Mapping Corporate Social Responsibility In Trinidad & Tobago

Private Sector And Sustainable Development

UNDP/STCIC
CSR Mapping Project

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United Nations Development Programme (UNDP) Trinidad & Tobago

UNDP is the UN's global development network, an organization advocating change and connecting countries to knowledge, experience and resources to help people build a better life. UNDP is on the ground in 166 countries, working with them on their own solutions to global and national development challenges. UNDP Trinidad and Tobago recognizes the critical role that the private sector can play towards the development of the country, particularly through the practice of Corporate Social Responsibility (CSR). In 2004 it launched a Public-Private Partnership Strategy and since then it has been working with the private sector on several initiatives to deliver innovative solutions towards the achievement of the nation's development goals. This project seeks to identify potential entry points for CSR to enhance the role that the private sector plays in the development of the country.

South Trinidad Chamber of Industry and Commerce (STCIC)

The South Trinidad Chamber of Industry and Commerce (STCIC) is the representative organization for the Trinidad and Tobago energy and related sectors. The STCIC is based in the City of San Fernando, a member of the World Energy City Partnership and the traditional hub of the energy and heavy industrial sectors. Membership of the STCIC is drawn from across the country and beyond. Founded in 1956, the STCIC is an independent apolitical organization governed by a Council elected annually from among the membership. The STCIC has a strong tradition of vigorously and effectively representing our members' interests and of significantly contributing to national development.

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"Let us choose to unite the power of markets with the authority of universal ideals. Let us choose to reconcile the creative forces of private entrepreneurship with the needs of the disadvantaged and the requirements of future generations".

Former UN Secretary-General Kofi Annan

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1 A list of the participating companies is included in the Appendices.

Acronyms

bg t&t – bg Trinidad and Tobago
bpTT – bp Trinidad & Tobago
bsr – Business for Social Responsibility
ceo – Chief Executive Officer
cbo – Community Based Organization
cso – Civil Society Organization
csr – Corporate Social Responsibility
eia – Environmental Impact Assessment
ema – Environmental Management Authority
ghl – Guardian Holdings Limited
gri – Global Reporting Initiative
hdr – Human Development Report
hr – Human Resources
hse – Health, Safety and Environment
ilo – International Labour Organization
iso – International Organization for Standardization
mdg – Millennium Development Goal
ngo – Non-Governmental Organization
oecd – Organization for Economic Cooperation and Development
osha – Occupational Safety and Health Act
pr – Public Relations
sia – Social Impact Assessment
sme – Small and Medium Enterprises
stcic – South Trinidad Chamber of Industry and Commerce
ttbs - Trinidad and Tobago Bureau of Standards
ttma – Trinidad & Tobago Manufacturers' Association
un – United Nations
undp – United Nations Development Programme

Executive Summary

This pioneering study aims to provide an overview of the current level of Corporate Social Responsibility (csr) and related activities of private sector companies in Trinidad and Tobago. This baseline study should support a new generation of csr projects and facilitate a coherent and effective development of csr practice in the country.

undp and stcic joined forces to conceptualize and implement the project. Financial support was provided by bpTT, bg t&t, ghl, and ttma.

Conducted between January and June 2007, this study comprises a series of company interviews, questionnaires and, wherever possible, a review of publicly available information on each selected company.

Ninety companies participated in the sample. These included both locally-owned and foreign-owned companies and both large and Small and Medium Enterprises (smes) within all major sectors of the economy.

The report is structured as follows:

Chapter One provides an overview of csr, including a definition, a short history, its tools and mechanism for implementation and an assessment of the business benefits that companies can achieve through the practice of csr.

Chapter Two highlights the role of the private sector, through the practice of csr, in the promotion of sustainable national and social development. It provides an overview of the developmental challenges within the Caribbean region and Trinidad and Tobago, highlighting areas where the private sector can contribute and illustrating successful examples drawn from the Region.

Chapter Three deals with data analysis and research findings.

Finally, *Chapter Four* offers major conclusions of the study, highlighting positive trends and existing gaps in the practice of csr. It also puts forward ten key recommendations on how to expand and further promote csr at a national level.

Summary of Findings

- **The private sector plays an important role in the provision of social and environmental programmes in the country.** Per annum, the companies in the sample spent over TT$ 54 million on external social and environmental programmes over the period 2001-2006[2], which is between 2% and 4% of the annual expenditure of the Government on social and developmental programmes over the past few years.[3] This highlights the important role the private sector plays, not only as a consumer, but also as a promoter of national development[4]

- **Limited Reporting of CSR-Related Activities:** Apart from large companies from the Energy and Related Industries sector and Finance and Real Estate sectors, there is generally a lack of disclosure as it pertains to reporting and accounting for social and environmental programmes and other CSR-related activities. This partially contributed to the limited involvement of stakeholders in programme planning and execution

- **Focus on Philanthropy and Public Relations (PR):** Eighty-eight of the 90 companies surveyed reported having undertaken some type of external social and environmental programmes over the last five years (2001-2006). However, the survey results indicate that less than half of these companies actually engaged in external CSR. The majority of companies were involved in what would better be described as philanthropic and PR/Marketing- related activities. When SMEs only are considered the percentage of companies actually engaging in external CSR is even lower (approximately one third)

- **Existing programmes not aligned with the country's development goals:** While there is strong evidence of the contribution of the social and environmental programmes undertaken by some companies to national development, these are mainly stand-alone initiatives. When it came to the actual planning process it became evident that the majority of programmes were not aligned with specific goals outlined in the National Development Plan, Vision 2020.

2 It should be highlighted that out of the 90 companies in the sample, only 68 disclosed information on their yearly average expenditure in external social and environmental programmes.

3 According to the Social Sector Investment Programme 2007, published by the Government of Trinidad and Tobago, the total budgeted allocation for the programme development of the Core Social Sector Ministries for the fiscal year 2005/2006 was TT$ 1,508 million, in which case the TT$ 54 million spent by the private companies in the sample would correspond to close to 4%. However, according to a different source, specifically the Minister in the Ministry of Finance, Conrad Enill, the Government invested TT$ 2,801 million in fiscal 2004 and TT$ 3,012 million in fiscal 2005 on its 132 social sector interventions geared to correcting a range of social needs, reducing the percentage to 2%. In addition, it should be noted that the money spent on internal CSR programmes, which have not been captured by this research exercise, can also play an important role in the socio-economic development of the country.

4 Based on our sample it was not possible to estimate the total monies spent by the entire private sector on external social and environmental programmes in Trinidad and Tobago. Also, basing such an estimate on the number of registered companies in the country would not be accurate because the major contributors have already been included in our sample. In addition, this research showed that the funds allocated to such programmes varied significantly from company to company.

This can be partly attributed to a limited level of understanding of the implementation aspects of the Plan and of the intervention areas where the private sector could play a key role

- **The involvement of the Government in the practice of CSR is still limited:** There are few fiscal incentives for companies to undertake CSR-related initiatives and there is no set framework to coordinate CSR initiatives at the national level. Public-private partnerships, while limited in their scope, are more prevalent among larger companies

- **Limited cross-corporation partnerships:** Partnerships among corporations are still limited, resulting in a duplication of similar projects and a lack of coordination amongst initiatives that target similar objectives. The number of partnerships is lower amongst SMEs, which could potentially achieve the greatest benefits from them due to their internal constraints – both budgetary and human

- **The Energy and Related Industries sector accounted for most of the expenditure on social and environmental programmes:** The Energy and Related Industries sector, which comprises mainly subsidiaries of large foreign multinational companies, played the leading role in the provision of external social and environmental programmes, accounting for over 50% of the total money spent within the sample. This sector also seemed to attract the best employees as a result of its engagement in a wide range of development programmes in Trinidad and Tobago

- **Widespread issues of geographic and thematic saturation:** As a result of companies engaging in community, social and environmental programmes within their fence-line communities, the geographical distribution of these programmes tends to reflect the areas where companies generate their revenues. With regard to the thematic area where companies were involved, high priority was given to programmes with strong PR possibilities, particularly in the areas of Sport and Social Activities. Companies were also heavily involved in Education, Youth Development and, to a lesser extent, in Health, Art and Culture and the Environment

- **Limited collaboration with Civil Society Organizations (CSOs).** With regard to the money spent through third-party organizations, there was a general lack of collaboration between the private companies and the CSOs in the planning process of the sponsored programmes. In addition, most of the donations did not include key components towards ensuring the sustainability of these programmes such as

capacity-building, monitoring and evaluation. The range of CSOs supported by the companies in the sample was quite broad and no particular issues of saturation were registered, apart from the above-mentioned prioritization of certain thematic areas

- **SMEs still view social and environmental programmes as expenditure rather than investment:** Approximately 70% of the companies planned their social and environmental programmes to strengthen their business objectives. However, this percentage is significantly lower (around 50%) amongst SMEs, which suggests that a large number of companies do not view these programmes as part of their strategic planning, and they still identify them as expenditure rather than investment

- **Little evidence of strategic planning:** There is little evidence of strategic programme development; many programmes and projects are funded on an ad hoc basis resulting in a lack of sustainability and alignment with the companies' business plans

- **Most donations from SMEs are demand-driven:** For the majority of companies, particularly SMEs, donations were based on the request of various organizations and individuals without any proper needs assessment. Companies generally expressed difficulty in assessing the reliability of these organizations and the sustainability of their projects due to a lack of publicly-available information

- **Weak monitoring and evaluation mechanisms to measure social and environmental programme impact:** Companies engaged in CSR-related activities do not have the resources and information to conduct Impact Assessment Exercises of their social and environmental programmes. Programme success was determined in most cases through informal feedback collected from recipient organizations and other stakeholders

- **Limited awareness of business benefits of CSR**: The perceived benefits derived by companies in investing in CSR were quite diverse, but over half of the companies in the sample regarded improvement in branding and image the main benefit from their social and environmental programmes. On the other hand, approximately one-third of the companies did not identify any business-related benefits from these programmes

- **Results-based planning limited in CSR activities:** Companies surveyed did not have a results-based approach in the planning and implementation of social and environmental programmes. This made it difficult for them to focus on the Return On Investment (ROI) of their social and environmental programmes, which would enhance their replicability and sustainability in the long-term

- **Low leveraging of available CSR tools and bodies of knowledge:** There is little evidence of the leveraging by the companies, particularly local SMEs, of existing CSR tools and bodies of knowledge such as the UN Global Compact, to support them in the planning and implementation of their CSR strategies. This would allow an improvement of the practice of CSR in the country, through the incorporation of lessons-learned and best-practice, lowering the research and development costs and improving the quality-control capacity of the funding organization

- **Focus on legal compliance:** Companies were in general compliance-driven, abiding with national legislation and regulations for health and safety (OSHA) and industrial relations. However, they rarely went

beyond the legal and regulatory requirements to achieve the potential efficiency and productivity gains that internal CSR practices could generate In fact, there is a significant potential for mainstreaming internal CSR activities as an alternative approach to addressing human resource and competitiveness issues such as productivity, turn-over, absenteeism and work ethic. It should be noted that SMEs often expressed a lack of internal capacity and resources to reorganize their production processes in order to trigger these benefits, but only rarely addressed to external bodies for support

- **Missing the "Green Opportunities":** Apart from the companies in the Energy and Related Industries sector, companies do not seem to understand the business opportunities related to the production and distribution of environmentally-friendly products and services and the efficiency gains that can be achieved through environmentally-friendly production processes

- **Increasing public awareness:** CSR momentum has been building over the past year. From weekly newspaper articles to seminars conducted by the various local entities, the public, along with the business sector, has been privy to new findings and reports. This is coupled with the adoption of Codes of Conduct by local Chambers of Commerce

In conclusion, the study highlights the great potential of the private sector to play a key role in the national and social development of Trinidad and Tobago.

However, CSR is still in its embryonic stage in Trinidad and Tobago and is mainly driven by foreign companies, while there is a general lack of understanding and ownership from local companies. In addition, while there is evidence of a number of private sector interventions and social and developmental challenges, which have also been identified in the National Development Plan, Vision 2020, there is need for a greater coordination of these initiatives at the country level under the leadership of the Government of Trinidad and Tobago.

The study puts forward ten recommendations on how to expand and further promote CSR in Trinidad and Tobago and these are outlined in Chapter Four of the Report.

1.1 Evolution of CSR: A Short History

"We believe that the leading global companies of 2020 will be those that provide goods and services and reach new customers in ways that address the world's major challenges—including poverty, climate change, resource depletion, globalization, and demographic shifts."

Niall Fitzgerald, former CEO & Chairman, Unilever

Debates over the concept of CSR span from the 1930s to the 21st century. A debate over the responsibilities of corporate managers and directors to their shareholders and other groups directly influenced by corporations took place in North America during the 1930s, marking one of the first significant discourses on CSR.[5] However, following this exchange, discussions over CSR became dormant until the 1960s when a social debate over CSR as part of that decade's wider discussion of the corporation's growing power in society and politics emerged. The concept of CSR was also globally driven in the 1960s as a result of the growing sophistication of consumers. It must be pointed out that consumers still continue to play a significant role in the growth of CSR since consumers and pressure groups, especially in Europe and North America but also increasingly in developing countries, are demanding more responsibility from companies. The advance of technology has empowered these groups to effectively pressure companies, (especially those with high-profile brands) and hold them accountable for their behaviour or actions. The growth of CSR continued due to the environmental movement in the 1970s and the growing concerns about the social impacts of business in the 1990s, which stemmed from the boom of corporate takeovers during the 1980s.

