programs by Latin American Country

INTEL						
MEXICO	COSTA RICA	COLOMBIA	BOLIVIA	BRAZIL	CHILE	ARGENTINA
Computer donation	Better math education	Intel international science and engineering fair awards	Training teachers with technology to help students	Computer donation	Computer donation	Intel international science and engineering fair awards
Better education through technology	Computer Donation					
Intel international science and engineering fair awards	Supporting and promoting indigenous culture			Intel international science and engineering fair awards		

Source: Author's own concept based on INTEL's education programs

INTEL is an excellent example of corporate social responsibility in the world, not only through their education programs, but also thanks to environmental programs. Many years ago, the company started helping the communities where they are involved, committed not only socially, but also responsibly.

EPM (Empresas Públicas de Medellín)

Empresas Públicas de Medellín (EPM) is a Colombian public service provider company established in 1955. The company doesn't belong to the Fortune 500s, but it did sign the Global Compact with the United Nations in 2006⁶. EPM was chosen as one of the 20 pioneers of CSR in Latin America proposed by Fernando Legrand and the *Nodo Digital de la RSE* in their article *Los 20 Pioneros De La Responsabilidad En America Latina (Carapaica, Villavicencio, Gasca, Melo, Cuba & Legrand, 2009)*, a group which brings together bloggers and twitters of the network connection and interest in social responsibility. In this list we also find companies or organizations such as *Videoteca Backus* from Peru, *ProMujer* from Bolivia, *Arcor* from Argentina, *Cerveceria Nacional* from Ecuador, *Instituto Ethos* from Brazil, *The Green Corner* from Mexico, among others.

EPM social responsibility program includes many objectives, among which it is worth highlighting environment and education. In the environmental field,

6 EPM Global Compact <http://74.86.173.86/index.php/pacto-global-y-odm> [accessed on 10/11/2010]

the company performs a preventive environmental management approach and makes rational use of its resources; all the projects they carry out are focused on promoting and enhancing the environmental culture in the community. On the other hand, EPM and *Alcaldía de Medellín* created an agreement named *Fondo EPM*, which aims at providing opportunities for a better access and retention in higher education for 12000 low-income students, through loans that may be paid off or redeemed with good academic performance and social service delivery. This was possible thanks to the contribution of EPM, with a subsidy of COP\$150,000,000,000, and also the cooperation of a large number of higher education institutions.

Fondo EPM was created in 2008, and since then it has made 5 calls to obtain semester scholarships. According to their last report of statistical data published in September 2010 on their website⁷, in all the calls they made, about 68695 students applied, and 11774 now benefit from it, that is around 17%. (Statistical data of *Fondo EPM* report, 2010)

EPM is another good example of corporate social responsibility; even though the field has not gone national yet, in Antioquia they are doing a great social work.

Conclusion

This paper allows us to realize the importance of corporate social responsibility, its application and good management, as well as the successes and achievements that can be obtained not only for the targeted community of such social activities but also for the companies engaged in this social work. We have indeed observed that companies should seek not only economic and lucrative benefits for their owners, but that they should also seek benefits for the society in which they are located, because this will generate a positive company image and therefore, a better environment.

Additionally we were able to point out the lack of public expenditure and investment in the education sector in Latin America, as well as the high illiteracy levels presented. After gathering information on the Latin American companies listed in the Fortune 500s list with a corporate social responsibility, the exploratory research that was carried out led to the conclusion that only two Latin American companies, namely those two Brazilian banks, focus their social responsibility on education.

Finally we observed two particular cases of companies that exercise social responsibility in the education area in Latin America, INTEL and EPM, both being successful cases in this regard.

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