

2009  
Vol. 2 Nº 2

ISSN 2027-2340

# Revista de Negocios Internacionales



DEPARTAMENTO DE NEGOCIOS INTERNACIONALES

SUAREZ-VALLEJO, Maria Natalia

**The Good, the Bad and the Ugly of Corporate Social Responsibility:**

**Taking a Look at the Case of Empresas Públicas de Medellín**

Revista de Negocios Internacionales. Vol. 2 Nº 2 Pp. 23 - 52

# The Good, the Bad and the Ugly of Corporate Social Responsibility: Taking a Look at the Case of Empresas Públicas de Medellín

---

MARIA NATALIA SUAREZ-VALLEJO

## ABSTRACT

The following research takes a look at the concept of Corporate Social Responsibility (CSR) focusing on the good and bad aspects it presents. The analysis is supported by three theories: (1) CSR and the Competitive Advantage by Kramer and Porter (2002), where CSR is seen as tool to achieve competitive advantage not only benefiting the company but the society around it, (2) Stages of CSR by Zadek (2006), presenting CSR as learning process for the organizations and the society, and (3) Development of Community/Company Relationships with CSR by Marin, Rubio and Ruiz (2009), considering CSR as a key for a good perception of consumers and the relationship established among the company and its consumers. Finally there is a study of a Colombian company really active in the implementation of CSR. Taking this approach will allow for greater understanding on the importance of CSR in addition to its wider significance in society and with a direct link to Medellín, Colombia.

## KEYWORDS

Corporate Social Responsibility, Corporate Governance, Role of Cultures, Sectorial Trends, Qualitative Comparisons

## 1. INTRODUCTION

Throughout history some companies have undertaken social programs in order to help improving the society around them. This allows those businesses that incorporate social programs to witness the benefits this policy brings to their companies. But those social programs were more something that came as an initiative of that particular company and this socially minded approach didn't receive any special or technical name.

However, in the past three decades the term of "Corporate Social Responsibility" (CSR) emerged through different academicians proposals and actions undertaken by some companies in order to be proactive to the needs around them, and governments and companies became more aware of certain social and environmental activities that people around them expect them to carry out, despite of the fact that in a way it has been proposed as something voluntary.

In Colombian society the concept of CSR somehow new and this socially aware policy starts to create some pressure on companies in order that they become socially responsible and do things that help the environment, people and the need to give back to society.

Entities such as Fenalco<sup>1</sup> began this trend by trying to introduce rules in Colombia, and asked supermarkets to use environmentally friendly bags; in addition, other entities give prizes or recognitions. At this time in Colombia, CSR was adopted as a key topic in the university sector, with increased media coverage, including television commercials. Despite the initial curiosity this ignited, the topic of CSR took time to gain a hold on the wider public's imagination.

So through this research we decided to understand the concept of CSR and what it really means, but also to demonstrate what are the good things and the bad ones it may imply. Because there are many things that are not that nice around CSR, as using CSR just as a marketing tool or not considering the real needs of the society or workers, and become opposites of the stated CSR policies companies are showing. It would be like, what companies do with one hand are erased with the other.

Then we realized that to really know what CSR is, we needed to see how it is applied in our society and realizing that most of that CSR publicity was from

---

1. Fenalco (Federación Nacional de Comerciantes) is a Colombian entity focus on the improvement of trade and business development, working with businessmen who seek to guide, represent and protect their interests within the Colombian market and who also seek to have a better welfare and more progress in the country. They are working since 1945 and for the past years they have been trying to create and supervise CSR in the different business entities within the country.

“Empresas Publicas de Medellín (EPM),”<sup>2</sup> and as proud antioqueños<sup>3</sup> who thinks EPM is one of the best enterprises in South America, we found it as the ideal company to take a look at and more due to all the public statements of what it is doing on CSR.

Therefore and with these issues in mind, we also wanted to find out with this research how companies relate to culture and how the media plays such a significant role creating this image of social responsible enterprises and what is really behind it when they try so hard to communicate that.

So the idea is first to see how are people reacting to EPM’s campaigns, if they understand the concept of CSR and how do they perceive the company and try to define the link of all that with a positive perception to culture too. On the other hand, there is also the intention to see what people don’t like about EPM, see if they have had any complain and how it was answered.

And then, take a look at what EPM is showing as their CSR’s policies and concrete actions, and see the good but also find out the bad things it may have.

## 2. DEFINITION OF THE CORPORATE SOCIAL RESPONSIBILITY CONCEPT

Corporate Social Responsibility (CSR) has been evolving for many years, despite of its recent boom in the international community and internal markets.

On the other hand, if we take a look at its history, somehow its parameters were set since Ancient Greece (Wilson, 2003) and then during the Industrial Revolution (Restrepo, 2009) with governmental institutions that defined how merchants and businessmen were supposed to behave towards their society and that through the years were becoming more aware of concepts as Human Rights, ethics and saw the importance of return some benefits to the societies and the people inside their own organizations.

But most authors see a more direct relation between the concept and the post-second world war period. As Moir (2001) illustrates, according to Cannon findings in 1992, after the war the relationship between the government, the companies and the society was re-examined and it was defined that companies should go further than producing the goods and services its society needed, companies should also give its workforce the right education and act in order to secure the society a stable environment.

---

2. EPM founded in 1955, is a public services’ entity of the municipality of Medellín. It generates and provides electric energy, water, natural gas, telecommunication and sanitation services.

3. Antioqueños are the people from Antioquia, also the region where EPM is located.

In a complementary way, D'Amato (2009) comments the need of companies to step out and take actions toward the society, first, because after the war many governments were less able to respond to its responsibilities toward their societies, since they were more concern with the reconstruction of the States and then with their debts and its relationships with the newly born International Monetary Fund and the World Bank<sup>4</sup>. Therefore someone should start fulfilling those basic needs and companies were an option to do so. Besides that, the multinational enterprises (MNE) start growing more and more and they established themselves all around the world, becoming increasingly independent from governmental regulations and restrictions. Many times some of their actions were against the community where they were and governments found it hard to limit the MNE, so people needed to fight for their rights and the protection of their community and environment, there were boycotts, and companies realized the harm it did not to consider the society around them and started becoming more aware of the impacts of their actions and how to mitigate them and also on how to favor the society with additional benefits (D'Amato, 2009).

Now having clear the context where CSR was developed the more appropriate definition for it could be defined. Around the beginning of the 1970s academicians were defining the social responsibilities of companies, and one of these, Friedman (1970), said that the only social responsibility of companies was related to making profits and maximize them, and that it was the way for a company to contribute to the welfare of the society. It was basically related to a responsibility toward its shareholders but no more (Galbreath, 2009; Kramer & Porter (2002); Werhane, 2008).