Nevertheless, the impact of globalization had a direct influence on the prominence of CSR. The fall of the Berlin Wall in 1989 marked the modern era of globalization, because it brought into being a world economy that was increasingly integrated and capitalistic. Globalization is characterized by rapid economic integration across national borders, open access to markets, deregulation of cross-border economic activity, and the free flow of capital and advanced technology. Globalization has resulted in the expansion of international trade and foreign investment and in short-term capital flow following integration of financial markets. Globalization promises advanced economic welfare worldwide and increased economic opportunity and technology for developing countries. Globalization therefore raises questions on issues about the use of labour, concerns for environmental protection, the need to reduce poverty and the need for sustainable development. Dealing with these issues is a function of CSR.

"Companies without a capacity to manage social and environmental performance will be at a significant disadvantage compared to companies that aggressively develop a capacity to engage in stakeholder dialogue and effectively manage CSR."

[Ethical Corporation magazine, 2002]

In this context CSR has evolved further, since it is seen as a tool for dealing with "the backlash against globalization". Companies can work to strengthen ties with local communities through sustainable development programmes and corporate codes of conduct. By conveying clear values and principles, and accepting responsibility for workplaces and workplace conduct, companies can not only build trust and mutual understanding with stakeholders, they can also support the role of governments. It is hoped that this will help shift the debate on globalization from a negative to a positive one.

With the intensification of globalization over the last 20 years, the world has witnessed a rapid rise of non-governmental organizations (NGOs). Many of these NGOs hold corporations accountable for their actions and often criticize them for concentrating on profit-making and not taking into account the social and environmental impacts of their operations.

The corporate failures, scandals and wrongdoing that have come to light since late 2001 have also increased the global drive for CSR. The abuses at Enron, Tyco, Global Crossing, Adelphia and WorldCom in the US, and at Ahold, Parmalat, Equitable and, even more recently, Shell in Europe, have severely impacted investor and other stakeholder confidence in the integrity of those charged with the supervision and management of large companies.

5 Jerome F. Sheestack., "Corporate Social Responsibility in a Changing Corporate World" in Ramon Mullerat, ed., Corporate Social Responsibility: The Corporate Governance of the 21st Century, (The Hague: Kluwer Law International,, 2005), p.98

Also in many developed and developing countries, corruption is still widespread and there is a general lack of transparency and accountability which all give momentum to the emergence of CSR.

Finally, the growing awareness that CSR is good for business has also aided its development. While the primary role of corporate executives is to maximize shareholder value, the global marketplace, where reputations matter deeply, dictates that shareholder value increasingly depends on corporate values. Business leaders understand that practising corporate responsibility affects their corporate reputation and brand image. Managers are becoming more and more aware that socially responsible investors and activist shareholders can impact the bottom line. For example, company executives recognize that their ability to retain and motivate employees is reflected by their labour practices and by the widely accepted view that corporate responsibility can provide a competitive advantage to companies.

1.2 Defining CSR

The definition for CSR is often debated. Organizations that are involved in CSR offer the following definitions:

- **The World Business Council for Social Development (WBCSD)** - The continuing commitment by business to behave ethically and contribute to sustainable development while improving the quality of life of the workforce and their families as well as of the local community and society at large
- **European Commission (EU)** - The concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis
- **International Business Leaders Forum (IBLF)** - CSR is about promoting responsible business practices which benefit business and society and help achieve social, economic and environmentally sustainable development by maximizing the positive impact business has on society and minimizing the negative
- **ISO 26000 Working Group on Social Responsibility** - Social Responsibility (is the responsibility) of an organization for the impact of its decisions and activities on society and the environment through transparent and ethical behaviour that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organization

Though various definitions have been attached to the term, it can be stated that CSR, in its broadest sense, delineates the relationship between business and society and the role of business in sustainable development. The fundamental idea behind CSR is that a corporation or company incurs responsibilities to society beyond maximization of profit and beyond meeting the minimal requirement of the law.

The term also has various aliases: community responsibility, good corporate citizenship, corporate social involvement, and corporate social conscience. CSR also has numerous facets. Corporations are overwhelmed by many issues in the name of CSR: stakeholder demands, environmental issues, issues of sustainability, diversity, labour conditions, ethical investment, and philanthropy among others. Clearly, there is no one agreed concept.

An important distinction should be made, however, between internal and external CSR practices.

Is CSR Only For Large Companies?

The support of the community around small firms is usually more essential for their success than it is for large businesses. However SMEs face challenges that are rarely seen by larger enterprises in the delivery of their CSR programmes (e.g. being pressed for time, money and resources). Nonetheless, there are certain measures that can help overcome these challenges towards a successful CSR plan:

- Ensure that the employees understand the CSR strategy and commitments and support the initiatives.
- Tie the success of CSR initiatives to performance, allocating budgets to these activities.
- Promote employee volunteerism within their local communities.
- Use existing bodies of knowledge and local networks such as the UN Global Compact.
- Promote partnership with other companies on identified projects.
- Monitor and evaluate initiatives using internal capacities available.
- Improve work environment and the health and safety practices.
- Increase efficiency of production processes and reduce wastage.

The following toolkits are helpful for the establishment of a clear CSR plan:

- **Introduction to Corporate Social Responsibility for Small & Medium-Sized Enterprises.** A free, online, European Commission toolkit for SMEs that includes a self-awareness test, case studies and other materials;
- **The GRI Sustainability Reporting Cycle: A handbook for small and not-so-small organizations.** This handbook offers five phases for a reporting cycle;
- The **United Nations Environment Programme (UNEP)** has developed an "Efficient Entrepreneur" family of tools, including a special calendar that gives month-by-month tips.

Internal CSR refers to programmes that focus on the core business and on the workforce, such as:

- Human Resources (HR) practices
- Health, Safety and Environmental (HSE) practices
- Codes of Conduct
- Fulfilling and Motivating Work Environment
- Employee Development Programmes
- Local Content Policies
- Assessing and Increasing the Social and Environmental Impact of a Company
- Environmental Management Systems (EMS)
- Product Responsibility

External CSR refers to social and environmental programmes directed towards the external environment, including:

- Community development programmes
- Sponsorships
- Donations
- Contributions to Civil Society Organizations (CSOs)
- Educational programmes at various levels
- Supply-chain management
- Cluster development
- Involvement in the development debate

External CSR should be also distinguished from philanthropy and Public Relations (PR)/Marketing. Unlike philanthropy, CSR is "an investment from which companies should expect tangible returns and positive impact on their net profits."[6] In contrast, philanthropy relates to "donations or charitable giving from which companies do not necessarily expect any direct positive impacts on their business activities."[7] On the other hand, CSR differs from PR/Marketing, since it focuses on those areas where there is an overlapping of social and economic benefits, while PR/Marketing does not focus on any specific social benefits, but only on those activities that can provide a monetary return for the company.

CSR And Small Businesses

"My experience is that a successful company ought to work in a successful community. And companies, particularly in developing countries, have much to contribute. Our approach to developing CSR policies/strategies for companies has mainly three components: getting to know the company—who we are: organizational profile (e.g., workers concerns); getting to know the community—who they are: social profile (e.g., community concerns); getting to know each other—carrying out a participatory process with key stakeholders: responsive publication, open house, planning workshops with leaders; understanding the (national and international) context—what the others are doing (e.g., ecosystem concerns); training and analysis".

Hernán Blanco, Executive Director, RIDES, Chile

1.3 The Business Case for CSR

"CSR has the power to transform your employees and community members into your ambassadors and best advocates"

Claudio Providas, Deputy Resident Representative, UNDP T&T, at the Launch of the CSR Mapping Project

Companies that implemented CSR measures and activities experienced a wide range of bottom-line benefits, such as:

- More productive, motivated and committed workforce
- Increased ability to attract and retain employees
- Reduced costs from injuries and absenteeism
- More sound and transparent business practices
- Increased capacity for managing risks and changes
- Reduced operating costs
- Enhanced brand image and reputation
- Increased sales and customer loyalty
- Increased productivity and quality
- Reduction of wastage and more efficient, environmentally-friendly production techniques
- Increased reliability of suppliers and standardization of products
- Reduced regulatory oversight
- Improved access to capital and licence to operate

6 Antonio Gaspar, "Possible Role of the Multilateral Investment Fund (MIF) in the area of Corporate Social Responsibility" ,Multilateral Investment Fund, Inter-American Development Bank, Washington, 2003, p. 3.
7 Ibid.

In order for these benefits to materialize, CSR must be integrated into strategic planning and aligned with the company's core business. CSR activities and programmes should be specifically targeted at improving the 'competitive context'[8] of the firm which consists of four interrelated elements of the local business environment that shape the potential productivity of the firm:

- Availability of inputs for production (e.g. resources, workers)
- Demand conditions (e.g. demand sophistication, conditions to access international contractors, ethical funds)
- Context for strategy and rivalry (e.g. local policies, competition regulations, intellectual property rights)
- Availability of related and supporting industries (e.g. local suppliers, upstream and downstream industries, clusters)

By carefully analyzing the elements in this context, a company can identify the areas of overlap between social and economic values that may enhance its competitiveness. In fact, there are certain types of corporate expenditures that simultaneously produce social gains at a broader level and bottom-line benefits for the company. This convergence of interests between corporate philanthropy and shareholder interest is at the core of every CSR programme, allowing traditional philanthropy to have an important influence on a company's 'competitive context' and to become truly strategic.

There are at least six key areas in which internal and external CSR practices could contribute to a company's economic success:

1. Select key areas of intervention for external CSR

In order to increase the results orientation of their social and environmental programmes, companies should select projects and donations which are more closely linked to their business objectives and can impact their profitability. This 'context-focused philanthropy' creates added value for a company willing to engage in external CSR activities. In this regard, companies should strive for the long-term sustainability of the programmes they undertake and of their Return on Investment (ROI), towards maximizing the impact of the funds spent and increasing their business profitability.

Such practices not only have a positive social, economic and environmental impact on the surrounding environment of a company, but driven by business profitability, they become sustainable and easy to replicate.

Traditionally, however, SMEs in particular, have engaged in social and environmental programmes that centred on donations and charitable contributions, mostly demand-driven and which are not aligned with their core business, and therefore do not impact profitability. In addition, lack of specific annual budgetary allocations for these activities makes the contribution and the frequency highly dependent on the economic performance of a company. This in turn, hinders the planning process and the capacity to promote a sustainable impact.

2. Protecting the intangible assets of a company

The most valuable intangible assets that a company possesses are Business Reputation and Consumer Trust. These assets, often identified as 'goodwill', affect the share price of a firm and are represented in monetary terms on the balance sheet of a company. In addition, the establishment of good and honest relationships reduces transaction cost, protects the firm's assets, and

Engaging The Civil Society In A Strategic Way

The bpTT Spirit of Community Awards (SOCA) is now in its 10th year. It is a nation-wide programme designed to help non-governmental organisations (NGOS) and community-based organizations (CBOS) to implement sustainable projects in their communities. To date, over $2 million in funding has been disbursed on projects and capacity-building in local community groups to equip them with the necessary skills to drive positive community change.

8 For further information see M. Porter and M. Kramer, 'The Competitive Advantage of Corporate Philanthropy', Harvard Business Review, December 2002, pp. 57-69.

maintains client loyalty and share of revenue CSR can provide a company with a licence to operate in a targeted market. A licence to operate can be further differentiated into access – the formal licence or concession granted by governments - and acceptance – the informal licence to operate granted by societies.

Based on these considerations, CSR could be described as a **risk management tool**, allowing companies to build a stable and prosperous operating environment and at the same time manage the risks related to the functioning and development of local markets and society at large. These risks might materialize at the individual company's level and along the corporate value chain (e.g. reputation, complaints due to poor product quality and health and safety issues), or at the national and international level (e.g. inequality, lack of economic empowerment and of access to basic goods and services, anti-globalization and anti-capitalist movements and threats of excessive regulation).

Reducing absenteeism: Guardian Holdings – Life Pulse

After conducting internal research, Guardian Holdings assessed that 30 to 40% of all absences from work were due to illnesses, 60% of all the long-term disability of employees were caused by psychological and psychosomatic problems, and finally 75% of all occupational accidents were caused by fatigue, short attention span and distractibility. To address these issues, it implemented an aggressive, healthy lifestyle programme that promoted the holistic well-being of employees (sporting events, aerobic burnouts, turtle watching, dancing lessons, retreats and nutrition lessons, and partnered with health care institutions to bring health information and train families. The benefits of this programme are an expected reduction in absenteeism due to sick leave by 3-5%, with at least a $3 Return On Investment per dollar invested.

3. Attracting, motivating and retaining talent

Attracting and retaining the best employees has always been an area of concern for companies because of the high costs associated with employee turnover and retraining. Some companies have even become weary of investing in employees, for fear that once they become more qualified they will leave the company.

However, CSR can increase the ability of companies to attract the most talented employees by investing in high-quality institutions, promoting mentorships and scholarships in universities. In addition, it has been recorded that employees are generally more loyal and more likely to stay with a company that is willing to invest and develop them, has transparent and efficient administrative processes and has a good reputation for its external CSR activities.

Furthermore, by improving the work environment and the Health and Safety practices, impact is made on other profit-sensitive areas, such as reducing absenteeism, increasing work productivity and preventing work-related injuries and accidents.

