

SUSTAINABILITY MANAGEMENT FRAMEWORK: LATIN AMERICAN APPLICATIONS

Asbjorn Osland¹
Betania Tanure²
Antonio Carvalho-Neto³
Jaime H. Sierra G.⁴
Joyce Osland⁵
Alejandra Guzmán Barraza⁶

Abstract

Corporate social responsibility (CSR) programs in Latin America have increased in the last two decades, and Brazil, in particular, has become a leader in this field. The article reviews unique aspects of CSR in the Latin American context and describes the contributions of four non-state actors to sustainability development, as well as those of the corporations that participated in this study. A previous exploratory study on the transfer of sustainability values between German headquarters and their Brazilian subsidiaries yielded a sustainability model and normative implementation practices that were tested and expanded in this follow-up study. Participants from eight corporations located in Brazil, Colombia and Mexico were interviewed and surveyed to determine which sustainability implementation practices are utilized and rated as important. Respondents found the overall conceptual framework, which consists of rationale, conceptualization, direction, transfer, and evaluation, to be a valid reflection of how sustainability is perceived. Research implications include the need for cultural and organizational contextualization to structured approaches for CSR for implementation. Future research should focus on the variables of culture on sustainability management and the industrial context. Notable progress has been made in sustainability development, but more work still remains, particular in the mitigation of poverty.

Keywords: Sustainability Management Framework; Corporate Social Responsibility; Latin America;

Resumo

Os programas de Responsabilidade Social Corporativa (RSC) na América Latina, e particularmente no Brasil, aumentaram significativamente nas últimas duas décadas. Este artigo revisa a literatura sobre RSC no contexto latino-americano e descreve as contribuições de atores corporativos do Brasil, Colômbia e México para a validação de um quadro conceitual de análise da gestão de sustentabilidade. Os resultados da pesquisa sinalizam para a necessidade de levar-se em consideração os contextos culturais e organizacionais na análise

¹ College of Business, San José State University, San José, CA, USA. E-mail: osland_a@cob.sjsu.edu

² Fundação Dom Cabral, Unidade Belo Horizonte, MG, Brazil. E-mail: betaniat@fdc.org.br

³ Fundação Dom Cabral, Unidade Belo Horizonte, MG, Brazil. E-mail: carvalhoneto@pucminas.br

⁴ Departamento de Administración, Facultad de Ciencias Económicas y Administrativas, Pontificia Universidad Javeriana. Bogotá, Colombia. E-mail: jhsierra@javeriana.edu.co or james_1@hotmail.com

⁵ College of Business, San José State University, San José, CA, USA. E-mail: osland_j@cob.sjsu.edu

⁶ CEMEX S.A. – Cemento México S.A., México. E-mail: alejandra.guzmanb@cemex.com

da implementação de práticas de RSC e apontam para os desafios para as estratégias corporativas de sustentabilidade, particularmente no que tange à mitigação da pobreza.

Palavras-chave: Sustentabilidade; Responsabilidade Social Corporativa; América Latina.

1 INTRODUCTION

Global warming and social inequality are two of the major problems facing humankind in the early 21st century (Giddens, 2000). In acknowledgement of pervasive economic, social and environmental challenges, Latin American corporations often go beyond their essential economic function and attempt to address social and environmental concerns through their corporate social responsibility (CSR) programs. CSR programs in Latin America have increased in the last two decades, and Brazil, in particular, has become a leader in this field. Although such programs have multiple motivations (Lockwood, 2004), the growing emphasis on CSR and sustainability development reflects a shift in management philosophy, further catalyzed by the current economic crisis, that views corporations more as social organizations with broader goals that extend beyond the narrow view on shareholder value that dominated management thinking since the 1980s (Lockwood, 2004; Lohr, 2009). Increasingly, business is being asked to solve global and societal problems, as demonstrated in a global survey of public expectations about business which found that, in addition to making money, two-thirds of the respondents want companies to contribute to broader societal goals (Enviroics International, 1999).

Although CSR and sustainability development are growing components of Latin American business, empirical research in this region is still relatively limited.⁷ There are studies of non-financial reporting in Latin America (Araya, 2006) and of programs in small and medium enterprises (Vives, 2006), but much research is still focused on case studies of individual companies, as one would expect in a new research area. To help fill this gap, a previous exploratory study on the transfer of sustainability values between German headquarters and their Brazilian subsidiaries (Wehling, Guanipa Hernandez, Osland, Osland, Deller, Tanure, Carvalho Neto, & Sairaj, 2009) yielded a sustainability model that was tested and expanded in the current qualitative study.

This article describes how eight corporations (seven multinationals and one domestic firm) in Brazil, Colombia and Mexico implement their sustainability efforts. The article also highlights the role of non-state actors in the design and implementation of sustainability efforts within organizations or supporting such efforts in the case of NGOs. We lay the groundwork by discussing sustainability and the Latin American context. This leads to the sustainability implementation role played by various types of external organizations: the Ethos Institute, Sustainable Asset Management (SAM), the Carbon Disclosure Project, and the Global Reporting Initiative. After describing the study and its results, the article concludes with implications for additional research and practice.

2 SUSTAINABILITY AND CSR

Sustainable development is defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (accessed on March 27, 2009 from <http://www.un-documents.net/ocf-02.htm>). In this article we further define sustainability as the triple bottom line: economic, social, and environmental sustainability (Elkington, 1998).

