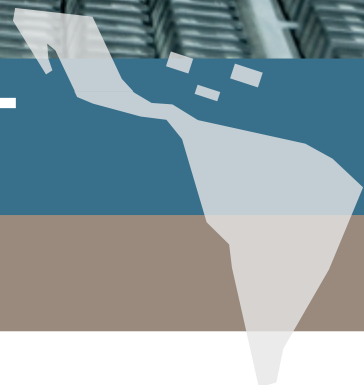




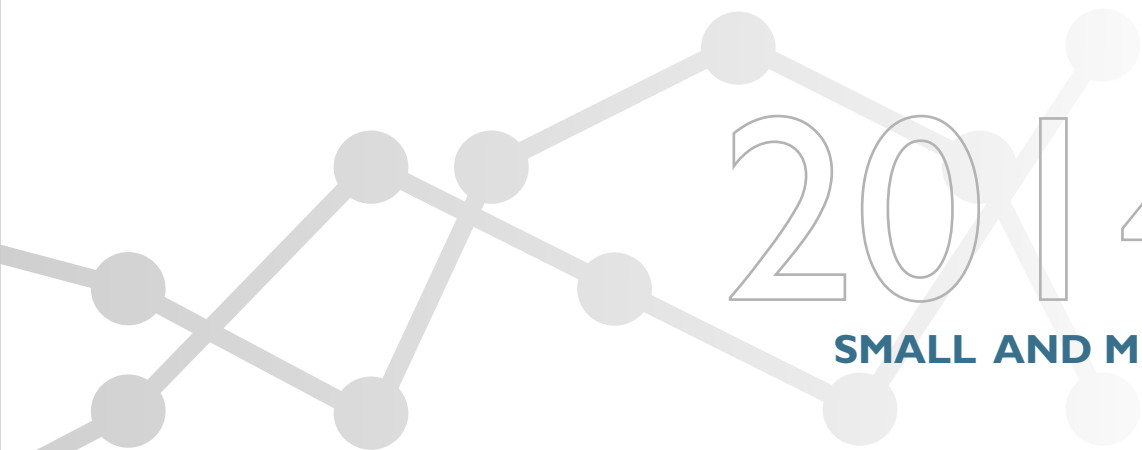
SOCIAL INVESTMENT

LATIN AMERICA



2014

SMALL AND MEDIUM ENTERPRISES





About this report

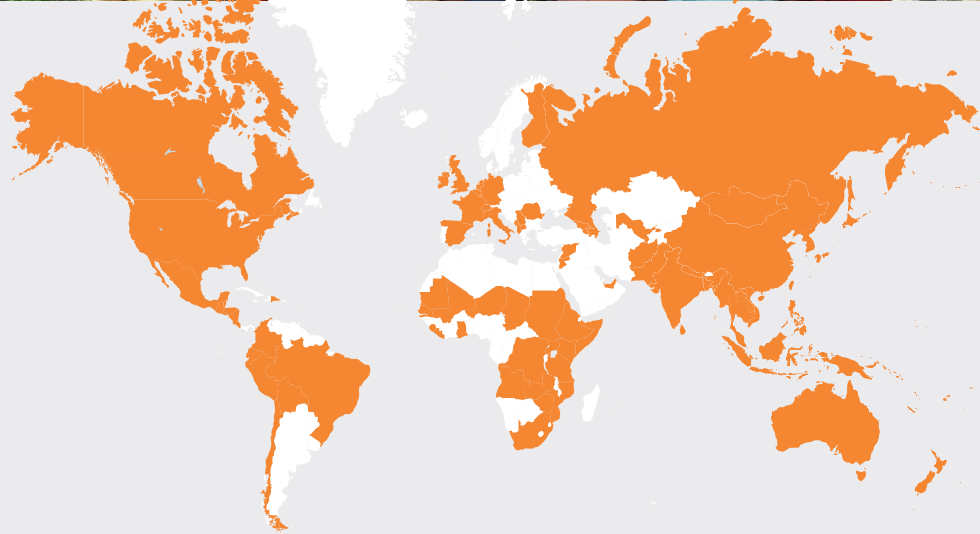
World Vision as non-profit organization has built development programs for Latin American children. Its effort in the areas of education, health, nutrition, emergency care and promotional campaigns for justice has impacted populations in different countries of Central America, the Caribbean and South America.

The role of SMEs in rural or urban communities has been crucial to positively impact many families in vulnerable areas, either through the generation of jobs or specific support to disadvantaged populations.

Over time, World Vision has made partnerships with SMEs in different ways, whether it is supporting clinics in the rural sector, in-kind product donations as well as the development of support programs to the education sector, being this area of greater involvement or the social business investment destination.

The following study is focused on better understanding the needs of social investment for SMEs, consistent with corporate social responsibility strategies. The analysis has been aimed on issues of education, health, child protection, among others to provide a broad picture by area providing an instrument that supports the strategic planning of small and medium-sized enterprises in the social investments performed in different countries of Latin America.

On behalf of our colleagues in Latin America, we thank you for your support in the realization of this study, and for sharing your experiences to provide a better overview of the social investments made by SMEs.



About World Vision

World Vision is a Christian global organization of relief, development and advocacy, dedicated to working with children, families and communities in order to overcome the causes of poverty and injustice.

World Vision serves to anyone regardless of their religion, race, ethnicity or gender.

We work in 100 countries around the world, and in 14 countries of Latin America and the Caribbean: Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua and Peru, through approximately 594 projects that benefit 4,500 communities and almost 780,000 children, with a direct impact on 10 million people in the region.

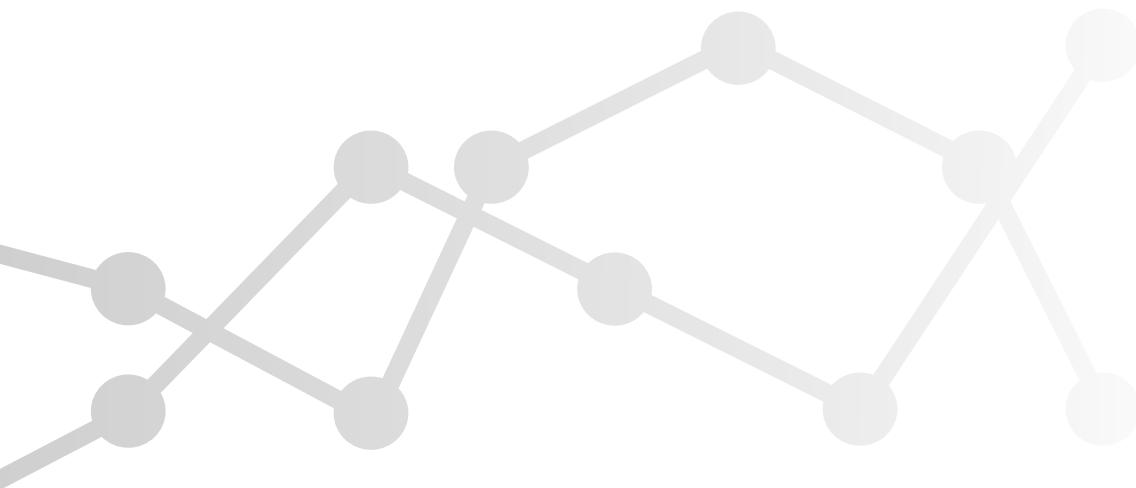
Learn more, visit www.wvi.org

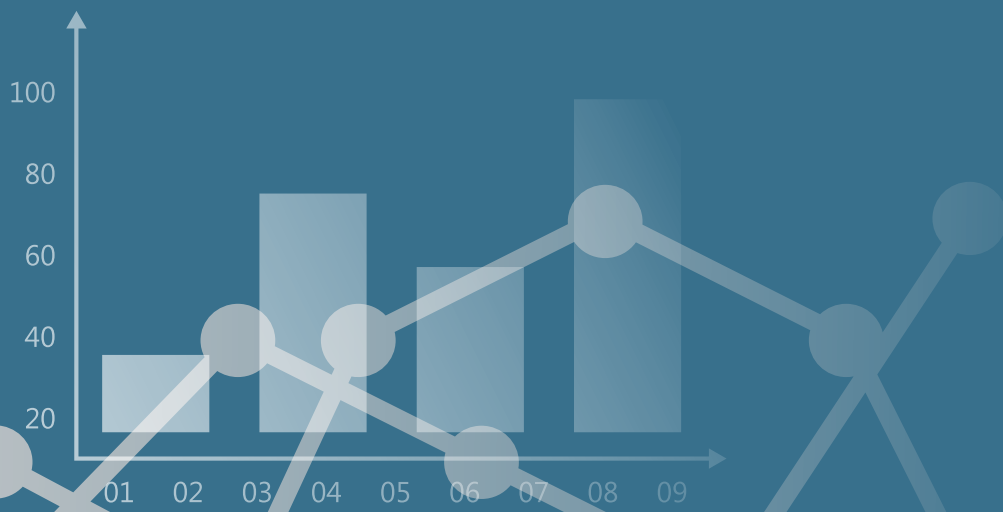


CONTENT



1. Introduction
2. Executive Summary
3. Participants
4. Social Investment Strategies
Sectors of interest
5. Partnerships and interest groups
Volunteering and donations in-kind
6. Level of participation in the projects
7. Next steps





I. INTRODUCTION

I. INTRODUCTION



Small and medium-sized enterprises are making inroads in the area of **corporate social responsibility**. Some more forcefully than others. In Latin America, SMEs have different motivations, expectations and their impact on the environment, employees and linkages with global corporations are some of the factors that are mentioned today.

Represented by their owners or general managers, small and medium-sized enterprises have a high stake in the services sector. The industrial sector linked to transnational corporations or the local market, are aware that corporate social responsibility should be performed.

However, the combination of the key factors of CSR, still differ in terms of environmental issues and human resources, among others. In some countries in Latin America such as Chile, 56% of SMEs accept they perform some action to help communities and 57% says they have no contact with surrounding communities, according to a study by Acción RSE in Chile.

A challenge for SMEs is the concatenation with the global companies demonstrating that they have corporate social responsibility programs that provide security and good image to their major international corporate clients in some cases. It is important to know the interests of SMEs in their vision of social investment and support that is considered adequate to communities in areas where the population has major disadvantages due to their vulnerability.

