



BATCCA Chair on Social Business
and Corporate Social Responsibility

National Assessment of Corporate Social Responsibility in Nicaragua

Translated from Spanish into English by Connie Gonzalez in September 2009.

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National Assessment of Corporate Social Responsibility in Nicaragua

INTRODUCTION

Since 2000 INCAE Business School (INCAE) has been systematically analyzing a topic central to sustainable development in Latin America: Corporate Social Responsibility (CSR). Corporate Social Responsibility is the activities and investments companies carry out and make to improve local living conditions for their employees, the communities where they operate and society. CSR includes hard topics, such as investments in infrastructure or developing new organizations, and soft ones, like ethics, transparency and promoting values.

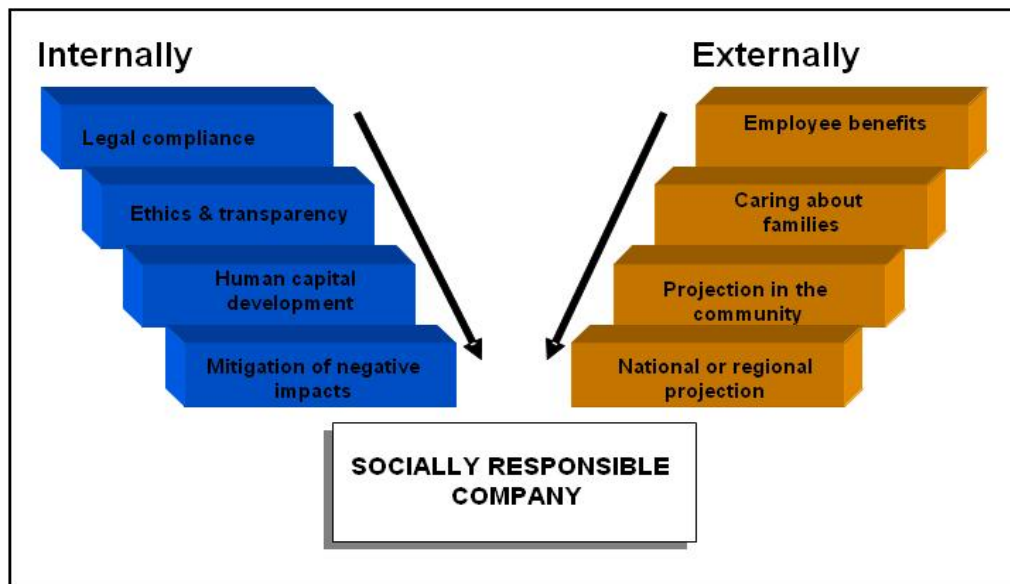
In order to deepen understanding about the mechanisms used by companies to implement CSR, INCAE recently defined a research agenda, sponsored by British American Tobacco Central America. This research will allow institutions to better understand CSR best practices in Central America, Jamaica and Trinidad and Tobago. Results from this study will benefit both sides. We would like to thank the companies who have participated in our research; we are convinced that their support is key to generating knowledge and solving problems related to the region's sustainable development.

RESEARCH MODEL

A large number of companies in the region have implemented CSR initiatives; however, many do not know how to measure them or report on them. The Manual of Corporate Social Responsibility Indicators is a self-assessment tool that can be used to review a company's management in each area of Corporate Social Responsibility. The following should be taken into consideration:

1. National strengths in Central American countries,
2. International CSR trends,
3. The tool should allow for comparisons between companies and sectors and be adapted to the different countries in the region, and
4. The results obtained from using this tool should be highly relevant to the private sector in terms of comparing our region's progress in the area of CSR.

The CSR Model includes eight categories in two general areas: internal and external. Internal issues refer to those used inside companies. The model's external issues represent social and environmental investments that impact the community, and therefore, the company's image. The model follows a logical sequence, which begins with the company's most immediate stakeholders and works away from them.