Still, many other academicians seemed not to share that vision and one of the main opponents of the time, according to Galbreath (2009), was Carroll who presented a model in 1979, where the author defines as social responsibilities of a company not only the generation of profits, but also the responsibility to comply laws in all the levels from local to international ones, carry out an ethical responsibility acting according to the expectations of the society and finally meeting other activities that are found desirable by the community, being those basically philanthropic activities. This includes understandings that shareholders were not the only ones the companies were supposed to look after but a broader range of

---

4. The WB and the IMF are also known as the Bretton Woods institutions, since both of them were created in the Bretton Woods Agreement after the Second World War the WB in order to provide funding for national economic development activities and the IMF to rule the international monetary system and regulate the fixed exchange rates.

stakeholders internal and external to the companies were introduced. Many more academicians were likely to agree with this new direction and countless definitions start appearing, showing the importance of society and continues improvement inside the company to be sustainable in time.

Many important institutions and organizations in the world started to realize the importance of CSR and like that they seek to standardize the definition of CSR and the path to follow in order to compliance what CSR should bring.

The first definition that could be highlighted is the one from the European Commission (EC). The European Commission started analyzing the concept and importance of what CSR should be in the 1990s and finally by the new millennium they presented the CSR as 'A concept whereby companies integrate societal and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis' (2001). The EC also emphasizes that being socially responsible was going beyond the fulfillment of law and that companies should invest more in human capital, managing an internal and external dimension and having clear that CSR 'should not be separate from the business strategy and operation: it is about integrating societal and environmental concerns into business strategy and operations' (2001).

However, many authors, as Peinado Vara (2006), add to the definition of the EC issues as compliance with the law, ethical work and considerations of the expectations and needs of the society.

Internationally, an important organization trying to standardize practices and seeking for the quality of the enterprises is the International Organization for Standardization (ISO) and with its "project ISO/WD 26000<sup>5</sup> they take the road of CSR and define it as 'Actions of an organization to become responsible of the impact of its activities in the society and the environment, and where these actions:

- (1) are according to the interests of the society and a sustainable development
- (2) are based on an ethical behavior, and appliance of the law and intergovernmental tools; and
- (3) are integrated to the current activities of the organization' (2005)".

In the Colombian context, there are also organizations seeking to define and standardize the definition of CSR. One of the entities in charge of it is the "Instituto Colombiano de Normas Técnicas y Certificación (ICONTEC)<sup>6</sup> that defines CSR as the voluntary and explicit commitment that organizations undertake concerning the concerted expectations and actions generated with the stakeholders concerning a

---

5. This guide is expected to be published in 2010.

6. The ICONTEC could be considered the equivalent and complement of the ISO in the Colombian context.

human integral development, that allows the organizations assure economic growth, social development and an environmental balance, starting from the law' (2006)<sup>7</sup>. So there are similar ways to approach CSR but at the same time there is no final definition for everyone and with time more and more ideas have been linked to it. But still taking it from all the definitions around the concept there are four main issues that CSR takes into account:

- (1) How properly companies do things and the added value considering those activities.
- (2) The additional benefits they are giving its employees, suppliers, consumers, shareholders... everyone directly related to the company.
- (3) What they are doing favoring the society around them.
- (4) How environmental sustainable they are.

On this it is also important to draw attention again to the fact, as Restrepo said, that 'CSR means being proactive toward the law and going beyond it, not just following it' (2009).

### 3. SIGNIFICANT THEORIES AROUND CSR

Along with the definitions come many theories to support the concepts and propose how companies really should apply those findings in their policies and projects, and CSR is not the exception. However, due to the aim of this research we are just going to focus on three theories.

- (1) CSR and the Competitive Advantage by Kramer and Porter (2002)
- (2) Stages of CSR by Zadek (2006)
- (3) Development of Community/Company Relationships with CSR by Marin, Rubio and Ruiz (2009).

#### 3.1 CSR and the Competitive Advantage

Approaching this theory the article *The Competitive Advantage of Corporate Philanthropy* by Kramer and Porter (2002), nothing less than the guru of competitiveness and other management theories in the world, has been taking as main reference.

The idea is that through CSR companies can also achieve a competitive advantage that benefits the company as well as the society where it is<sup>8</sup>.

---

7. This definition can be found in their guide GTC 180 on CSR.

8. Even though, Kramer and Porter (2002) focuses just in a CSR- philanthropy and by that they mainly mean charitable activities and donations, I find that the theories can be generally considered for all the aspects of CSR and projects that go beyond economical donations.

According to Kramer and Porter (2002) one of the first steps to take is move from a wide range of social projects, give them a focus and then define what are the right strategies required to provide that help. This basically means companies select CSR projects that allow them improve not just the society in an alienated way but that they select carefully communities around them, which also represent a benefit for the business in the long-term. Kramer and Porter find that the companies' 'ability to compete depends heavily on the circumstances of the locations where they operate... The more a social improvement relates to a company's business, the more it leads to economic benefits' (2002: 59). It is essential for companies to invest in education starting with its workers, and on their case also assure them other benefits that can motivate them, environmentally reduce waste and use better the resources, and work towards the improvement of economic and social conditions. This allows the community to guarantee the company not only a good market for their products but also a productive and competitive location with skilled people and better infrastructure for them in the long run (Kramer & Porter, 2002).

The second step to take is to have close partnerships with workers, suppliers, customers, other companies, non-profit organizations and the government. With partnerships an important thing can be the creation of a cluster, and through clusters it is more likely to have a lasting and positive effect and easily ensures the improvement of the competitive context (Kramer & Porter, 2002).

With the better development of the context and improvement of the local conditions through CSR projects, Kramer and Porter (2002) talk about the *free rider problem*, which are the advantages and benefits that come along for competitors too. On this they emphasize that leading companies take a major part of those benefits, and that companies can also reduce the free rider problem by connecting their CSR projects with their strategy working with specialized skills and technology. Another way to mitigate that would also be the relationships with the communities, which in turn provides stronger bonds and reputation for the company.

Kramer and Porter (2002) say that in order to succeed with the CSR projects they need to understand how value is created and the greatest achievements possible are attained. Companies need to do well for doing the right things instead of just using CSR as a marketing strategy with deviated goals. And according to Kramer and Porter (2002) doing things well would be select the adequate recipients and partner for their projects, attract other organizations to participate in the projects since with all their specialized knowledge they can have a more integral impact and also a better cost-benefit ratio.



Once companies start applying CSR correctly, they will gain experience and create knowledge and networks that will make easier for them to know what social problems are there and how to address them and for international companies it would be important to apply those CSR in its subsidiaries too, creating like that global knowledge and global networks (Kramer & Porter, 2002)<sup>9</sup>.

A key of their approach is the continuity, Kramer and Porter say 'When corporations support the right causes in the right ways - when they get the *where* and the *how* right – they set in motion a virtuous cycle' (2002:66). For that continuity it is important to know quite well the context where the companies are working, connect the business to their CSR projects and also generate motivation (Kramer & Porter, 2002).

The part of integrating the business with the CSR is one of the key elements for Kramer and Porter (2002), all the business units should identify areas where they can have CSR projects and participate in their application, define which are the important geographic spots, develop a CSR portfolio, asses the CSR projects against the forms of value creation, then again look for opportunities to work together with partners and finally monitor and evaluate results.

