

# Relationship between the conceptualization of CSR with the environmental protection projects performed by the private sector in Mexico

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## Abstract

In this paper we targeted the following main question: “How the conceptualization of CSR in Mexico is related with the Environmental protection projects performed by the private sector?” For this, a series of interviews were carried with actors from the Mexican media and industry as the CEMEFI (acknowledged Mexican CSR awarding organization), *ganar-ganar* magazine, HSM global and HAY group (magazines with annual publications on CSR performance) and mayor international companies - considered as CSR forerunners - Volkswagen, Cocacola, Chrysler, Pfizer, UPS and Cemex.

Hence, companies were asked, at first, to rank their behavior according to the Global Reporting Initiative (GRI) principles; secondly, to describe how relevant were the MDG´s within the motivation for implementing CSR policies and thirdly to what extend did they think their actions were related to the MDG´s. The overall conclusions generated from their answers were that most of the initiatives are designed for improving their internal performance but fall under the “green” strategies of the companies and show no link between the company, the MDG´s, CSR or the GRI guidelines.

## Keywords

*Mexico, Corporate Social Responsibility, Millennium Development Goals (MDG´s), Global Reporting Initiative, CEMEFI*

## 1. Introduction

Emphasizing in the role of the industrial sector in the prevention and control of the environmental problems inside and outside the business, this research analyzed some of the corporative strategies performed during the last years within the Mexican framework and how those strategies have been established and measured in order to be considered

effective in terms of environment pollution prevention which might also be linked in some extend to some evaluation criteria for the Corporate Social Responsibility certification.

What we want with this research is to highlight some of the environmental activities that concerned companies can perform in order to approach a balance among business, people, planet and profit within the industrial sector.

The main interest to develop this research work in the Mexican framework is then to know the state of art in the link between CSR and environmental protection projects driven by the private sector and particularly Mexico because it appeared in several Top lists of Latin American countries in terms of CSR performance.

Additionally, CSR in Mexico is evolving very fast. We could see that during the year 2010, 436 Mexican companies were awarded with the social responsible certificate that according to CEMEFI, the institution that gives the recognition has made from CSR a main pillar of their strategic plans. They started by the year 2001 awarding only 17 companies. It is not at the purpose of this research to assess how big this number is, but for sure, many developing countries, even developed ones would simply love to give this kind of recognition yearly to at least a hundred. What indeed is at the aim of this research is to find out what is being done? What motivated these companies? Is there a sort of stakeholder management among them so they are helping each other? Are they targeting the millennium development goals? Those questions drove our research and analysis.

## **2. Methodology**

The aim of this research was to gain a broad overview of the matter in discussion, and therefore it was used a small-scale approach that leaves place for generalization of results only in similar conditions and keeping in mind the respective limits.

The results presented are qualitative type; meaning that the report is mainly verbal and contemplative. This research is theory-oriented with a grounded theory approach, comparing the items observed in literature with the ones observed after the field research.

Review of relevant literature on the areas of CSR and Stakeholder management in order to determine how it is understood the CSR approach in Latin America, basic knowledge about the CSR schemes, and possible incentives that have meant successful results in Mexico regarding its implementation, especially in the environmental field.

Field research in Ciudad de Mexico, DF, for the length of six weeks was done. Interviews to 5 companies with CSR distinctions for determining which factors stimulated them to implement the schemes mentioned. The questions were addressed based on their published information like communicates and annual reports, to the official responsible of the area. Each of designed questions was targeted to least one of the research questions. In this way, after each interview, all the answers were analyzed and addressed to determine the company's position regarding each topic. Then a general discussion was formulated.

### **3. Literature Review**

#### **3.1 Global Emerging trends in social responsibility**

In the year 2000, it was signed the millennium declaration, establishing the year 2015 as the deadline for achieving most of the Millennium Development Goals (MDG) regarding the major concerns about the quality of life of the species and the planet.

Some of the United Nations' (UN) recommendations for achieving these goals are a successful global management, increased public investment, economic growth, enhanced productive capacity and the creation of decent jobs. After that, a series of global initiatives started to be adopted around the world addressing a wide range of issues that at the end can be considered to be as the main pillars of the Corporate Social Responsibility (CSR). (See figure 1)

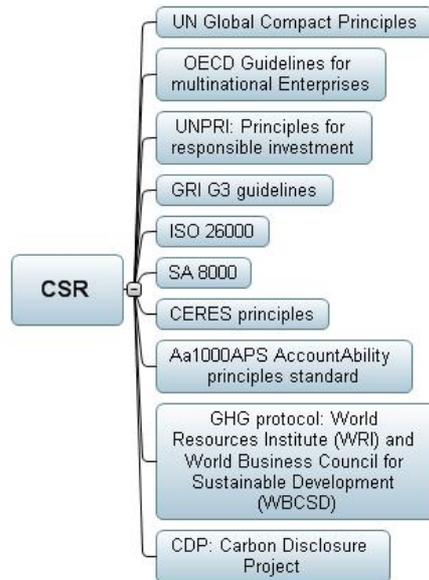


Figure 1: Global Emerging trends1

### 3.2 Working definition of CSR

Mathis A, 2008<sup>2</sup>, analyzed 25 different definitions by mainly European actors in society, ranging from businesses to civil society organizations and governmental bodies like the UN and the OECD (Organization for Economic Co-operation and development). The content of the analysis identified 7 common aspects and key points and drove to the formulation of the following working definition:

“CSR is the voluntary commitment (1) (within a regulatory/reference framework) by business to add economic, social, and environmental value to societies at large in a transparent and accountable manner (2). CSR implies the recognition that business activities can affect the interests of all normative and derivative stakeholders (3), including employees (4), communities (5), customers (6), and the natural environment (7) and, therefore should be reflected in the company's policies and actions.”

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<sup>1</sup> Compiled by the author

<sup>2</sup> Mathis A. 2008. *Corporate Social Responsibility and public policy making. Perspectives, instruments and consequences.* University of Twente. The Netherlands.

### 3.3 CSR in general terms

A lot has been spoken about CSR and how it has been increasingly extended to the corporate policies, employees and consumer's minds. Also summarizing from some authors [Botero, 2009]<sup>3</sup>, [Grayson & Hodges, 2004]<sup>4</sup>, [Leipziger, 2003]<sup>5</sup>, it can be generalized that its principles rely on ethical actions based on the development of sustainable economic prosperity, social justice and environmental quality. And even in countries like France, Australia and recently Denmark, reporting on CSR is mandatory.

Also, most of the authors agree that any company, regardless of its size or sector to which it belongs, can be socially responsible; of course with some differences. But what really seems to make effective a CSR plan is the work with the groups of interests or stakeholders. Groups that can make a difference like employees, customers, suppliers, contractors, communities, governments and last but not least, other companies. "CSR is not a product, is a network that allows companies to learn from each other due to the development of experience-sharing activities" [Colombian centre for corporate responsibility]<sup>6</sup>. The difficult part then is to develop a stakeholder management model that contemplates a win-win relationship with everyone.

### 3.4 Stakeholder Management model

According to the GRI guidelines<sup>7</sup>, "stakeholders are defined as entities or individuals that can reasonably be expected to be significantly affected by the organization's activities, products, and/or services; and whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives. This includes entities or individuals whose rights under law or international conventions provide them with legitimate claims vis-à-vis the organization."

Crane and Matten (2004) in Mathis (2008), defined stakeholder as follows:

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<sup>3</sup> Botero S. 2009. *RSE en tres pasos*. Available at <http://www.eltiempo.com/archivo/documento/CMS-4743911#>. (Accessed March 20 2009)

<sup>4</sup> Grayson D and Hodges A. 2004. *Corporate Social Opportunity; 7 steps to make CSR work for your business*. Greenleaf Publishing limited. UK

<sup>5</sup> Leipziger D. 2003. *The Corporate Responsibility code book*. Greenleaf Publishing limited. UK

<sup>6</sup> [www.ccre.org.co](http://www.ccre.org.co) Colombian center for corporate responsibility. (Accessed April 4 2009)

<sup>7</sup> Version 3.0: Stakeholder inclusiveness. Pg 10

“A stakeholder of a corporation is an individual or group which either: is harmed by, or benefits from, the corporation; or whose rights can be violated, or have to be respected, by the corporation.”