⁷ For a compendium of regional CSR research, see the special issue entitled “Corporate Citizenship in Latin America: New Challenges for Business” (2006). *Journal of Corporate Citizenship*, Spring (21).

Corporate social responsibility or corporate citizenship (CC) is a generally accepted, if widely debated, practice throughout Latin America. Even when managers are unfamiliar with the term, their firms may well fund some type of programs that could be termed CSR, given the region's history of philanthropy and Catholic concern for social justice (Puppim de Oliveira, 2006). Schmidheiny (2006: 21) reports that CSR is defined in different ways throughout the region. As a general definition, CSR programs voluntarily integrate community issues, focusing on social and environmental sustainability, and rely on stakeholder dialogue with groups outside the firm. Given the fiscal limitations of some Latin American governments and less government pressure on business to act for the common good, there is more pressure on the private sector to meet needs that governments cannot fulfill (Schmidheiny, 2006). Thus, social and environmental programs developed by Latin American business can be even more crucial for the commonweal. Because poverty has been an ongoing challenge in the region, Latin American CSR programs have focused historically more on social issues than environmental problems (Schmidheiny, 2006). Furthermore, concerns about whether environmental measures are too expensive for developing economies is still an issue in Latin America, despite evidence of competitive advantage for first movers in the region (Petersen, Escobar, Espinoza & Vredenburg, 2005).

CSR benefits can be measured in terms of reputation, brand, integrity and trust (Lockwood, 2004). Closer contact with the community can result in better business outcomes (Schmidheiny, 2006). Closer attention to the firm's reputation and its intangible assets can constitute a competitive advantage. Transparency and public reporting contributes to investor confidence and risk management. Finally, CSR programs can be a source of pride and high morale for employees, which helps attract talent (Lockwood, 2004).

Sustainability development has also been linked with various business benefits: the capture of green markets; cost reduction due to more efficient use of resources; reduction of long-term risks linked to resource depletion, pollution, and so forth; positive impact on the ecosystem and on companies' community environment; the opportunity to get ahead of the regulatory curve; the potential to become environmental leaders with inimitable strategies; and establishing better public relations and a positive corporate image (Shrivastava, 1995; Christmann, 2000). Other outcomes include the capability to integrate stakeholders, to do more higher-order learning and continuous improvement (Sharma & Vredenberg, 1998). In sum, sustainability development strategies can constitute a significant competitive advantage, particularly when a business is the first-mover within its industry (Anderson, 1999; Shrivastava, 1995).

Environmental and Social Problems in the Latin American Context

Latin America faces unique challenges in both social and environmental sustainability. A World Economic Forum report (2006, p. 8) identified these concerns related to global warming:

- Latin America possesses 35% of the world's fresh water supply, but Andean glacier melt due to warming is likely to modify river flows and diminish water supplies, which could result in disputes.
- Latin American has 400 million hectares of forest which could absorb 2 billion tons of carbon per year and continue acting as natural watersheds. However, illegal logging and deforestation, particularly in the Amazon Basin, and the development of forest land have resulted in more carbon emissions and flooding. Ironically, the increased demand for biofuels (called 'deforestation diesel') could lead to even greater rainforest conversion in some countries.
- An increase in the intensity of hurricanes and tropical storms is a possibility, along with the exacerbation of El Niño and La Niña effects. According to one source, global warming is already causing increased temperatures, rising sea levels, changes in

precipitation patterns, and more extreme weather events” (Accessed on March 27, 2009 from <http://www.weforum.org/pdf/grn/LatinAmericaRisk.pdf>).

Other significant problems include potential damage to the coral reefs, coastal areas, wetlands and the Amazon forests (De La Torre, Fajnzylber & Nash, Eds. 2008).

Beyond environmental concerns associated with global warming, pollution, and devastation, corporations confront a host of existing social problems such as poverty, unemployment, and crime. The Human Development Index (HDI) and the GINI Index can serve as indirect measures of social problems. The HDI is a composite that measures average national achievement in health (life expectancy), education (literacy and school enrolment) and standard of living (per capita GDP). The range for all countries extends from Niger, ranked #178, with 0.281 to Norway, ranked #1, with 0.963. The Latin American countries range from Guatemala, ranked #118, at 0.663 to Argentina, ranked #35, at 0.863. (http://www.nationmaster.com/graph/eco_hum_dev_ind-economy-human-development-index). The average for the Latin American countries listed is 0.765. The United Nations Development Program’s GINI index provides a comparative measure of the unequal distribution of income (or consumption) among individuals or households within a country (<http://hdrstats.undp.org/indicators/147.html>). Country scores could range from 0 (equality of income distribution) to 100 (inequality of income distribution). The average of the GINI Indices for the Latin American countries for which data was available was 52.2, a substantially higher score than the average GINI of 33 for developed affluent countries. High inequality limits opportunities for poor people and leads to social problems.

In sum, we can conclude that Latin America suffers from environmental problems and income inequality, and many nations fail to achieve maximum levels of human development. Thus, opportunities for CSR and sustainability development are extensive.