The private sector plays a crucial role in overcoming the challenge of poverty in different countries of Latin America, and the joint coordination between the government, civil society organizations and communities as other actors can achieve a consensus to improve the conditions of people and society with a concept of sustainability.





2. EXECUTIVE SUMMARY

I. EXECUTIVE SUMMARY

The following findings show the opinions from the point of view of operations with respect to the corporate engagement:



In a general way, a trend of increasing interest is displayed in aspects such as **education, skills for life, health**, which are perceived as very important for aspects of corporate social responsibility.



The second important aspect is the subject of health and nutrition; about 90% of respondents classify it as very important or of moderate importance. The sector related to the protection of children is in third position of importance.



When consulting SMEs, it stands the increased interest on malnutrition; nearly 82% say they would be somewhat interested or very interested in making some kind of support. The prevention of sexual diseases is an aspect of lesser importance.



The dropout is the aspect of greater importance in 72.4% of the interviewees. The second point of interest is literacy in general.



The work in emergency care does not generate a higher level of interest among SMEs.



The aspect with the highest level of interest is the entrepreneurship of women, with 72.4% of interest among SMEs.



Companies clearly contribute to aspects of water and public and educational sanitation, rather than investment in water-related infrastructure projects.



Aspects as child sexual abuse, abuse and bullying are important issues, according to the results of 51.7%, 65.5% and 55.2% respectively for SMEs.





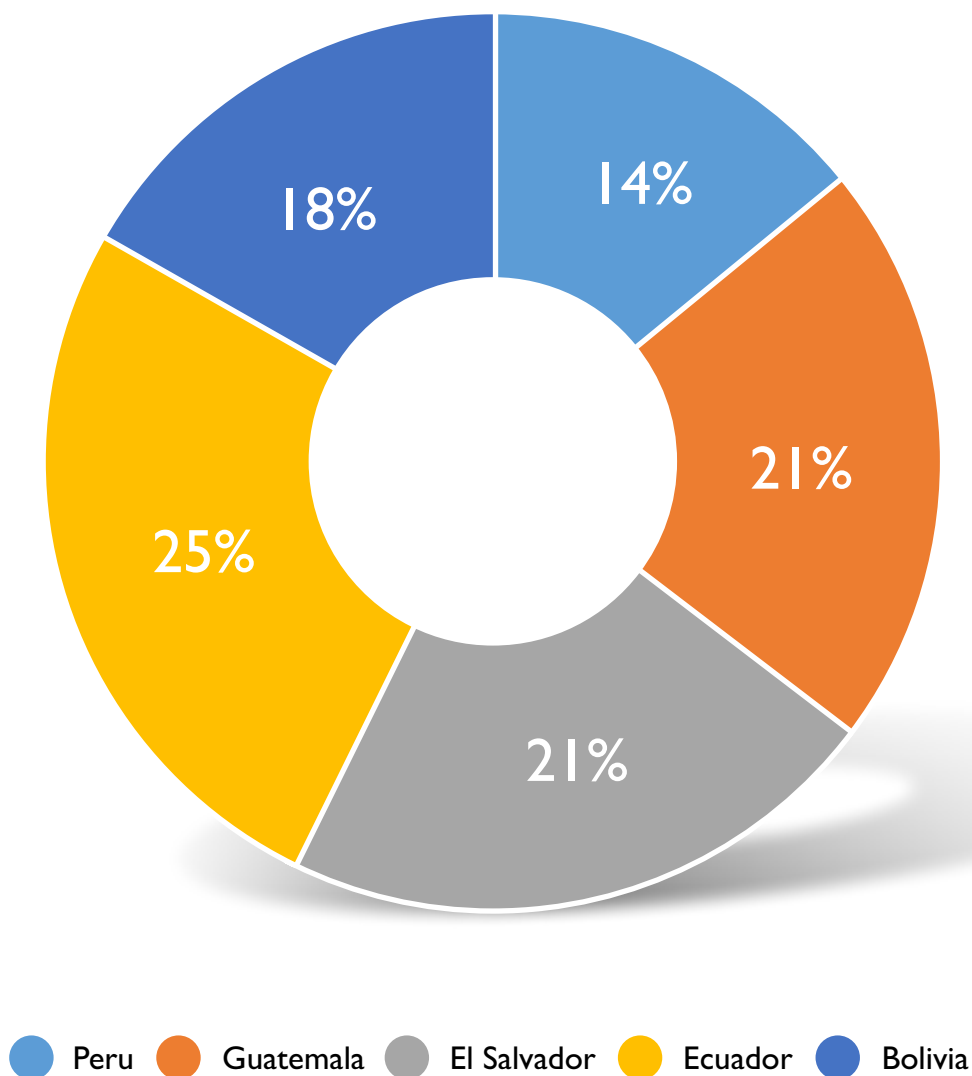
3. PARTICIPANTS



3. PARTICIPANTS

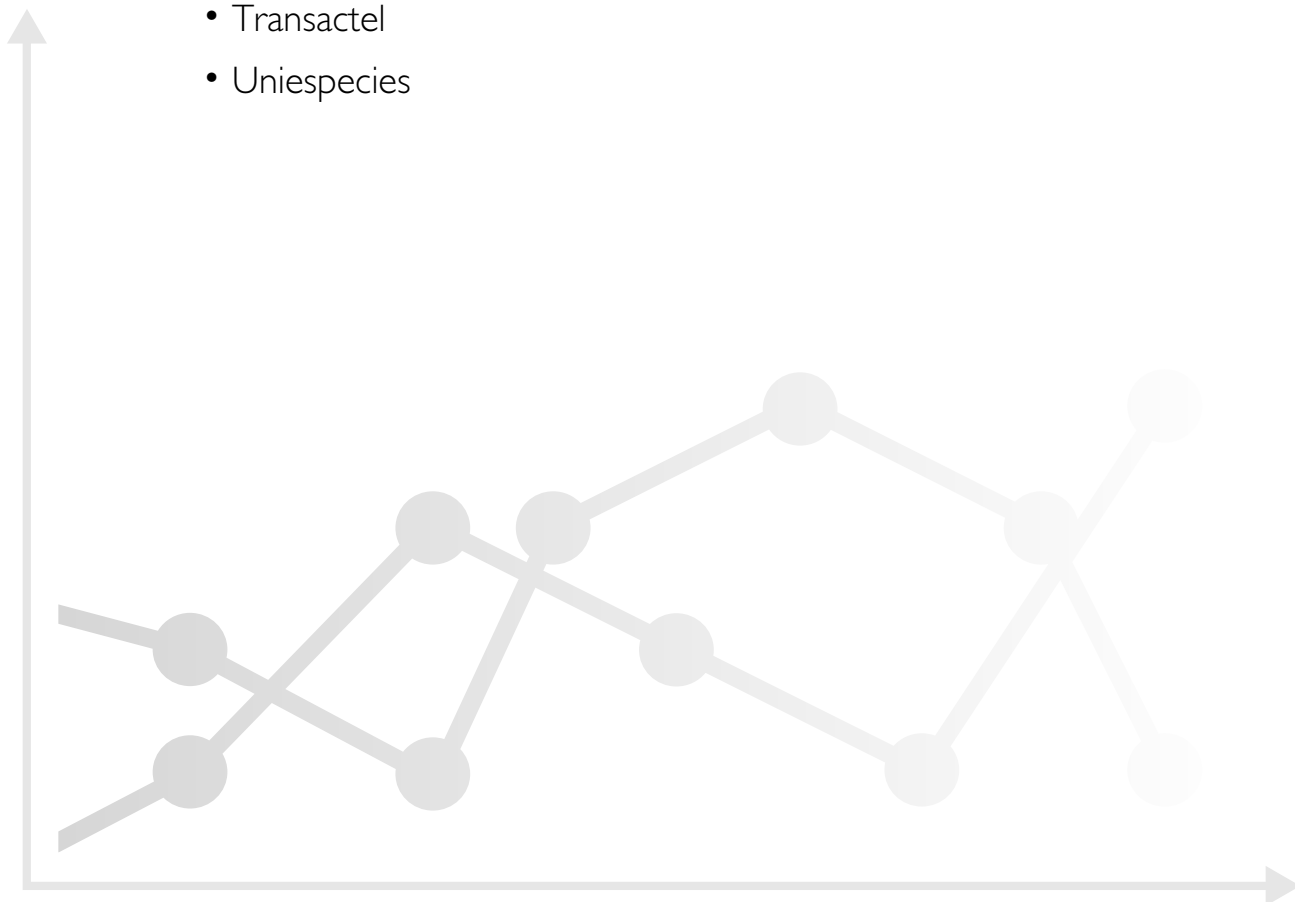
The survey was carried out to small and medium-sized enterprises in countries in Latin America, such as: **Peru, Guatemala, El Salvador, Ecuador and Bolivia.**

Response was obtained from twenty-seven companies **in a comprehensive manner on the sectors of greatest interest in making social investments or corporate social responsibility.**



The participating companies are listed below:

- Súper Selectos
- Research & Planning S.A.
- Grupo San Nicolás
- Alimentos y Turismos S.A.
- Aeroman
- Unopetrol
- Grupo La República
- AFP Integra
- Austral Group
- Rimac Seguros
- Anabelly
- Ecofiltro
- ILPSA
- Saúl Méndez
- Transactel
- Uniespecies
- BGR
- Ecovida
- Eje Comunicaciones
- Hidrotecnología
- Atlántico S.A.
- Creaciones Deportivas Andrés
- Imprenta y Offset Santa Rita
- Sociedad y Molinera S.A.
- Pil Andina S.A.
- Boliviana de Aviación
- Bolivar Administración e Inversiones S.A.





4. SOCIAL INVESTMENT STRATEGIES

AREAS OF INTEREST

4. SOCIAL INVESTMENT STRATEGIES

AREAS OF INTEREST

Key findings

In general terms, a tendency is displayed in aspects such as education, skills for life and health, since they are perceived as very important for the development of corporate social responsibility.