Exploiting Market Opportunities (Green Products)

Amazon Caribbean Ltd (Amcar) has developed and implemented a strategy for the production and marketing of indigenous organic crops, particularly heart of palm and pineapple for which there is a high demand in France and other developed countries, which economically empowers rural indigenous Amerindian communities by linking them to the international economy and providing them with an income. The strategy entailed achieving official organic certification and training farmers in sustainable organic production in plantations. This project was initiated in partnership with the UNDP in Guyana and the Government of Guyana.

4. Exploiting existing market opportunities and creating new markets

In light of the increasing global demand for socially engaged and responsible companies, which comes both from customers - willingness to pay higher prices for products that embed certain ethical qualities - and from investors-shareholders - through social investment funds, it is becoming increasingly more profitable for companies to target their offerings in a manner that will meet increasingly sophisticated demand at the global level.[9]

New business opportunities can range from environmentally friendly ("green") products, new technologies for production, new products to meet new and growing consumer demands, affordable goods for poorer consumers and new market mechanisms to ensure distribution to a wider segment of the market.[10]

9 This is increasingly becoming an important issue also for developing countries and thus anticipating the future demand for such qualities in their product-service offerings can provide companies with a strategic advantage and competitive edge.

10 For an exhaustive overview of the business possibilities related to the poorest tier of the population see Prahalad C.K. and S.L. Hart, "The Fortune at the Bottom of the Pyramid", Strategy+Business, Issue 26, first quarter 2002, pp. 1-14.

5. Improving the competitiveness of a country

CSR, through its very inclusive nature, can influence the competitiveness of a country and its population. Through the synergies created and the opportunities for knowledge-transfer, it can increase the level of technological sophistication of local industries, foster the development of clusters and boost innovation. Through practices such as supply-chain management both the size and the quality of local suppliers can be influenced, facilitating the development of local companies in certain sectors towards increasing the economic diversification of a country. Finally, through educational programmes and the support to educational institutions, the availability of local resources can be increased, along with enhancing the skills of the local workforce by aligning the needs of the local economy with the curricula offered.

In addition, CSR can assist in the creation of a more productive and transparent local economy, providing an inviting environment for new businesses and fuel for competitive entrepreneurial activity.

Supply-Chain Management

TOPCO, a subsidiary company of Demerara Distillers Ltd (DDL) that produces pasteurized packaged fruit juice, has established a partnership with the microfinance institution 'Institute of Private Enterprise Development' (IPED) to ensure that small-scale, low-income farmers are provided with the financial means to increase production and/or switch crops as well as a guaranteed market for their produce. This has allowed the company to overcome the constraint of limited fruit supply towards bringing the company to a world-scale production level.

6. Responding to Environmental Challenges

With the business impact on the environmental debate in the global arena heating up, the need for clear CSR initiatives seems inevitable to assist companies in reducing negative environmental impacts and the risk of possible sanctions for non-compliance with new environmental laws and regulations and increased insurance premia.

In addition, internal CSR practices can also increase the profitability of businesses through the implementation of new and more efficient, environmentally-friendly production processes and the reduction of wastage.

Finally, in response to the increasing international demand for green products and investments, companies can also embark on the procurement/offering of environmentally-friendly products and services to increase their market shares or gain access to environmentally-responsible contractors.

Community Input Towards Environmental Conservation

BG T&T supports the Fondes Amandes Reforestation Project (FACRP), which is involved in the stabilization of the watershed ecosystem in St. Ann/Cascade. Since Port-of-Spain is built on a flood plain and one of the most important national issues in Trinidad is flooding, BG Trinidad & Tobago's financial contribution to the FACRP is geared towards assisting the community with replanting efforts, soil conservation, forest and wildlife conservation, and educational campaigns. The more stable the system (animals, plants, micro-organisms, fungal layer), the more stable the system for sustaining humans.

In addition, BG's support to the projects also helps sustain livelihoods through the creation of craft jewellery and musical instruments, a herb garden which also works for the community as a natural pharmacy, a Resource Centre, which is an information centre and a meeting place for the community and finally an eco-tourism programme.

1.4 CSR Tools and Mechanisms for Implementation

Companies use a number of tools and mechanisms in their CSR practice, which will be discussed in the following sections.

1.4.1 Values, Principles, Codes of Conduct

Many companies subscribe to, and even publish their own values and principles. These are then developed into a code of conduct which is often used as the basis for their CSR strategy. Companies that are value driven and embed this philosophy throughout the organization are usually more successful at retaining talent, inspiring and mobilizing staff to execute company strategy. This approach enables flexibility, quick response, and employee empowerment promoting the long-term sustainability of a company.

"Unless the whole cultural context supports the self-understanding of employees as moral agents who are motivated to take into consideration the 'good' as well as the 'efficient' in every situation, there will be gaps in the delivery of CSR"

Jane Collier and Rafael Esteban, "Corporate Social Responsibility and Employee Commitment" (Business Ethics: A European Review, Vol. 16, No. 1, January 2007)

1.4.2 Measurement and Reporting

Globally there have been increasing demands on companies by stakeholders for accountability and disclosure. This has resulted in an increasing number of 'triple bottom line' or sustainability reports, where CSR starts to appear in the balance report of companies. While traditional financial reports focus on the economic performance of a company, triple bottom line' or sustainability reports disclose to stakeholders the environmental and social performance of a company.

The environmental dimension highlights the impact on the environment (e.g. incorporation of new environmental technologies and efficiencies, assessing the impact of its products and services on the environment) while the social dimension provides information regarding impact on the communities and the society as a whole (e.g. social investment, involvement in the community, human and labour rights issues, stakeholder collaboration, government dialogue and internal CSR activities).

1.4.3 Instruments, Initiatives and Standards

There are several instruments which can measure aspects of a company's economic, social and environmental performance. However, these instruments generally concentrate on a single issue, stakeholder, and industry or business and thus fail to capture the full impact of a company's activities.

Nonetheless, over the last couple of years, there have been an increasing number of initiatives and standards designed to support, measure, assist and enhance accountability of corporate performance in all three dimensions. Some of these instruments include the Global Reporting Initiative (GRI) Sustainability Report Guidelines[11] , the UN Global Compact Principles[12] and AccountAbility 1000 Series.[13] These instruments provide both guidance in the planning and implementation of CSR initiatives, and key performance indicators (KPIs). Other existing instruments may support the companies in specific aspects of CSR (e.g. the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises Social Policy and Core Labour Standards, the EU Eco-label criteria, the Amnesty International's Human Rights Guidelines for Companies, the OECD Guidelines for Multinational Enterprises, and the Social Accountability International SA8000 Standard).

The Un Global Compact

Launched In 2000, The UN Global Compact Brings Business Together With UN Agencies, Labour, Civil Society And Governments To Advance Ten (10) Universal Principles In The Areas Of Human Rights, Labour, Environment And Anti-Corruption.

The Global Compact offers through its website (*http://www.globalcompact.org*) and locally established network, a wealth of resources including toolkits, how-to guides, studies and best practices that can be instrumental in developing a CSR programme and minimizing the costs.

In addition, the local networks of the UN global compact have been established in several countries. They provide assistance to the companies in the implementation of their CSR strategies, share best practices, help coordinate efforts and promote partnerships on specific projects.

1.4.4 Leadership

By virtue of its extensive range of control and responsibility, leadership is central to the promotion of CSR, both internally and externally. Strong and visionary leadership is required to deliver shareholder value, while making a positive impact on society through increased accountability and transparency.

Success in carrying out ethical commitments and evoking internal and external trust relies on a strong 'steer' from the top. Leadership as it relates to the private sector's role in the development debate includes:

- Achieving company, community and national competitiveness
- Identifying, nurturing and mobilizing human and intellectual capital
- Engaging and collaborating with stakeholders
- Cooperating with partners from different sectors, encouraging knowledge transfer and strategic alliances
- Embracing and infiltrating throughout the corporate strata core values and practices that will build trust and goodwill and protect its intangible assets, while at the same time being of societal value

Finally, communication is an important step towards ensuring stakeholder buy-in and support. Many companies communicate their social responsibility policies and expectations to their business partners. Some even incorporate these into their contractual arrangements (e.g. HSE and green procurement), and review the social and environmental performance of their

Which CSR Strategy?

There is no "one-size-fits-all" method for a successful CSR strategy. Each company has unique characteristics and circumstances that will affect how it views its operational context and its defining social responsibilities. However, there is considerable value in proceeding with CSR implementation in a systematic way, making an overall assessment of the spheres of influence of the company, to understand which actions lie within its full control and which require the commitment of others (i.e. communities, suppliers, contractors).

Another key element is to think "SMART" (Specific, Measurable, Achievable, Reliable, and Time-bound), setting realistic timelines and providing adequate resources to meet those timelines. A company should ensure that financial, human, informational and other resources are distributed according to the company's corporate citizenship policies and commitments, equipping employees with what they need to achieve their targets without compromising the company's commitment.

Adapted from: Corporate Social Responsibility: An Implementation Guide for Business (International Institute for Sustainable Development)

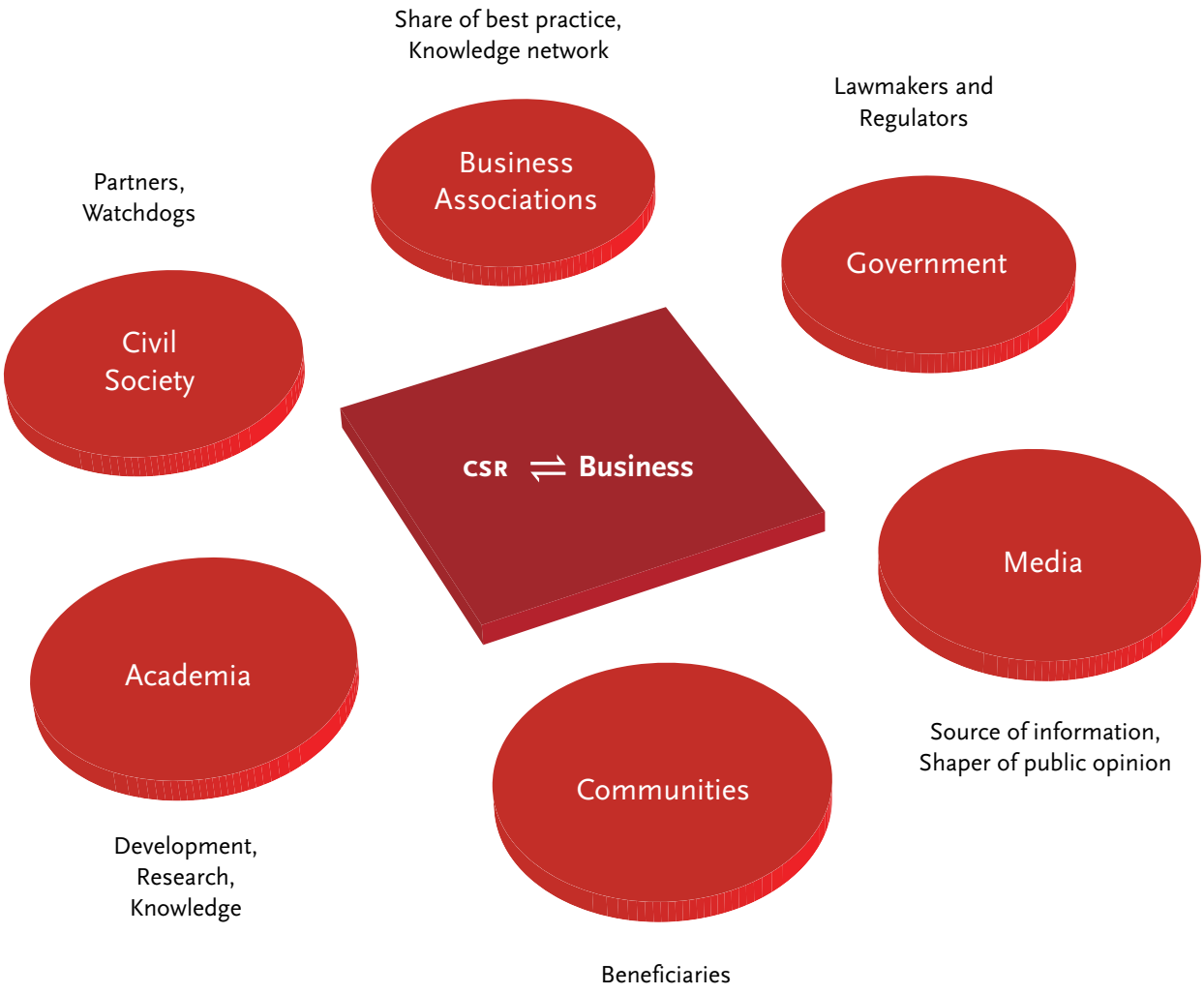
11 GRI is a global reporting initiative providing widely accepted indicators for sustainable reporting. For further information, visit *www.globalreporting.org.*

12 The UN Global Compact is the world's largest CSR initiative, providing a global network and a learning tool for companies. Facilitated by the United Nations, it entails companies complying with ten globally accepted principles in the areas of human rights, labour issues, environmental impact and corruption. For further information, visit *www.unglobalcompact.org.*

13 AA1000S is part of the AccountAbility 1000 Series and offers process guidelines which cover reporting and accountability mechanism in the areas of social, environmental and economics performance. For further information, visit *www.accountability.org.uk*

Figure 1

Key CSR Players and Their Roles



suppliers using monitoring and audits. Some go further and assist suppliers in raising the level of their social and environmental performance through training, capacity-building and sharing of best practices.