The Role of Non-State Actors

Non-state actors play crucial roles in the design and implementation of sustainability efforts within organizations or supporting such efforts in the case of NGOs. Many non-governmental organizations, both private and non-profit in nature, support CSR and sustainability development efforts. Our company data will describe what some firms are doing in this regard. However, there are four other entities outside our sample that merit a special mention; we’ll list them and explain why briefly below. The Ethos Institute of Brazil provides Sustainable Asset Management (SAM), the Carbon Disclosure Project, and the Global Reporting Initiative are all important in the Latin American context. All but SAM, a business firm, are non-profits. All but the Ethos Institute, located in Brazil, originated outside Latin America but serves the region via its web presence. Such organizations provide crucial consultation, training, reporting standardization, recognition, and networking opportunities, all of which have contributed to the sea change in CSR practices and the emphasis on the triple bottom line.

The Ethos Institute. Brazil’s Ethos Institute (<http://www1.ethos.org.br/EthosWeb/Default.aspx>) has contributed greatly to the success of CSR in Brazil and to making Brazil into a CSR leader. For example, Brazilian companies do more reporting than European or U.S. firms (Puppim de Oliveira, 2006). As of March 4, 2009 there were 1,356 Brazilian organizations and companies associated with the Ethos Institute. It provides companies and organizations with a forum and social network where they can learn from one another to better plan and implement their CSR activities. The Institute gives out several awards to recognize achievement and service:

- The Ethos-Valor Award recognizes student theses on CSR and sustainability. This award facilitates the social network of more than 750 researchers and teachers.
- The Ethos Journalism Award is given annually to the best piece done in accordance with CSR guidelines. Ethos complements its efforts in journalism with the Ethos

Journalist Network, a network of approximately 360 professionals that provides information services and training for members. Ethos sends a weekly CSR newsletter to approximately 1,300 journalists.

- The Social Balance Award recognizes excellence in the completion of social balance sheets, which permits companies and organizations to plan, monitor and assess their activities.

The Ethos Institute has a variety of other services used to promote CSR that include:

- sponsoring various media campaigns
- building networks of those involved with CSR
- providing a self-assessment tool to assist companies to “diagnose, plan for and monitor their incorporation of CSR practices”
- putting on an annual conference, the Ethos Institute National Conference, where participants can learn about CSR (estimated attendance is 1,100)
- maintaining a Practices Bank that diffuses information through model cases of best practices in CSR
- publishing newsletters and reports and maintaining a website that provides CSR information (www.ethos.org.br)

Brazil is the clear leader in Latin America but individual corporations in Spanish speaking countries participate in international forums sponsored by NGOs and the UN.⁸

SAM. SAM (Sustainable Asset Management) is an asset management company based in Switzerland that focuses on investments in companies with strong track records in sustainability. SAM’s investment philosophy integrates sustainability criteria into the usual method of valuation. SAM’s sustainability criteria include economic, environmental and social criteria, another example of the triple bottom line. The company developed its own research methods for judging sustainability efforts and has created one of the largest sustainability databases with over 1,000 large companies listed each year. SAM worked with Dow Jones Indexes to create the Dow Jones Sustainability Indexes (DJSI). SAM’s analyses prove that sustainability has been positively associated with financial performance in terms of stock returns (SAM, accessed on March 27, 2009 from <http://www.sam-group.com/html/main.cfm>). SAM asserts that sustainable companies do better than others because: 1) they manage their stakeholders effectively; 2) they enjoy reputational effects with consumers sensitive to sustainability and in attracting good employees; 3) they have enhanced operational efficiency; and 4) they maintain a long-term perspective.

Thus, SAM’s contribution to Latin American sustainability development is making sustainability credible in the eyes of the investment community and identifying sustainability criteria and standards to which firms can aspire. As shown in Table 1, eight firms were recognized by SAM in 2008-2009 as sustainability leaders – seven Brazilian firms and one Chilean firm. The sector leaders are the best in their entire industry. Sustainability leaders rank in the top 15% of firms in their sector, earning them a place in the *Sustainability Yearbook*.

Table 1: Latin American Sustainability Leaders

Category	Companies Honored	Country
Sector leader		
• Forestry & Paper	Aracruz Celulose	Brazil
• Financial Services	ITAUSA-Investments Itau SA	Brazil

⁸ For example, a prominent Mexican multinational belongs to at least ten associations, including the World Business Council for Sustainable Development (WBCSD), United Nations Global Compact (UNGC), World Environment Center (WEC), Boston College’s Center for Corporate Citizenship, FNPI (Fundación Nuevo Periodismo Iberoamericano), ISO 26000, and the Global Leadership Network (GLN).

Sustainability Leader (top 15% of sector)		
• Aerospace & Defense	Embrear – Empresa Brasileira de Aeronautica S. A.	Brazil
• Electricity	Cia Energetica Minas Gerais (CEMIG)	Brazil
• Forestry & Paper	Votorantim Celulose e Papel S/A	Brazil
• Oil & Gas Producers	Petroleo Brasileiro (Petrobras)	Brazil
• Steel	Usinas Siderurgicas de Minas Gerais	Brazil
Sustainability Leader (top 15% of sector) – Electricity	Empresa Nacional De Electricidad SA	Chile

Source: 2008-2009 Sustainability Yearbook, SAM. <http://www.sam-group.com/html/main.cfm>