Schaltegger S, Burritt R and Petersen H (2003)<sup>8</sup> discussed 5 different spheres where the stakeholders put forth direct influence: Technological, economic, legal, sociocultural and political. In this way, it makes it clear the fact that enterprises not only have to fulfil the requirements of their customers, employees, shareholders and providers – Considered to be as the Traditional Management Model<sup>9</sup>– but also have to represent the interests of those other groups that are beyond the political and social concerns.

In their own words “if important stakeholders are neglected in environmental management, or if their interests and power are not taken into account, there is a danger that the process of value creation will be impaired”.

The figure below (See figure 2) shows the range of the usually included parties in a stakeholder management model, by mixing two similar approaches: Mathis 2008 and Daft R (2007, 23)<sup>10</sup>.

In this way, stakeholder management becomes a main pillar for the CSR purposes, as it drives a company to actively manage the interests of its stakeholders and open the gate for active dialogue that will lead them to identify possible opportunities or threats to their respective business.

In relation to environmental issues owners, stockholders and investors should appreciate the influence of environmentally benign activities to their business value. Suppliers should be motivated to adopt environmental criteria in relation to the goods or services they offer. Also the relation with the community should assist to maintain and improve the environmental quality of the areas where they live in and together with government; they must pursue the protection and conservation of the environment on behalf of society by using and developing effective and appropriate political instruments.

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<sup>8</sup> Schaltegger S, Burritt R, Petersen H. (2003). *An introduction to Corporate Environmental Management; Striving for Sustainability*. Greenleaf publishing UK.

<sup>9</sup> According to the presentation by Dr Theo de Bruijn: *CSR & Stakeholder Management*. November 14th 2009. University of Twente. Leeuwarden. The Netherlands

<sup>10</sup> Daft R (2007). *Understanding the theory and design of organizations*. International student edition. Thomson South-Western.

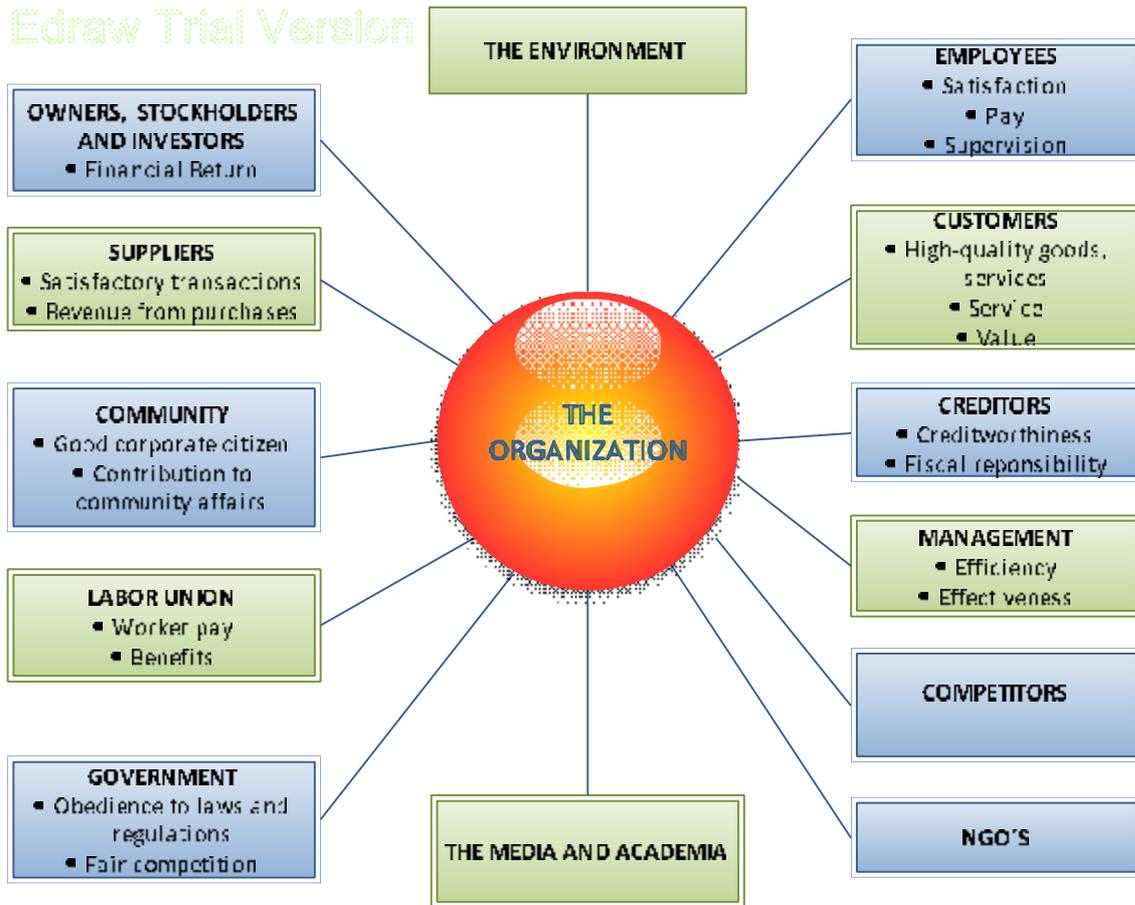


Figure 2: Major Stakeholder groups<sup>11</sup>

The media and academia are not a common group included within the range of major stakeholders but we consider them as one of the most important and determining together with the NGO's. Jointly they have the power to do research, to find out alternatives to be creative and more important, to inform and educate people about the actual and recent issues. Academics have a direct effect on the formation opinion through teaching; the media has the capacity of capturing the attention of existing and potential audiences; and the NGO's can act as advocates and representatives of the environment while being also "watchdogs" of company's behavior.

The inclusion of competitors and their motivation onto environmental issues may be a bit difficult to explain. However Schaltegger S, Burritt R and Petersen H (2003) explains it as

<sup>11</sup> Compiled by the authors

the need for looking after cost advantages and comparing their performance while searching for opportunities that may stem from improving environmental quality.

Many companies consider their employees as their main “assets”, in the good sense. Companies must look after securing their position in the business, and lend them a hand to pursue personal goals relating to career, health, family and personal development while promoting wellbeing. In this way Labour unions should be considered as well. They will struggle for better pay and working conditions; including social and health situations.

The Management group is crucial in all this chain. It is needed the commitment of the top managers in order to give a new sense of environmental awareness and abolish the environment-based risks.

A common tool for mapping the stakeholders is the Ego-Network. With it, it is possible to identify some individual settings within different parties or interactions within different groups.

Ego Networks consists of a focal node “Ego” and the nodes to ego are directly connected to which are called “Alters”, plus the ties among the alters. Of course, each alter in an ego network has its own ego network and interlocking them would represent the Network management model which offers the broadest conceptualization of company’s surroundings with respect to external stakeholders.

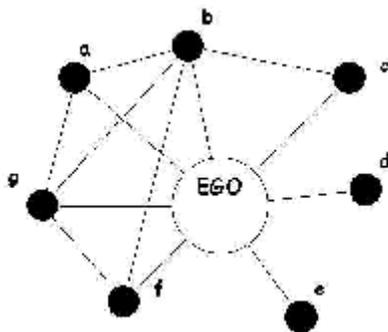


Figure 3: Example of Ego-network<sup>12</sup>

### 3.5 CSR in Latin America

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<sup>12</sup> From <http://www.analytictech.com/networks/egonet.htm>. August 2009

[Haslam P, 2004]<sup>13</sup> describes 4 different levels of CSR activity in the Americas: Running, Catching Up, Walking and Stalled. The “Running” countries are Canada and the US, and the “Catching Up” ones are Brazil, Mexico, Argentina and Chile. In his words, “the most developed countries in Latin America”. The level of activity is determined according to the performance within 3 axes: The Private sector, involvement of the government and the public awareness.

Regarding the “Catching up” countries, the author states that there is a significant private sector activity, mostly within private companies, industry associations and independent organizations funded by businesses promoting CSR; Also that there is a relatively vibrant public awareness; Some media citation in business magazines, NGO’s participation and a few university programming.

There is an important distinction of Mexico, and the author explains it as a result of the North American Free Trading Agreement (NAFTA)<sup>14</sup>, the implementation of the OECD guidelines for multinational enterprises<sup>15</sup> and the different programs developed by the planning and development ministries for promoting CSR.