Public Sector Roles In Strengthening Corporate Social Responsibility

The effectiveness of the existing body of CSR tools – such as codes of conduct, labels, or certification schemes – can be improved only with the help and direct engagement — and in some cases, the leadership — of public sector agencies in developing countries. On the other hand, public sector agencies have an interest in being involved in the practice of CSR, to capitalize on the potential to align companies' programmes with domestic priorities and public policy goals. More specifically, to underpin CSR at the national level, the Public Sector can:

- **Mandating:** Establishing and implementing minimum environmental and social standards; establishing laws, regulations, penalties, and associated public sector institutions that relate to the control of some aspect of business investment or operations.
- **Facilitating:** Localizing CSR so that it is rooted in local sustainable development concerns and not imposed from above by the "fourth party" stakeholders; setting clear overall policy frameworks and positions to guide business investment in CSR; mandating transparency or disclosure on various issues; providing tax and other regulatory incentives; investing in awareness raising and research; and facilitating processes of stakeholder dialogue (though not necessarily in the lead).
- **Partnering:** Combining public resources with those of business and other actors to leverage complementary skills and resources to tackle issues within the CSR agenda, whether as participants, convenors, or catalysts.
- **Endorsing:** Showing public political support for particular kinds of CSR practice in the marketplace or for individual companies; endorsing specific award schemes or non-governmental metrics, indicators, guidelines, and standards; and leading by example, such as through public procurement practices.

Source: Adapted from Ward (2004), Public Sector Roles in Strengthening Corporate Social Responsibility: Taking Stock, World Bank Group

1.4.5 Key Players

While the private sector is the key driver of CSR, there are other players who are important to facilitate the practice of CSR and its effectiveness in the development debate. These include the UN, Non- Governmental Organizations (NGOs), Government, Media, Business, Academia, and Business Associations. In a collaborative approach, through the widespread reach and influence of these organizations, they can act as partners to business in their CSR activities towards achieving common development objectives.

Special mention must be made of the role of employees in ensuring the effectiveness of a company's CSR practice. Ensuring employee commitment and involvement is a fundamental part of both the planning and execution phase. In fact, "unless the whole cultural context supports the self-understanding of employees as moral agents who are motivated to take into consideration the 'good' as well as the 'efficient' in every situation, there will be gaps in the delivery of CSR".[14] By leveraging on employee capabilities, knowledge and talents, companies can increase the reach of their social engagement.

1.4.6 Partnerships

Partnerships are at the core of proper CSR planning and implementation. As companies try to expand their market reach and participate in the development debate, partnerships are increasingly relevant. It is becoming very clear that operating successfully in the local and international business arenas hinges on a company's need to engage a wider group of stakeholders, become more flexible, deal with a wider range of issues and take stock and action to prevent the negative impacts of their activities on the society at large. In this context, companies have to be more inclusive and collaborative in planning and executing their activities, as well as forming strategic alliances and partnerships to ensure the long-term sustainability of their operations and the society within which they operate.

Partnerships are particularly relevant for SMEs, which often lack the resources to plan and implement a CSR strategy in alignment with their core business, in order to achieve internal efficiency gains through existing best practice and to exploit the economies of scale in the delivery of social and environmental programmes.

An example of a successful partnership for CSR at the international level is the UN Global Compact, which provides a global forum for discussion and knowledge sharing. A similar function at the country level is played by the Local UN Global Compact Networks, which provide support in the implementation of a CSR strategy, and help in the coordination of the social and environmental programmes through leveraging of partnerships.

14 J. Collier and R. Esteban, "Corporate Social Responsibility and Employee Commitment", Business Ethics: A European Review, Vol. 16, No. 1 2007, pp. 19-33.

Figure 2

A Possible Implementation Framework

When? (Conceptual phase)	What? (Task delineation)	How? (Check-points on the journey)
Plan	1. **Decide if CSR is right for you.**	• Clear sponsorship and CSR team identified; • Identify CSR opportunities and entry points in support of your business plan; • Identify any legal requirements; • Review corporate documents, processes and activities, and internal capacity; • Identify and engage key stakeholders.
	2. **Develop a CSR strategy.**	• Engage the support of the Global Compact Local Network; • Develop a project charter and budget; • Identify internal and external drivers; • Obtain support from CEO, senior management and employees; • Involve staff in company's CSR strategy; • Identify the Project Management Team
Do	3. **Develop a CSR Programme and/or projects.**	• Develop an Annual Work Plan with clear outputs and activities; • Identify key performance indicators and targets; • Hold discussions with major stakeholders; • Develop a partnership strategy; • Develop a communication plan; • Prioritize and build on small wins.
	4. **Implement the CSR Programme.**	• Kick-start the project; • Communicate regularly; • Seek feedback.
Check	5. **Assure and report on progress.**	• Monitor and measure performance; • Engage stakeholders; • Report on performance, internally and externally.
Improve	6. **Evaluate and improve.**	• Evaluate performance; • Identify opportunities for improvement; • Engage stakeholders.

Source: Adapted from Corporate Social Responsibility: An Implementation Guide for Business, International Institute for Sustainable Development, by UNDP Trinidad and Tobago

2.1 Role of CSR in the Millennium Development Goals

"Business can contribute to accelerating the rise in income and opportunity by investing in infrastructure, R&D and technologies for the developing world, hiring and developing local talent; buying from developing countries; volunteering talent and time toward a particular issue; donating surplus or used equipment; and making financial donations through corporate foundations – because it just makes good business sense"

The World Bank, Business Action for the MDGS

In September 2000, at the United Nations Millennium Summit, world leaders agreed to a set of time-bound and measurable goals and targets for combating poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women. Placed at the heart of the global agenda, they are now called the Millennium Development Goals (MDGs). The Summit's Millennium Declaration also outlined a wide range of commitments in human rights, good governance and democracy. The UN is the scorekeeper of the MDGs and is uniquely positioned to support countries, connect them to knowledge and resources, and help coordinate broader efforts at the country level to achieve these goals.

The private sector is a key stakeholder in the national development debate as it utilizes its by-products (infrastructure, IT, and increased purchasing power of customers) and promotes development through its knowledge, expertise, resources and relationships. In this light, businesses can play a decisive role in helping countries foster their economic and social development towards meeting the MDGs.

Millennium Development Goals To Be Achieved By 2015

- **Halve extreme poverty and hunger:** 1.2 Billion people still live on less than $1 a day. But 43 countries, with more than 60 per cent of the world's people, have already met or are on track to meet the goal of cutting hunger in half by 2015.
- **Achieve universal primary education:** 113 Million children do not attend school, but this goal is within reach.
- **Empower women and promote equality between women and men:** Two-thirds of the world's illiterates are women, and 80 per cent of its refugees are women and children.
- **Reduce under-five mortality by two thirds:** 11 Million young children die every year, but that number is down from 15 million in 1980.
- **Reduce maternal mortality by threequarters:** In the developing world, the risk of dying in childbirth is one in 48. But virtually all countries now have safe motherhood programmes and are poised for progress.
- **Reverse the spread of diseases, especially HIV/AIDS and malaria:** Killer diseases have erased a generation of development gains. Countries like Brazil, Senegal, Thailand and Uganda have shown that we can stop HIV in its tracks.
- **Ensure environmental sustainability:** More than one billion people still lack access to safe drinking water; however, during the 1990s, nearly one billion people gained access to safe water and as many to sanitation.
- **Create a global partnership for development, with targets for aid, trade and debt relief:** Too many developing countries are spending more on debt service than on social services.

There are several 'Development-Oriented Business Practices' (DOPB) in which businesses can engage.[15] There are at least ten key areas in which businesses can make an important contribution to the achievement of the MDGs, while also attaining business benefits:

- Invest in proper human resource management practices to develop a healthy and empowered workforce with equal opportunities for both men and women
- Invest in education, infrastructure, research and development (R&D) and relevant technologies
- Engage in the R&D of products and services for the poorest tier of the population to create innovative solutions to meet their needs; engage in the marketing and distribution of these products and services[16]
- Develop and implement sustainable and profitable environmentally-friendly products and processes, and ensure business strategy and activities are centred around environmentally-sound principles of conservation
- Buy locally produced products and services, donate surplus, used or earlier generation products
- Ensure that foreign direct investment (FDI) has positive spill-over effects on the country, by increasing local content, developing local skills, strengthening local suppliers and forming networks with the capacity to enable the transfer of skills, technology and quality
- Increase the wages, employment standards and productivity of local companies and define common standards of ethics and codes of conduct
- Raise awareness of development problems and find solutions through marketing; lobby for policy change to facilitate a framework in which business can engage in the development debate
- Make strategic donations towards sustainable, results- driven development activities and give financial support to local organizations
- Monitor and report on initiatives undertaken, to ensure continuous improvement
- Coordinate efforts to identify common intervention areas and align them with national development goals and existing guidelines
- Volunteer employee skills and time to support local communities and strengthen the work of local developmental organizations

15 UNDP and UWI-Institute of Business, "The Millennium Development Goals and the Private Sector: The Caribbean Business Experience" (UNDP: Georgetown, 2005), pp. i-iii.

16 There are several examples of companies which successfully targeted the specific needs of the consumers at the "bottom of the pyramid", which are often overlooked by traditional business strategies which tend to focus on higher unitary margins rather than on increasing the scale of production. For further information see Prahalad C.K. and S.L. Hart, "The Fortune at the Bottom of the Pyramid", Strategy+Business, issue 26, first quarter 2002, pp. 1-14.

Companies can pursue such activities on their own or form partnerships (i.e. other private counterparts, NGOs and CSOs, academia, and governmental agencies), to achieve them. Building networks and increasing the linkages among the companies can strengthen the effectiveness of these initiatives by increasing their scope and capacity in reaching their beneficiaries.

The public sector can also play an important role in creating the enabling environment for such initiatives by reforming regulations, strengthening the rule of law, bringing companies into the formal sector, promoting standards and directing companies' efforts towards actual country specific needs.

Promoting Volunteerism Among Employees

Local energy company, POWERGEN has designated a small department devoted to the development of social programmes. They use this opportunity to involve their employees in the promotion of Volunteerism with local communities.

This has created a competitive spirit among employees to select the best project proposals annually, which the company will then support financially, with the added benefit of time-off for employees involved in the programme.

2.2 CSR in Latin America and the Caribbean

In Latin America and the Caribbean, CSR is still strongly associated with philanthropy, which is usually the initial stage of all social responsible practices.[17] Although company donations are important, a move towards increased private sector participation is needed in the region. A growing number of NGOs and socially committed corporations are recognizing the positive implications of CSR and are encouraging corporations to participate actively and to move beyond philanthropy toward corporate citizenship tailored to specific local characteristics.[18]

There has been a heightened focus on CSR in some Latin American countries as a result of Brazil's economic crisis in 1997/1998. In addition, the collapse of Argentina's political system in December 2001 caused economic chaos throughout the region. One of the results of these crises has been an intensified drive towards the human aspects of economic policies which created the basis to spread CSR in Latin America. The Latin American country that has implemented the practice of CSR the most is Brazil. Through its Ethos Institute of Business and Social Responsibility (Instituto ethos), Brazil has been able to organize a vast network of managers and company owners to develop, research and promote CSR. The Ethos Institute has played a leadership role in helping businesses in Brazil and throughout Latin America to "transform principles into management practices" on important issues such as child labour and environmental protection.

A similar situation developed in Argentina following its economic melt-down in December 2001. Certain segments of Argentine society undertook the creation and development of social networks, filling the gap that had been left by the government. The crisis prompted corporations such as Arcor (Argentine Multinational Food and Candies Group), Manpower, Kodak, Unilever and C&A, among others, to boost their CSR activities in both work policies and non-profit organizations. Additionally, steps were taken to start a campaign in analysis, research and promotion of CSR through its universities, business schools and NGOs. Further, in November 2002, the Association of Human Resources Management of Argentina (adrha) established a specialized department focusing on CSR. This department has been working with the Association of Human Resources of Brazil (abrh), Ethos Institute (Brazil) and the Uruguayan Human Resources National Association to expand its network of universities, business schools, NGOs and companies throughout Latin America.[19]

Human Resource Management

Denmor Garment Manufacturers Inc (Guyana) has always applied high labour standards providing jobs and training to women who are underprivileged, school dropouts, socially ostracized, single parents or otherwise disadvantaged.

With increasing international competition, this investment in highly motivated and multi-skilled employees has proven to be the key to the company's continued success as it modifies its business strategy to focus on the rapid delivery of both large and small orders of diverse high-quality garments

17 Estrella Peinado-Vara, "Corporate Social Responsibility in Latin America and the Caribbean", Technical Paper, Sustainable Development Department, Inter-American Development Bank, June 2004, pp. 6-13.
18 D. Barret, "Social Responsibility in Latin America: An Evolving View. Giving and Volunteering in the Americas: From Charity to Solidarity", Harvard Review of Latin America, Vol.1, no.3, 2002, pp.25-26.
19 Malte Sussdorff, "Echoes from Latin America" (2003), *http:// www.csreurope.org*.