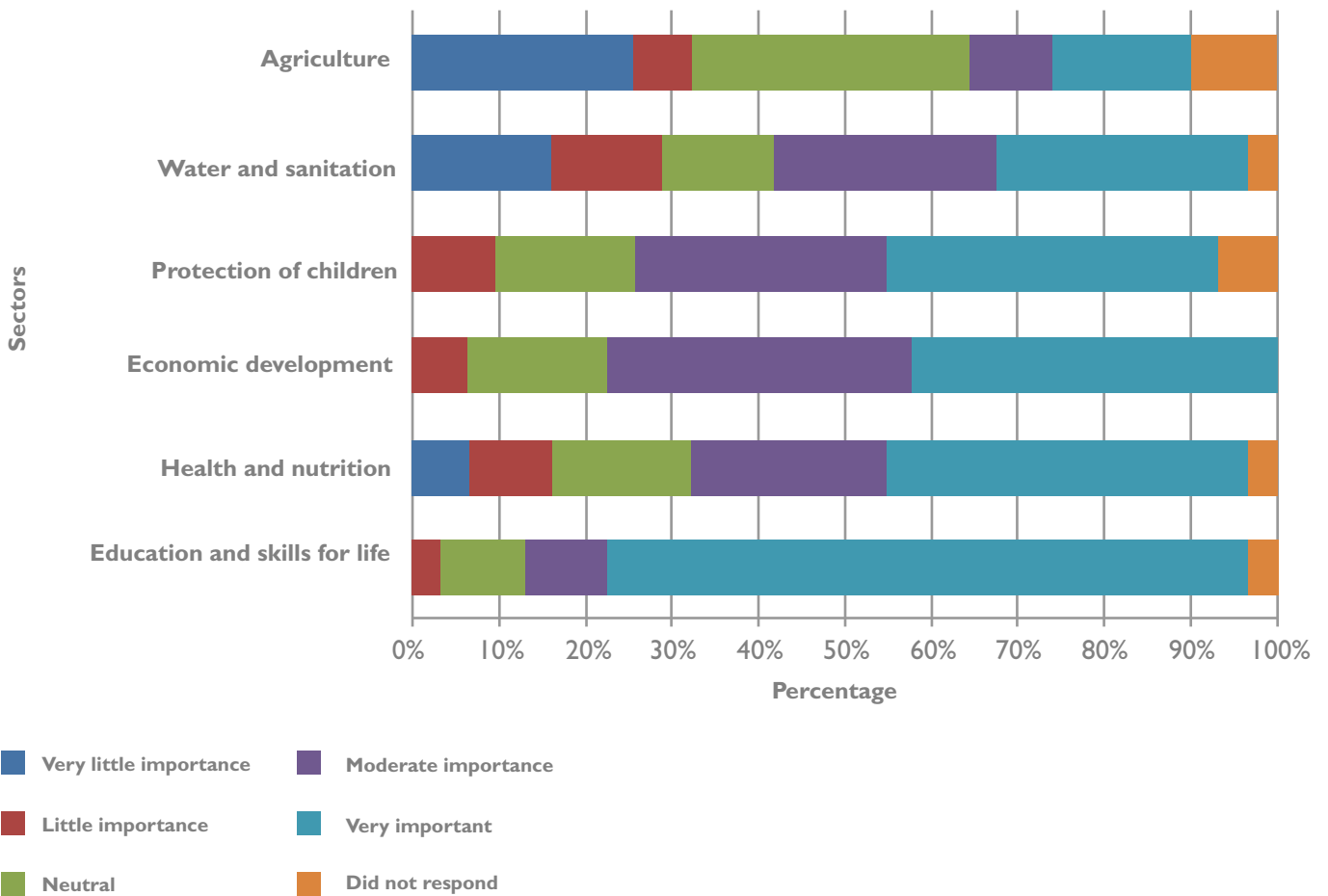
These are sectors or areas of interest mentioned by small and medium-sized enterprises, shown in chart 2.1. Dropout is the most important issue, followed by literacy in general, the early stimulation and literacy for young people.



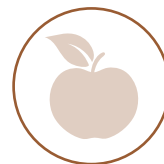
The second important aspect is health and nutrition, 90% of those interviewed categorized it as very important or of moderate importance. The sector related to the protection of children is in third position of importance, which shares level of significance with areas such as water and sanitation, and economic development.

Sectors such as child labor, water and sanitation, micro-enterprise development, emergency care, are aspects which are important within corporate social responsibility strategies. It should be noted that the area of lesser importance is agriculture in the countries and organizations consulted.

Chart 2.1
Sectors of importance to SMEs for the development of corporate social responsibility.



Source: Survey on SMEs and Social Investment in Latin America



Health and Nutrition

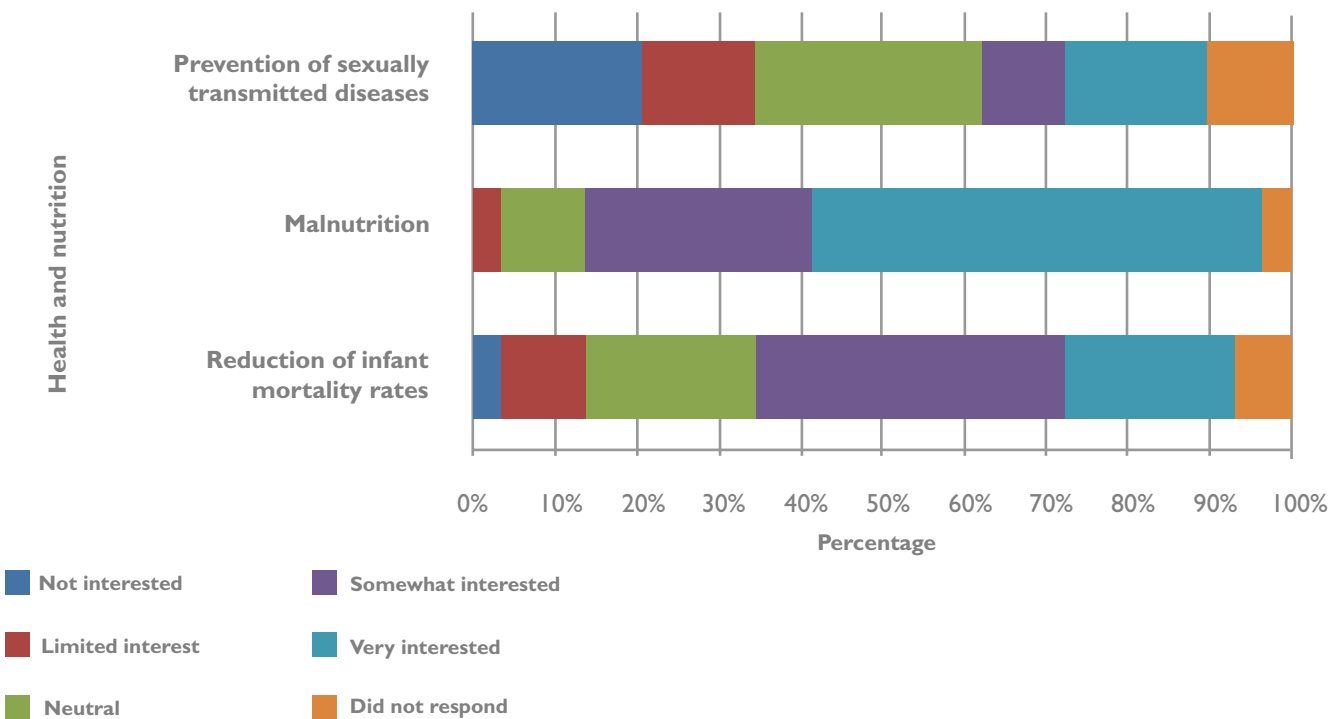


The area of health and nutrition is one of the areas of interest for SMEs. **The consultation performed highlights that there is increasing interest in the issue of malnutrition. About 82% believes that they would be in some way interested or very interested in this topic.**

The least important aspect is the prevention of sexual diseases.