Moreover, one of the best ways for checking the advances in terms of CSR is the reports and a useful and worldwide accepted tool for starting on the environment and sustainable development areas is to implement the GRI guidelines<sup>16</sup>. In this way, digging into the state of implementation of the GRI guidelines in Latin America, it is also possible to identify what countries are taking the lead and how different it is from Europe.

The following chart is built with the information of the GRI reports list, which contains the reports from 1999-2009 that GRI is aware of.

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<sup>13</sup> Haslam P. 2004. *The Corporate Social Responsibility System in the Latin America and the Caribbean*. Available at the Canadian Foundation for the Americas website ([www.focal.ca](http://www.focal.ca))

<sup>14</sup> Created to eliminate the barriers to trade and investment between the USA, Canada and Mexico.

<sup>15</sup> Recommendations addressed by governments to multinational enterprises to provide voluntary principles and standards for responsible business conduct in a variety of areas.

<sup>16</sup> Constituted in 1997 by the initiative of two NGO’s, CERES (Coalition of Environment Responsible Economies) and UNEP (United Nations Environment Programme), created with the purpose of increasing the quality of the sustainability minutes published by the companies.

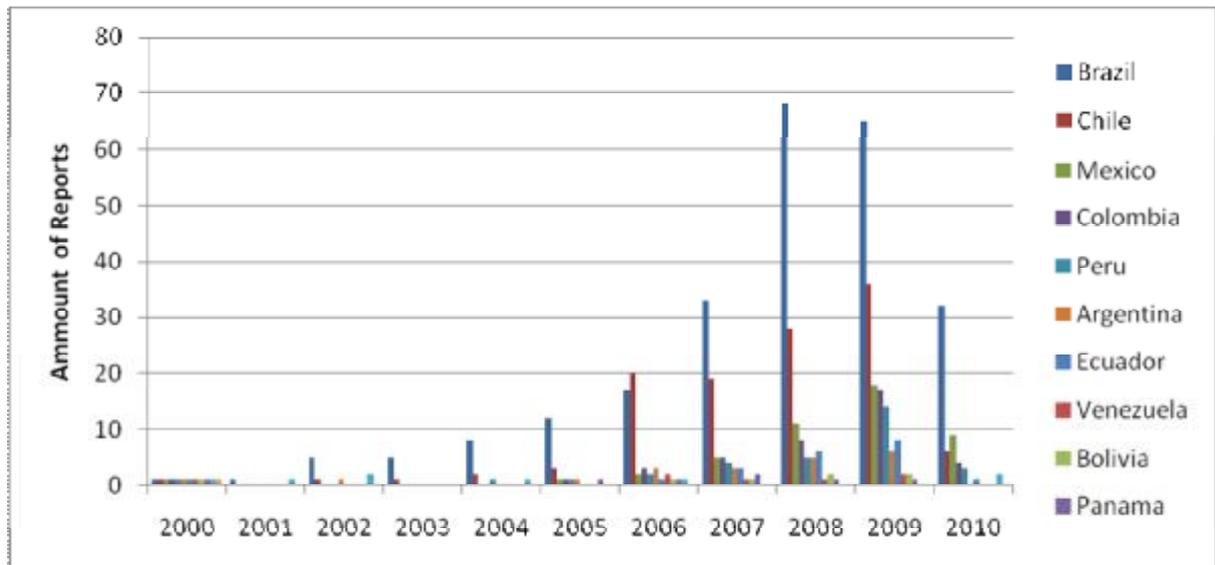


Figure 4: Evolution of GRI implementation in Latin America<sup>17</sup>

In the graph it is possible to identify a notorious leading role by Brazil followed discretely by Chile, certainly two of the “catching up” countries classified by Haslam. By the year 2009, out from the 65 Brazilian companies that joined to the GRI reports list, 29 have an application level higher than B.<sup>18</sup> Chile by the same year joined with 36 reports; 14 of them with application level higher than B.

The list also shows that from 2000 till the date, 551 reports have been written by Latin American companies while 2584 have been added by Europe; with Spain as the clear reporting leader with 662 in total.

<sup>17</sup> Graph compiled by the author with data available from <http://www.globalreporting.org/ReportServices/GRIReportsList/>. Consulted July 30<sup>th</sup> 2010.

<sup>18</sup> The reporting criteria at each level reflect a measure of the extent application or coverage of the GRI reporting framework. There are 3 levels in the system: A, B and C.

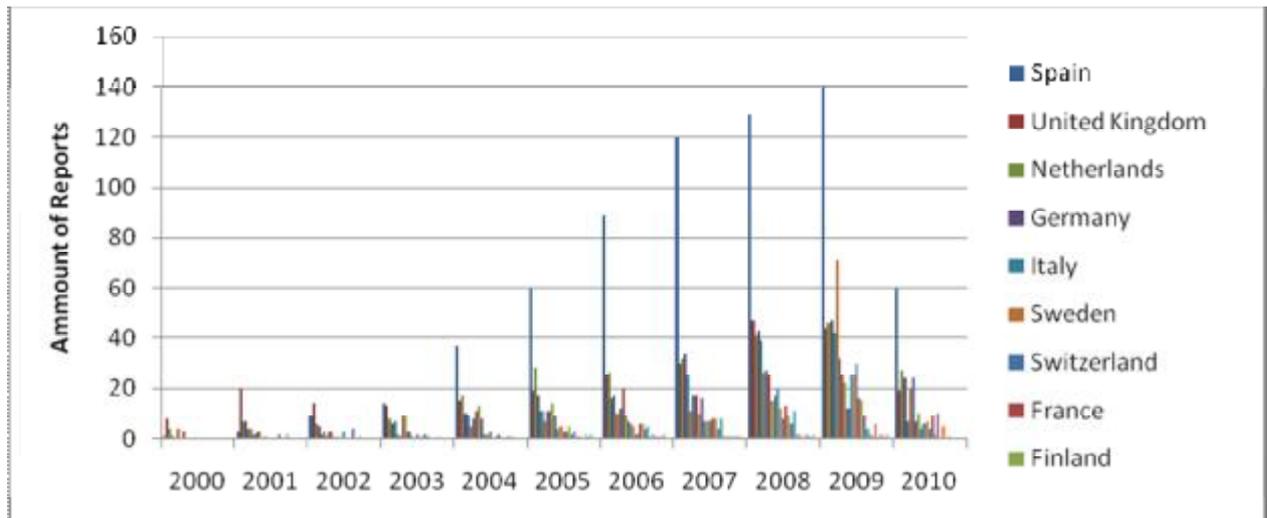


Figure 5: Evolution of GRI implementation in Europe<sup>19</sup>

More than the notorious difference in the amount of reports done annually, the remarkable difference is the significant evolution during the first 5 years in Europe. It is possible to appreciate a rate of growth each year, which did not happen in Latin America till the year 2006; of course with the exception of Brazil.

Now focusing precisely on Mexico, as Haslam mentioned, there is indeed some media citation in business magazines. We found particularly 2 studies published in the Magazine *Gestión de Negocios*, where there were done two rankings for companies: One dealing about best companies and the other about best brands. Both of the studies included the Social Responsibility item. See figures 6 and 7.