Brazil and Argentina have established themselves as leaders in pioneering and spreading csr in Latin America, followed closely by Chile, Uruguay and Mexico. However, despite the promising progress being made in the region, in other countries, such as Peru, Venezuela and Colombia, there is evidence that scepticism still exists. For example, the relation between csr and competitiveness is not widely accepted and only some export-oriented sectors show clear awareness of this link.[20] Furthermore, there is still significant limitation in the implementation of codes of conduct and reporting initiatives, even where local networks of the un Global Compact have been established in a large number of Latin American countries.[21]

On the basis of the above discussion, three main trends of corporate social responsibility can be identified in Latin America:

1. Private sector participation in csr is relatively weak and initiatives to promote csr are largely taken by industry associations or independent business and professional associations such as the American Chambers of Commerce (AmCham)

2. Government involvement and promotion is also relatively weak and not integrated into the whole of government policy. The role of international organizations such as the undp is particularly interesting, as it has been active in signing up companies to the un Global Compact in Argentina, Chile, Colombia and Venezuela

3. Public awareness varies across the region. Media coverage is fairly widespread in the more industrialized economies. csr courses or units are included in business school programming and independent ngos are striving towards advancing the csr agenda, but are less numerous and active than business and professional associations

"The relative weakness of corporate engagement in social development is far from sinister. It is largely a function of corporate evolution and symptomatic of the fragmented way in which our societies have developed. Divisions between the public and private sectors and civil society are too stark, and no single group has the power or critical mass to drive a sustainable development thrust alone".

UNDP and UWI-Institute of Business, *"The Millennium Development and The Private Sector: The Caribbean Business experience"* (Georgetown, 2005)

With specific reference to the Caribbean, there are a number of common challenges that face the region in its drive towards attaining and maintaining social development in its many dimensions.[22] These challenges include:

- Levels of Poverty
- The absence of up-to-date socio-economic data
- Social inequity, with an increasing divide among the poorest and the richest tier of the population
- High levels of unemployment and underemployment[23]
- Urban violence
- Gender-based violence
- High incidence of hiv and aids
- Use of Caribbean ports for trans-shipment of illicit drugs
- Weak or disintegrating social capital
- The impact of natural disasters[24]
- Economic, social and environmental vulnerability
- Social exclusion
- Inadequate access to new information technologies

20 E. Peinado-Vara, "Corporate Social Responsibility in Latin America and the Caribbean", Technical Paper, Sustainable Development Department, Inter-American Development Bank, June 2004, pp. 6-13.
21 These countries are Argentina, Brazil, Chile, Colombia and Peru.
22 Republic of Trinidad and Tobago, Social Sector Investment Programme, (Government of Trinidad and Tobago: Port of Spain, 200)7, pp. 11-16.
23 It should be highlighted that not all Caribbean countries face these challenges. For example, in Trinidad and Tobago the official rate of unemployment was only 5.0% in 2006.
24 Natural disasters have historically been a cause of economic vulnerability of the region. While some Caribbean islands are more susceptible to a particular set of disasters than others, it should be highlighted that the recent trend towards urbanization provides additional pressures on the environment and increases vulnerability to natural hazards, particularly among the poor, which are typically the most vulnerable group and therefore the worst affected by disasters.

The high levels of poverty constitute a major threat to social harmony and are a result of several interrelated factors. However, some countries within the Caribbean, having invested heavily in the social sector, have achieved relatively low levels of poverty, such as Antigua and Barbuda, the Bahamas, Barbados and St. Kitts and Nevis.

'Brain-drain' is also an important issue for the region. Countries such as Jamaica, the Dominican Republic, Cuba and Trinidad and Tobago rank high in the emigration of qualified labour. Based on data provided by the United States Census Bureau, of all foreign nationals living in the United States, 10% are of Caribbean origin.[25] The continued depletion of professionals "deprives the Caribbean region of its qualified professionals whose education and training were often a considerable expense to its taxpayers and who play a critical role in sustainable development".[26]

In the document "Towards a Caribbean Vision 2020" several strategies have been identified to address these challenges. Some of these strategies include reducing poverty and enhancing social protection for particularly vulnerable groups, providing a more equitable access to employment, ensuring the integrity and the preservation of the environment, improving the transparency and accountability of governments. While these goals are collective, the relative priorities vary by country.

The factors identified above can be turned into opportunities for private enterprises, which, through the practice of csr, could provide an important contribution to the alleviation of some of these issues. Foreign presence within the tourism industry catering to consumers from developed countries should provide an additional incentive to the private sector to engage in csr.

Despite the potential importance of the private sector in the development debate, there is no extensive research in regional csr practices, to date.

A recent publication by undp and Institute of Business (2005) on the role of the private sector in the achievement of the mdgs in the Caribbean, highlighted a number of initiatives undertaken by companies, some specific to Trinidad and Tobago. These initiatives gave particularly good results in the areas of promoting educational programmes in line with the needs of the economy, developing local capacity and local suppliers in the main sectors of the economy, and improving work conditions and entrepreneurship within local communities. However, the study did not identify any example of engagement by the private companies in areas such as environmental impact policies, research and development of products for the poor and the marketing and distribution of these products. According to the study, a possible explanation for the lack of investment in the poorest tier of the population might be that "the poor in the Caribbean do not constitute a large market segment and this might explain the absence of much concrete action in this area."[27]

The study illustrated that two major factors hindered the capacity of the private sector to be a key driver of the development of the region:

- Only a few of these partnerships were sufficiently driven by business profitability to be considered sustainable in the long run
- There is a marked lack of business-government partnership as well as business-un partnerships when you compare the Caribbean with many other developing regions[28]

Eco-Tourism: The Case of Costa Rica

"Costa Rica's tourism industry has been increasing in size for many years now, and one reason for this upsurge is the appeal of and demand for ecotourism."

Stacy Small, Production Editor of Caribbean Travel and Life Magazine

Strategic Donations

Digicel Jamaica sponsors a chair in Telecommunications Policy and Management at the University of the West Indies, Mona Campus in Jamaica. In so doing, it has set in motion the development of a local talent pool in a field that is strategically relevant for the company and on which they can draw to meet their future resource needs. Digicel also gained recognition as an "Employer of Choice" in the local industry.

At a broader level, this intervention contributed to limiting the brain drain phenomenon (at least in one sector) and supported the development of a necessary talent pool to meet the human resource needs of the Jamaican corporate sector.

25 For further information, go to www.census.gov.
26 Republic of Trinidad and Tobago, Social Sector Investment Programme, (Government of Trinidad and Tobago: Port of Spain, 2007), p. 12.
27 UNDP and UWI-Institute of Business, "The Millennium Development Goals and The Private Sector: The Caribbean Business Experience" (UNDP: Georgetown, 2005), p.52.
28 Ibid. p. 53.

In addition, unlike countries such as Brazil and Chile which have government fiscal incentives to promote social investments, the involvement of Caribbean governments in this area is minimal.

Nevertheless, csr is gradually becoming a "buzzword" in the region and stakeholders are more aware of the positive effects of promoting actions that contribute to the development of society as a whole. There is also growing understanding that implementing employee and environmentally-friendly business processes, measuring the social impact of activities and investing in the community, can benefit a company's bottom line and ensure long-term success. In conclusion, socially responsible companies can make a significant, if not critical, difference in the social and economic development of the region.

2.3 Corporate Social Responsibility in the National Development Context of Vision 2020

Fostering The Competitiveness Of A Nation Through Local Content

In April 2005, BP Trinidad & Tobago (bpTT) completed its Cannonball Project, which involved the design and construction of an offshore gas-drilling platform employing an unprecedented proportion of domestic expertise.

The Cannonball was meant to facilitate the birth of a sustainable engineering and fabrication industry in Trinidad, increase employment opportunities and significantly enhance local content.

While initially incurring higher costs in the importation of a foreign-constructed platform, the expected business benefits were eventually realised in 2006 with the building of a second and a third platform, Mango and Cashima,

This was due to the experience acquired by the local contractors, an effective process of standardization and the contracting of local suppliers. This project opened the stage for an internationally competitive fabricating industry in Trinidad and Tobago.

Trinidad and Tobago is at a critical juncture on its path towards developed-nation status. The country has had strong and consistent economic growth in the last decade, registering an annual real gdp growth of 10% over the last five years.[29] This growth was mainly driven by the Energy and Related Industries sector, which in 2006 contributed to over 45% of the country's gdp. The Energy and Related Industries also accounted for close to 60% of Government revenues for the year 2005/2006, helping to overcome a consistent "non-oil" fiscal deficit from the public sector.[30] However, while playing an important role in terms of its contribution to gdp, this sector only employed 3.5% of the workforce in 2006.[31] In addition, there is a lack of local presence in the Energy and Related Industries sector, among both high-skilled workers and supporting industries (e.g. Design, Engineering, it). On the other hand, local industries flourished in other sectors, such as the Finance and Business Services and Construction and Quarrying. According to the Social Sector Investment Programme 2007, "good prospects for employment growth include the agriculture and construction sectors while the energy sector is not expected to generate ordinary jobs but instead some high-tech and professional jobs. Small and micro-enterprises and the tourism sector present excellent opportunities for employment generation."[32]

Considering the socio-economic development of the country on a broader level, according the Human Development Report (hdr) 2006 (undp, 2006), Trinidad and Tobago qualifies as a country with high human development. The Human Development Index (hdi) increased from 0.75 in 1975 to 0.81 in 2004. Despite this positive indication, there are still several challenges towards the achievement of a developed-nation status. Some of these are:

- **Poverty:** Around 17% of the population of the country is living below the poverty line[33]

- **Social Exclusion:** The main issues of social exclusion are related to adolescent males, female youth offenders, institutionalized children, street children, youth unemployment and single parenthood. Unemployment and the risk of social exclusion are highest among these groups leading to detrimental risk behavior such as early sexual activity, violence, gang crimes and drug use[34]

29 Central Bank of Trinidad and Tobago, Annual Economic Review (2006), p.7
30 Ibid. p.43.
31 Ibid. p. 27.
32 Republic of Trinidad and Tobago, Social Sector Investment Programme, (Government of Trinidad and Tobago: Port of Spain, 2007), p. 32.
33 Republic of Trinidad and Tobago, Vision 2020 Operational plan 2007-2010, (Government of Trinidad and Tobago: Port of Spain, 2006), p. 85.
34 World Bank Group Country Briefs: Trinidad and Tobago, June 2000.

- **Income Distribution:** The income distribution demonstrates a very high level of disparity between the richest and poorest tiers of the population. The data suggests that the richest 20% of the population account for a 45.9 % share of the income/expenditure, while the poorest 20% of the population account for only 5.5 % of the income/consumption[35]

- **Gender Equality:** A greater percentage of females than males are enrolled in primary, secondary and tertiary education, but the average income for females is still less than half of that for the men.[36] The Government of Trinidad and Tobago has a vision for gender development, "a society in which women and men contribute to, and benefit from, equitable access to and control of resources", and several steps have been identified in the National Strategic Plan (NSP) in order to achieve this goal[37]

- **Information Technology:** There are only 79 personal computers per 1000 people, and 123 internet users per 1000 people.[38] These figures fall below the average for high human developed countries. Regarding education, only 15% of Trinidad and Tobago's schools are connected to the internet, while this percentage is 60% in OECD countries[39]

- **Productivity:** The level of productivity in Trinidad and Tobago is lagging relative to the US in both the manufacturing and services industries.[40] Vision 2020 identifies a number of strategies to boost the productivity level, including: improving the quality of data on productivity, promoting productivity through innovation, implementing technologies, improving human resource management and changing the national work ethic[41]

- **Environmental Preservation:** Trinidad is a heavily industrialised island, with high-levels of car ownership, and suffers from high-levels of pollution, especially in the urban areas and near major industrial estates. Tobago has a more pristine environment, though there are environmental issues associated with the tourism industry and especially impacts on coral reefs. Nationally Trinidad and Tobago ranks amongst the top global CO_2 emitters on a per capita basis, though in absolute terms it accounts for less than 0.1% of global CO_2 emissions[42]

- **Access to Quality Housing:** "Many of the persons applying to the Ministry of Housing do not qualify for an adequate mortgage: 59% of these applicants earn less than $4,000.00 per month and almost 40% of the applicants will not be able to afford even the lowest-cost homes currently under construction."[43]

Investing In Gender Equity

Every year, Scotiabank Trinidad and Tobago has a 5K Run for Breast Cancer. In addition, the Bank has an assigned task force promoting issues related to gender equity within the country.

This task force contributes to positive and groundbreaking projects to enlighten women's role in the society. Chairperson Simone Penco believes that this "helps to send a strong message to our female staff about the commitment the Bank has towards women and their advancement and recognition of who they are as individuals."

While 70% of all staff at the Scotiabank are female, with their successful mentoring programme and succession planning for women, 14 of these women hold senior positions within the Bank.

Sustainable Education For A Sustainable Future

There have been efforts by the local private sector to promote sustainable and rewarding educational programmes, some of which have proved successful:

Guardian Holdings Limited (GHL) funded the Administrative and Research Centre of the Arthur Lok Jack Graduate School of Business (GSB), which provides training for current and future corporate leaders. Additionally, GHL developed Regional Premium Teaching Awards at UWI St. Augustine to demonstrate the commitment to the achievement of excellence within the Caribbean.

bpTT committed US$10 million in funding the development of the University of Trinidad and Tobago (UTT). This institution will play a significant role in supporting the provision of relevant skills for the booming energy sector and spin-off services.