Chart 2.2 Level of interest of SMEs in health and nutrition projects



Source: Survey on SMEs and Social Investment in Latin America

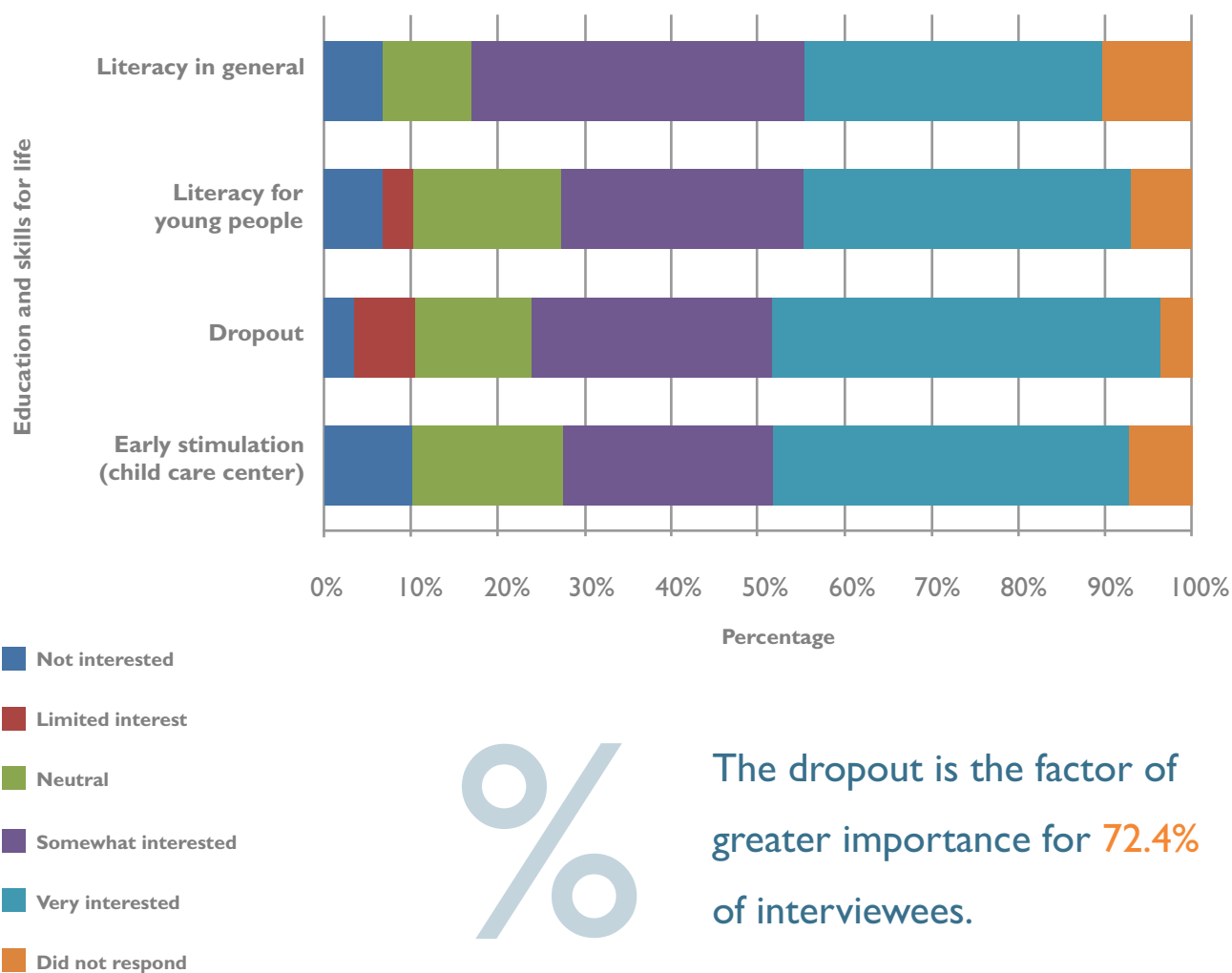


Education

As education is **the most important aspect for SMEs** and one of **the pillars for combating poverty**, interviewees were consulted on four important aspects, obtaining the following answers: the dropout is the factor of greater importance for 72.4% of interviewees; the second point of interest is literacy in general, it should be rescued that there is a significant percentage of companies that do not respond to this aspect; thirdly, is the early stimulation presenting the same level of interest as literacy for young people, Chart 2.3.

Chart 2.3

The degree of interest of SMEs in education projects.



Source: Survey on SMEs and Social Investment in Latin America

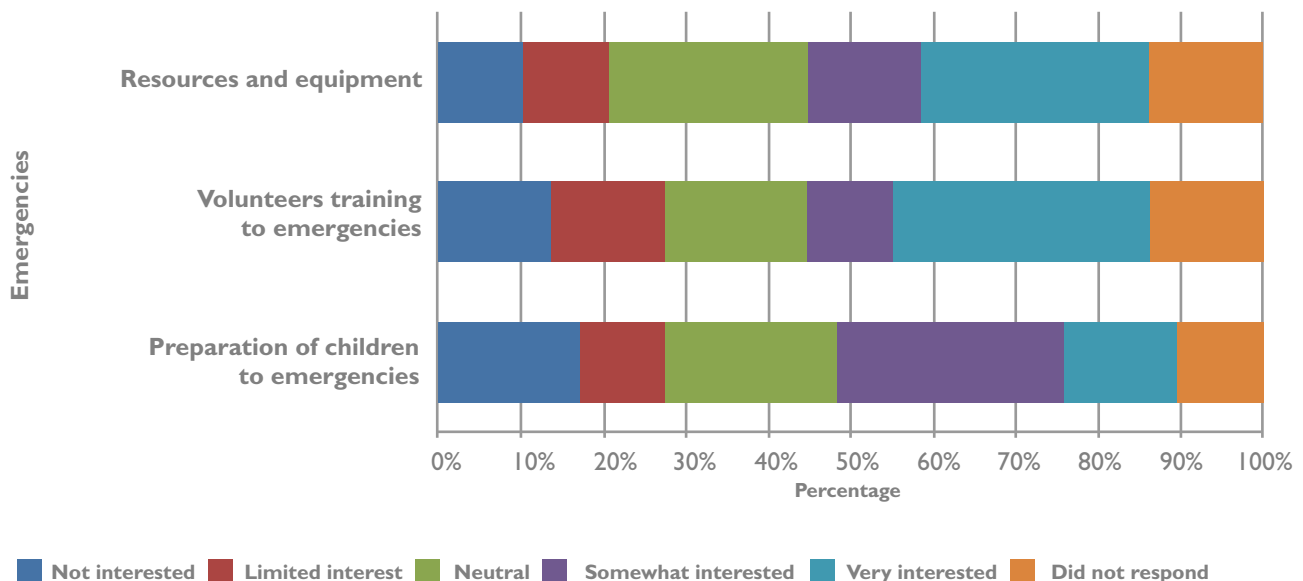


Emergencies

The work in emergency care does not generate a higher level of interest among SMEs. The primary aspect is the training of volunteers for emergency, but with a level close to 40%. Therefore, it highlights the lack of interest this issue generates in small and medium-sized enterprises. They react mainly when emergencies occur in towns but not when these are preventable.



Chart 2.4 The degree of interest of SMEs in emergency projects.



Fuente: Encuesta sobre Pymes e Inversión Social en América Latina



Economic Development

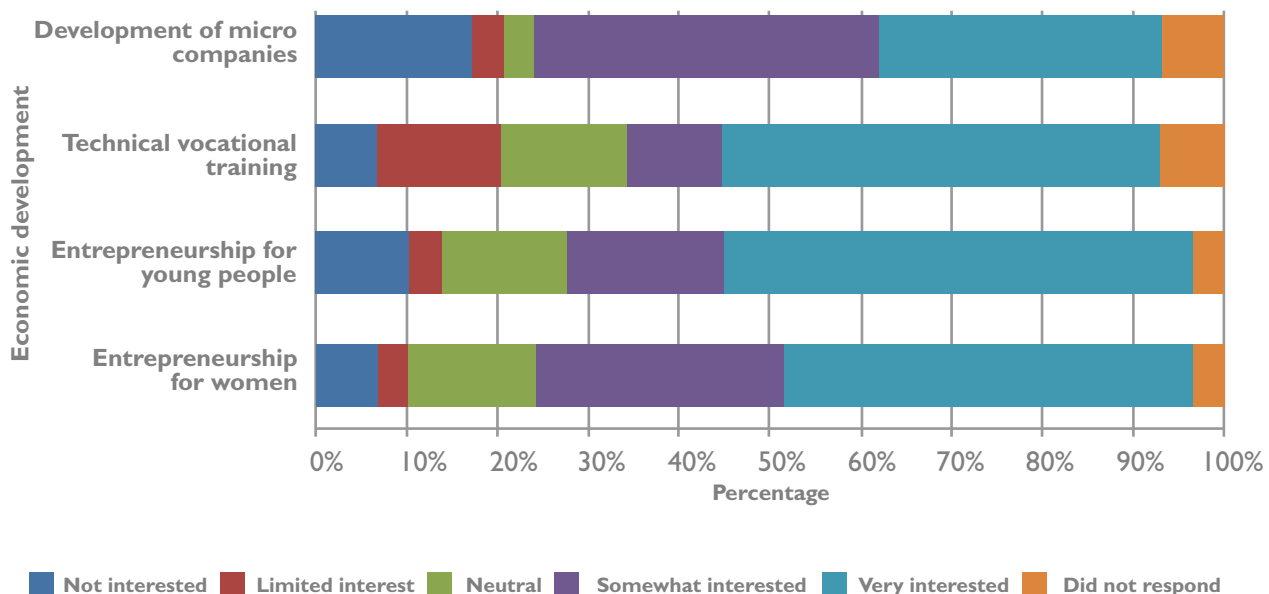


The aspect with the highest level of interest is the entrepreneurship of women with **72.4%** level of response among SMEs.



Economic development is one of the ways to fight poverty in the society. 58.6% of the SMEs mentioned that the technical vocational training have a level of interest. The development of micro-enterprises and entrepreneurship of young people presented a similar 69% level of interest.

Chart 2.5 The degree of interest of SMEs in economic development projects.



Source: Survey on SMEs and Social Investment in Latin America



Water and sanitation

The companies clearly favor public and educational water and sanitation rather than water infrastructure.



The number of companies that are not interested or only have limited concern in aquifers, infrastructure and training to maintain the infrastructure had these rates of response: 37.9%, 34.5% and 31% respectively, which is very high in comparison with most of the other questions in this section of the survey.



Small and medium-sized enterprises said they are little or very interested in the use of water and hygiene campaigns representing **55.2%** and **62.1%**, respectively. The level of interest in water and sanitation was 58.4% referred to as moderately or very important to their corporate social responsibility strategy.