Finally, the importance of this theory is the fact that companies can actually do better when they see their business as an integral part of their CSR instead of just doing social activities without any real thought on that. CSR is a great tool for creating benefits not just for the society around companies but for the company itself, it will give added value, competitiveness for all the stakeholders and as Kramer and Porter highlight 'There is no inherent contradiction between improving competitive context and making a sincere commitment to bettering society' (2002: 68).

Besides definitions as the one from the ISO support this theory by saying that CSR actions 'are integrated to the current activities of the organization'.

### 3.2 Stages of CSR

This theory is illustrated by Zadek (2006) in his working paper *The Logic of Collaborative Governance: Corporate Responsibility, Accountability and the Social Contract*. This staging process presented by Zadek (2006) is significant due to the acknowledgment of CSR as a learning process and how that process has particular stages for companies and for society. These stages can be used as a tool to help

---

9. A very important feature in the international sphere in their analysis is concerning CSR in developing countries as a key strategy to succeed, since doing great things for the community finally translates in competitive advantage for the country and like that for the company, it is a chain of benefits.

companies determine in which type of society they are and in which stage they are with their CSR policies and what to do in order to improve those policies and the participation of the society around them.

First Zadek (2006) defines CSR as 'an ongoing negotiation and realignment' of the private sector's 'willingness and ability' to provide public goods, creating like that a mycro-dynamic of business competition, reputation and risk management' (2006: 3). Then in his analysis he proposes CSR as learning. On this Zadek (2006) mentions how CSR has been traditionally seen as a defined set of activities following normative goals as the ones given by the UN Global Compact's principles<sup>10</sup>, but for Zadek that's not the right approach, it should be more 'a contingent, negotiated pathway of change in the role of business in society' (2006: 16). And there goes the link of CSR with learning, it is about becoming active in the dynamic between organizational and societal learning. Companies behave according to the dynamics of the market and its pressures, and those pressures come from the society and what they consider desirable and possible and that is exactly what companies should learn: how can they actually respond to those expectations (Zadek, 2006). However, as Zadek (2006) shows sometimes the desires of the society may not be considered as compatible with the company and in that way there are five stages illustrating CSR and organizational learning. Those stages are:

- (1) Defensive: Companies deny things when they don't act responsibly. They want to protect themselves from attacks and seek to protect their brand and sales. They are not acting according to CSR.
- (2) Compliance: They follow law as a cost of doing business; they seek to avoid litigation risk. Here they are not acting according to CSR either.
- (3) Managerial: Companies implement social issues into their management process; they are seeking to achieve a long-term benefit by undertaking responsible business practices into their operation process. Like that they start acting according to CSR.

---

10. The UN Global Compact is a communication tool from the UN that allows companies to have clear a set of rules for a proper CSR policy saying what companies have to consider and is also a way to communicate what companies do and with which activities they have had good results and with which one bad, it its some sort of good practices bank. The ten principles are divided in four main categories: human rights, labor standards, environment and anti-corruption. Authors as Murphy and O'Riley (2002) are actually pleased and talks about how it gives the companies self-discipline and helps having a better commitment to CSR practices.

For further information and a complete list of the ten principles look at the webpage: <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>.

(4) Strategic: Companies realize the need to connect social issues into their business strategies in order to enhance an economic value and get the benefits of an aligned strategy and innovation with the society around them. It is part of CSR.

(5) Civil: The company promotes an industry participation in CSR, benefits can be even broader through a collective action. It would be an integrated CSR.

In each stage companies are learning without the need of going outside their own logic and accountability basis and at their own time. Then in the Civil Stage, as more organizations are involved they would be more likely to incorporate certain norms and the definition of CSR becomes more collective (Zadek, 2006).

But in the stages proposed by Zadek (2006) there are also stages concerning the society. Zadek says that 'Just as businesses learn and change their approach to dealing with issues (social ones), so does the society as a whole' (2006: 18).

Those stages are:

(1) Latent: Here the activists and the NGOs are basically the ones aware of the different situations and businesses don't pay much attention to it. There is no CSR.

(2) Emerging: At this stage the media and the governments know more about the situations, and like that there are researches on the topic. Some of the business' leaders try to approach to the solution of the issue. CSR is emerging.

(3) Consolidating: There is a consolidation of business practices around the situation, and voluntary initiatives from many sectors, collective actions are implemented. With time there is a need to have a legislative foundation. Society values CSR.

(4) Institutionalized: Business norms and legislation have been established. CSR practices are a normal part of the business model and means excellence.

Zadek (2006) says that the interaction of both stages' systems finally changes the perspective and reach of the social contract and like that defines the role of business in the society. Businesses are in a continuous adaptation process.

As this theory shows, it is important, as with the Competitive Advantage theory, that businesses relate what they do with the society. But it is also essential to understand the connection between the civil society and the companies and how both are learning more about their needs. CSR and like that companies will be able to define better guidelines, policies and projects.

Another thing important to highlight here is the weight Zadek (2006) finds in the legal frames and common normative, and more in a topic defined as *voluntary*.

Still authors as Bhushan, Chan, Lund-Thomsen, Muro and Preto-Carrón (2006) mentioned in their analysis on CSR, that nowadays CSR is not anymore something done by companies on a voluntary basis, on the contrary countries are each time

more concern on demanding companies to have CSR, becoming like that something imposed whether by legislation or other means.

### 3.3. The Development of Community/Company Relationships with CSR

For this final theory, the basis is the article *The Role of Identity Saliency in the Effects of Corporate Social Responsibility on Consumer Behavior* by Marin, Rubio and Ruiz (2009).

Marin *et al.* (2009) talk about the importance of CSR and the increase of interest on the topic from companies thanks to the influence it has on consumers now, and especially in markets where low prices are not the determinant in the purchase or acquisition of a good or service.

Consumers are also considering each time more how companies represent the welfare of their community, and like that a company that is social responsible is more likely to have loyal customers, even though it is clear that their personal needs are the ones that finally determine the transaction (Marin *et al.* 2009).

But in order to have that loyalty and establish a relationship with the costumers CSR is playing each time a more important role. According Marin *et al.* (2009) there are some steps companies and consumers undertake in order to build that relationship:

- (1) The greater perception of consumers of the CSR of a company the more positive evaluation they will give the company. This attractiveness is also very important for attracting employees and it is finally a step to position brands.
- (2) After that good perception of the company comes the company's identity attractiveness, where consumers appreciate characteristics of the company. They perceive they share a set of values and give the company a better evaluation each time. Here companies gain more prestige and shareholders feel more motivated to invest in such companies.
- (3) The loyalty of consumers comes next. At this stage consumers feel attach to the company. Although for it to happen, it is essential that the consumers are aware of the CSR efforts the company is undertaking, because they strength the identification.
- (4) Then comes a direct identification of the consumer with the company. Consumers are aware of the CSR activities the company has, they identify themselves with those activities and like that they support the company especially toward social welfare. Here the social identities are analyzed, being that how consumers perceive themselves and their role in the society. For example, if a consumer considers himself an environmentalist it would be important to him

that the companies undertake CSR activities related to the sustainability of the environment or animal protection. It also enhances the customer loyalty to the company.