35 UNDP Human Development Report 2006, p. 336
36 Ibid., p. 364
37 These goals are:
To establish mechanisms to promote gender equity in the public and private sectors; to sensitize the public on issues arising out of the Gender Policy; to produce gender disaggregated social and economic data; and to educate NGOs and CBOs on gender-related issues. For further information see Republic of Trinidad and Tobago, Draft National Strategic Plan, 2002, p.168:
38 38 UNDP Human Development Report 2006 , p. 328. For further details visit also the World Bank website at: *http://devdata.worldbank.org*
39 Ibid.
40 IMF, World Economic Outlook 2007,available at: *http://www.imf.org/Pubs/FT/weo/2007*
41 Republic of Trinidad and Tobago, Vision 2020 Operational plan 2007-2010, p. 142
42 UNDP Human Development Report 2006, p. 354 and STCIC, "Trinidad & Tobago's Contribution to Global Warming", Business Guardian, June 7th 2007
43 Republic of Trinidad and Tobago, Social Sector Investment Programme, (Government of Trinidad and Tobago: Port of Spain, 2007), p. 39, quoting Housing Colloquium 2006

- **Brain Drain:** Trinidad and Tobago suffers from a rising exodus of their highly educated population. In a range from 1 to 7, where 7 indicates that 'most talented people almost always remain in the country', Trinidad and Tobago scored 2.9, being ranked at 75 out of the 117 countries surveyed. In addition, there was a significant decline in the score with respect to 2003/04, when it was at 3.6, indicating a recent intensification of brain drain[44]

International CSR Award For Phoenix Gas

Phoenix Park Gas Processors Limited (PPGPL) won the 2007 International Stevie Award for Best Corporate Social Responsibility Programme in South America for the HOMES (Housing Our Most Exposed Siblings) project launched in 2006.

The HOMES project is a partnership with Habitat for Humanity T&T (HFHTT). PPGPL is providing funding and sweat equity to HFHTT to construct houses for needy families in its fence line communities of Pt. Lisas and environs. The housing is not free since owners must repay the loan at no interest. It is indeed a 'hand up' and not a 'hand out.'

To address some of these challenges, the country has formulated a National Development Plan, Vision 2020 based on the MDGs. Five development priorities have been identified to transform Trinidad and Tobago into a developed nation by the year 2020. These are:

1. Developing Innovative People,
2. Nurturing a Caring Society,
3. Enabling Competitive Business,
4. Investing in Sound Infrastructure and the Environment, and
5. Promoting Effective Government.

The private sector plays an important role both as a consumer and as a promoter of the development of Trinidad and Tobago. Through the practice of CSR, it can be a powerful force for social development of the country. Under each of the five pillars, several specific objectives to be achieved by the year 2020 have been identified and included in the Vision 2020 document.[45] The private sector has a tremendous potential to contribute to the achievement of some of these goals, such as the following:

Fostering Innovative People

- Preserve the cultural heritage of Trinidad and Tobago
- Significantly increase the level of investment in R&D in both the public and private sectors
- Develop vibrant art and craft industries
- Up-skill the labour force
- Create a talent pool of scientists, technicians and researchers
- Create an effective and efficient National Innovation System
- Increase support services for students

Support Local Communities

In 2004 the TCL Group partnered with Habitat for Humanity (an international non-profit organization) to begin work on building communities, improving living standards for the less fortunate in the region.

A lack of adequate and affordable housing, propelled TCL to look for options for the people within the region of Claxton Bay/Couva, the home of their main factory.

In spite of an existing housing demand of 9,135 homes, 29.5% of the population earned less than TT$ 2,000 per month, removing them from the sphere of interest of most financial institutions. Through this alliance, the TCL Group has helped to make a difference in the lives of fifty families by giving them the opportunity to own their first home.

Nurturing a Caring Society

- Construct 2,000 affordable housing units annually (private sector)
- Reduce the number of persons living below the poverty line by one percent per year
- Facilitate the preparation of high performance athletes to compete in international sporting events
- Reduce discrimination against persons living with HIV and AIDS (PLWHA) and increase the percentage of the population with an accurate knowledge of HIV and AIDS
- Increase access to community services for the population

Enabling Competitive Business

- Increase the contribution of the non-energy sector to GDP
- Ensure sustainability of the fisheries industry
- Increase the number of business clusters
- Increase productivity per worker

Investing in Sound Infrastructure and the Environment

- Prevent, reduce or, where possible, recycle all forms of waste
- Conserve and enrich the vitality and diversity of our natural environment
- Empower stakeholders and communities to care of their environments

44 Republic of Trinidad and Tobago, Vision 2020 Operational plan 2007-2010, p. 5 quoting World Economic Forum, Global Competitiveness Report, 2005.
45 For further information see, Government of Trinidad and Tobago, Vision 2020 Operational Plan

- Develop a modern and competitive Information and Communication Technology (ICT) Sector
- Promote ICT acculturation among all citizens
- Encourage greater use of ICT in business operations and market transactions
- Provide community infrastructure that supports a vibrant living environment throughout the country

Promoting Effective Government

- Reduce the involvement of young people in crime
- Reduce recidivism through the rehabilitation and reintegration of offenders
- Protect all citizens from the hazards of natural and man-made disasters
- Build a competent high-performing workforce with a strong commitment to service

These are all areas in which CSR can play a decisive role. The private sector should, therefore, be guided in the provision of their social programmes to strengthen their alignment with the country's development plan. From this perspective, dialogue and partnerships should be at the forefront of the development of the practice of CSR in Trinidad and Tobago. In addition, it is necessary to promote the specific business benefits that are attainable by the private sector in engaging in the practice of CSR on the national level.

Seafarers' Programme

Due to BG T&T's marine activities off the North Coast of Trinidad, the Company has engaged with the local fishing communities of Maracas, Las Cuevas, La Fillette and Blanchisseuse.

Beginning in 2006, the Company has sponsored two pre-sea training programmes, consisting of a twelve-day course providing sixteen fishermen with the fundamentals of seamanship. At the end of the programme, the fishermen undergo a written examination which will certify them as fit to work aboard a vessel and will also allow them to pursue higher levels of marine-related training.

Also in 2006, the Company sponsored a six-month mariner's internship programme in which twelve individuals underwent intensive on-the-job training to prepare them for a career in the maritime and fishing industry.

2.4 Rationale for a CSR Mapping Project in Trinidad & Tobago

A coordinated approach to CSR brings the greatest potential for a positive impact on both the national social development challenge and the private sector's bottom line. Coordinated efforts enhance the impact of social and environmental programmes by delivering:

- **Innovation and Job Creation** – a stronger coordination of CSR practices at the country level would strengthen the National Innovation System and the capacity to attract and retain employees

- **Efficiencies** – knowledge-sharing and practice development are maximized through coordination of resources - both human and financial

- **Increased Synergy** – programmes can be linked to maximize the impact while coordination increases the incidence and strengthens partnerships

- **Duplication Avoidance** – coordinated efforts ensure that practitioners do not duplicate their efforts, but ease learning curves for all involved

- **Widespread Benefits** – dovetails with duplication avoidance; more communities can be targeted by CSR activities when duplication is eliminated

- **Increased SMEs Engagement** – SMEs can leverage partnerships, existing bodies of knowledge and best practices to increase their engagement in CSR programmes without a heavy burden on internal resources

- **Improved Targeting** – coordinated efforts allow practitioners to enhance their ability to target new issues, communities in alignment with the country's development goals

- **CSR Momentum** – a coordinated effort is more visible and carries the capacity to attract more practitioners through increased exposure of CSR successes

Building Facilities for the Communities

Recognizing the need for increased investment in the area, the residents of Toco came together and created a long-term plan for a centre to stimulate business activities.

Through the BITTS Centres – Business Information Technology & Training Service and with support from BHP Billiton, a host of services were developed, including computer and business training for shop proprietors, other business people and villagers alike.

- **Directed Research** – gaps in knowledge and practice of csr are highlighted through coordination, improving the effectiveness of research functions, both in the academic and corporate fields

Trinidad and Tobago has the opportunity to develop a coordinated approach to csr from the onset: there is no institutional legacy to shift, there are impartial organizations to ensure a balanced approach and there are advanced practitioners present to build an effective national capacity based on best practice.

A csr Mapping project represents a first step in building a coordinated approach to the development of a national csr practice in Trinidad & Tobago. The project creates value in the following ways:

- Creating a development dynamic, complementary to Vision 2020 and driven by specific market demands and solution-oriented initiatives

- Providing an opportunity for the local csr community to partner in creating a common good that facilitates the csr efforts of all parties. An inclusive approach to the project provides the opportunity for promoting new partnerships for csr in Trinidad and Tobago and building trust between existing practitioners

- The deliverables of the project – the present report and the csr web portal - are tools that can enrich the body of knowledge towards facilitating evidence-based planning of csr activities at the national level. This will provide useful support for promoting csr at various levels

- Private Sector – csr Mapping acts as a medium to:
    - target csr efforts and increase the Return On Investment (roi) from social and environmental programmes
    - help minimize overlapping and duplication of initiatives
    - it can lead to synergies and partnerships; it will offer increased exposure of private sector efforts
    - it will encourage the involvement of more private sector participants in csr
    - it will encourage government involvement in csr development
    - it will drive creativity towards new activities and programmes

- undp – csr Mapping will provide an overview to help align csr efforts with the national social development plan and international development goals; execution of the project will build relationships between undp and csr partners

- Government – The csr mapping will provide opportunity for assessing the areas in which the public and private sectors' interventions are complementary to the achievement of the country's development goals as stated in Vision 2020. It will also provide the data for evidence-based policies to increase this alignment

- Other Participants – knowledge institutions and associations will benefit from csr mapping through the ability to create targeted research programmes and bespoke programmes to facilitate their membership's csr efforts

In conclusion, a csr Mapping Project has the potential to be a cornerstone in the development of a national csr strategy.

A key aspect of this strategy will be the establishment of a local network for the un Global Compact which will provide the necessary expertise and knowledge to support the companies in the implementation of their csr strategy and help coordinate their social and environmental programmes through the promotion of partnerships, towards the achievement of the country's development goals.

Methodology

Research for the Trinidad and Tobago CSR Mapping Project was conducted over a period of 6 months, commencing in January and ending in June 2007. The target sample included 100 companies, and 90 participated in the exercise. In order to attain this target it was necessary to over-sample by more than 50%.

The companies selected represented the different industry sectors of Trinidad and Tobago's private sector. The final sample was comprised of the following seven sectors:

1. Energy and Related Industries
2. Finance, Insurance and Real Estate
3. Construction and Related Industries
4. Communications & Transport
5. Distribution and Dealership
6. Manufacturing
7. Services & Tourism (Restaurants, Hotels and Recreation)

The number of companies selected per sector was based on a weighted average of GDP contributions and the number of persons employed per sector. The visibility of CSR activities, as reported by the companies themselves, the media, NGOs and civil society also guided the selection of companies in each category.

The sample comprised companies of various sizes including large, small and medium- sized enterprises (SMEs), along with local and multi-national companies (MNCs). While the project was intended to focus on the private sector, five partially or wholly state-owned companies have also been included in the sample, because of their significance in the local economy.

Figure 3: Companies were selected according to GDP and employment contribution of each sector