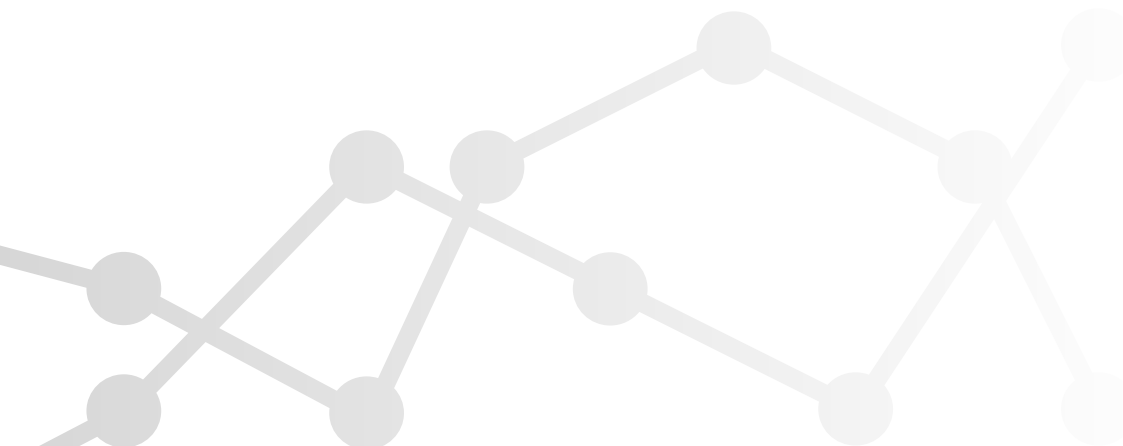
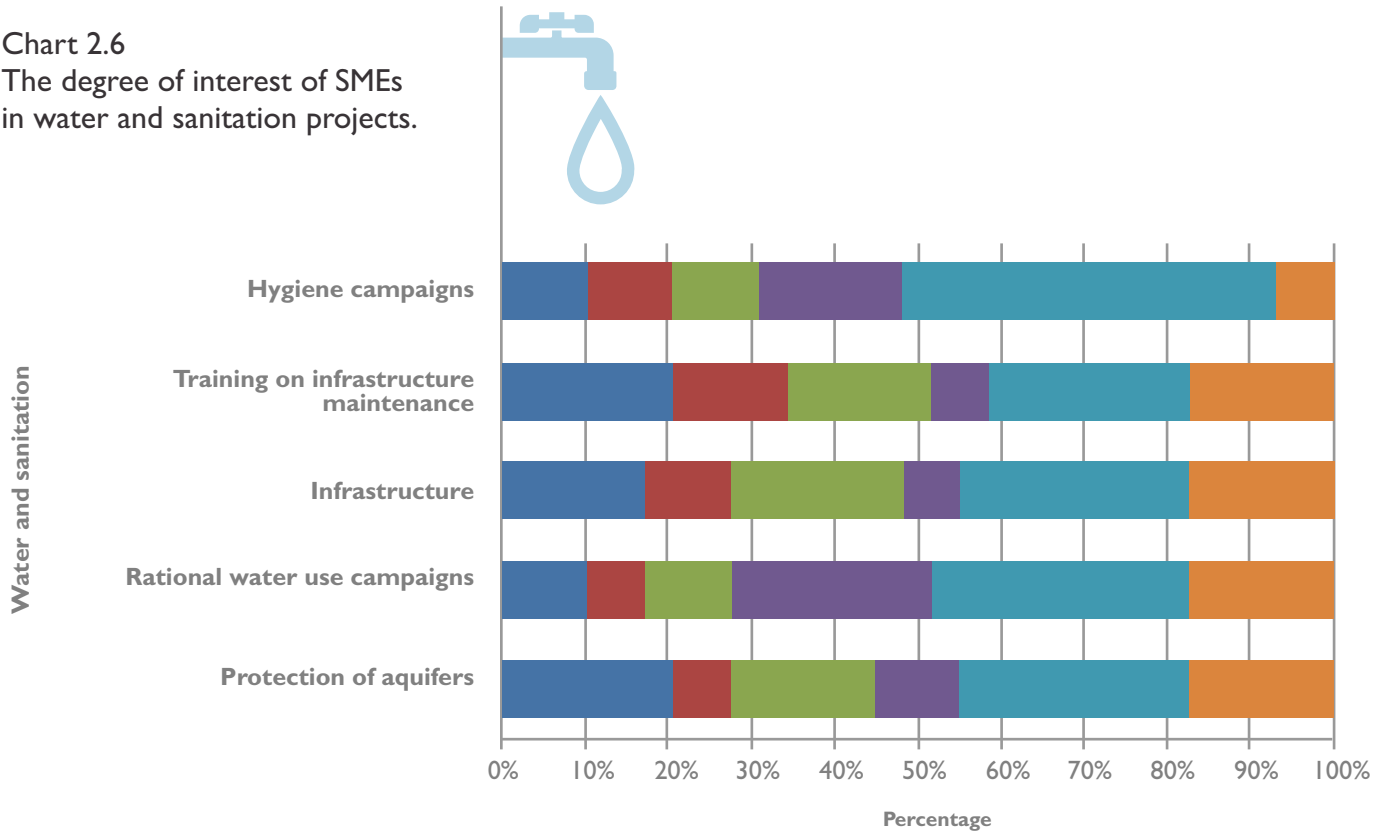


Chart 2.6
The degree of interest of SMEs
in water and sanitation projects.



- Not interested
- Limited interest
- Neutral
- Somewhat interested
- Very interested
- Did not respond

Source: Survey on SMEs and Social Investment in Latin America



Child protection



69% of SMEs reported to be somewhat or very interested in projects related to child labor.



Aspects such as: **child sexual abuse, maltreatment and bullying** are of interest to the companies, consistent with response rates in the above mentioned order, i.e. 51.7%, 65.5% and 55.2% respectively.

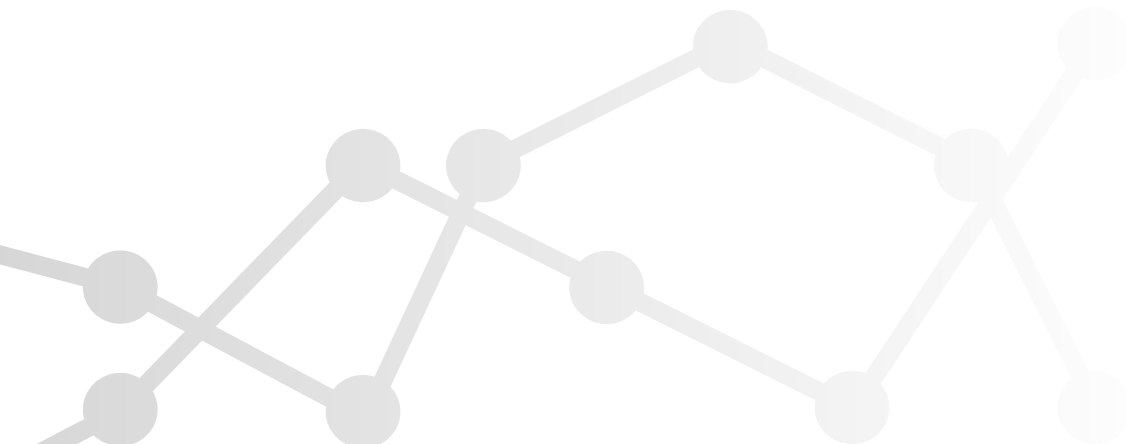
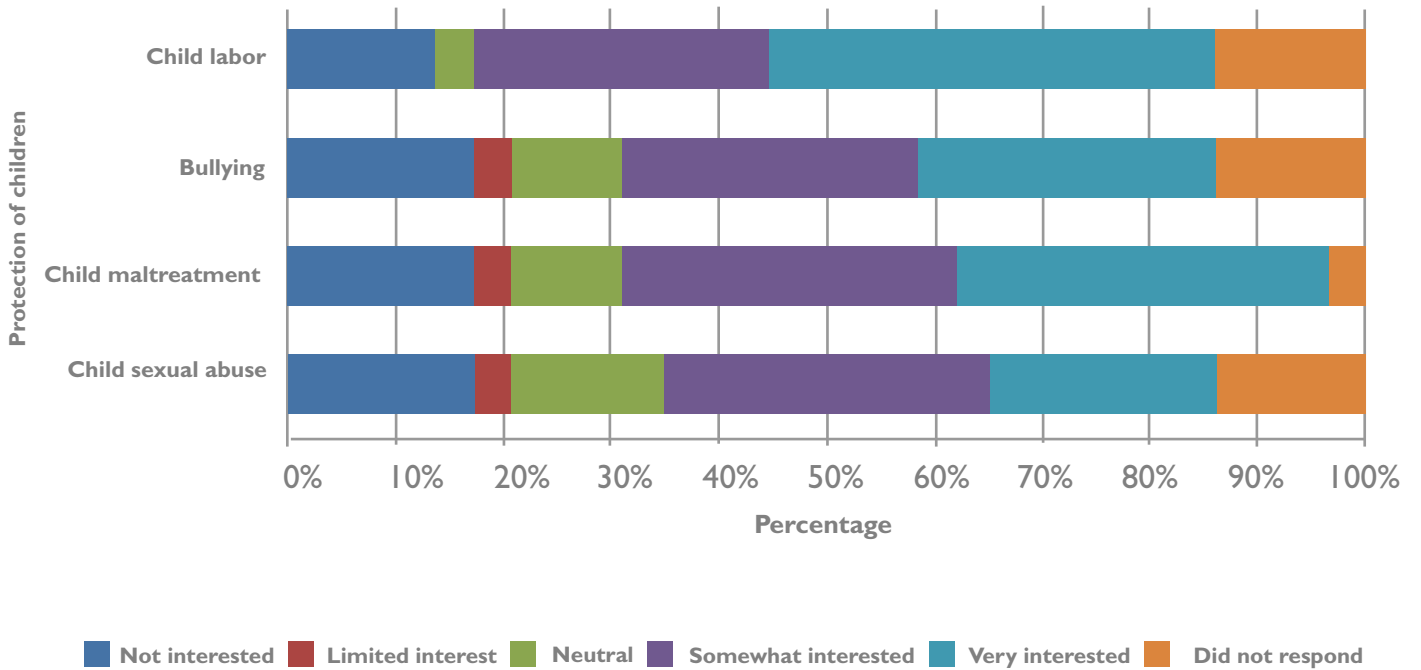




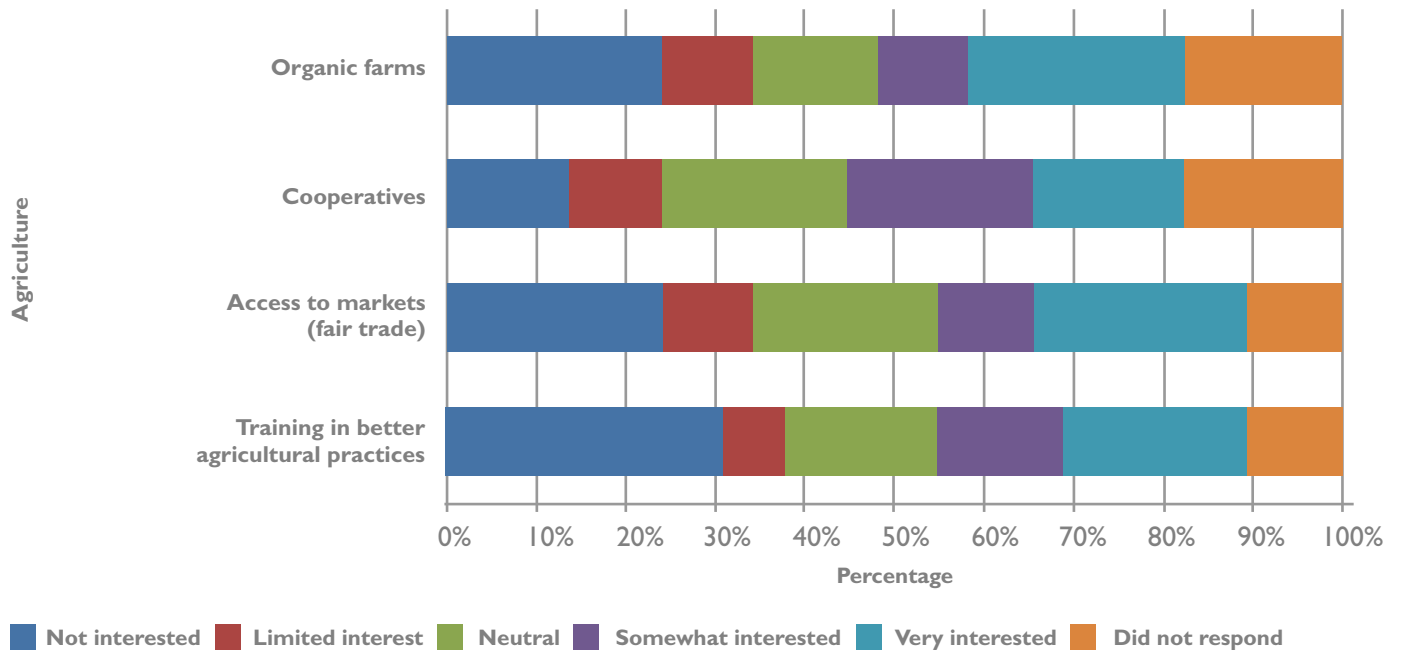
Chart 2.7 The degree of interest of SMEs in projects for the protection of children.