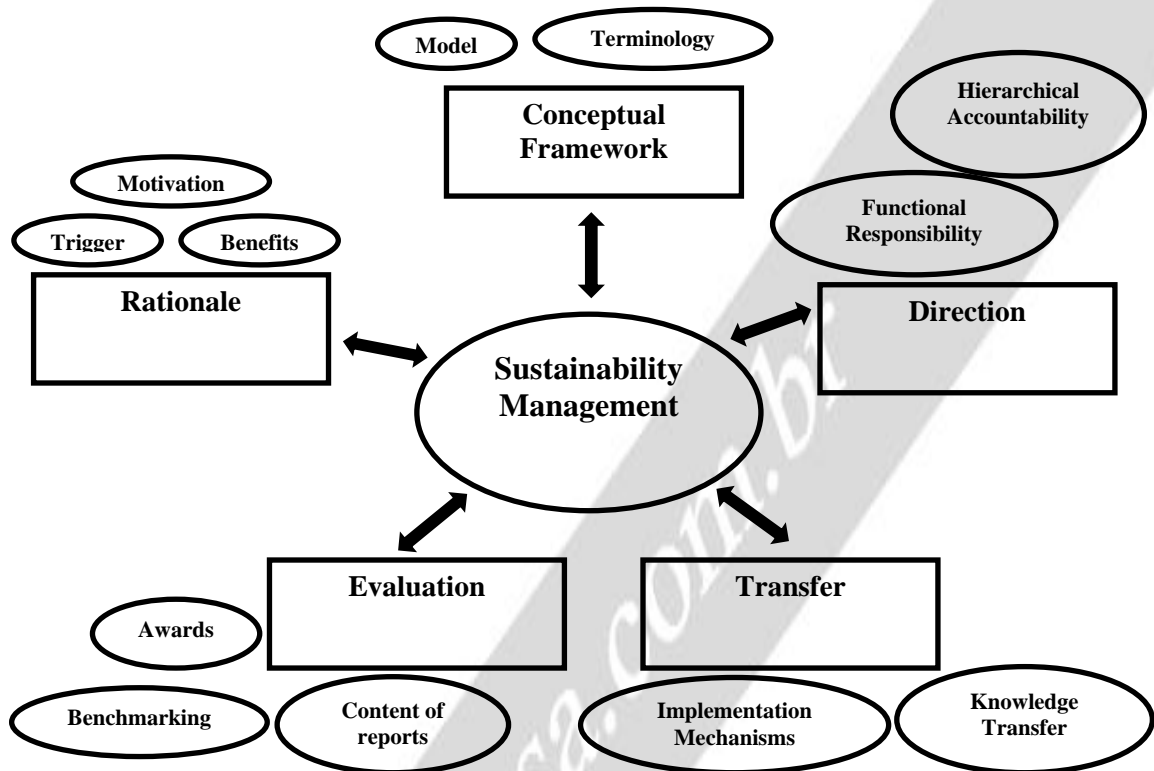
Carbon Disclosure Project. Another indication of interest in sustainability is the listing of Latin American companies in the Carbon Disclosure Project (CDP) (<http://www.cdproject.net/index.asp>). The Carbon Disclosure Project, a not-for-profit entity, maintains the world's largest database of corporate climate change information. Member organizations submit reports, many of which are available on the website. The CDP's premise is that effective measurement and publication encourages the management and reduction of emissions. As of February 10, 2009, this list included 15 firms from Brazil, 10 from Mexico, 10 from Chile, and 3 from Argentina. The CDP's contribution to Latin American sustainability development lies in educating firms how to measure and reduce emissions.

Global Reporting Initiative. Previously, companies did not know how to report or measure sustainability. This problem was resolved in part by the Global Reporting Initiative (GRI), the most widely used sustainability reporting system. The GRI, offered free of charge, establishes indicators that organizations can use to monitor their progress in the triple bottom line. GRI's mission is "to create conditions for the transparent and reliable exchange of sustainability information through the development and continuous improvement of the GRI Sustainability Reporting Framework" (<http://www.globalreporting.org/AboutGRI/>). GRI's website also provides Sector Supplements (specific indicators for industry sectors), detailed reporting guidance, and unique country-level information. Companies can use the information to benchmark themselves against industry leaders. GRI promotes the use of the standardized global framework for sustainability reporting by developing learning materials and certifying trainers. There are 30,000 members in the multi-stakeholder network to promote and improve sustainability reporting. Over 1,500 companies have adopted their G3 Guidelines, which are now the *de facto* global standard for reporting. Of the 842 firms currently using the GRI, 115 are Latin American companies (e.g., 58 from Brazil, 7 from Colombia, and 6 from Mexico) (<http://www.globalreporting.org/AboutGRI/>). The GRI's contribution to sustainability development in Latin America lies in its efforts to standardize and increase reporting.

3 STUDY BACKGROUND

One of the key functions of non-state actors in sustainability development is transferring knowledge produced by both practitioners and academics. Similarly, our goal was to build upon an exploratory study of the transfer of sustainability values from ten large German companies to their Brazilian subsidiaries, which yielded an implementation model and normative practices (Wehling et al., 2009). The model illustrates how CSR programs are structured and is shown in Figure 1.

Figure 1. Elements of Sustainability Management



Source: Wehling, C. et al. (2009).

The *rationale* category explains why a company is engaged in sustainability and includes the various triggers and starting points. The *conceptual framework* refers to the model that guides their efforts, for example, the Triple Bottom Line. The *direction* category refers to who steers sustainability efforts and how that is done. The *transfer* category pertains to the dissemination of knowledge and the adoption of sustainability practices. Finally, the *evaluation* category describes how sustainability actions are documented, evaluated, and rewarded (Wehling et al., 2009). The purpose of the current study is to test whether this model is also applicable to Latin American companies and to identify what implementation methods they utilize.