Companies Divided by Sector

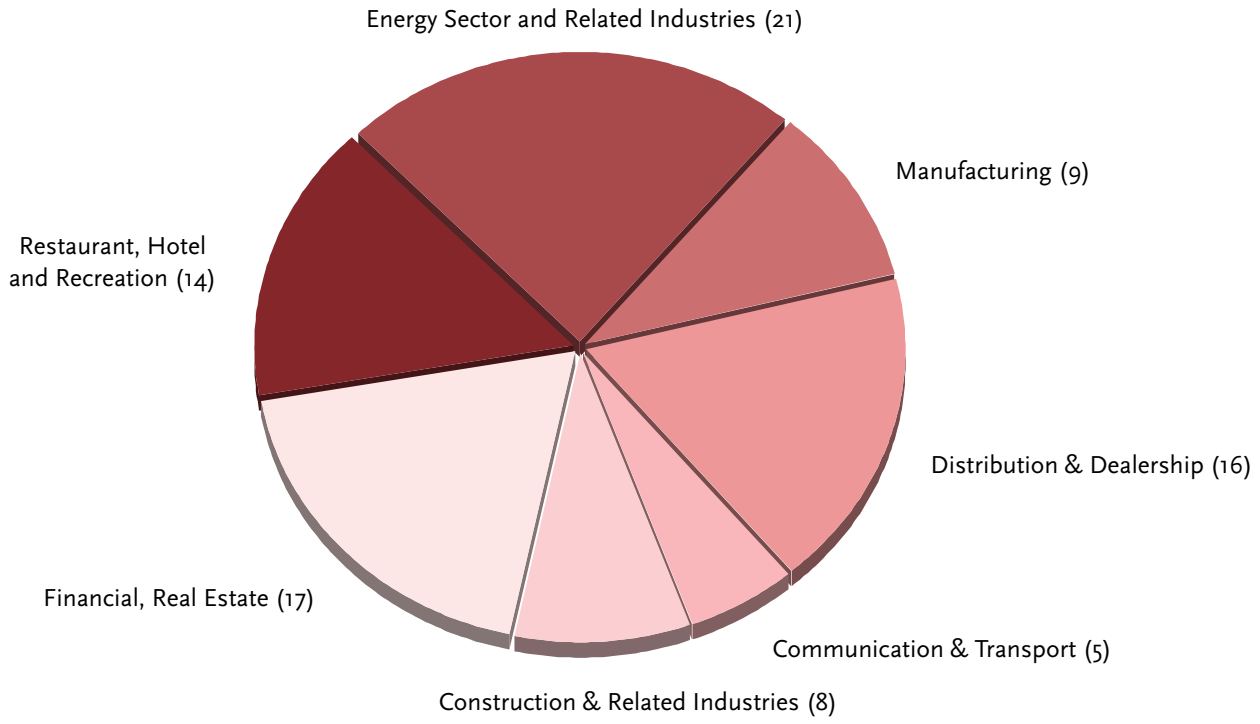


Figure 4

Companies Divided by Number of Employees

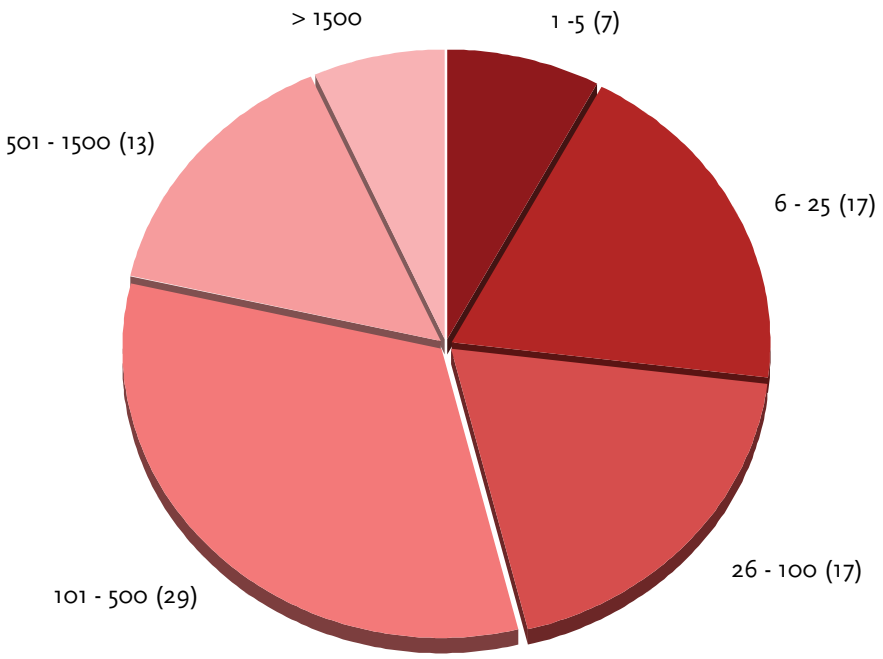
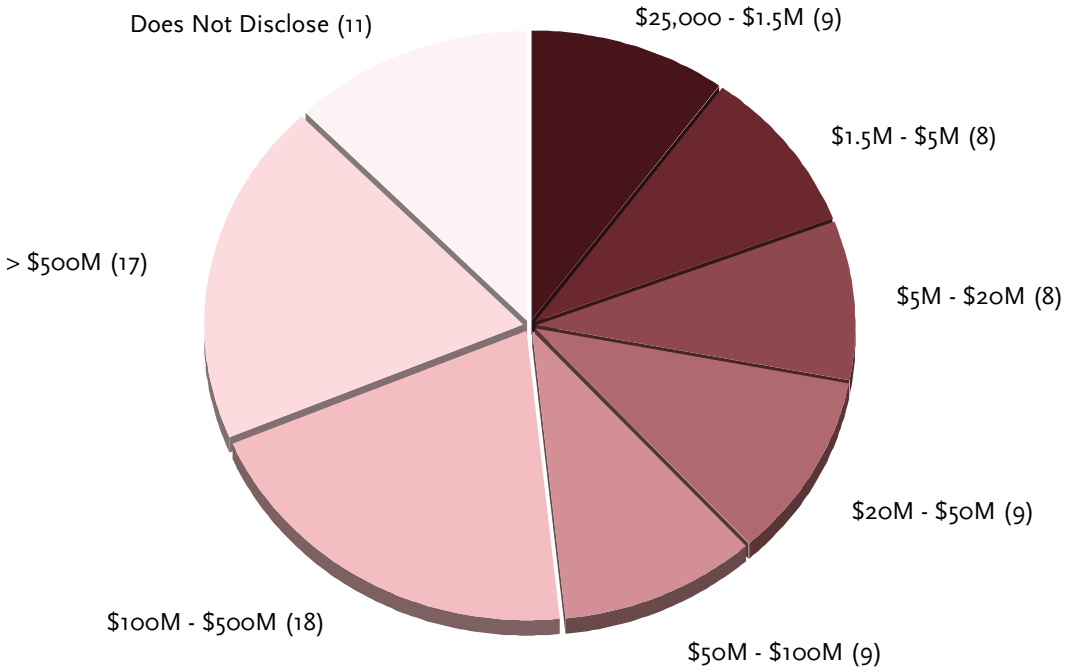


Figure 5

Companies Divided by Annual Revenues (TT$)



For the purpose of data analysis, a sub-sample of Small and Medium Enterprises (SMEs) was constructed, based on these two criteria:

- Less than 500 employees
- Revenues lower than TT $100 million

There were forty-four companies who met these criteria, out of which forty responded to both parts of the questionnaire.

The project was a joint venture between UNDP Trinidad and Tobago and STCIC. It was co-managed and research was conducted with the assistance of a UN Volunteer. In addition, a project steering committee was established for monitoring, oversight and quality assurance purposes. This Committee was comprised of representatives from the five project sponsors.

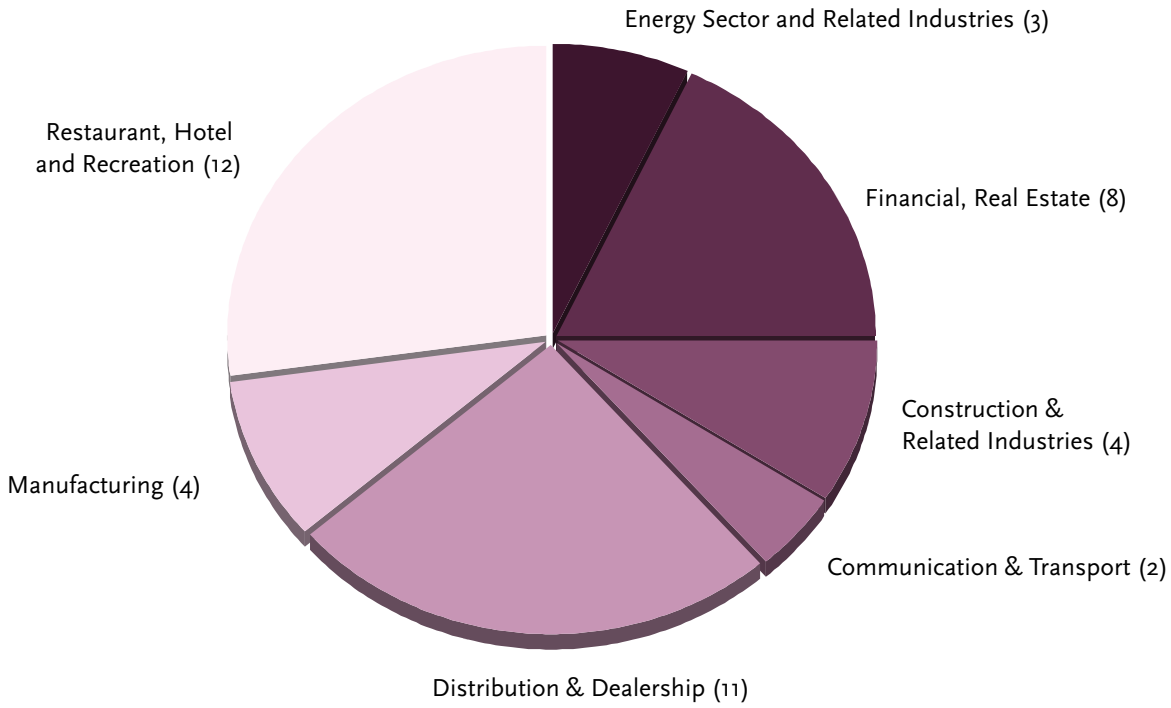
The primary methodology used for this research was the qualitative and quantitative analysis of data collected from a review of existing literature and a series of company interviews and questionnaires. The questionnaire design was based on international CSR best practices for implementation and reporting such as GRI (Global Reporting Initiative) and the UN Global Compact.

The questionnaire was divided into two sections: the first section, which included some general information on the companies, was sent to selected companies to be completed by them, while the second part, dealing with more detailed aspects of their CSR practices, was used to conduct the face-to-face interviews with company representatives. The second part of the questionnaire varied according to industry-specific characteristics.[46]

Interviews were conducted with senior or high-level company staff - CEOs, Human Resource, Marketing, Communications or Corporate Strategy

Figure 6: SMEs in the sample

Companies by Sector (SMEs, 44 Companies)



Department Managers. Wherever possible, an analysis of each interviewed company was combined with a review of publicly available background information on each selected respondent.[47]

Although there were several challenges in executing this project the following limitations proved critical:

1. There was an apparent lack of interest among companies to participate in this survey which accounted for an over-sampling of over fifty percent and the eventual reduced total of 90 companies. In some cases, because the structured interviews were designed to be conducted with senior or high-level company leaders/representatives, it was difficult for a number of them to fit time into the tight schedule of this research project

2. Apart from large companies from the Energy and Related Industries Sector and Finance, there was a lack of disclosure regarding reporting and accounting for their funds allocated and spent on philanthropy, social and environmental programmes and CSR activities

3. Out of the 90 companies in the sample 10 responded only to the first section of the questionnaire. In one instance the interview was successfully conducted, but the first section of the questionnaire was not submitted by the company

4. There were a few cases where companies were unable to answer some of the questions adequately. This is partly a result of the limited understanding of the concept and practice of CSR in Trinidad and Tobago

Nevertheless, this Report provides significant insights on the level of CSR and related activities and practices in Trinidad and Tobago between 2001 and 2006.

The results of the project are presented following the traditional distinction between external and internal CSR practices.

3.1 External CSR

3.1.1 Prevailing Trends in External CSR Activities

Almost all the companies were involved in some type of external social and environmental programme over the last five years (2001-2006). However, only 68 out of the 90 companies in the sample revealed their yearly average expenditure on these initiatives.[48]

There is a significant gap between the four major contributors (more than TT$5 Million) and the rest of the companies in the sample

Taking into consideration these 68 companies, the total yearly expenditure in external social and environmental programmes was over TT$54 million. There is a significant gap between the 4 largest contributors, which together account for over one-third of the total monies spent on external social and environmental programmes, and the rest of the companies in the sample.[49]

There is evidence of a positive correlation between the revenues of the companies and the amount of money spent on external social and environmental programmes. However, this trend is most prevalent among medium and large companies.

46 Both questionnaires are included in the Appendix.
47 The names of companies are listed in the Appendix.
48 It should be noted that for some companies in the Service and Tourism Industries, it was not possible to disclose data on their social expenditure since their initiatives were mainly in the form of in-kind contributions. In addition, the sample included a few newly-established companies that were still in the process of planning their external social activities.
49 The sample is so reduced to 62 respondent companies, out of which 52 actually disclosed the data on their average expenditure for external CSR activities.