Source: Survey on SMEs and Social Investment in Latin America



Chart 2.8 The degree of interest of SMEs in projects of agriculture



Fuente: Encuesta sobre Pymes e Inversión Social en América Latina

The issue of agriculture among the interviewed small and medium-sized enterprises, **is the area with less interest, since 25.8% of the people surveyed reported agriculture as moderately significant or very important.**

Cooperatives answered with a representative interest of 37.9%. Training on best agricultural practices was mentioned by SMEs, as somewhat or very concerned with 34.5% of responses. The types of remaining projects are unpopular for a large group of respondents; however, a high number of neutral responses and no-response are also recorded.





5. PARTNERSHIPS AND INTEREST GROUPS

VOLUNTEERING, DONATIONS IN-KIND

5. PARTNERSHIPS AND INTEREST GROUPS

VOLUNTEERING, DONATIONS IN-KIND

As part of the different activities SMEs carry out on corporate social responsibility, they were consulted on cases where they put into practice this subject, which are listed below:

- The implementation of sports centers in the city of La Paz.
- Donation to Special Olympics.
- Scholarships for university education.
- Free air transportation for children with cancer.
- Donation of stock of products destined for the school breakfast.
- Sponsoring for children in REMAR.
- Support the Church with donation of clothes.
- Food.
- Medication.
- Donation of irrigation equipment and drinking water system to Hermanas de la Caridad in Peine.
- Contribution with Fundación Albergue La Dolorosa.
- Transfer of technology.
- Purchase of items by disadvantaged groups.
- Donation of books.
- Anti-bullying campaigns.
- Donation of canned food.
- Donation of items to survive natural disasters.
- Delivery of air tickets for transfer of patients.
- Support to workers with less economic possibilities.
- Tutorial scholarships for students.
- Partnership with PMA to promote food ration to the municipalities with chronic malnutrition.
- Donation of medicines to different institutions.
- Donation of toys at Christmas.
- Donations in-kind, in emergencies, school construction, English program, international certificates of food safety and good agricultural practices in the field.

To carry out these activities, small and medium-sized enterprises have framed the alignment of these activities within their strategies, including the presentation of investment projects, the marketing of these projects, communication with possible target population, always taking into account that they are mainly initiatives within the pillars of education, health and environment.



Work with populations' groups

An important aspect is where efforts and projects of these entities are directed, since the relevance of SMEs over a certain age and ethnic groups, is the result of the approach given to projects and donations, among others.

For SMEs surveyed, **children aged 0 to 12 years old are the group of greater importance for the CSR strategies of these companies**, followed by teenagers, which are in the range of age between 13 - 18 years old.

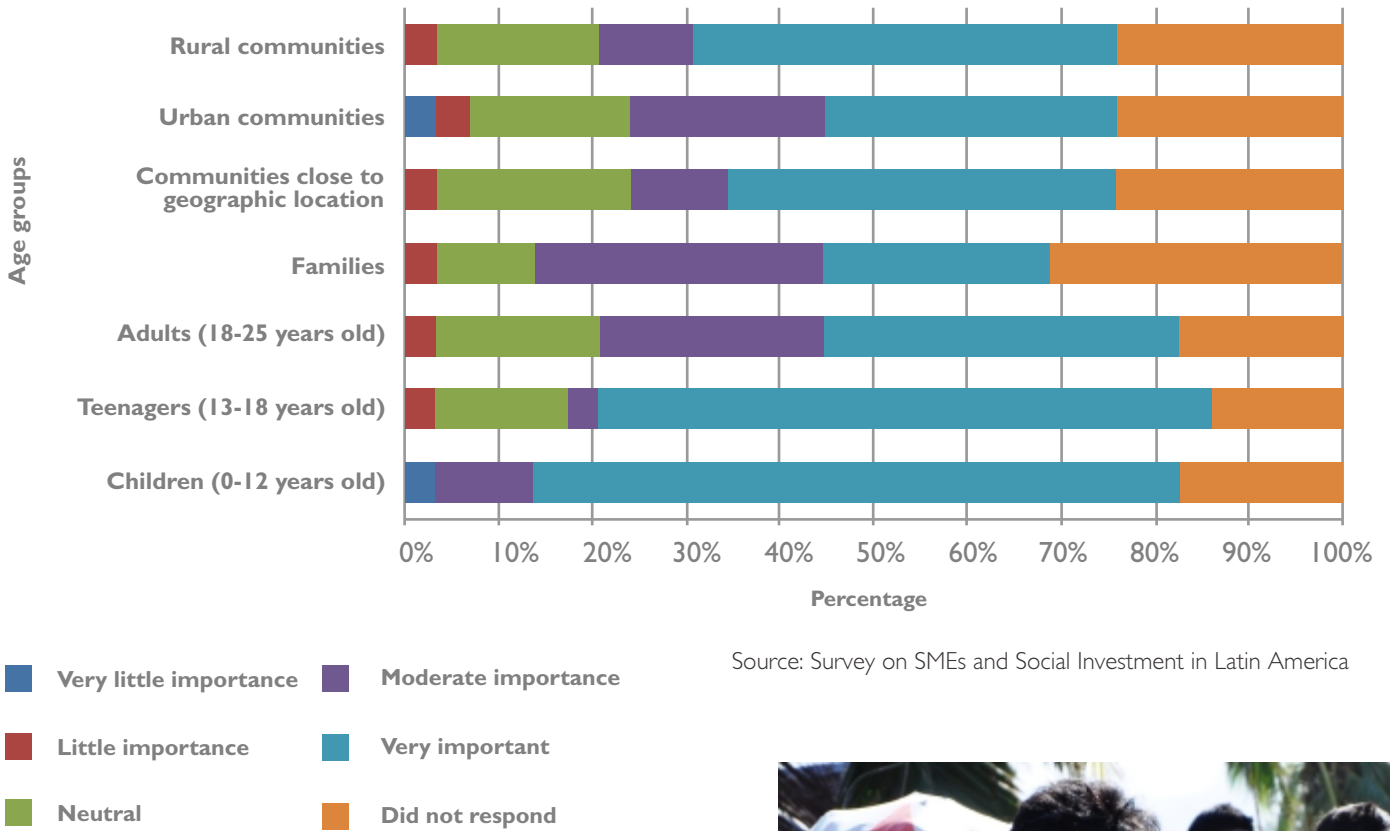


Respondents say it is a group of great importance, since 68.9% believes to be very important or of moderate importance. In the case of adults with ages from 18 to 25 years, 62%, of those interviewed believe that they have significance.

In the case of families, 55.1% of the interviewees give importance to this group within their social investment projects. **51.7% expressed that projects related with communities near their geographic location are very important or of moderate importance.**

Chart 2.9

Level of importance by groups of interest and the fate of social investments.



Source: Survey on SMEs and Social Investment in Latin America

In the case of the urban communities and rural communities, 51.7% and 55.1%, respectively comment that this demographic group-related projects are very important or of moderate importance. Rural communities represented a group of higher interest with respect to urban communities.

But just like age or demographic groups which should be taken into account for the implementation of a social investment project, the work performed with different institutions, organizations and partners is also important.