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<sup>19</sup> Idem 17

**Responsabilidad Social** Lista con las 50 Empresas Líderes en el tema de Responsabilidad Social

Posición	Empresa	Sector	Puntuaje
1	BBDO	Automóviles y camiones así como partes para vehículos automotores	9.2
2	COCA-COLA COMPANY	Bebidas y refrescos	9.1
3	COCA-COLA FEMSA	Bebidas y refrescos	9.1
4	ALFA	Equipos de computación, comunicaciones, servicios, computadoras y sistemas electrónicos	9.1
5	COMSA	Química	9.1
6	INDUSTRIAL MEXICANA	Bebidas y refrescos	9.1
7	FORJER	Automóviles y camiones así como partes para vehículos automotores	9.0
8	WOLSKEL	Automóviles y camiones así como partes para vehículos automotores	8.9
9	CERVECERA QUILMESER, S.C. DE CV	Bebidas y refrescos	8.7
10	TOPSO	Automóviles y camiones así como partes para vehículos automotores	8.7
11	GLAXO SIMPLIFLOR MEDCO	Farmacéutico	8.7
12	INDUSTRIAL	Química	8.7
13	INDUSTRIAL FERTILIZANTES	Automóviles y camiones así como partes para vehículos automotores	8.7
14	ALFA	Automóviles	8.7
15	GENERAL ELECTRIC	Equipos de generación eléctrica y aparatos y accesorios eléctricos	8.7
16	UNIVERSIDAD MEXICANA	Alimentos	8.6
17	SEGUROS MET LIFE	Servicios de finanzas, seguros y pensiones	8.6
18	INDUSTRIAL	Farmacéutico	8.6
19	INDUSTRIAL	Farmacéutico	8.6
20	TELEFONOS DE MEXICO	Equipos de computación, comunicaciones, servicios, computadoras y accesorios electrónicos	8.6
21	FRIGOR	Farmacéutico	8.6
22	INDUSTRIAL	Alimentos y bebidas	8.6
23	CONSTRUYER LA SOTERNA	Alimentos	8.6
24	INDUSTRIAL	Alimentos	8.6
25	INDUSTRIAL	Química	8.6
26	INDUSTRIAL	Farmacéutico	8.6
27	INDUSTRIAL	Química	8.6
28	INDUSTRIAL	Servicios de salud y asistencia social	8.6
29	INDUSTRIAL	Alimentos	8.6
30	INDUSTRIAL	Equipo de comunicación, comunicaciones, servicios, computadoras y accesorios electrónicos	8.6
31	INDUSTRIAL	Equipo de comunicación, comunicaciones, servicios, computadoras y accesorios electrónicos	8.6
32	INDUSTRIAL	Equipo de comunicación, comunicaciones, servicios, computadoras y accesorios electrónicos	8.6
33	INDUSTRIAL	Automóviles y camiones así como partes para vehículos automotores	8.6
34	INDUSTRIAL	Servicios de finanzas, seguros y pensiones	8.6
35	INDUSTRIAL	Alimentos	8.6
36	INDUSTRIAL	Comunicaciones	8.6
37	INDUSTRIAL	Servicios de finanzas, seguros y pensiones	8.6
38	INDUSTRIAL	Servicios de asistencia social	8.6
39	INDUSTRIAL	Servicios de asistencia social	8.6
40	INDUSTRIAL	Servicios de asistencia social	8.6
41	INDUSTRIAL	Servicios de asistencia social	8.6
42	INDUSTRIAL	Servicios de asistencia social	8.6
43	INDUSTRIAL	Servicios de asistencia social	8.6
44	INDUSTRIAL	Servicios de asistencia social	8.6
45	INDUSTRIAL	Servicios de asistencia social	8.6
46	INDUSTRIAL	Servicios de asistencia social	8.6
47	INDUSTRIAL	Servicios de asistencia social	8.6
48	INDUSTRIAL	Servicios de asistencia social	8.6
49	INDUSTRIAL	Servicios de asistencia social	8.6
50	INDUSTRIAL	Farmacéutico	8.6

Figure 6: Top 50 CSR Companies in Mexico<sup>20</sup>

<sup>20</sup> Magazine *Gestión de Negocios*. Leader Companies in Mexico 2008. July-August 2008. Mexico. D.F

Posición	Marca	Categoría	Es la más responsable socialmente (%)
1	UNAM	Universidades	60
2	Coca-Cola	Refrescos	54
3	Sabritas	Botanas saladas	52
4	Corona Extra	Cervezas	46
5	McDonald's	Cadenas de alimentos y bebidas	46
6	IPN	Universidades	46
7	Sony	Electrónicos	43
8	Nokia	Celulares	42
9	HP	TI	41
10	Johnnie Walker	Whisky	39
11	DHL	Mensajería	39
12	Aspirina	Analgésicos	38
13	Grupo Nacional Provincial	Aseguradoras	38
14	Banamex	Bancos	37
15	Reforma	Periódicos	36

Cuadro 5.  
Las 15 marcas consideradas como más responsables socialmente, 2008

Figure 7: Top 15 Social Responsible Brands<sup>21</sup>

It is obvious that Top's lists cannot be just released in a random way, as it would give a wrong impression on what the current categorization criteria is and what takes more weight in the eyes of the awarding organizations to include or exclude some companies in their rank. Therefore, the research focused on what the companies did for being mentioned in the figures and what is their understanding of CSR.

### 3.6 Measures for ensuring environmental sustainability

According to the MDG report 2008<sup>22</sup>, three of the targets for achieving the seventh MDG, ensuring environmental sustainability, are:

Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.

Reduce biodiversity loss, achieving by 2010 a significant reduction in the rate of loss.

<sup>21</sup> Magazine *Gestión de Negocios*. The best brands in Mexico. December-January 2009. Mexico D.F

<sup>22</sup> The millennium development goals report 2008. Available on-line at [http://www.un.org/millenniumgoals/2008highlevel/pdf/newsroom/mdg%20reports/MDG\\_Report\\_2008\\_ENGLISH.pdf](http://www.un.org/millenniumgoals/2008highlevel/pdf/newsroom/mdg%20reports/MDG_Report_2008_ENGLISH.pdf)

Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation.

For achieving these, measures like the following were suggested:

- Decrease greenhouse gas emissions
- Limit ozone-depleting substances
- Conservation of land and marine areas
- Slow deforestation
- Designate more forests for biodiversity conservation
- Take care of species threatened by extinction
- Improve sanitation techniques
- Save water
- Facilitate access to drinking water

**In this way, it is to assume that every single environmental activity performed by companies and labeled as CSR should, at least, target to improve the condition of one of these issues.**

## **4. Findings**

### **4.1 Who awards CSR in Mexico**

Certainly, when talking about CSR in Mexico we must also talk about the CEMEFI as the main promoter. However, during the study, we found other institutions or organizations like Ganar-Ganar magazine, HSM Global, HAY group and CONCAMIN<sup>23</sup> that using different criteria also grants companies for their efforts in CSR.

#### **4.1.1 CEMEFI**

The CEMEFI, Mexican centre for philanthropy, is a private institution created in 1988 with the aim of promoting the philanthropic involvement, of the committed and socially responsible citizens and its organisations in order to achieve a more equitable, compassionate and prosperous society<sup>24</sup>.

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<sup>23</sup> Confederation of Industrial chambers in Mexico

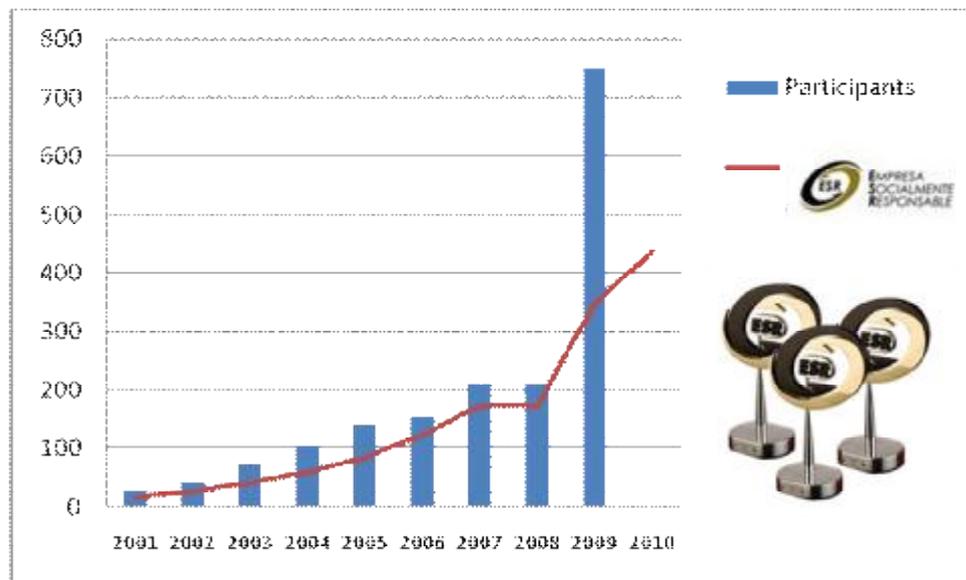
<sup>24</sup> Translated from [www.cemefi.org](http://www.cemefi.org). Mission

By the year 2000, they decided to create the “ESR” distinction in order to acknowledge those companies that had assumed a CSR culture and develop it throughout their daily policies and practices. Also they grant an award for the best practices in the fields of community involvement, responsible consumption, [environment](#), value chain, ethics, life quality in the company and best Latin American practice.