4 METHODOLOGY

This qualitative-quantitative study is designed to test the conceptualization of a model and measure the presence and importance of sustainability implementation factors. Data were collected via structured interviews and a brief survey.

Sample. The sample included eight firms, described later. Six firms were based in Brazil, one in Colombia and one in Mexico. These countries were chosen because they are among the top four economies in Latin America. Brazil has the largest GDP in Latin America, 1.2 trillion (per capita GDP of \$6,600). Mexico is the next largest with \$920 billion

(per capita GDP of \$9,100). Colombia is the 4th largest (after Argentina) with \$255 billion (per capita GDP of \$6,300). All but one of the selected firms are multinational companies that do business globally; the one exception is a domestic Brazilian firm. The companies represent various industries; some work in more than one of the following areas: energy, water, metals, mining, wood products, building materials, finance, transportation, and services. Some of the companies are partially government-owned.

Due to different organizational structures related to sustainability development and access, the interviewees possessed a variety of titles. In the Brazilian firms, the authors interviewed people with these titles: Director, HR Director, Director of Sustainability, two CEOs, and Executive Director. The Colombian executive interviewed held a high-level position in corporate strategy that included CSR and sustainability responsibilities; two corporate planning analysts in the same area validated the data from this firm. In the Mexican firm, both a director and a junior advisor of CSR projects were surveyed. Data was collected from a total of 11 people.

Data Collection and Analysis. Structured interviews with 9 participants lasted between 1.5-2.5 hours. In the Mexican company, two participants opted to write their answers on the interview protocol. The interviews were conducted in the participants' first or second languages and subsequently translated into English. The interviews were done by researchers from each country, fluent in both English and Portuguese and Spanish, who contacted the firms directly.

Participants were shown the model in Figure 1 with definitions of each category and asked if it coincided with the way they conceptualize and implement sustainability in their firm. Then they were asked to rate the importance of the five major categories in the model (1=not important, 5= very important) and asked whether anything was missing from the model. Next, participants were asked six questions: 1) "Does the rationale or the perception of benefits insure effectiveness? How and why?" 2) "Does it matter who leads the program and where it's housed?" 3) "Do you think companies with more knowledge transfer and implementation mechanisms are more successful?" 4) Does your company view sustainability as a core value? If so, how has it contributed to successful sustainability programs? 5) "Could you please describe an important incident where an important sustainability initiative involved complicated stakeholder dialogue? How did your company handle it and were your efforts successful? and 6) "Why is expert consultation often considered essential when venturing into new terrain, such as sustainability? Of what benefit is membership in green associations?"

Participants were also given a short survey listing 46 implementation activities and asked to rank them in terms of their presence (1=not present; 5= almost always done) in their firms and their importance to the firm's implementation strategy (1=not important; 5= very important). Due to the small sample size, data were simply compiled and summarized.

Description of Participating Companies. The participating companies will be identified by nationality and also numbered in the case of the Brazilian companies.

1. The Colombian company is a Latin American business group operating in Colombia, Brazil, Peru, Bolivia and Central America, in the distribution of energy and related businesses. The Colombian government is the majority shareholder. The firm has earned the following certifications: ISO 9001/2000 Quality Certificate for the Transport Service on Energy, ISO 14001 Environmental Management, and OHSAS 18001 Occupational Health and Safety. It is a member of the Global Compact launched by UN.⁹

⁹ The UN Global Compact is "a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted business principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary agent driving globalization, can help

2. The Mexican company is a global manufacturer and distributor of building materials that services more than 50 countries. In operation for many years, it has more than 60,000 employees. The company is a member of the UN's Global Compact and provides employment opportunities and accessible building design for people with disabilities. Its CSR program wins international awards.
3. Brazil 1 is a leader in metal production. With 30,000 to 40,000 employees, it operates in more than a dozen countries. Its products are used primarily in cars, trucks, tractors, houses, bridges, highways, home appliances, machinery. One of the major recyclers in the world, it transforms 12.8 million tons of scrap into metal each year. The shares of its public companies are traded on the stock exchanges around the world.
4. Brazil 2 makes, distributes, and sells vehicles for cargo transportation and produces many of its own components such as axles, brakes, and suspensions. As one of the largest firms in its industry, it exports to more than 100 countries and employs about 9,000 people.
5. Brazil 3 is an award-winning mining company that exports 100% of its products to over 15 countries throughout the world. It has almost 2,000 employees. The company earned these certifications: ISO 9001, ISO 14001, ISO 27001 (Information Security), and OHSAS 18001.
6. Brazil 4 is a large producer of products derived from wood and exports 60% of its products to more than 50 countries throughout the world. As a vertically integrated firm, it also partners with rural producers for some of its input. The company has both internal (close to 3,000 employees) and out-sourced contract workers (approximately 5,000). The firm is included in a prestigious Sustainability Index with other companies committed to the triple bottom line.
7. Brazil 5 primarily generates and sells electric energy and manages water resources. In operation for more than a century, it is state-controlled with roughly 800 employees.
8. Brazil 6 is an integrated company that is engaged in exploration, production, refining, marketing, and transportation, both in Brazil and abroad. The firm describes itself as an energy company with a strong corporate social responsibility program. It also has international operations in finances, services, and transportation.