(5) Finally comes a strong relationship based on the identity of the consumer with the company, and that identity is based on CSR associations.

Through the analysis of this step and their researches Marin *et al.* (2009) were able to confirm that CSR activities help to create and increase consumer loyalty. They also highlighted the importance of managers to understand these relationships and like that evaluate better their CSR activities, defining more clearly how to invest in their CSR and making it a long term commitment. CSR is more related to an actual relationship between the parts than a simple mechanism to increase sales in the short run, and that is a key element in today's competitive world (Marin *et al.* 2009).

With this theory we can confirm that it is possible for the company to develop an important relationship with the community and more if it is really aware of its needs and expectations<sup>11</sup>.

## 4. THE GOOD THE BAD AND THE UGLY SURROUNDING CSR

CSR implies a lot of benefits for communities and companies as well, but as we have seen through the framework of the theories it has to be correctly applied in order to be translated in real, good and lasting results.

Nevertheless, not all the companies take this path and that's when the downsides of CSR come and criticism around it too.

But what are really the downsides of it and the actual good side? That's what this research intends to illustrate briefly as the *good*, which are the right practices and results, the *bad*, which are mistakes companies make around CSR, and the *ugly*, which means an intentional bad application of CSR.

### 4.1 The good

What CSR propose is an ideal way to act, so companies do things always better and thanks to their success can improve the welfare of the community around

---

11. This theory is mainly focused on a customer relationship perspective. So it is important to remember that in this case the relationships we seek to find are not just with costumers, but with all the stakeholders related internally and externally to the firm. However I consider that according to the way they approach the topic all of them could also follow those steps. Besides, as Moir (2001) also says the prestige of a company also means employee loyalty and retention.

them. It is wonderful to know that the society can find support in companies, because those really care about social issues instead of focusing just on profits as Friedman said in the 1970s, which is a very selfish view under our perspective because in that search for profits companies tend to leave behind the welfare of the society and the environment and instead of helping they end destroying their surroundings. And nowadays it becomes a greater problem because sadly ethical and moral values are not inherent, on the contrary they have to be brought through norms or concepts as CSR, things that many companies and people in the society despite of all that lack.

In some way, those are things that CSR tries to address and there are actually companies that find a way to do things properly, it means they study their CSR policies, the activities related to it and do things in a transparent way too that finally becomes a benefit for all its stakeholders and environment.

In the process of the CSR formulation in order to have effective CSR activities it is also essential to involve the community, since it guarantees sustainability, maintain trust and represents support and legitimacy to the company from the employees, the government and the community (Moir, 2001). Part of having the community involved would also be keeping them informed (Marin *et al.* 2009).

With the part of people saying that the good of CSR would be if companies act in a way totally detached from their businesses and without expecting any benefit in return, as it was illustrated through Kramer and Porter's (2002) article, it wouldn't really be the right way to apply CSR, something also demonstrated by them. The problem is not to expect a benefit for the company, because it is only natural that if a company helps in the construction of a highway in the direction of the ports it would be a benefit for them in the same way it is bringing infrastructure for the country and the community, and if they are getting a benefit it would be absurd to say that's not right. Actually those kinds of things, as the education of children and workforce, should be encouraged and even praised. What people have to do is ask for things to be done in a transparent way and a real commitment of companies with its CSR.

The other thing is that at the moment many academicians and experts on strategy highlight the importance of focusing on the business. One of these experts Trout (2004) says that the key to survive in today's market is to have a well positioned company and that the company as the clients need to have clear what the company really does and stay focus on that without getting distracted in things that are not related to it. Like that companies that don't consider their business within CSR and how what they do can have a positive impact inside of the company, in the society and in the environment, may lose that focus or even do things without

really considering them. In that way, CSR, as Kramer and Porter (2002) say, should be related with what companies do.

Of course there are certain sporadic activities as cultural ones like an art exhibition that may not be directly related to the company, but once in a while do good and would represent a real benefit without getting too distracted from their core business.

Another important thing for CSR in order to be good is to be coherent and lasting in time; all the CSR activities and policies should follow the parameters and companies should measure them too.

It may sounds complicated but there are companies that apply all the beauty of CSR and have been able to really make a change for the people around them and get benefits from it.

#### **4.2 The bad**

There are essentially three things that represent the bad of CSR. One is that companies think or say that CSR are their natural responsibilities/duties, the other is how at the moment CSR become a trend so everything is seen as CSR and finally that CSR has been taken as a bad marketing strategy.

Taking a look at the first part, some companies that follow the law or do things inherent to their job are considering themselves social responsible and are selling the society that idea. But following the law is a minimal responsibility and obligation all companies have no matter what. Those are parameters everyone must follow. Certainly in societies as our where many people don't follow the law or wait for a punishment to finally do things right (Restrepo, 2009) it is not weird that companies that do things properly consider it as CSR.

In a way, maybe some of those companies are not even bad intentioned and it can be that they don't really know the concept, but it is not an excuse, because if they were willing to apply CSR, they should at least take a look of what it really is and even get some advisory in institutions that know. But there are others that even when have been clarified on their mistake keep saying that they have CSR. D'Amato (2009) mentioned cases as a mining company saying that they were giving flashlights and helmets to their workers and that because of it they considered they had CSR. But things like that are basic responsibilities of such a company, how could they send someone to the mines without those things, and it is not that workers should buy them; the company has the obligation to provide such equipment.

Those are not things to follow voluntarily; everyone is compelled to do that within the mining industry all around the world.

Related to that comes the second one. CSR can be considered a trend so companies want to be acknowledged for it. Every little thing they do has suddenly turned into CSR. As Restrepo (2009) said companies say their products are CSR, for example a toothpaste company says it helps to dental health so there they are socially responsible. It is true that their product is good but just produce toothpaste is not being CSR it is simply its business. You have to go beyond it, so if the company seeks to have CSR around its product, do campaigns that educate people and make the product accessible for vulnerable communities; carry out environmental practices... and the list could go on.

The other thing with CSR as a trend is that companies do it if they have extra money or otherwise totally ignored it (Restrepo, 2009). CSR should not be seen as an expense, it should be considered an investment and with or without extra money try to apply it. There are simple things that are CSR.

Finally, CSR as a trend has turned for some a bad marketing strategy.

Trout (2004) says that companies shouldn't be afraid to let people know what are they doing well and where are they leaders, and marketing is essential for that. Marketing is not absolutely bad, actually it has good things as a communication tool and even educational, but it should be used just when companies are doing things really well and not just because.

Companies tend to get distracted when they put in campaigns on how much money they are giving for this or for that. In that way they do not really help but they are promoting a social responsible image of themselves and its CSR. They are done in a careless way (Kramer & Porter, 2002).

Kramer and Porter emphasize that 'As long as companies remain focused on the public relations benefit of their contributions instead of the impact achieved, they will sacrifice opportunities to create social value' (2002: 67). It means that at the end they would not be really carrying out CSR.