Work with institutions

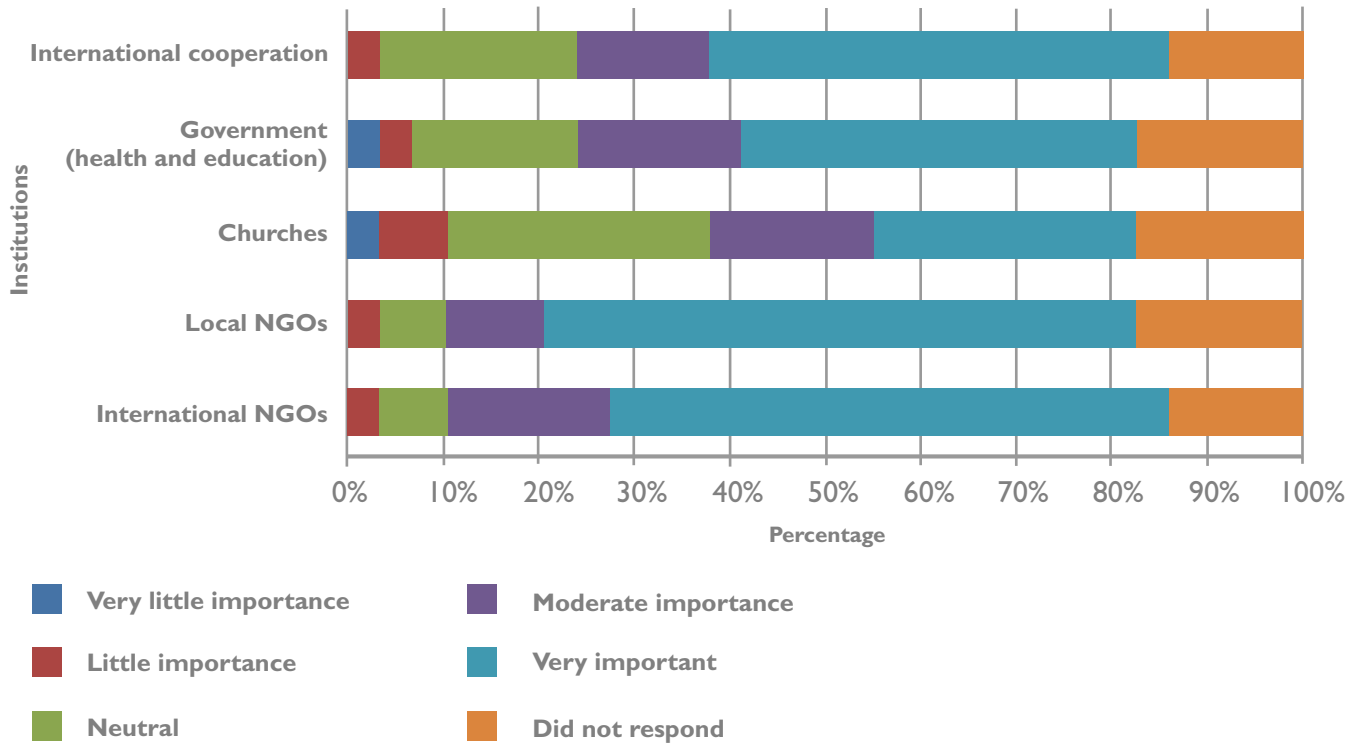
For the successful performance of the different programs and projects, the link with other organizations should take place; working with international NGOs is very important for SMEs. Also, a high percentage believes that working with the local NGOs is instrumental.

In the case of the churches, 44.8% of interviewees believe that it is very important or of moderate importance to work in social investment projects: in the work with the government, mainly with health and education departments, 58.6% believes it is very important.

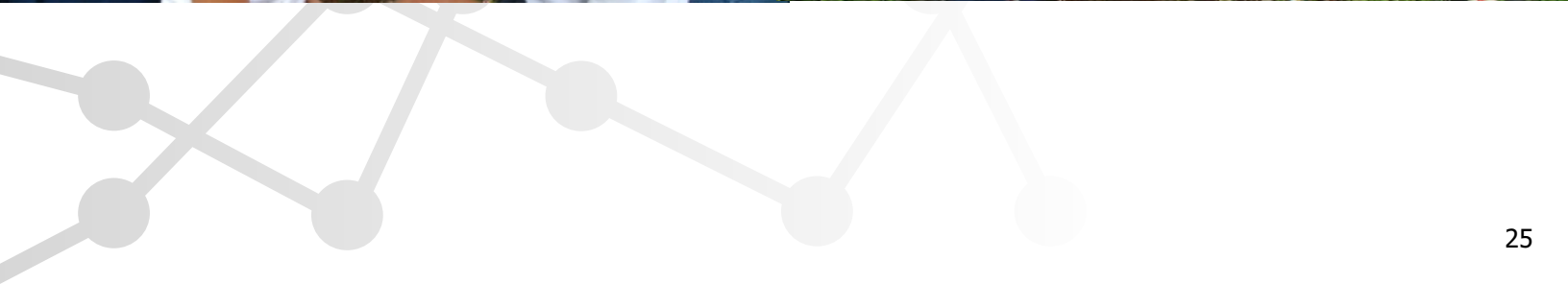
As part of the implementation of a CSR program, companies considered the support of their countries is important for the actions raised. On the consultation of geographical priority regions to develop CSR strategies, the main regions mentioned were rural communities, areas of different countries where global companies operate.



Chart 2.10
Level of importance to carry out
partnerships



Source: Survey on SMEs and Social Investment in Latin America



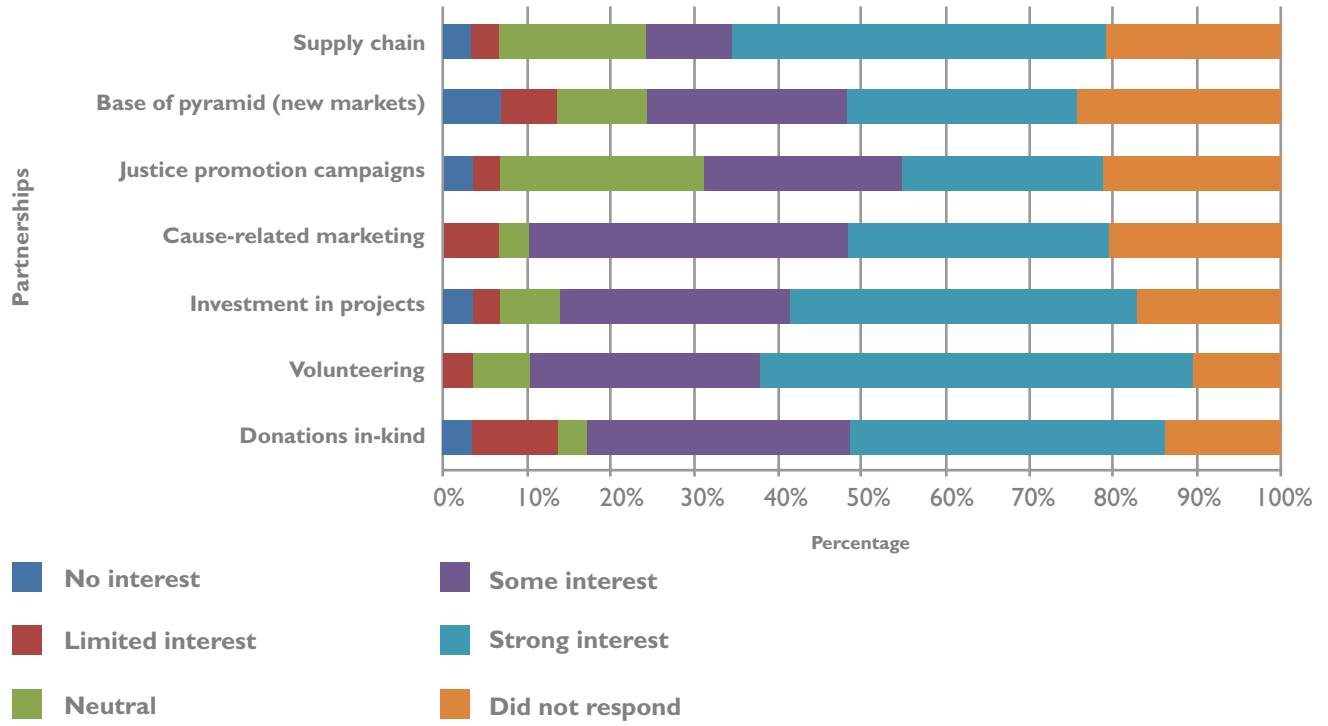
68.9% of small and medium-sized enterprises interviewed were very interested or have some interest in making donations in-kind, such as: shoes, computers, books, among others. In the case of volunteering projects, about 80% is interested in developing such activities.

On the other hand, regarding the interest in field projects investment, 69.0% showed interest or some interest. In terms of cause-related marketing, 68.9% expressed to be very interested or somewhat interested in developing such projects. 48% of the SMEs have an interest in campaigning for the promotion of justice, public health, or others.

The development of social investment projects focused on the base of the pyramid and supply chains had a level of response of 51.7% and 55.1% respectively, among the surveyed SMEs.



Chart 2.11
 Level of interest in types of corporate social responsibility projects.



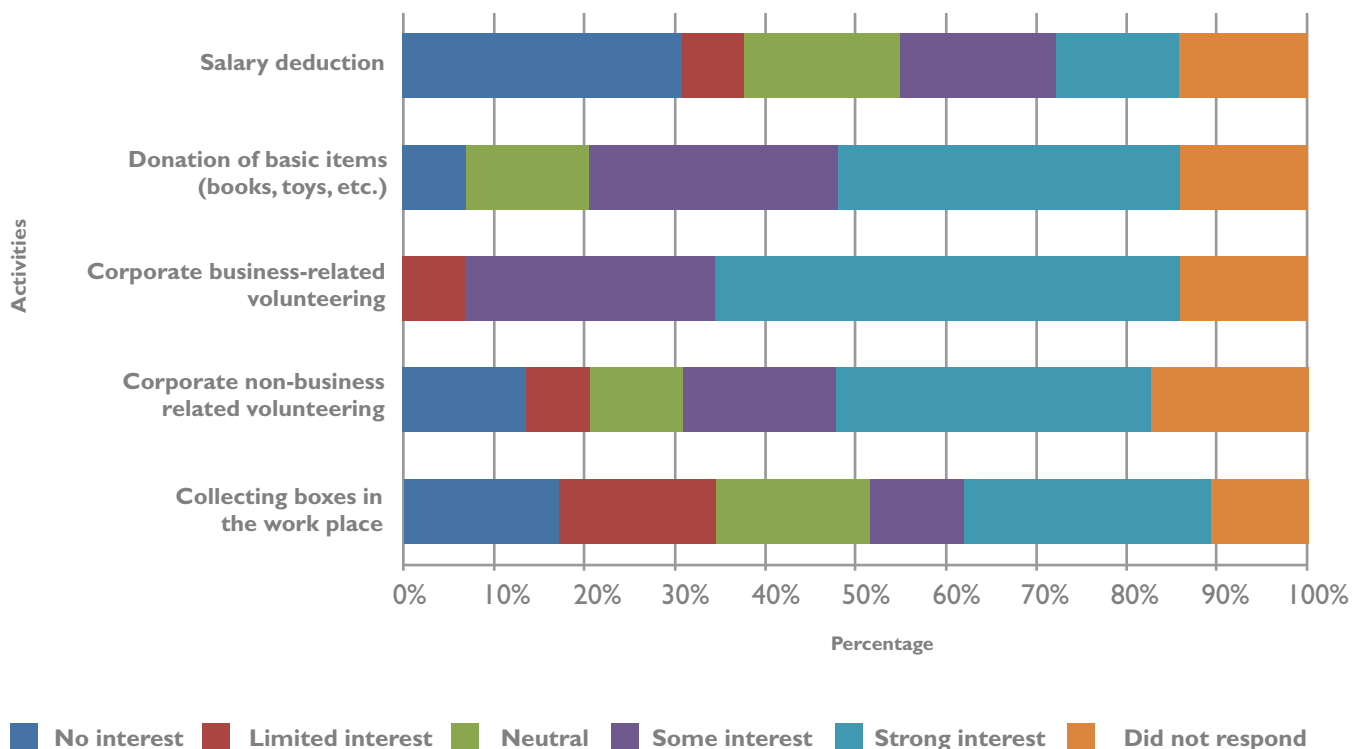
Source: Survey on SMEs and Social Investment in Latin America



When consulting how interested SMEs would be in collaborating with collection boxes in the workplace to raise voluntary funds, 37.9% expressed much or some interest. **In the case of collaborating in the corporate non-business-related volunteering, near 51.7% showed much or some interest. In the case of the corporate business-related volunteering, 79.3% is much or somewhat interested.**

Great interest is shown in donations of basic items such as books, toys, computers, etc., 65.5% shows strong interest or some interest; in the case of salary deductions of employees to support the NGO projects, 31.0% is much or somewhat interested; it is important to highlight that in this case 31.0% have no interest.