5 RESULTS

Model Conceptualization

The model was consistent with how the participants viewed sustainability implementation, as shown in the Table 2. For all eight firms, each element was rated as either important (4) or very important (5). However, one participant stated, "We think the Conceptual Framework category is incomplete as long as the political and cultural dimensions are missing. We consider these as complementing the Triple Bottom Line, and they are highly important to us."

Table 2. Overall support for model shown as figure 1

Model Element	Colombian Firm	Mexican Firm	Brazil 1	Brazil 2	Brazil 3	Brazil 4	Brazil 5	Brazil 6
Rationale	5	5	5	5	5	5	5	5
Conceptualization	5	4	5	4	5	4	5	4
Direction	4	4	5	5	4	5	4	4
Transfer	5	4	5	5	4	4	4	5
Evaluation	5	5	5	5	5	5	5	5

Sustainability Rationale and Effectiveness

ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere." (Accessed 3/31/09 at <http://www.unglobalcompact.org/AboutTheGC/index.html>) Over 5100 corporate participants from 130 countries signed on to the Global Compact.

Participants generally saw a connection between the rationale for a sustainability program and its effectiveness. For some, however, the rationale is not a static concept. One noted the competing rationales that can develop after a change in leadership and circumstance. He stated that CSR has three goals:

“... value aggregation, creation of confidence, and contribution to sustainable development. There is a kind of tension regarding the way sustainability rationale is incorporated [here]. On the one side, there is a utilitarian view (based on the company’s search for reputation, feasibility, and trust) and a purist view (based on the highest praise of an ethical position as a general framework) on the other. Even though the first view is dominant, particularly due to the recent change of general manager ... and the fast-paced development of new business, there seems to be no need to disregard the complementarity of the two views and the drive that such a conceptual difference has given to the topic, making reflection and improvement permanent.”

Another respondent noted that the rationale is not stagnant, but “evolves according to the development of sustainable efforts within the company.” While the rationale may not change in this last example, strategies have to be adapted to succeed.

“We know that to build on our success in the future, we must maximize the benefits and reduce the impacts of our business on people, communities, business partners, and the environment. That is why we continually revise our sustainability strategy to consolidate our efforts across regions and further integrate our worldwide approach.”

The structural aspect of implementation was viewed as more important than the rationale for two respondents. In the following quotation, rationale is indirectly important:

“Effectiveness will only be assured through appropriate implementation and through good indicators and a benchmarking process. Naturally, the perceived benefits are a strong motivating factor to ensure effective implementation of the concept and practices of sustainability.”

However, all respondents were quick to identify factors in addition to rationale that lead to effectiveness: a clear definition of sustainability, an agreed-upon vision by top management, a clear master plan, clearly assigned responsibility, a training and communication strategy, having sustainability as a core company value, appropriate implementation with good indicators, a monitoring system and a benchmarking process, alignment between sustainability strategy and implementation, and positive long-term relationships with stakeholders.

Direction and Effectiveness

With respect to the direction of the sustainability effort, respondents unanimously responded that it does matter where the program is housed and who is chosen to lead it. They emphasized the critical leadership role of senior management and the explicit strong executive support of the CEO. A technical champion can also be critical given the scientific and engineering complexity of some aspects of CSR, particularly in environmental sustainability. Effective and on-going communication is basic to coordinated implementation carried out by the entire organization. There should be a clear definition of sustainability management, preferably an area linked directly to the top administration that can stipulate the major guidelines of the sustainability to be adopted by all in the company. CSR is relevant to all the divisions and is not to be viewed as an isolated activity. Social legitimacy depends on sound stakeholder dialogue, as shown in the response of a Colombian executive of the participating firm:

“Even though the CSR program is under [a particular unit], continued communication and harmonic action with responsible areas is quintessential. The sustainability program is placed [here] because it matters to all the group enterprises. CSR management, where sustainability is embedded, is embodied by the acknowledgement of the existence of different stakeholder groups, the setting up of particular commitments to them, and the actual management of such relations. This is all aimed at creating social legitimacy in the eyes of internal and external stakeholders”.

The leader has to be perceived as ethical, with a passion for CSR. Although individuals may be the designated divisional or unit CSR manager, others also play an important role and it matters where they are housed.

“In [our] case, we have a person in each one of our ... operations. The team work doing the community involvement gives us the possibility to establish a dialogue with our neighboring communities as well as a direct view of the positive results we are having and the possible needs of the community.”

Transfer and Success

Respondents agreed that companies with more and better knowledge transfer and implementation mechanisms are more successful. Knowledge should be sourced and shared throughout the company; divisions need to learn from one another in a two-way process. For example, an energy company based in Colombia recently adopted a Peruvian program involving urban agricultural initiatives underneath power lines in Colombia. CSR committees can strengthen the transfer and implementation process by ensuring that training and communication, among other things, are done well.

Because the environment is continuously changing, companies have to be proficient at learning and retaining the knowledge gained from experience.. Forums with stakeholders provide additional input as well as a chance for stakeholders to feel they have had an impact. Monitoring, evaluation and benchmarking are essential to appreciate what has been accomplished. Certification of processes (e.g., ISO 14000 series) helps codify practices. Networking in professional forums permits the organization to learn as well as share its knowledge. Mechanisms are not enough, however: there must be integration and alignment of the various elements from top to bottom.