Kramer and Porter (2002) agree that it is good that companies strengthen their good will through CSR, but they also clarify that prestige is not the only way to motivate people or have an impact. Besides people are becoming more aware of CSR and what it really is so many would not buy any campaign, on the contrary they would be critic and go against the company for doing things wrong. And as they also say, companies firstly should be convinced that they are doing a great thing for the society and for themselves that just the fact to carry out CSR is enough.

### 4.3 The ugly

The ugly would mean that companies are doing things with bad intentions and end using CSR to distract the community and do awful things elsewhere. Companies



hide many things, they have dark secrets underneath and CSR helps them create a positive image of themselves and get the people interested in other things rather than being conscious of what is really going on.

And to top all that, sometimes they even do their CSR effort in a bad way. So there is no benefit to see at all.

It was very interesting to see in the documentary *Flow: For love of water* (2008) how companies show in their webpage, campaigns, etc, on how environmentally sustainable they are and protection of water, while in a small town they are finishing those water resources and leaving a whole community without their streams.

Another topic quite upsetting is how some CSR activities are tax-deductible and that's the only reason why companies undertake them. In Colombia, social activities carried out through funds are tax deductible for companies (Velez, 2009). And in general the tax reduction is huge. In a way, it can be a way for governments to boost CSR activities but at the same time it creates other damages, since companies just spend money without considering the needs of society and a lasting development. It is true that some governments are corrupt and many taxes disappear so it is better to see companies actually doing something, but corruption is inside companies as well and what they do become minimal compared to taxes they were supposed to pay and that actually could do better by being used for the education or health systems.

It is not so bad that governments give some incentives but a huge tax-reduction is not the answer.

Furthermore sometimes all the variables get together, the ugly things they are hiding can be kept like that through some *good actions* and those little good things are tax deductible, so companies win everywhere but the society does not.

In all the aspects of CSR there is also one thing that plays a huge role and it is *people's involvement*. The society should be more aware of what companies do and how they are carrying out their basic activities and others as CSR. Nowadays we can't stay without really looking at all the aspects and all the things going around. Somehow, the society is also responsible for environmental damages or practices against Human or Animal Rights in companies.

MNE are powerful and they do good but also bad and with the bad it is hard to control them, but people demanding information, transparency and respect for the society and environment can achieve a lot. As D'Amato (2009) says it seems that boycotts and people are the only control for companies.

Finally, people inside and outside companies can make a change and are responsible for CSR to be well applied.

## 5. METHODOLOGY

The methodology used for this second part of the research consisted basically in the recollection of primary data around EPM and its CSR.

Data were collected first through an online survey<sup>12</sup> on CSR intended for employees and university students in Medellín and the same survey carried out personally to older people and housewives, in total 36 surveys were answered, 23 online and 13 personally<sup>13</sup>. With these surveys the idea was to find out the perception and relationship of the people in Medellín with EPM and know if they understand the concept of CSR and the effect the EPM's campaigns is having on them.

Then another personal survey was carried out, this time in the "Cerca<sup>14</sup>" from Belén, where people from all strata and neighborhoods in the area come to solve difficulties they may have with EPM. 15 surveys were answered this time<sup>15</sup>.

Both surveys were done under anonymous identity parameters and people were chosen randomly.

Experts on the topics were found and interviewed. One was Gina D'Amato, who was a guide in the general concept of CSR and the other was José Jaime Restrepo Sierra, the subdirector of the environmental management at UNE<sup>16</sup>, one of the brands in the area of telecommunications of the Group EPM. Mr. Restrepo is also one of the persons designing part of the CSR inside UNE and is an expert on the topic.

Finally, we also got the chance to talk with a worker of EPM who has been there for 30 years and he gave us some insights on some of the working standards and benefits in the company and some new trends. We decided to leave the identity of this employee anonymous.

There was the need to recur to other complementary information at EPM's official webpage and its information on their CSR policies, their 2007 CSR report as well as one booklet where they present the company and their CSR projects.

---

12. This online survey was made using the "Survey Monkey" tool. For further information look at <http://www.surveymonkey.com/>.

13. The goal was 30 surveys.

14. The Cerca is Centro Regional Comunitario de Atención Administrativa, a center that wants to coordinate the complaints and comments the society has around the municipal decentralized institutions such as EPM, Empresas Varias and el Metro, and also coordinates all these institutions under a common law frame and seeks to provide the infrastructure to guarantee people the right fulfillment of their basic needs, among other activities.

15. The goal were 30 surveys as well, sadly on the both days I went there to carry out the surveys, the system was down, so not a lot of people were going there.

16. UNE is one of the Telecommunications' brand from EPM created in 2006.

In general, through this research the idea was to know better how is EPM really implementing CSR and verify some of its programs, especially the ones shown in their commercials and contrasted them with possible weaknesses of CSR in those areas.

It was important to see too, if EPM's CSR policies are meeting the basic CSR definitions and how it is related to topics as competitiveness within the company and competitiveness for the region. The loyalty and cultural attachment of people with EPM was also an important factor taken into account.

There are also good things from EPM and remarks on some improvements it could do that are certainly taken into account in the research.

## 6. EPM

Empresas Publicas de Medellín (EPM), founded in 1955, is a company from the municipality of Medellín, founded with the purpose of integrating basic the services, water, telecommunications and electricity, for the people in Medellín. However with the time it has growth generating different types of energy, providing gas for households and vehicles and sanitation among others.

Despite the fact of being a company of the Municipality of Medellín it also provides services all along Antioquia and in other important Colombian cities as Bogotá, Cartagena and Cali. In the past years it has become active in the international field as well, some examples are the generation of energy in Panama and the provision of telecommunication services in Spain and the USA.

But that is EPM as a group. EPM works under different divisions being the most independent one the telecommunications, which works under different brands as UNE. For the research the main focus has been on EPM as the provider of water, energy, sanitation and gas.

Financially EPM works independently from the municipality. It is a public company but it is managed as a private one. In 2008 they had an operational income of 3 billion 810 thousand 210 million pesos (USD 1790 billions). The income generated by EPM is considered by its employees as one of the keys for the development of Medellín through all of EPM's different projects.

EPM is also very active investing in different companies related to its core business, in 2008 they invested 852 thousand 194 million pesos.

Concerning the employment generation, during 2008 EPM had around 5446 direct employees and around 15 thousand indirect employees.

EPM is definitely an example for the public and private sector in terms of company success and creating bonds with its customers.

## 7. EPM'S CASE

Around the beginning of the 21<sup>st</sup> century EPM found necessary for them to start developing a CSR policy and like that in 2007 they formulated their CSR policy basically based in international standards as the UN Global Compact and the ISO/WD 26000 and according a to the national context.

EPM<sup>17</sup> has carried out for many years activities that could be considered socially responsible still they realized that having a CSR policy will allow them to have a more structured way to carry out their activities and will let them have a more focused relationship to all its stakeholders and participate with them in a broader way than what they were used to. Having that in mind they also set their CSR under two main concepts *ethics* and *competitiveness*. By ethics they mean acting inside and outside the company in a responsible way and being accountable for their actions and like that mitigate the harm some of those actions may cause, and by competitiveness they mean being sustainable.