The Model indicates that the company should focus on each critical area in a comprehensive and balanced way, as well as identify and satisfy the requirements that each stakeholder has to exhibit responsible behavior in the society where the company operates.

RESEARCH METHODOLOGY

The specific purpose of the study was to measure management capacity in companies in the different areas of Corporate Social Responsibility to determine the country's general progress in the topic. In addition, as the country's assessment was developed, the tool was improved to provide companies with a useful way to self-assess their actions, independent of their industry and size.

Research phases

The research was carried out in the following stages:

1. Elaboration of the questionnaire based on the CSR Model for the BATCCA Chair
2. Selection of companies participating in the study
3. Identification of companies with best practices
4. Results

Elaboration of the questionnaire

The assessment tool uses the CSR Model designed for the BATCCA Chair as its basis. The Model is structured in eight categories, each one including several sub-categories. In addition, each sub-category includes a set of specific issues. For example, the area of Legal Compliance has six sub-categories: one is "Compliance with Labor Legislation," which includes a group of qualitative indicators with closed Yes and No questions.

The questionnaire was designed for senior managers. In order to facilitate information collection, the tool has been divided into organizational areas. These sections can be distributed to different department heads for completion: General Management, Finance, Human Resources, CSR or Social Projects, Operations and Quality and Logistics and Customer Service. (See Appendix 1.)

Selection of participating companies

Thirty companies in Nicaragua were invited to participate. Of these, 70% agreed to be part of the study and continue with the assessment process. The abovementioned questionnaire was given to 21 companies (see Table 1), which were selected using the following criteria:

Table 1. List of participating companies

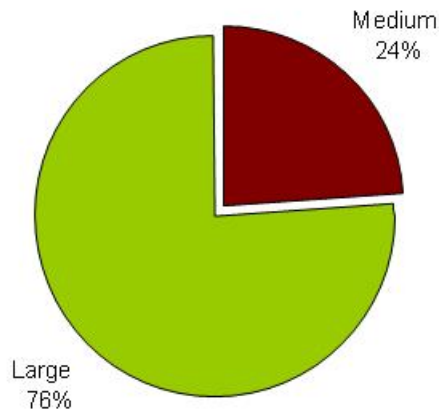
1 Ramacafe	12 Findesa
2 Cemex Nicaragua	13 Bancentro
3 Cerveceria	14 Ingenio San Antonio
4 Grupo Coen	15 Enitel
5 Café Soluble	16 Agricorp
6 OCAL	17 Union Fenosa
7 COBIRSA	18 Estesa
8 ENIMOSA	19 Pinturas Sur
9 Corporacion Roberto Teran	20 Desarrollo Sooner
10 Tip Top Industrial	21 Constructora Sinergia
11 Casa Pellas	

Company size: Initially large, medium and small enterprises were going to be included in the study; however, small companies had made little progress in terms of Corporate Social Responsibility. Medium and large companies demonstrated that they managed CSR concepts and applied CSR practices, which allowed them to fill out the questionnaire more easily. The study used the Ministry of Industry and Commerce's criteria to classify company size based on the number of employees.

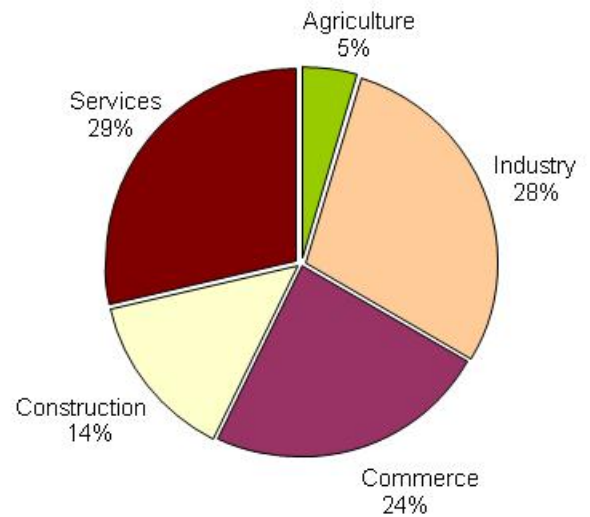
Number of employees	Company size
101 or more	Large
51 to 100	Medium
21 to 50	Medium
6 to 20	Small
2 to 5	Micro enterprise
1	Micro enterprise

Economic sector: The sample included companies in Nicaragua's most important and representative economic sectors, including: commerce, services, industry, agriculture and livestock and construction.