Sustainability as a Core Value

Respondents from five firms reported that sustainability is a core value. In another firm, CSR is the core value, while sustainability “is an expected outcome and is embedded in CSR.” According to one respondent, evidence of this core value is its inclusion on the performance appraisals of top leadership.

The benefits of having sustainability as a core value are summarized by an executive of a large state energy company in Brazil: it therefore permeates the whole organization, is reinforced throughout various programs, and is taken into consideration with all their stakeholder relationships.

“By viewing it as a core value we have developed better and more structured planning of sustainability programs, with more resources. The evaluation of sustainability programs is an on-going process.”

Stakeholder Dialogue Critical Incident

The request for critical incidents was only met by three participants; some of their incidents are summarized as follows. An energy company working in Colombia debated whether guerillas were one of their stakeholders. As stated by a Colombian executive of the participating firm, the company carefully determined “short-term initiatives, such as supporting the armed forces to protect infrastructure, but places strong emphasis on long-term initiatives where radical solutions are expected.” As a result of their extensive CSR programs, ‘only’ 85 towers were attacked in 2007, representing a 42% decrease compared to 2006. They engage in humanitarian assistance, region-based programs of development and peace, good neighborhood relations, education, cultural and sports programs, and so forth. Finally, given its leadership in Development and Peace Programs, the company has helped to promote social dialogue, which facilitates the inclusion of inhabitants in the construction of peace and reconciliation.

Another respondent reported that a Brazilian company located close by a poor community came under criticism for not providing more jobs.

“Since the organization cannot absorb the whole local workforce, it was important to come up with some alternatives for the community. Thinking about sustainability concepts, notably the triple bottom line, the company developed an engagement project for the community through the use of local aquatic plants and through the formation of a specific group of people, forming an association.... The work generates earnings for the members, creating the opportunity to work and become self sustainable.”

Finally, a Brazilian firm has a program aimed at fostering small tree farms.

“This is done by financing and guaranteeing the purchase of wood by the company, which provides an alternative source of wood supply at competitive costs for the company, with benefits to the producer. In this process our company left open a possibility for members of the MST – Brazil’s militant Organization of the Landless - to take part in this program. Most MST families joined us, but, unfortunately, ensuing threats from the leadership of this organization made some of them withdraw from the program.”

Expert Consultation

The majority of the respondents agreed that expert consultation on sustainability is helpful in order to help identify goals, “avoid wasting time and money in creating the organizational plan,” and “to elucidate and strengthen the conceptual dimension, to improve implementation, and to check consistency with national and international benchmarks.” Experts “bring an external and different vision of the organization, being capable of identifying the vices and weaknesses of the company.” “Expert teams need multidisciplinary knowledge, given the interdependent nature of sustainability.” One respondent warned, however, that experts should have industry experience because “green differs from one setting to another.”

The benefits of membership in green associations were increased visibility, improved social image for the firm, and benchmarking opportunities. One of the firms belongs to at least ten associations, including the World Business Council for Sustainable Development (WBCSD), United Nations Global Compact (UNGC), World Environment Center (WEC), Boston College's Center for Corporate Citizenship, FNPI (Fundación Nuevo Periodismo Iberoamericano), ISO 26000, and the Global Leadership Network (GLN).

Implementation Practices

Presence of Implementation Items. The respondents reported that many of the 46 implementation practices survey are present in their firms¹⁰. They are rank-ordered from those most frequently practiced to those that are the least present (5=“almost always done; 1=“not present”) in Table 3. The most commonly reported practices (average of 4.13 or higher) are ensure high standards of workplace health and safety (4.75), develop positive relations with all stakeholder groups (4.25), inculcate a continuous improvement mentality (4.25), facilitate the discussion and clarify corporate motivation for CSR involvement (4.13), create an organizational culture that fits with sustainability values (4.13), scan the environment for appropriate programs and new ideas (4.13), mention sustainability frequently in corporate communications to emphasize its importance to the company (4.13), and meet national requirements for sustainability certification if available (4.13).

Table 3 Presence of Implementation Practices Sorted by Average Responses

Rank	Averages	Implementation Items
1.	4.75	Ensure high standards of workplace health and safety
2.	4.25	Develop positive relations with all stakeholder groups
3.	4.25	Inculcate a continuous improvement mentality
4.	4.13	Facilitate the discussion and clarify corporate motivation for CSR involvement.

¹⁰ For the sake of brevity, we included only the top 25 out of 46 items. The entire list can be obtained from the authors.