Another important fact of EPM's CSR is that as a municipal company it follows the guidelines of the Development Plan of the City and it also measures it CSR having the Millennium Development Goals in mind<sup>18</sup>.

### 7.1 EPM and its CSR projects

EPM highlights that CSR is part of all the activities of the company and besides those they also carry out other project to support the company. In that way it becomes a really broad topic for me to study under the limited time of the research so I'm going to focus basically in some of the issues mentioned in their marketing campaigns.

#### *EPM and its workers*

In the report of their CSR in 2007, EPM defines the part of CSR for their workers in terms of the development of human talent competencies, generation of pro-

---

17. It is important to highlight that EPM as a group has guidelines for all its branches, still they carry out particularly their CSR policies and projects. In this research I talk about EPM as the company provider of Water, Energy, Gas and Sanitation.

18. The Development Plan EPM is following now is Medellín Solidaria y Competitiva 2008-2011.

On the other hand the MDG are eight targets set within the UN in order to achieve a reduction of common problems for 2015 and guarantee a better life quality for future generations. The MDG are: 1) eradicate extreme poverty and hunger, 2) achieve universal primary education, 3) promote gender equality and empower women, 4) reduce child mortality, 5) improve maternal health, 6) combat HIV/AIDS, malaria and other diseases, 7) ensure environmental sustainability and 8) develop a global partnership for development.

fessional and personal development opportunities and finally respect for their labor rights.

Taking a look at it, the first part is totally CSR in the good way, and they are focused on an very important aspect, which is the development of human capital, something not only positive for them in company as training but also in a way those workers can be good for the society too and even be considered a role model.

Nevertheless, the part of the respect of labor rights would be just complying with something every company has to do, as provide them social and health security.

Considering their campaigns they never mentioned that relationship with their workers, they usually talk about the number of employment they are generating.

It is valid that through the generation of employment they are helping the society and more the vulnerable people. The worker of EPM told us that they are creating jobs as telephone boots' painters/cleaners, people in charge of maintaining the infrastructure of the river and the list goes on. It has helped a lot, since people are getting a job and through those jobs they are undertaking environmentally activities against visual contamination and protection of trees for example. But when you look at what kind of workers they are, these are people that are not directly hired by EPM. EPM looks for cooperatives or contractors that are the ones that finally pay the employee and give them the established benefits. And concerning the company and its core business as well, they are just leaving as direct employees of EPM the ones definitely related to EPM's core activities. For a couple of years activities as general services and security were cut and those services began to be acquired through outsourcing companies. The explanation for this is valid. Before it, there was a manager who should respond for everyone in his area, from the cleaning lady to the top employee, and the issues related to the general services were consuming too much time and they were not that relevant, so the company needs to really focus and specialized itself so those employees are better managed through a third party to the one you just make the observations and those are the ones that solve the problems.

But in that change some extra benefits and basic things were left behind. At the beginning EPM gave its contractors and cooperatives a contract where they stipulated how much money each person had to earn, how to address their social and health security, they even talked about human capital development and so went the list. But many of those contractors were not satisfied because they could not make as much money as they were used to and some of their employees working for other companies were complaining. Unpleased contractors pushed and EPM eliminated the contract leaving many of their subcontracted workers without many benefits.

Taking a look at the direct employees from EPM, and according to what people perceive in the city and what some of them said, they feel proud and happy to work for EPM and in general they feel they receive many good things through their job, but the ones that have been working there for over 15 to 20 years have realized some changes, what makes them realize the company was to say it in a way more socially responsible with them, since they had extra health benefits, access to cheaper markets where they could buy their food... However now those extra benefits are gone and for example the markets are supplied by companies that have extra partnerships with the EPM and are not that accessible for all employees anymore. But it is a trend that many companies in the region with the years have lost. It could be said that Antioquia used to have many paternalist companies, but those days are gone because of global competition and many other factors. Nonetheless, EPM still offer additional benefits to its direct employees and it embraces many CSR projects. And from those benefits the most important one is education. That development of human capital is definitely the key for their CSR. They give constantly courses, help people in order to get master degrees, give workshops on environmental issues, and support cultural and sport activities, among many others.

And one of the greatest things and probably the greater benefit for its workers is how they include the family in that human capital development. They give assistance for their employees to pay the education of their children and even sponsor high education degrees for them, and the worker we talked to, has received these benefits in different opportunities.

They also support psychological assistance for the families and carry out courses for family issues as marital difficulties or intra violence.

There are also opportunities to go to cultural activities as the theater and they also have groups as a chorus.

Those benefits motivate people to work and those investments finally turn into happy employees who do their job better, treat the clients better, are good elements of the society and are loyal to the company, and all that translates in huge benefits for EPM itself.

### ***EPM and the relocation of families due to the construction of the hydroelectric plants***

This is one of the most remembered of its marketing campaigns. In there they talked about an old woman who is living in a new house because she was affected by the construction of one of EPM's projects, that in general the society knows must be the construction of a hydroelectric.

So thinking about it, EPM is not undertaking CSR under that idea it is barely the completion of their natural duties. It is only natural, that if they are leaving a family homeless because they need to do something where they live they are going to give them resources to buy at least a house as good as the old one or give them directly a new house.

With the campaign probably one thing, is that they show one picture of the old house and you see the new one and it looks way better, so it would be an added value in the change, but still the focus is just in the relocation<sup>19</sup>.

What would be CSR is explained in the development of energetic projects. When you look in their webpage and how they undertake the building of a hydroelectric, they talked about the social impact and how they advise people there, help them settle in a new place and it is not something individual. On the contrary they consider all the community and see how to keep their cultural values and memory and find out new ways to empower the community.

Another aspect that would be CSR is how they address topics as education improving by different means the systems compared to the ones the community count before and productivity guidelines helping people find a new economic structure and developing agricultural activities too.

Hydroelectrics are also harmful for the environment, so they undertake projects to mitigate the impact and keep a sustainable environment around it<sup>20</sup>.

With this topic, the information that was found gives an idea of how they apply CSR in relocation, but nonetheless, it would be better in another opportunity to talk with people who have been relocated recently, because finally they are the ones that can confirm how it was<sup>21</sup>.

### ***Housing improvement for the vulnerable communities***

With the topic of houses and their projects there is one important to mention

---

19. Even within UNE they criticize some of the campaigns because they are not really showing the right concept of CSR. They like the idea to present campaigns, but in a different way.

20. For example, with the Pescadero-Ituango hydroelectric, where EPM is one of the partners, they have studied where they would have less social and environmental impacts and it is considered one of the less harmful hydroelectric.

Pescadero Iguango is a hydroelectric project for Antioquia intended to start working in 2018 and it should have a capacity to produce 2400 megawatts.