According to Gonzalez M<sup>25</sup>, local journalist specialized in business, management and digital culture, from all the awards and acknowledgements given in the Mexican business field, none has become as important, in such a short time, as the ESR distinctive. From 17 companies that were awarded in 2001, 436 received the distinction in 2010. See figure 8.

Once that CEMEFI announces the companies that obtained the award, is very common to see in news papers big advertisements of companies feeling proud about their achievement and communicating their commitment with CSR.

For obtaining the award, companies start an auto evaluation process that covers 120 indicators based mostly on the UN Global Compact and the aspirants should accomplish at least the 75%. The indicators evaluate the companies with “yes or no, and how” typed questions in terms of four main pillars: life quality in the company, ethics and business governance, involvement with the community and environmental sustainability.



<sup>25</sup> González M. 2008. Responsabilidad Social Empresarial. Grupo editorial Norma. Mexico

Figure 8: Evolution of the ESR distinctive<sup>26</sup>

Gonzalez O<sup>27</sup>, 2007, did a comparison between the CEMEFI's self-diagnosis questionnaire and the GRI guidelines<sup>28</sup>. The results show that the CEMEFI's initiative is a good way for introducing the concepts in the companies and make them evaluate themselves in terms of sustainability. However, compared to the GRI, the ESR award seems to be not too challenging due to the fact that the publishing of a social responsibility report is only optional, and most of the indicators are not measurable so it makes it difficult to check if a company is really improving their actions. **Also, the fact that companies publishes the acknowledgement with such intensity, can lead to a big misunderstanding of what the CEMEFI wants and what CSR really means.**

Nonetheless, the CEMEFI admits that not necessarily the companies that possess the distinctive are the Social Responsible ones from Mexico. But it does not change the fact that the efforts done are notable and have contributed to the institutionalisation of practices and that at the end, their initiative has been able to not only include private companies but also governmental and nongovernmental ones as well as SMS<sup>29</sup> industries; which brings to the topic a very interesting trend in the number of SMS industries that are becoming participants. Without mattering that the requirements are different, the CEMEFI created the *value chain* model for including them and from the 349 companies that were awarded in 2009, 170 were SMSI.

In general, the CEMEFI does demand for documents that prove that something constant is being done and that is not only the initiative of one person that has the idea of doing charity and as González O said, they can become the inspiring axis of a CSR culture that can spread all over the hemisphere. This now seems to be becoming a reality with the designation of its director as one of the two commissioners for Latin America of the Global Partner Network<sup>30</sup>.

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<sup>26</sup> Data taken from magazine Ganar-Ganar. March/April edition page 18. 2009 and [www.cemefi.org](http://www.cemefi.org) accessed August 1<sup>st</sup> 2010

<sup>27</sup> González O. 2007. Master Thesis: Responsabilidad Social Empresarial: Un análisis comparativo de la Iniciativa del CEMEFI y las iniciativas internacionales.

<sup>28</sup> She chose the GRI, over the OECD guidelines, the UN global compact, the Caux Round Table (CRT), the global Sullivan principles and the AA1000, as the best initiative after making a comparative analysis of several issues regarding CSR.

<sup>29</sup> Small and Medium Scale industries

<sup>30</sup> Web of Independent organizations that work towards the CSR development and has representatives in Europe, Asia-Pacific, America and Africa-Middle East.

#### 4.1.2 Magazine Ganar-Ganar

Ganar-Ganar Magazine is recognized as a specialized communications media in the field of CSR and till the day, they have over 2000 subscribers. They emit 6 editions per year and each of them is focused on targeting the current issues of CSR in Mexico and in the world.

In each edition, that usually contains between 50 and 80 pages, the leading article as well as the cover page is occupied by an interview with either the CEO of a major company or with a main actor in the field, being a UN advisor or a university's principle. In each page, including the commercial ones, it is easy to find good information about what is going on in terms of CSR illustrated with activities, donations, strategies, interviews, events and opinions from the editors.

During the commemoration of their anniversaries, 7 now, they celebrate the Ganar-Ganar awards ceremony, which has 6 different categories:<sup>31</sup>

- Best interview: Given to the starring with the best content in terms of CSR implementation at his/her company, personal opinion regarding CSR and its professional and individual activities within the diverse social and environmental issues in Mexico or the world.
- Best CSR case: Given to the company whose CSR case had been more significant regarding to the social impact generated, creativity, innovation and implementation methodology.
- Best research article: Given to the researcher that had contributed with the most enriching and innovative quantitative research in terms of CSR in Mexico or the world.
- Best opinion article: Given to the author of the article whose ideas had represented a positive addition, with coherence and analysis capacity, to the CSR's debate.
- Best CSR report: Given to the, methodologically, best structured report that reflects the commitment of the company with the transparency and accountability, that includes achievements, challenges, risks and opportunities as well as the opinion of the stakeholders. Besides of a consistent design and easy to read.

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<sup>31</sup> From Interview with the representatives of the magazine.

- Best CSR event: Given to the event that, for his content, had provided elements for a greater significance of CSR towards a more extend audience.

Thus, the readers of the magazine by using a survey, select which article, interview, report and event they consider as worthy of the award. It is not at the aim of this research to question about the criteria that the readers have for voting, but with no doubt, it is a selected audience with interests in business, industry and current worldwide issues.

The magazine's vision is to become the reference media in CSR topics of the Spanish speaking countries and to contribute in the theory building that provides a better environment for making business under the optics of sustainable development. The award, more than a distinctive is an editorial reward for continuing motivating and informing about CSR, therefore acknowledging the companies for their activities and the individuals for their contributing opinions.

#### **4.1.3 HSM Global and HAY group**

HSM Global is famous for having the largest business event in the United States of America<sup>32</sup>; *The world business forum*, where top businesses, political and academic figures meet to debate the most current and pressing issues. It is celebrated annually in New York city and gathers over 5000 people, counting with the participation of global leaders like Bill Clinton and Tony Blair, management gurus like Michael Porter and C.K Prahalad and international icons like George Lucas and Gary Kasparov.

In this way, they have two main channels for delivering their contents: The management events and the media, specifically through the magazine "*Gestión de Negocios*"<sup>33</sup> and ManagementTV<sup>34</sup>. In them, they feature articles, interviews and leading business experts and the latest management issues as well as tailored designed programs that mean to provide creative solutions to companies.

HAY group is also a management consulting firm that has over 2600 employees in 47 countries. For 60 years, they have been acknowledged for the quality of their researches in the field of human resources, corporate organization and business management. They

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<sup>32</sup> <http://us.hsmglobal.com/contenidos/uswbffhome.html>

<sup>33</sup> Spanish-Portuguese language management magazine with over 36,000 subscribers

<sup>34</sup> TV channel dedicated exclusively to management broadcasting throughout Latin-America

created the McClelland Center for research and innovation, where they have systematized the results of all their researches creating a sort of data base of managerial practices that has helped their clients to assess, select and develop, according to them, hundreds of thousands managers and executives. Since 1999, they have published annually the study called *The most admired companies* in coordination with the *Fortune Magazine*, leaving as main conclusion that only the organizations that update their technologies, marketing methodologies and business and employees management will compete in the globalized world.

In this way, HSM Global and Hay Group, together since the year 2004, annually have published in the HSM's magazine *Gestión de Negocios* the study called *Leading Companies in Mexico* using almost the same methodology of "*The most admired companies*" but with a Mexican approach. The purpose is to identify those practices that highlight a company over the others and to establish a relation between the practice and the results. For it, they perform surveys, do field research, analyses the results with statistical tools and use the information and opinions given by the Mexican C-Suite<sup>35</sup>.

The study differs from others in the sense that it does not make a classification of companies according to their net sales volume or the satisfaction level of their employees; as it is for the *Great Places to Work* study performed by the Latintrade magazine. Instead, the main classification is given by an average of 1200 top executives of the Mexican industry - which are in a way, the highest professional authority - via surveys to evaluate other companies from 12 different industrial sectors<sup>36</sup>, bringing also impartiality and validity to the study. If a company is ranked well it is because its competitors saw its efforts and decided to give it a good mark, not because of a self-evaluation.

Image, Social Responsibility, Human Resources, Finances, Products and Services, Operations and Customer Care are the seven main topics covered by the study.

Regarding Social Responsibility, the C-Suite was asked to evaluate each company according to their Support to social causes and environmental awareness. The final ranking

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<sup>35</sup> Term used for making reference to the Top executives.