Chart 2.12
The degree of interest of SMEs in participating in activities.



Source: Survey on SMEs and Social Investment in Latin America



6. LEVEL OF PARTICIPATION IN PROJECTS

6. LEVEL OF PARTICIPATION IN PROJECTS

SMEs have preferences in the level of participation of social investment projects. For this purpose, they were consulted on different options of joint work to make social investment projects.



It is noted that in the design stage of projects, **75.8%** express that they would prefer to have too strong or moderate participation, a very important aspect for the success of the various programs to generate greater involvement of SMEs.



In the case of the projects execution, 65.5% of interviewees would like to get involved. For the project management, about 58.6% prefer strong or moderate involvement; finally, in the projects evaluation 68.9% would have strong or moderate participation.

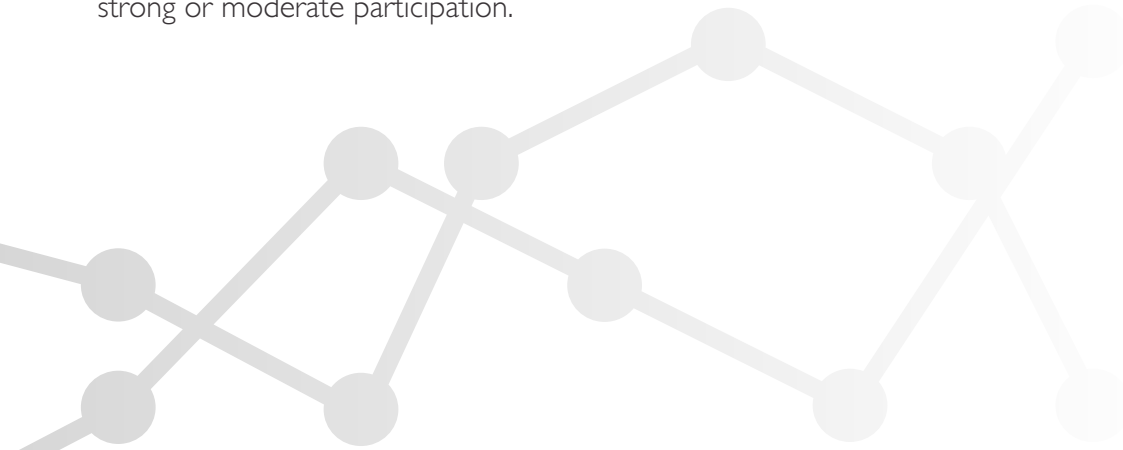
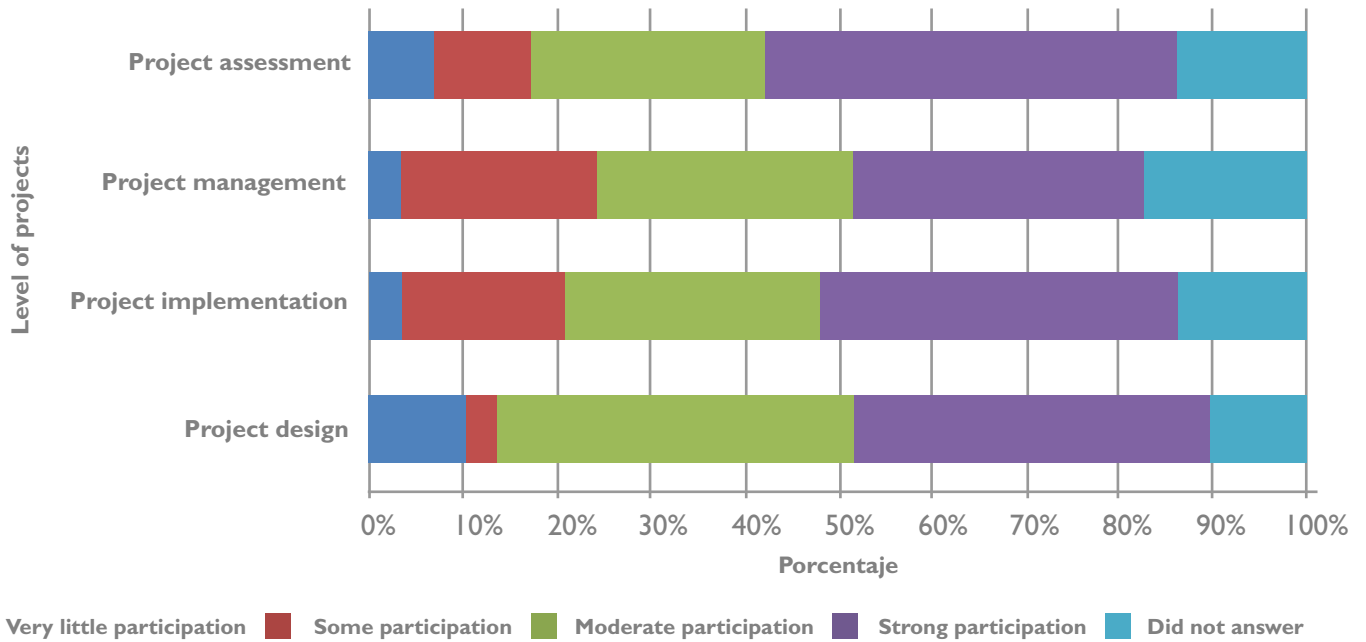


Chart 2.13
Level of participation by SMEs in the stages
of the projects.



Source: Survey on SMEs and Social Investment in Latin America

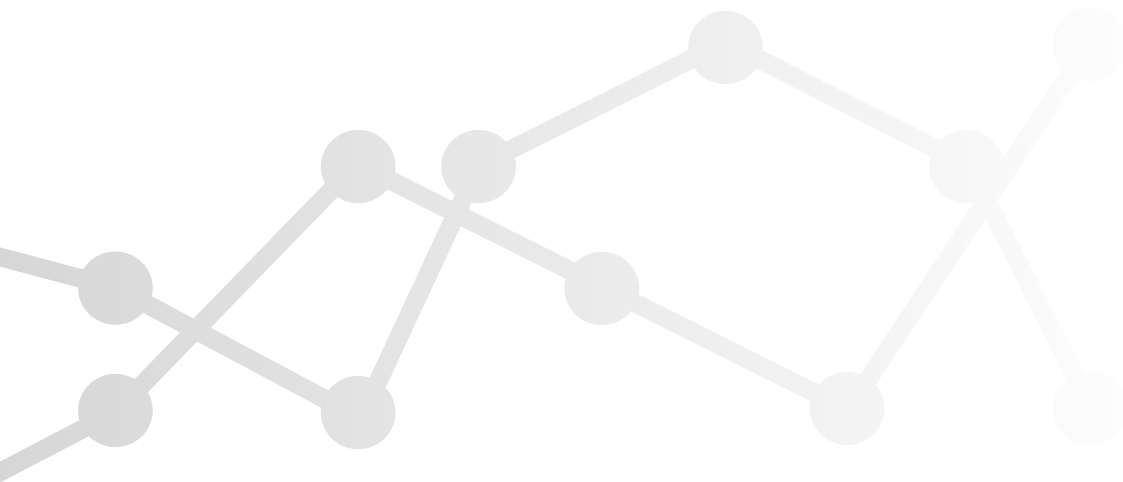
On the other hand, in terms of preference on the amount of social investment, small and medium-sized enterprises, the interviewees mostly did not respond to this query. To the question as to how much of the budget of the organization was allowed for the development of CSR projects, they commented that there was no limit or is not set, and also they do not have the knowledge of this information.



7. NEXT STEPS

7. NEXT STEPS

- SMEs can focus their social investment programs in the areas of education and skills for life, taking into consideration the dropout as its main objective. This effort must be aligned with the needs of the communities closest to their operations.
- The business social responsibility or social investment programs could be directed to a public goal mainly composed of children and young people. The development of a partnership with a local or international NGO would be very useful to quickly identify those programs requiring support from the business sector.
- Rural area seems to be the area of greatest interest for which the development of partnerships with the government, NGOs and key actors in the community could be a critical factor for the successful development of a corporate social responsibility program.
- SMEs have the option to make linkages with global companies which are already making social investment programs and so unite economic efforts with customers and both achieve a better impact in communities or regions of interest. This could be the first step in the event that a small or medium business does not have a social investment program.



World Vision International would like
to acknowledge the following contributors
to this report:

Author

John Pérez Alam

Corporate Engagement Specialist Latin America
Global Resource Development Group
World Vision International

john_perez@wvi.org

Design

Juan López Valdez

Creative Director
Integrity Social Marketing

jlopez@thisisintegrity.com

World Vision International

Global Executive Office

1 Roundwood Avenue, Stockley Park
Uxbridge, Middlesex UB11 1FG
United Kingdom
T +44 2077 582 900

Latin American Executive Office

Apdo. 133-2300
De la Contraloría General de la República
200 metros al Oeste y 200 metros al Sur
Centro Comercial Sabana Sur, Local 26
San José, Costa Rica
T +506 2283 4050



SOCIAL INVESTMENT

LATIN AMERICA