21. In general not a lot is known within the society of these relocation processes. The one that has been closer is the relocation due to the construction of the Hydroelectric in Guatapé, where many mistakes were made and people didn't feel satisfied, but it was done around the 1960s and 1970s, so hopefully it was a lesson for EPM and things are applied differently now.

here, despite of not being part of the marketing campaigns. It is *housing rehabilitation*. In many vulnerable neighborhoods there are no proper houses and EPM is going there and help these people build a better house and provide them all the networks for water, gas and energy. Those are things that they are not compelled to do, but as their business they enjoy doing it. And they are quite successful, looking at the provision of services of these areas there are figures as 90% coverage<sup>22</sup>. People without water would live in subhuman conditions. For these vulnerable communities not only to be able to receive the service but to pay for it is essential. The municipality of Medellín has stipulated with EPM a minimum of water people should receive for free<sup>23</sup> and there are payment mechanisms as prepaid energy and financing of reconnection when they are behind with the payments. Complementary to that, as people who have basically no access to loans EPM offers *social financing*, which are loans in a long term and with low interests rates for people to keep improving their houses.

Commenting that in UNE, they told it is part of a new CSR development, which is *Sensitiveness to the Conflict*. It means companies should be aware of the economic, social, violence... conflicts and create strategies for the community in order to have better life standards and welfare. And that is exactly what projects as the prepaid services bring communities that struggle with economic conflicts every day<sup>24</sup>.

### ***EPM and the Christmas Lights***

Another topic that has been in the campaigns is how the past Christmas lights were CO2 free.

The Christmas lights of Medellín are recognized worldwide because of their magnitude and color, they are a unique spectacle for people and that is why EPM also has them as one of their CSR activities for the recreation of the community. And that is one of the main things people mentioned when they are asked how Christmas lights can be socially responsible.

---

22. This statistics were found in the results of a Survey carried out by the government of Medellín. The results are found at <http://www.medellin.gov.co/ReportesSite/index.jsp>

23. Medellín established a "Mínimo Vital de Agua" part of its development Plan 2008-2011 for families in the strata 1. That minimum of water is equivalent to 2.5 mt3 per month.

24. This part was confirmed by another project I carried out with María Adelaida Velez Posada concerning maternal and baby health in the vulnerable communities in Medellín, more specifically in San

Javier. For further information on it feel free to contact me.



In general *all* the community appreciated the Christmas lights and could not think of a Medellín without them. EPM is conscious of how important it has been for them to increase the bond between them and the society. Those are one of the things that make people identify themselves with the company<sup>25</sup>.

But that is not all; in the economy of the city benefits are also seen. The Christmas lights increase tourism and that boosts the economy. Employment is also generated for the people who make the dolls for the lights, the ones that install them, the ones that look after them... and there is also commerce around the place where the Christmas lights are and informal commerce increases<sup>26</sup>.

With this informal commerce an improvement has also been perceived. The places where they are working now are following sanitation measures, they have access to energy and potable water is also given to them.

Another important part of the Christmas lights, especially those in the river, is the revitalization of the public space. In this area a big change has been seen. In the past people would not walk there because it was dirty, dangerous and there was practically no real infrastructure around the river as sidewalks. But today it is a different history, there are flowers, everything is kept clean around the river and in the structure of the river, historic infrastructure as the Guayaquil Bridge is preserved, and it even motivates people to ask for a clean river that is pretty much the only thing missing.

Linking that with environmental issues, Christmas lights are also stated under the environmental CSR activities of EPM. In their CSR report it says that they seek to act responsible towards the sustainable human development and welfare and that they are committed with the proper use of their natural resources, guaranteeing sustainability for the future generations.

On the management of those sustainable policies, Restrepo (2009) told me that they are measuring the emission of CO<sub>2</sub> from the lights and then they plant trees that are equivalent to the emissions. However, he says there are also environmental topics as the waste disposal that is also addressed but they still need to improve in some areas<sup>27</sup>.

---

25. From the 36 people asked about the Christmas lights just one does not like them.

26. On that last topic, I also received one critic, which was that usually the space for this commerce was kept for people with low income and that those were the ones that could sell the food and drinks, but last year in this space important food companies from the city were installed there and it reduced the space for the vulnerable community and their sales were also reduced because many people prefer to it in the new places.

## 7.2 EPM and the perception of the people of the people from Antioquia

One of the things that favor EPM the most is how the society considers itself and the company *Antioqueños*. This play a huge role in a community that is attached to its city and culture and many of its values come from that idiosyncrasy, making easier for them to identify themselves with EPM and more when they undertake CSR.

Almost all the community has a favorable perception of EPM and are actually proud of the great services they get, considering it a leader not only in the Country but in the south American region as well. It makes it easier for EPM to achieve what Marin *et al.* (2009) proposes loyalty, identification and finally a real relationship with the company.

Even when there are difficulties with the company related to CSR or not, people immediately speaks positively of the company and seem to be very satisfied with it<sup>28</sup>.

That relationship also has made EPM a role model of CSR in the region and even the guide for a significant part of the population. In that way a huge part of the people consider EPM a socially responsible company as well<sup>29</sup>.

A significant number of people also have tended to focus on CSR just in the sense of social activities. In that sense people from the strata 4, 5 and 6 consider that CSR are just the projects EPM has in the strata 1, 2 and 3. It is true that many of those social activities address these vulnerable communities as the schools EPM has helped to build, but there are other spaces as the parks or as the libraries that are for the whole community without considering social classifications. As a company related to everyone in the community it has to carry out CSR for everyone, but adapting certain programs, things people are not really aware of.

---

27. Finally, one of the things that bothers a significant part of the community are the high costs of the Christmas lights, especially the strata 4,5 and 6 consider they have to assume a huge percentage of the costs of it. Nevertheless, those comments should be verified.

28. The idea to understand better this situation was through the Surveys at the CERCA, still almost all the people had a positive feeling of the company, even when some of their problems couldn't be solved due to technical problems at the CERCA. Then after the survey when you talk more with them they started to be more critical and complained about the continuous problems with the system in the CERCA and the bad services when it concerned difficulties with the system or the company. People were basically just nice when it comes to the payment of services but they were not effective and they even were rude with the clients when they had some complaints.

29. Just a couple of people are more critics with what EPM does and that is thanks to previous difficulties with the company.

That would help us conclude, that the society in its relationship with the company is in an Emerging Stage of CSR (Zadek, 2006), because the government, companies and the media are getting more conscious of the topic and like that they are starting transmitting the concept to the society and just some leading companies are applying it.

And EPM itself would be in the Strategic Stage of CSR (Zadek, 2006) since CSR is an important part of their business strategy and it is considered essential to enhance their economic value. They are even slowly stepping into the Civil Stage (Zadek, 2006) because they want to move the industry and companies around them into a collective policy of CSR. Restrepo (2009) commented they took a look at CSR policies in companies as Noel<sup>30</sup> or Suramericana de Seguros<sup>31</sup>, and that each company has a unique policy and that it can be complementary in a way.

Still the good perception of EPM is strong and people will keep on supporting the company and see the best of it.

## 8. CONCLUSIONS ON CSR AND EPM

Throughout this research the concept of CSR and its important role in today's business was clarified and we were also able to realize better the context for Medellín and get to know better EPM.