<sup>36</sup> According to HAY group, there is a total of 32 industrial sectors

of the leading companies in this area was shown above in figure 6. The following figure, (Figure 9) organizes the result according to the industrial sector. There it seems to be supremacy by the food, motor vehicles and pharmaceutical sectors.

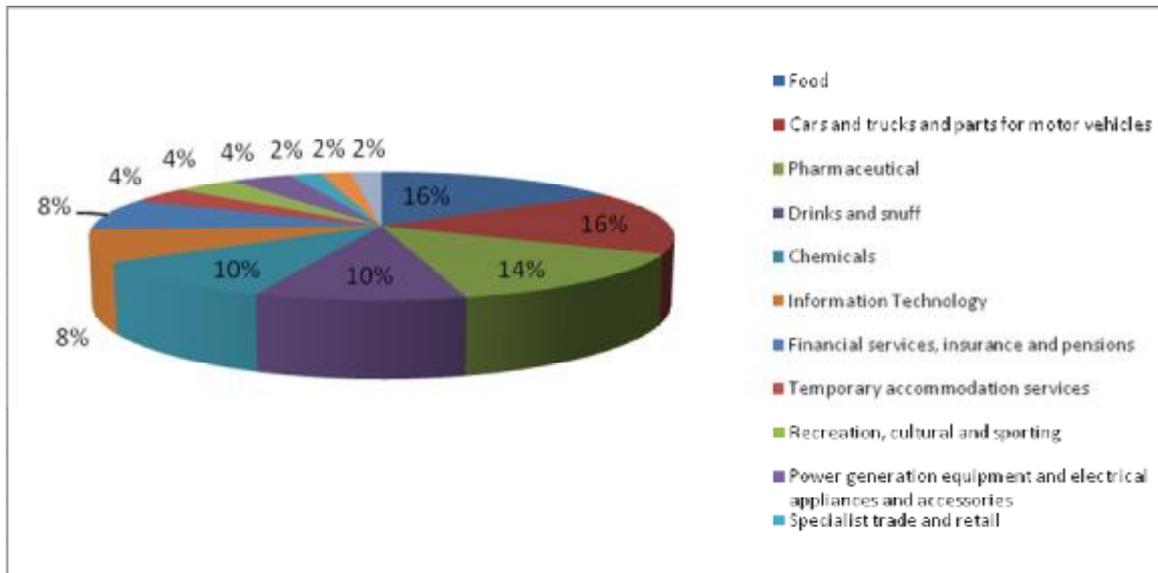


Figure 9: Leading Sectors in Social responsibility according to HSM Global and HAY group 2008<sup>37</sup>

The following chart shows a summary of the results gathered during the past five years for each of the topics evaluated. Note that the C-Suite was asked, based on their knowledge, experience, beliefs and opinions to grade the performance at each topic within a 1 to 10 scale. (See figure 10). At first sight, it is noticeable how Social Responsibility has been consistently the lowest evaluated item. But also its relative importance dropped dramatically to its lowest level within the complete period. Also, it can be appreciated that the gap between image, human resources and social responsibility had always been constant until 2008, where the gap became bigger; leading us to assume that executives appreciate well the efforts that companies are doing for their brand positioning but the topics that could support it, like Human Resources and Social Responsibility time after time shows a weaker bond.

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<sup>37</sup> Compiled by the authors

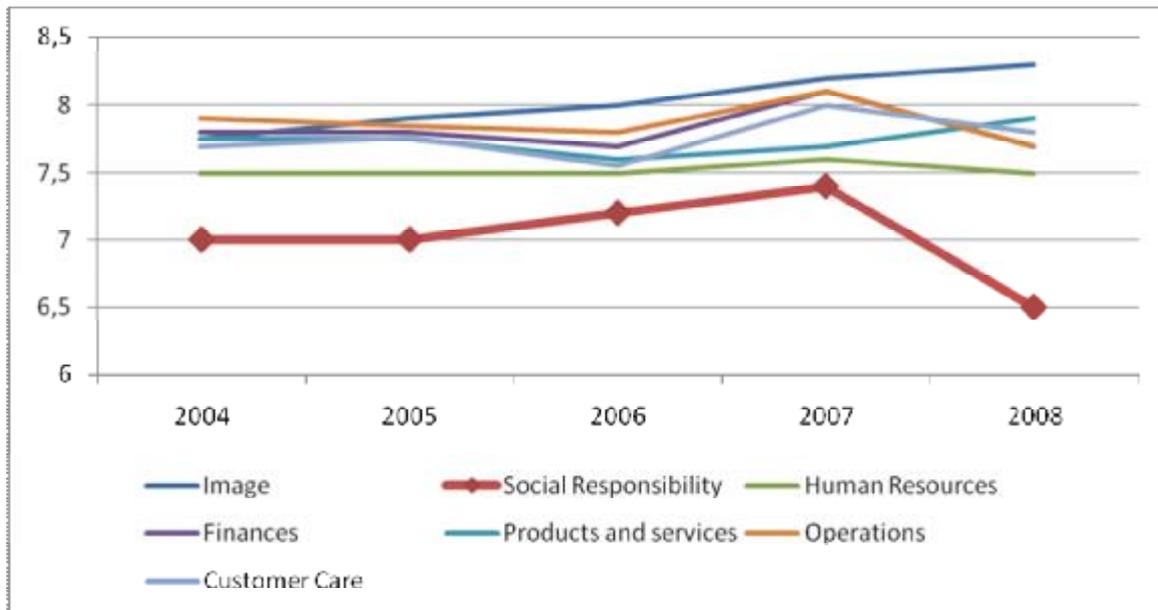


Figure 10: Trends of performance per topic<sup>38</sup>

HAY group explains that between 2007 and 2008, in Mexico were driven several campaigns for stimulating companies to give more attention to CSR and to explain the recent changes on legislations and environmental regulations; so they were expecting a different behaviour of the results for 2008.

During the interview with their communications and marketing director, one of the thesis they hold for explaining the phenomena is that the **managers realized that what was being done under the label of CSR in Mexico was merely a matter of Philanthropy and or social marketing, so they decided to become more strict and penalize it through the evaluations.** Or simply that it is not important anymore, which would be hard to believe.

**The study has a complementary approach, nonetheless, the criteria chosen for evaluating social responsibility, falls short, making their clients to understand CSR as only a matter of environmental awareness and support of social causes when actually it has to do with every of the other six topics covered by the study.**

#### 4.1.4 Ethics and values award

<sup>38</sup> Information given during personal interview

The *Ethics and Values award*<sup>39</sup> is another prestigious award within the industrial sector of the country; probably the most due to the fact is given by the president of country. Since the year 2002 CONCAMIN institutionalized the award for promoting a CSR culture within the Mexican Businesses.

They use also a self-diagnosis tool for three different categories: Chambers and associations, companies and stakeholders. The interesting thing is that the chambers must nominate the companies and the companies must nominate the stakeholders.

Each of the questionnaires is based on main CSR principles, but varies according to the category as shown in figure 11.

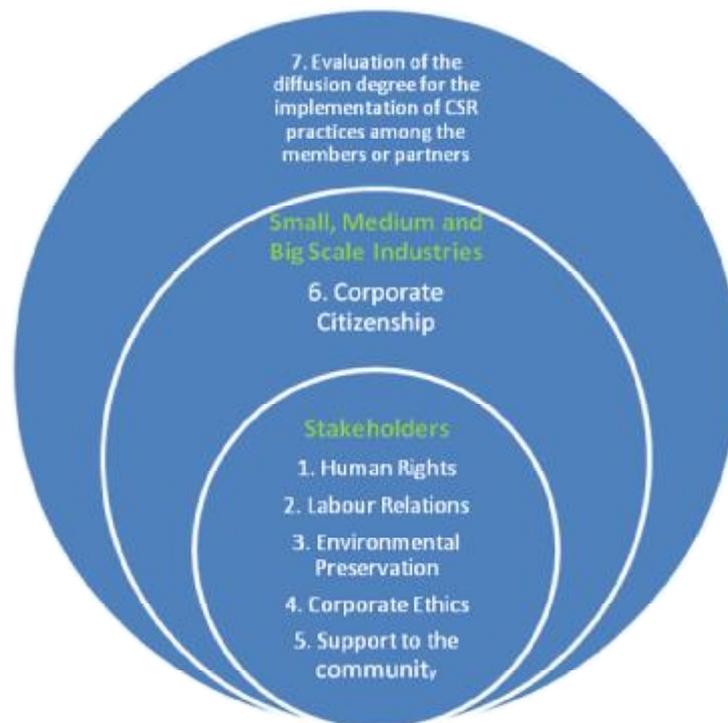


Figure 11: Categories and Topics for Ethics and Values award<sup>40</sup>

After fulfilling the questionnaires they are checked by an evaluation committee followed by the approval of the national division of the Caux Round Table.