Companies by size



Companies by sector



Identification of companies with best practices

The initial invitation extended to the group of companies and contacts allowed the researchers to select those with exceptional cases of CSR best practices. The selected companies are examples to be followed, using the CSR Model for the BATCCA Chair as the basis.

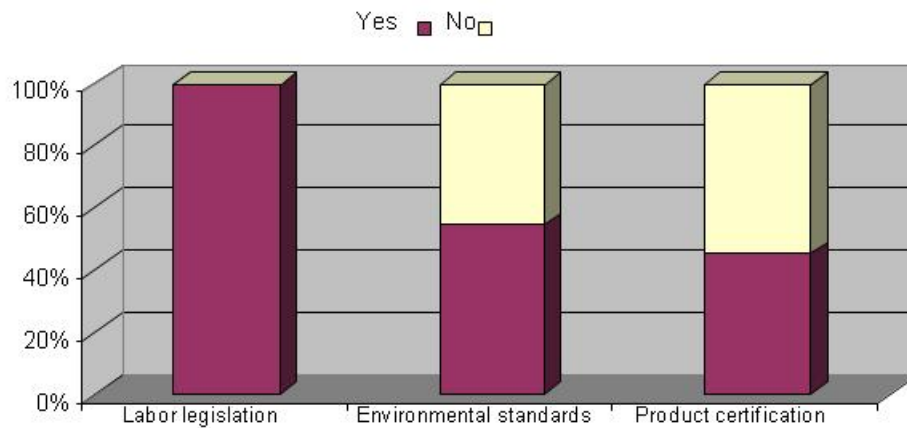
- Ethics and transparency: BAC Credomatic Network
- Developing human capital: Compañía Cervecera de Nicaragua
- Mitigating negative impacts: Cemex de Nicaragua
- Employee benefits: Compañía Cervecera de Nicaragua
- Caring about families: Ramacafe Fine Estates
- National or regional projection: Grupo Pellas

A series of case studies were elaborated with collaboration from these companies. These cases form part of the first book published during the second year of the BATCCA Chair.

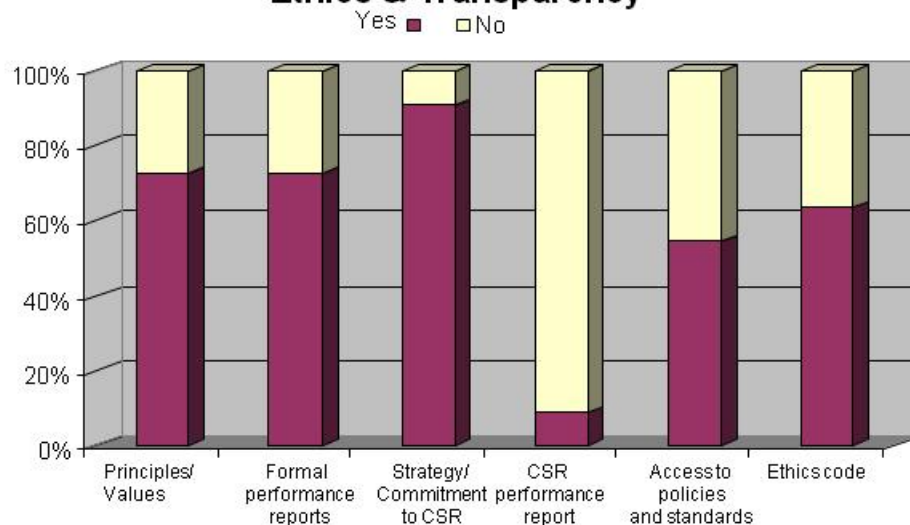
Results

As information was being gathered, several companies withdrew from the study. This was partly due to the time it took to carry out the research in Nicaragua. September and October are months when companies are closing their fiscal years and providing financial information to investors. Several companies indicated they did not have the time necessary to dedicate to the study because of this. In the end, eleven companies completed the questionnaire. The results are as follows:

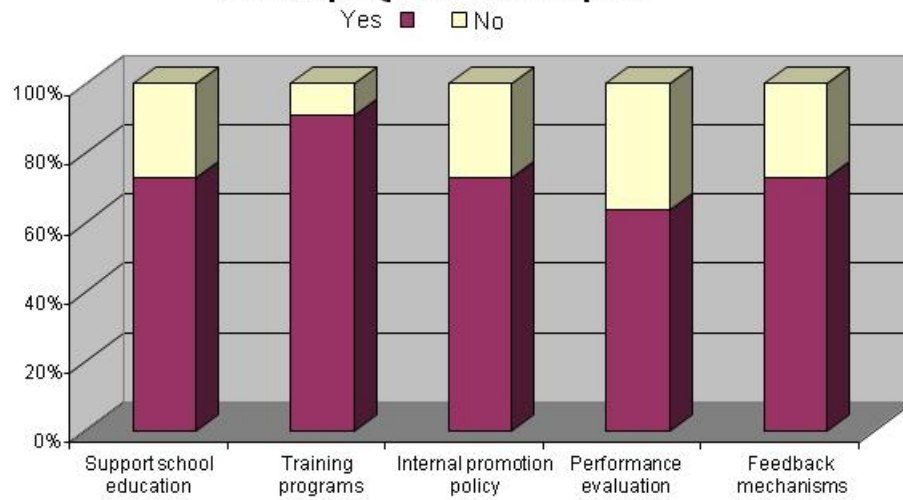
Legal compliance



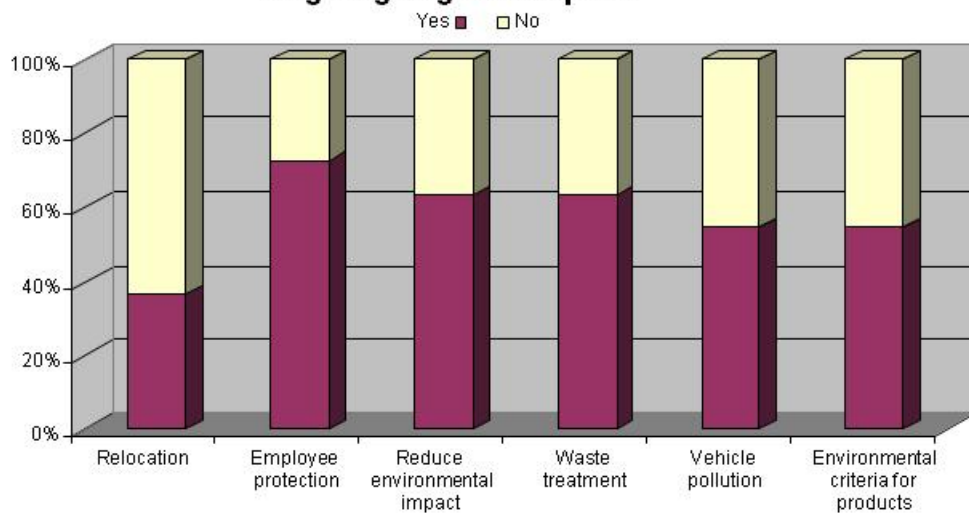
Ethics & Transparency



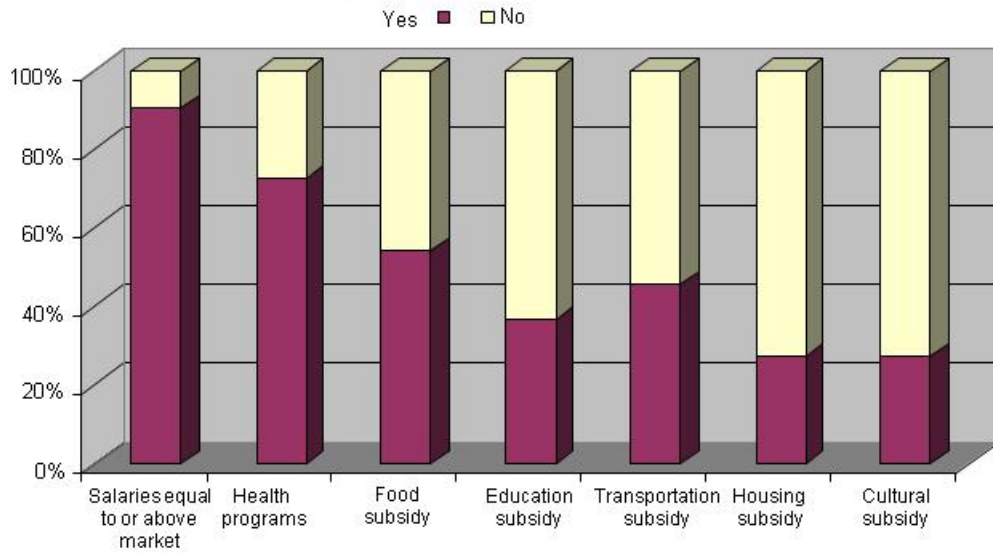
Developing Human Capital



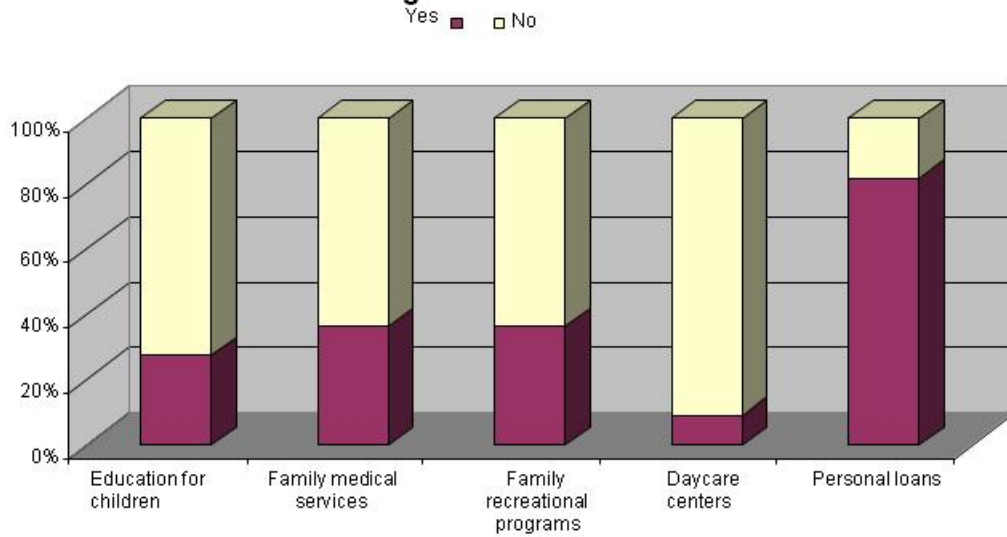
Mitigating Negative Impacts



Employee Benefits

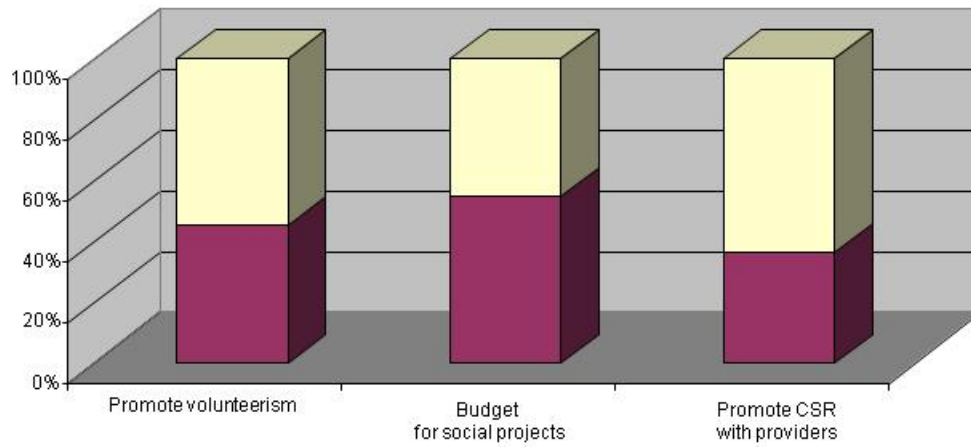


Caring About Families



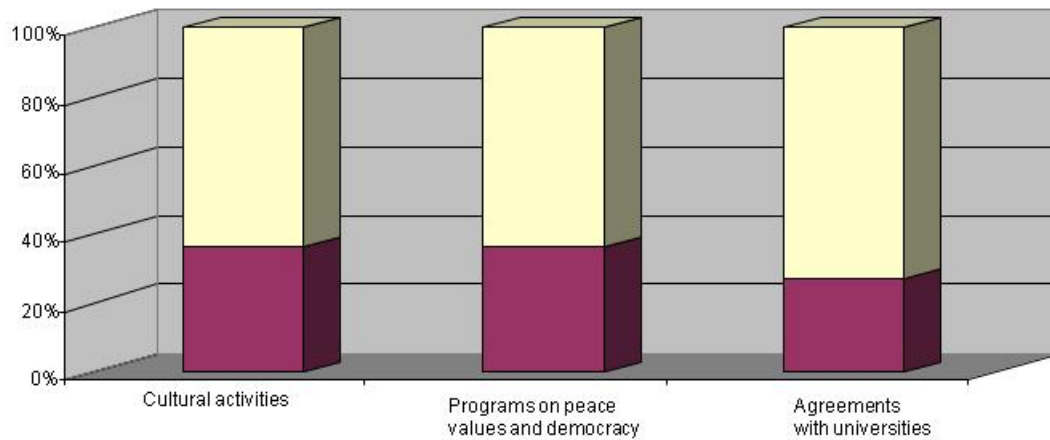
Projection in the Community

Yes ■ No □



National or Regional Projection

Yes ■ No □



APPENDIX

Appendix 1. Questionnaire structure

Organizational area	Categories or sub-categories
General Management	<ul style="list-style-type: none"> Transparency policy and efficiency in implementation Transparency in formal reports Quality and frequency of social reports Participation in industry associations Communicate and promote standards
Finance	<ul style="list-style-type: none"> Compliance with tax obligations Investment levels
Human Resources	<ul style="list-style-type: none"> Compliance with labor legislation Existence and implementation of Ethics Code Training programs Investment in employee training Internal promotion policies Evaluation systems and feedback Relation of productivity/compensation Managing lay-offs and personnel reductions Social security systems and pensions Health and occupational safety Employee subsidies Organizational climate and personnel turnover Generating direct and indirect employment Employees volunteering in the community Caring about families
CSR	<ul style="list-style-type: none"> Support for local projects Develop public and shared infrastructure Respect social development/culture/the environment Support governmental institutions and social NGOs Collaboration with universities
Operations and Quality	<ul style="list-style-type: none"> Compliance with environmental specifications Compliance with product and occupational safety specifications Occupational safety policies Frequency and management of accidents on the job Waste, water and emissions management
Logistics & Customer Service	<ul style="list-style-type: none"> Projecting social responsibility to clients and suppliers Product lifecycle