Concerning CSR as a whole, it can be concluded that it is an essential part of business strategies nowadays. People are getting more aware of the actions of companies and are getting more concern of their own welfare, the environmental sustainability and are more demanding on the way companies run their businesses. So companies that demonstrate a proper use of CSR are more likely to be sustainable in the long term and establish strong bonds with all its stakeholders (employees, suppliers, customers, government, society...).

However, this CSR has definitely to be carried out in a good way, otherwise instead of a tool for the success of the company it may turn into their worst enemy.

As everything in businesses, the main component is the human being and in order to really be able to apply CSR in all the four aspects there has to be a common vector for everything that is done. That vector is ethical values and a true desire to do something good for the community.

It is important for the society that companies work together and can address different issues and pressures that companies and the community have to face. Like

---

30. Noel is a candies and cookies' company from Medellín, founded in 1916.

31. Suramericana is an insurance company founded in 1944 in Medellín.

that the impact in the society would be bigger and it would be easier for companies to remain focus on a CSR strategy linked with their core business.

As Kramer and Porter (2002) proposed, companies shouldn't make a huge marketing of their CSR to see benefits. A well carried out CSR will be automatically recognized and internal benefits can be enjoyed.

At this moment, just consider the responsibility of companies to make profit is absurd. The application of CSR does not go as something opposite from profits. In fact CSR shows a need to consider other aspects that can actually help the company make better profits. In contrast, companies that don't apply CSR and just focus on profits have many difficulties to face in the future. As Restrepo (2009) said for the national context there are two important risks of not having a CSR policy. One is exclusion risk, because in the global context CSR is becoming a determinant factor and is an element to gain competitiveness. The second one is a higher cost risk, when companies don't value the environment, the people they work with... they will find harder in a future to have access to those resources or the mitigation of the damages caused will be way too expensive to deal with and it may even be too late. It is basically a need to be efficient in their costs' management for the long run.

CSR and profits go hand by hand.

On the national context, the main finding is that people are slowly getting to know the concept of CSR, but we still have a long road to go over. Even people currently studying at the university and taking business programs don't have a clear idea of what CSR really means. And older people are totally out of context.

Despite that lack of knowledge on the topic, EPM and its campaigns are doing two things, one which is good is to make people know that companies have something called CSR and that the society can have benefits through it. The other one not so positive is that these campaigns are sending a confusing idea of what CSR is and they do not even understand what is behind it. That becomes a mistake to have into account and if possible a need to be amended because once people get more curious they will realize EPM is sending the wrong message and the really good things they are doing around CSR won't be the ones recognized, but just what EPM tried to sell through the campaigns.

Finally, our society needs to be more critical on what companies do in the local context and in the global one. We need to push ourselves to make companies respect our rights, take care of our resources and guarantee a more equitable development for people. A good place to start is with the people around us; otherwise it will be too late for future generations to correct the damages.

## REFERENCES

- (1) Alcaldia de Medellín official webpage. 2009 <http://www.medellin.gov.co/alcaldia/index.jsp> Accessed 21 April 2009
- (2) Bhushan, C. & Chan, A. & Lund-Thomsen P. & Muro, A. & Prieto-Carrón, M. 2006. Critical Perspectives on CSR and development: what we know, what we don't know, and what we need to know. *International Affairs*, 82 (5): 977-987
- (3) D'Amato, G. 2009. Conversation on Corporate Social Responsibility
- (4) EPM's Booklet on Company's Information for the IDB Assembly. 2009. Medellín: EPM
- (5) EPM's Fund official Webpage. <http://www.fundacionepm.org.co/site/> Accessed 4 May 2009
- (6) EPM. 2007. EPM's CSR Report. [http://www.eppm.com/epm/institucional/documents/ResponsabilidadSocialEmpresarial\\_000.pdf](http://www.eppm.com/epm/institucional/documents/ResponsabilidadSocialEmpresarial_000.pdf) Accessed 4 May 2009
- (7) EPM's official webpage on Corporate Social Responsibility. 2009. [http://www.eppm.com/epm/institucional/acerca\\_direct\\_social.html?id=1](http://www.eppm.com/epm/institucional/acerca_direct_social.html?id=1) Accessed 21 April 2009
- (8) EPM's worker. 2009. Conversation on working condition in EPM and its general situation
- (9) Friedman, M. 1970. The Social Responsibility of Business is to Increase its Profits. *New York Times Magazine*, September 13: 25-28
- (10) Galbreath, J. 2009. Building Corporate Social Responsibility into Strategy. *European Business Review*, 21(2): 109-127
- (11) ICONTEC's official Webpage on Corporate Social Responsibility. 2009. [http://www.icontec.org/BancoConocimiento/M/micro\\_sitio\\_gtc\\_180\\_-\\_responsabilidad\\_social/micro\\_sitio\\_gtc\\_180\\_-\\_responsabilidad\\_social.asp?CodIdioma=ESP](http://www.icontec.org/BancoConocimiento/M/micro_sitio_gtc_180_-_responsabilidad_social/micro_sitio_gtc_180_-_responsabilidad_social.asp?CodIdioma=ESP) Accessed 20 May 2009
- (12) ISO's CSR guide blueprint. 2006

(13) Kramer, M.R. & Porter, M.E. 2002. The Competitive Advantage of Corporate Philanthropy. *Harvard Business Review*, 80(12): 56-69

(14) Marin, L. & Rubio, A. & Ruiz, S. 2009. The Role of Identity Salience in the Effects of Corporate Social Responsibility on Consumer Behavior. *Journal of Business Ethics*, 84: 65-78

(15) Moir, L. 2001. What do we mean by Corporate Social Responsibility? *Corporate Governance*, 1(2): 16-22

(16) Murphy, C. & O'Riley, M.K. 2002. Full of promise? *Director*, 55 (12): 23-24

(17) Peinado-Vara, E. 2006. Corporate Social Responsibility in Latin America. *Journal of Corporate Citizenship*, 21: 61-69

(18) Restrepo, J.J. 2009. Conversation on Corporate Social Responsibility, especially within UNE and environmental policies and discuss some things about CSR at EPM

(19) Salina, I. 2008. Flow: For love of Water. USA: The Group Entertainment

(20) Trout, J. 2004. *Jack Trout on Strategy*. New York: McGraw-Hill.

(21) UN Global Compact official Webpage. 2009. <http://www.unglobalcompact.org/>. Accessed 18 April 2009

(22) UN Millennium Development Goals official Webpage. 2009. <http://www.undp.org/mdg/basics.shtml> Accessed 25 May 2009

(23) UNE's official Webpage on CSR. 2009. <http://www.une.com.co/> Accessed 21 May 2009

(24) Vélez, M.A. 2009. Conversation on tax deduction in Colombia.

(25) Werhane, P. H. 2008. Corporate Social Responsibility, Corporate Moral Responsibility, and Systems Thinking: Is There a Difference and the Difference it Makes. *Leadership and Business Ethics*, 269 – 289

(26) Wilson, M. 2003. Corporate sustainability: What is it and where does it come from? *Ivy Business Journal*, 67(4): 1 – 5

(27) Zadek, S. 2006. *The Logic of Collaborative Governance: Corporate Responsibility, Accountability and the Social*. Boston: Harvard University