However, despite of the prestige that brings having an award given by the National President, the companies that were found with the award do not advertise it as much as the ESR

<sup>39</sup> In Spanish: Premio Etica y Valores

<sup>40</sup> Compiled by the authors

distinctive<sup>41</sup>. In the website [www.rse2009.com](http://www.rse2009.com) there is a guide of Mexican companies that have joined to the CEMEFI, the Global Compact or the GRI guidelines, but not the CONCAMIN. Besides the information provided in the website of the organization about the requirements and benefits of applying are not sufficient either clear.

#### **4.2 Environmental activities performed under the CSR label**

Environmental sustainability, as one of the MDG's, and as mentioned earlier, should be related with the activities performed by companies. Also as suggested by the GRI guidelines, companies should account their activities in seven reporting areas: 1) *Strategy and profile*, 2) *Economics*, 3) *Environmental*, 4) *Social: Labour practices and decent work*, 5) *Human rights*, 6) *Society and* 7) *product responsibility*. Regarding the green area, GRI mentions 7 environmental dimensions in which a company could report<sup>42</sup>: 1) *Materials*, 2) *Energy*, 3) *Water*, 4) *Biodiversity*, 5) *Emissions, Effluents and waste*, 6) *Products and service and* 7) *Transport*.

Hence, companies were asked, at first, to rank in terms of development how well reported are their activities according to the GRI reporting areas mentioned above. Secondly, to describe how relevant were the MDG's within the motivation for implementing CSR policies. Then we asked them to mention to what extend did they think their actions were related to the MDG's and finally to describe, mentioning title, objective and scheme, the most representative activities per environmental dimension that their companies were implementing under CSR.

As shown in the next figure, the area of *Strategy and profile* seems to be the one that companies have developed the most when reporting their activities. We can see the green area in third place, showing a relatively higher importance or development over the other reporting areas.

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<sup>41</sup> In the website of COCAMIN they only mention 8 companies that have been granted with the award.

<sup>42</sup> GRI guidelines Version 3.0 Pg 27. The fields of *Compliance* and *Overall* weren't included in the results

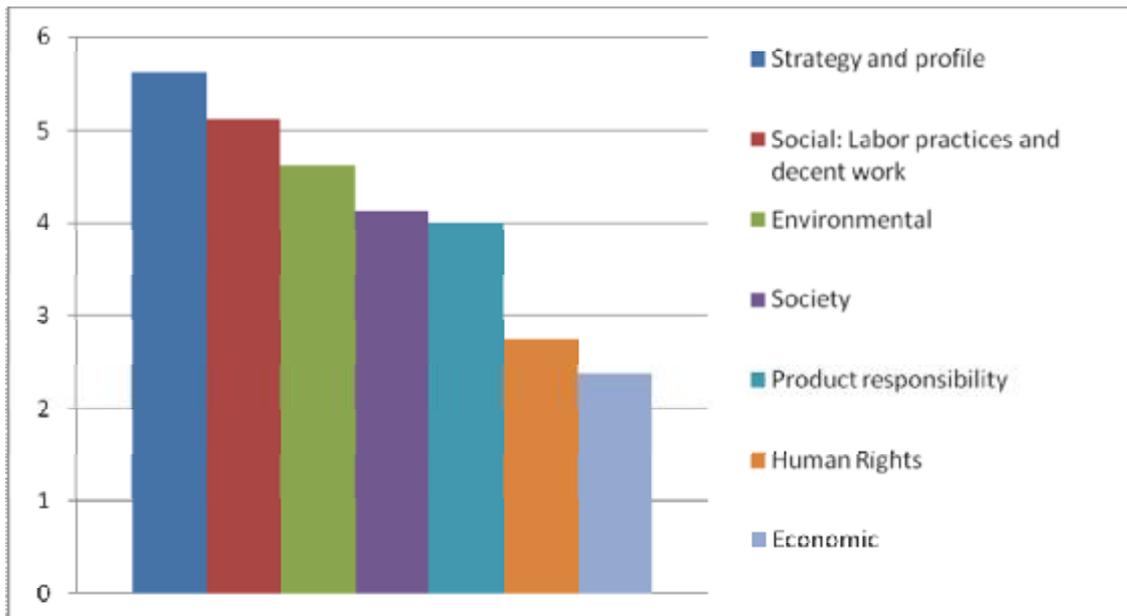


Figure 12: Development of GRI's reporting areas

Regarding how relevant are the MDGs, It is attention-grabbing to find the relative lack of interest that most companies show for the combat of HIV/AIDS, as shown in the next figure. However it is not at the scope of this report to dig into the causes of this phenomenon. Nevertheless, *Environmental Sustainability* in relation with their core businesses seems to be, as expected, the most important MDG for the Mexican companies. This makes logical sense, due to the fact that companies have realised that by working harder on pollution prevention and better use of natural resources, they can generate financial benefits as well as better quality products and services.

It is hard to identify how companies, without using philanthropic mechanisms could develop strategies in order to make improvements in the fields of child health, poverty and hunger, or universal education.

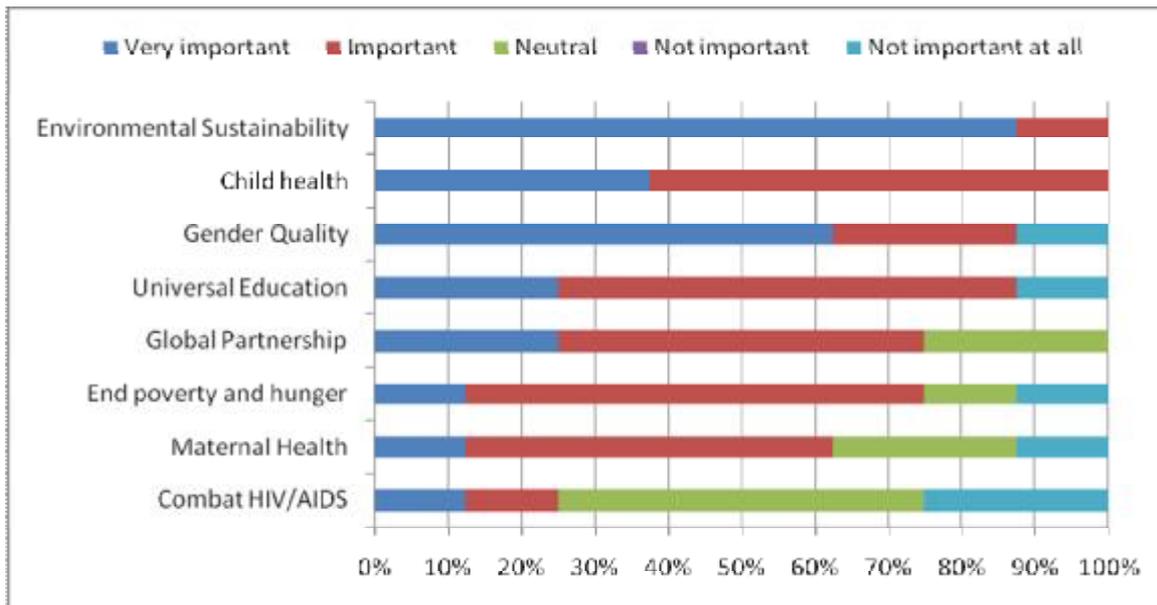


Figure 13: Relative importance of MDG's to Mexican forerunners

Lastly, regarding the activities reported per each environmental dimension suggested by the GRI, they seem to be mostly targeted to *Energy, Emissions-Effluents-Waste and Water*; as shown in figure 14.