5.	4.13	Create an organizational culture that fits with sustainability values
6.	4.13	Scan the environment for appropriate programs and new ideas
7.	4.13	Mention sustainability frequently in corporate communications to emphasize its importance to the company
8.	4.13	Meet national requirements for sustainability certification if available.
9.	4.00	Promote the new ethic of the triple bottom line within the company
10.	4.00	Create commitment in the top management team
11.	4.00	Apply for sustainability ranking awards
12.	3.88	Develop awareness in the top management team
13.	3.88	Facilitate the choice of a model that guides the program efforts
14.	3.88	Encourage the firm to join organizations with international codes of conduct regarding CSR
15.	3.88	Approach the resolution of problems associated with sustainability in a manner that is sensitive to the stakeholders and not a legalistic drawn-out avoidance strategy
16.	3.88	Approach sustainability in a structured and methodical approach
17.	3.88	Use a specialized capital budgeting structure that ensures that sustainability projects are not relegated to a low-priority level
18.	3.75	Clarify existing schemas on sustainability
19.	3.75	Help determine where it should be located in the organization hierarchy
20.	3.75	Embed sustainability within as many aspects of the company as possible
21.	3.75	Promote the use of transparent outcome measures in all relevant areas
22.	3.63	Make sure cross-functional teams have the skills they need to be successful
23.	3.63	Motivate employee involvement in CSR and the community
24.	3.63	Join professional and trade associations focused on sustainability to learn and share with other companies in Latin America
25.	3.50	Educate top managers on the business implications of sustainability

Importance of Implementation Items. Table 4 shows the survey results of the importance of each item to the company implementation strategy. Items are rank-ordered from the most important to the least important. Virtually all the items are perceived as important. The most important items concern the support of the top management team (4.88), creation of a supportive organizational culture and a mentality of continuous improvement (4.88), ensuring high standards of safety of workplace health and safety (4.88), develop positive relationships with stakeholders (4.88), and meet national requirements for sustainability certification (4.88).

Table 4 Importance of Implementation Practices Sorted by Average Responses

Rank	Averages	Implementation Items
1.	4.88	Develop awareness in the top management team
2.	4.88	Create commitment in the top management team
3.	4.88	Create an organizational culture that fits with sustainability values
4.	4.88	Develop positive relations with all stakeholder groups
5.	4.88	Ensure high standards of workplace health and safety
6.	4.88	Use a specialized capital budgeting structure that ensures that sustainability projects are not relegated to a low-priority level
7.	4.88	Inculcate a continuous improvement mentality
8.	4.88	Meet national requirements for sustainability certification if available
9.	4.75	Scan the environment for appropriate programs and new ideas
10.	4.75	Mention sustainability frequently in corporate communications to emphasize its importance to the company
11.	4.75	Approach sustainability in a structured and methodical approach
12.	4.75	Promote the use of transparent outcome measures in all relevant areas
13.	4.75	Apply for sustainability ranking awards.
14.	4.62	Facilitate the discussion and clarify corporate motivation for CSR involvement.
15.	4.63	Approach the resolution of problems associated with sustainability in a manner that is sensitive to the stakeholders and not a legalistic drawn-out avoidance strategy
16.	4.50	Promote the new ethic of the triple bottom line within the company
17.	4.50	Facilitate the choice of a model that guides the program efforts
18.	4.50	Embed sustainability within as many aspects of the company as possible
19.	4.50	Coach employees on how to interact with regulatory bodies
20.	4.50	Put in place operational audits of personnel-related issues
21.	4.38	Educate employees on the business implications of sustainability
22.	4.38	Organize meetings and training sessions that transfer sustainability values and knowledge
23.	4.38	Motivate employee involvement in CSR and the community
24.	4.38	Train employees to engage in stakeholder dialogue with external groups
25.	4.38	Set up sustainability systems audits

In sum:

1. The model shown in figure 1 was consistent with how the participants viewed sustainability implementation.
2. There is a link between the rationale for a sustainability program and its effectiveness although it is a dynamic process.
3. Respondents emphasized the critical leadership role of senior management and the explicit strong executive support of the CEO.
4. Companies with effective knowledge transfer and implementation mechanisms are more successful.
5. When sustainability is a core value it permeates the organization and is fundamental to stakeholder relationships.
6. Experts should have industry experience. Membership in green networks increased visibility, improved social image for the firm, and benchmarking opportunities.
7. The most commonly reported practices that were also perceived as important were high standards of workplace health and safety, positive relations with stakeholders, continuous improvement, organizational culture that fits with sustainability values, and meet national requirements for sustainability certification.

6 DISCUSSION AND CONCLUSIONS

This article makes two contributions to the literature. First, it reinforces the importance of the sustainability implementation model developed in a previous exploratory study (Wehling et al., 2009). It provides initial evidence that this model is applicable in Latin America but expands the model to include the cultural and political dimensions.

Second, the study identifies which implementation practices are most commonly used and given most importance in the Latin American context. The list of items that were most highly ranked on both lists should be helpful in gaining a quick understanding of sustainability implementation in the region. The lack of attention given to integrating sustainability performance with rewards and performance appraisal may say more about how rewards are utilized in Latin America than it does about sustainability management. Top management support for any corporate effort is crucial. Given the cultural dimension of high power distance (Hofstede, 1980) in most Latin American countries, perhaps this is even more important in sustainability management.

Another cultural influence could derive from the intense challenges presented in the socioeconomic and political contexts described by some of these companies. Dealing with guerillas, landless movements and extreme poverty could make the need for stakeholder dialogue more figural than it is in countries characterized by a greater degree of social harmony.

This research is limited primarily by a small sample size. We make little effort to do country comparisons due to the unequal number of firms from each country. Instead, we view these primarily multinational firms as representative of large firms in the larger economies. Future research should test both the model and implementation items with a larger sample of firms in Latin America. Given the potential impact of culture on these findings, a comparative regional study could prove interesting.

Significant progress has been made in sustainability and CSR in recent years, and many programs have a great deal to teach to the rest of the world. As is true all over the world, this region would benefit from even greater efforts, particularly in poverty mitigation.

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