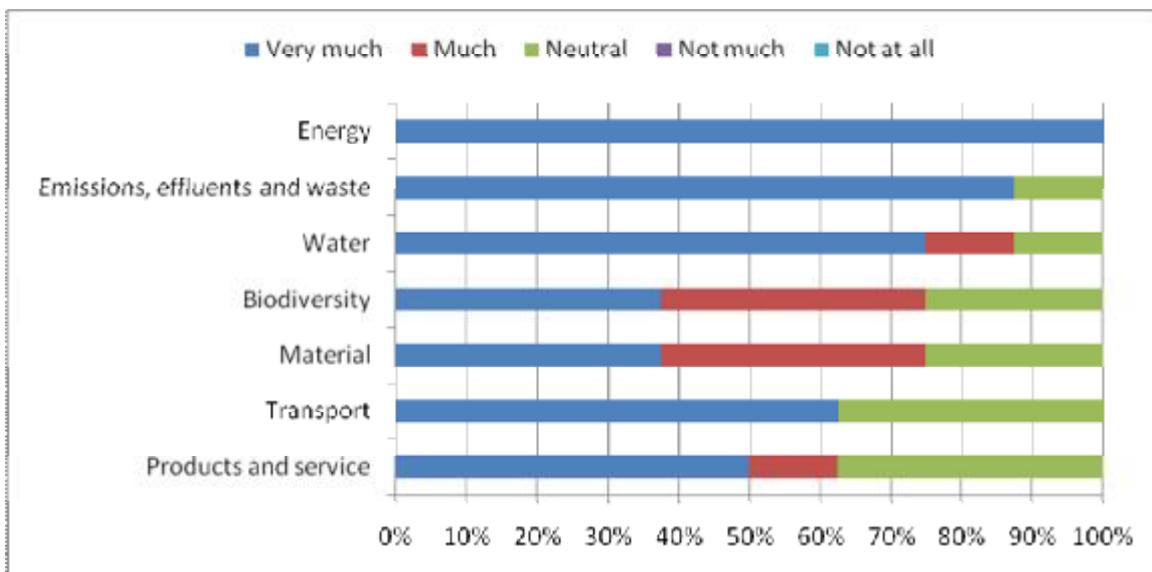


Figure 14: CSR action in relation with GRI's environmental dimensions

However, when we asked companies to describe deeper the actions implemented per environmental dimension, and expecting to find appropriate documentation about them - so we could establish a relation between them and the MDG's - we found that none could give any structured or linked description of their activities. **Most of the initiatives mentioned**

during the interviews fall under the "green" strategies of the companies but shows no link between the company, the MDG's, CSR or the GRI guidelines.

## 5. Conclusions

According to our findings, the environmental actions performed and labeled under CSR are focused to achieve improvements in the fields of energy, emissions-effluents-waste and water by reforestation, recycling and waste management practices. In general terms, **they are practices that are designed for improving their internal performance**. This goes with the hand that Mexican companies engage in CSR by using an *inside-out strategy*<sup>43</sup> and driving the strengthening of their organizational identity with strong components of environmental management.

We believe that just like in every learning process there are four main stages to go through: 1) *Inform*, 2) *Understand*, 3) *Consider the options*, and 4) *Change*. And it is precisely between stages 2 and 3 where we find that there is some sort of obstacle where it is not clear if it is due to a wrong communication of the principles or a misunderstanding of them.

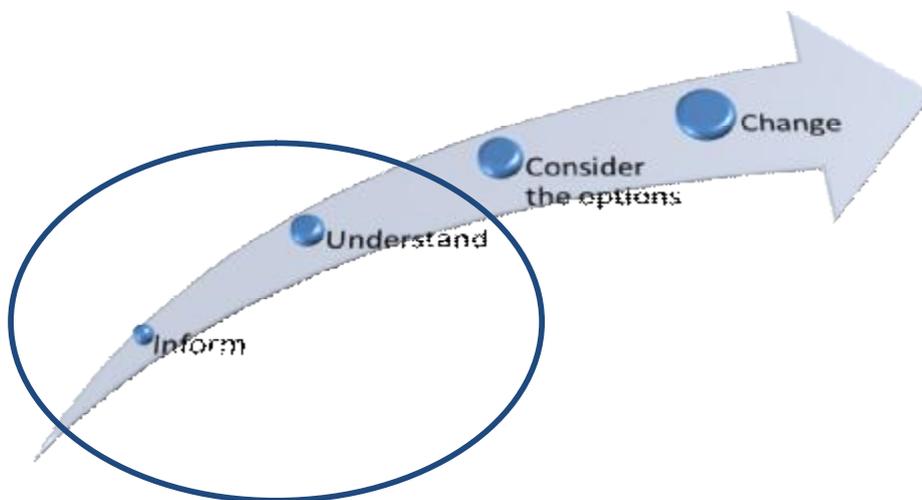


Figure 15: CSR as a horizontal learning process

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<sup>43</sup> See Nijhof A, De Bruijn T. 2007. *Partnerships for corporate social responsibility: A review of concepts and strategic options*. Available at [www.emeraldinsight.com/0025-1747.htm](http://www.emeraldinsight.com/0025-1747.htm).

As the previous figure shows, we could understand CSR as a learning process that together with the model described by Nijhof and De Bruijn<sup>44</sup>, could lead to a final stage of change that drives to a unified criteria with a stewardship orientation.

Due to the difference in the implementation time of CSR in Europe and Mexico, a complete comparison would be only possible after Mexico presents a clear development of these four stages proposed. However, and possibly because of the tight relation they hold with U.S and Canada and the influence of the European OECD members, we could say that Mexico shares a very similar understanding of the process and despite of being at different stages of it and counting with economic and technological limitations, the concepts and some results are taking the same European shape.

It is necessarily to keep in mind that we looked after those larger companies with more international relations, and that the picture of the findings could change significantly if the sample universe were more local. Having said this, through the questionnaire, the interviews and the theoretical framework used, it was found that companies understand CSR mostly as a management strategy with a strong component of environmental management; This was a bit surprising due to the belief that while Europe and US move towards CSR in a more environmental way, Latin America, Asia and Africa, are often thought to focus more on the social dimension. Hence, it could be inferred that Mexico, described before as a “Catching Up” country, could be being influenced by the requirements of the NAFTA and their close relation with Canada and US making them to opt for a more environmental than social position regarding CSR. But probably the strongest reason is that Mexico, till the date, is the only OECD member from Latin America and that from the 32 members of the organization, 24 are European.

Regarding the CSR awarding organizations, we find that each of them approaches to CSR in very dissimilar ways and in terms of popularity, due to the advertising advantage that represents, the CEMEFI’s distinctive is likely to be the initiative that is clearly taking the lead, being indeed the most complete and structured one. However, although is a good start, comparing their requirements with the suggested ones by the GRI they fall too short and despite of their noticeable efforts, it is a distinctive that does not certify with enough merits

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<sup>44</sup> Idem 43

that a company is socially responsible so it would be advisable to cover more aspects of the guidelines by including them into their respective criterion.

Later on, we did not find a documented MDG's-GRI-CSR link that could lead us to identify practices under the label of CSR in pro of the Millennium development goals and reported under the GRI guidelines, but we did find very good examples of important environmental initiatives that are far from simple philanthropic and that implicitly can be attached to the millennium goals. With no surprise it was found that *Environmental Sustainability* is of greatest interest among the MDG's but it was unexpected to see that combating HIV/AIDS is not considered as important; with the exception of the pharmaceutical companies. It is clear that in Mexico the use of annual reports is not stated at all yet - although is the third largest in Latin America after Brazil and Chile - and partly is because none of the initiatives ask for them as a compulsory requirement, however, this fact can be improved and they should consider describing their activities by using the GRI guidelines and establishing how do they relate with each of the MDG's.

After this research and due to the presented results given by the questionnaires, the interviews and the different conversations that drove to this final document, we believe that this study could represent a valid example of how a developing country, with the help of institutions interested on spreading the knowledge in CSR and also by linking different instruments like the MDG's, reporting initiatives and making changes on their routine actions, can lead to positive twists towards sustainability while showing that there is a clear evolution of the concept which plainly leads to a change of strategy. In the Mexican case, they are orienting their efforts in CSR to the strengthening of their organisational culture which should bring in some years the movement and evolvement to the strategy for a stewardship orientation and linking the environmental activities not with philanthropic actions but with the core of the business and showing that an environmental activity labelled under the CSR framework is not to compensate for their actions but that their activities by themselves are sustainable and are targeted to leave a harmless ecological trace.

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