Figure 7: Over half of the companies in the sample spent less than TT$ 200,000 in philanthropy and social and environmental programmes a year

CSR Expenditure (TT$)

(Total over TT$64M - 68 companies disclosed data)

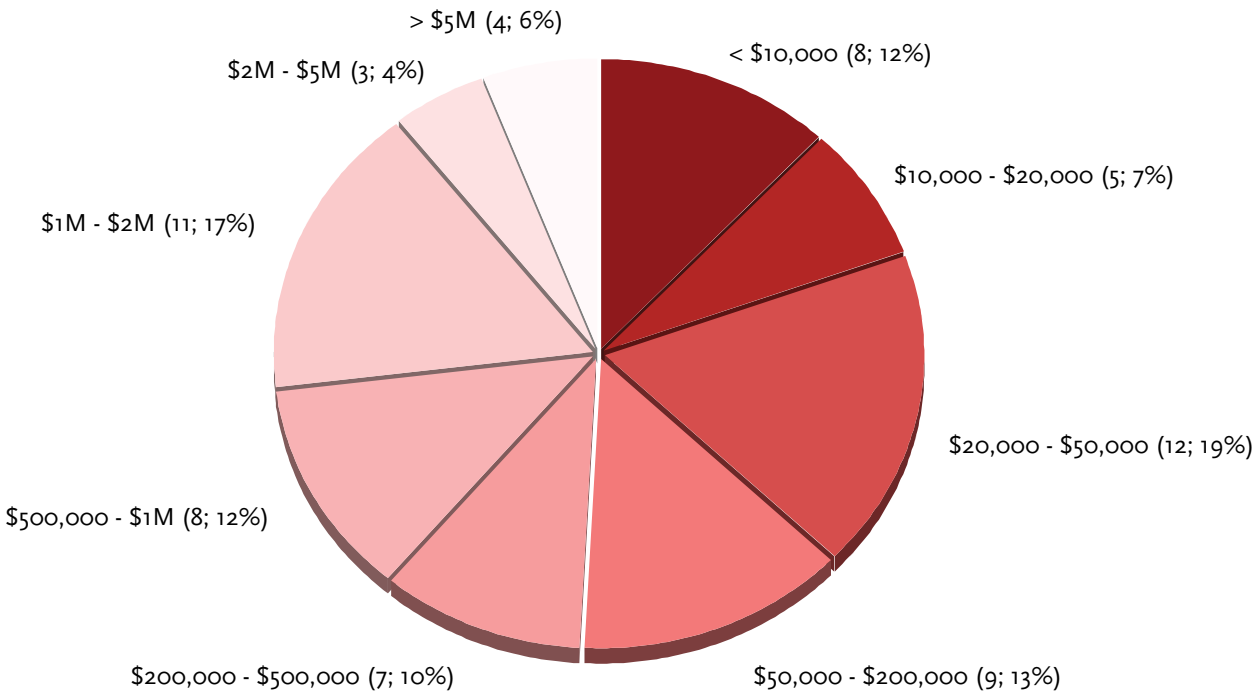


Figure 8: Positive correlation between revenues and expenditure in social and environmental programmes

CSR Expenditure per Group of Revenues

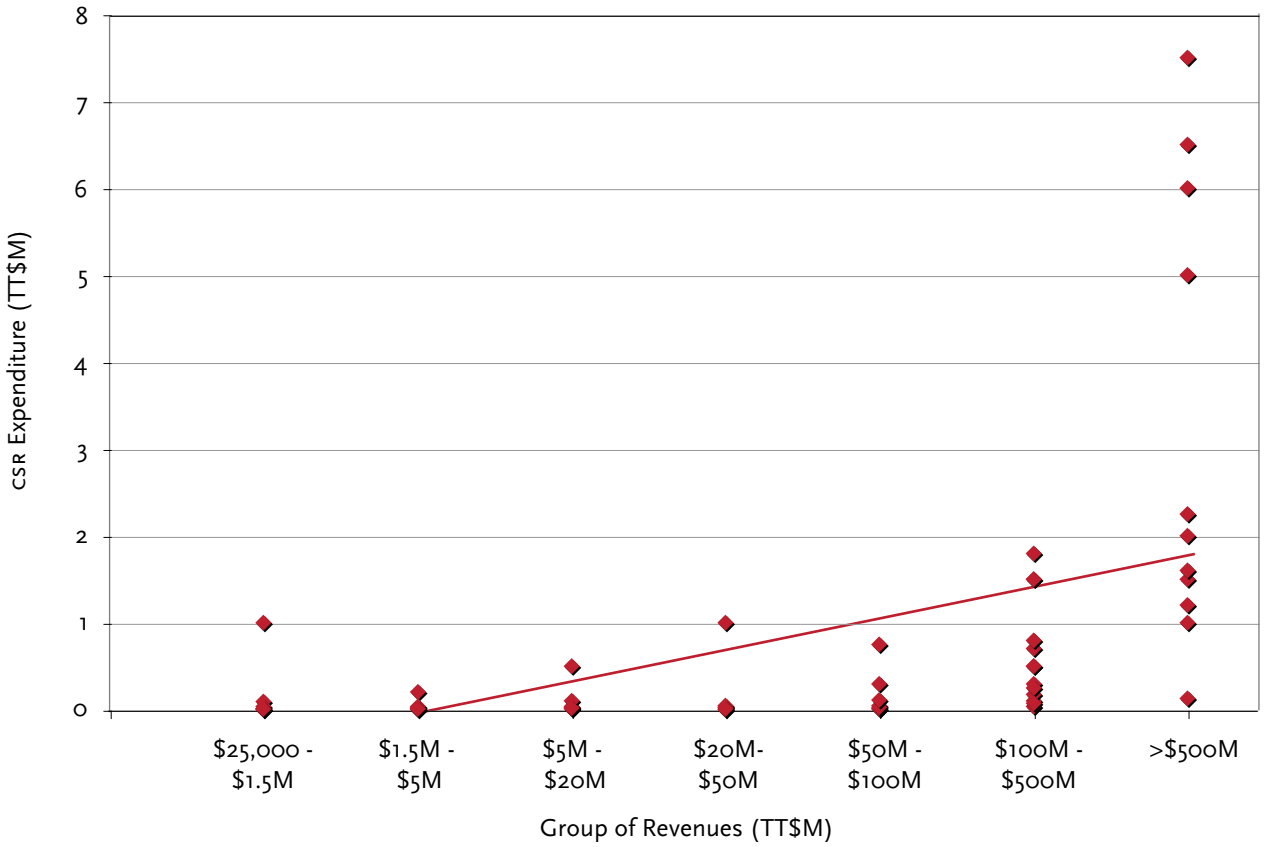


Figure 9: Expenditure in external social programmes excluding the energy and related industries sector

CSR Expenditure Excluding Energy and Related Industries (TT$)

(Total TT$25M - 52 companies disclosed data)

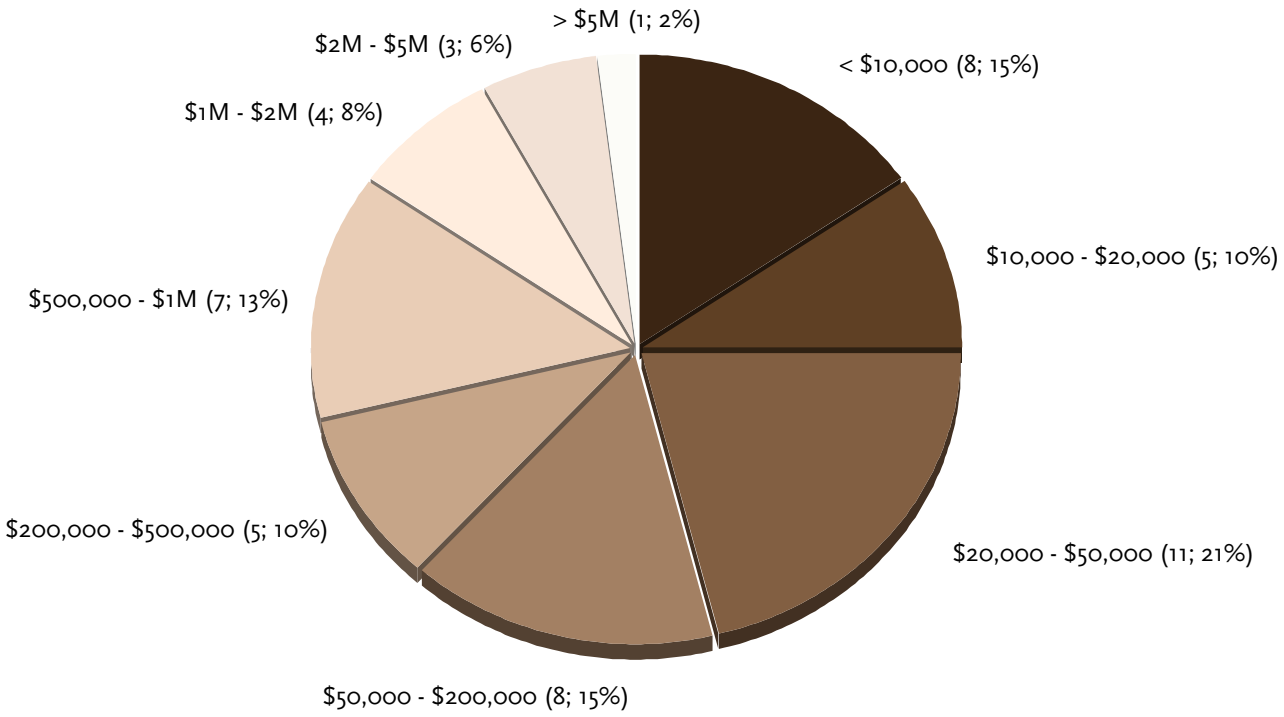
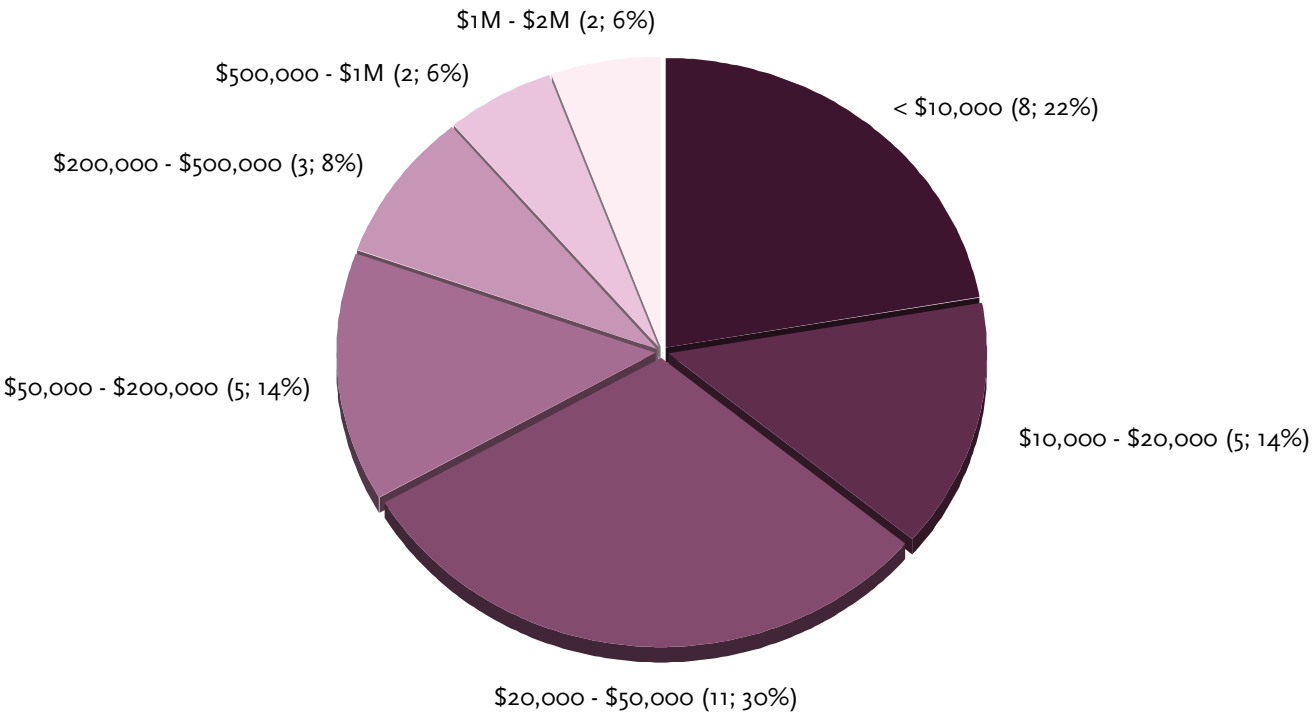


Figure 10: Approximately 70% of SMEs spent less than TT$50,000 a year in external social programmes

CSR Expenditure for SMEs (TT$)

(Total around TT$5M - 36 companies disclosed data)



Further assertions can be made when the companies from the Energy and Related Industries sector are excluded from the sample.

Companies from the Energy and Related Industries sector play a leading role in the provision of social programmes, accounting for over 50% of the total expenditure in social and environmental programmes.

Firstly, the total expenditure on external social and environmental programmes drops to less than half (from TT$ 54 million to around TT$ 25 million), indicating that companies from the Energy and Related Industries sector play a leading role in financial investment into these programmes. Given the fact that the sample was selected taking into account gdp and employment contribution of each sector in the economy, it can be stated that this result is also true for the country as a whole.

Secondly, approximately 15% of the companies spent more than TT$ 1 million in their external social and environmental programmes compared to over 25% when the entire sample is considered. This clearly shows that the overwhelming majority of the large contributors from the private sector to these programmes are from the Energy and Related Industries sector.

There are some interesting results with respect to Small and Medium Enterprises (smes).[50] While half of the companies in the sample are smes, their yearly expenditure in external social and environmental programmes is only about TT$ 5 million, which is less than 10% of the total. In addition, expenditure in social programmes showed no significant correlation with the revenues of the companies. Approximately 70% of the smes spent less than TT$50,000 a year in external social programmes, and there are only 7 companies actually spending more than TT$200,000 a year.

SMEs tend to regard their social programmes more as a Communal obligation rather than a strategic investment

This phenomenon might be explained on the basis that smes are largely unaware of the business benefits of csr and tend to regard their social and environmental programmes more as a *communal obligation* rather than a strategic investment. *Communal obligations* entail those activities that companies feel compelled to support based on pressures exerted by stakeholders within their environment. Since companies do not identify any specific benefit to their core business from their social investments, they normally do not surpass a certain threshold beyond what they perceive as necessary.

3.1.2 Geographical Trends and Issues of Saturation[51]

In general, companies interviewed are engaged in social and environmental programmes both at the community and at the national level. The programmes that are developed at a national level do not fall into any particular geographical pattern, and usually target a thematic focus area.

Promoting Education of the Youth

Through the "Guardian in Education" programme, the Trinidad Guardian Newspaper helps to promote literacy and instill awareness of social issues among secondary school students.
In so doing, the newspaper attracts the next generation of readers, builds circulation and market share, enters into new business partnerships; and gains recognition as a leader in directing positive social change.

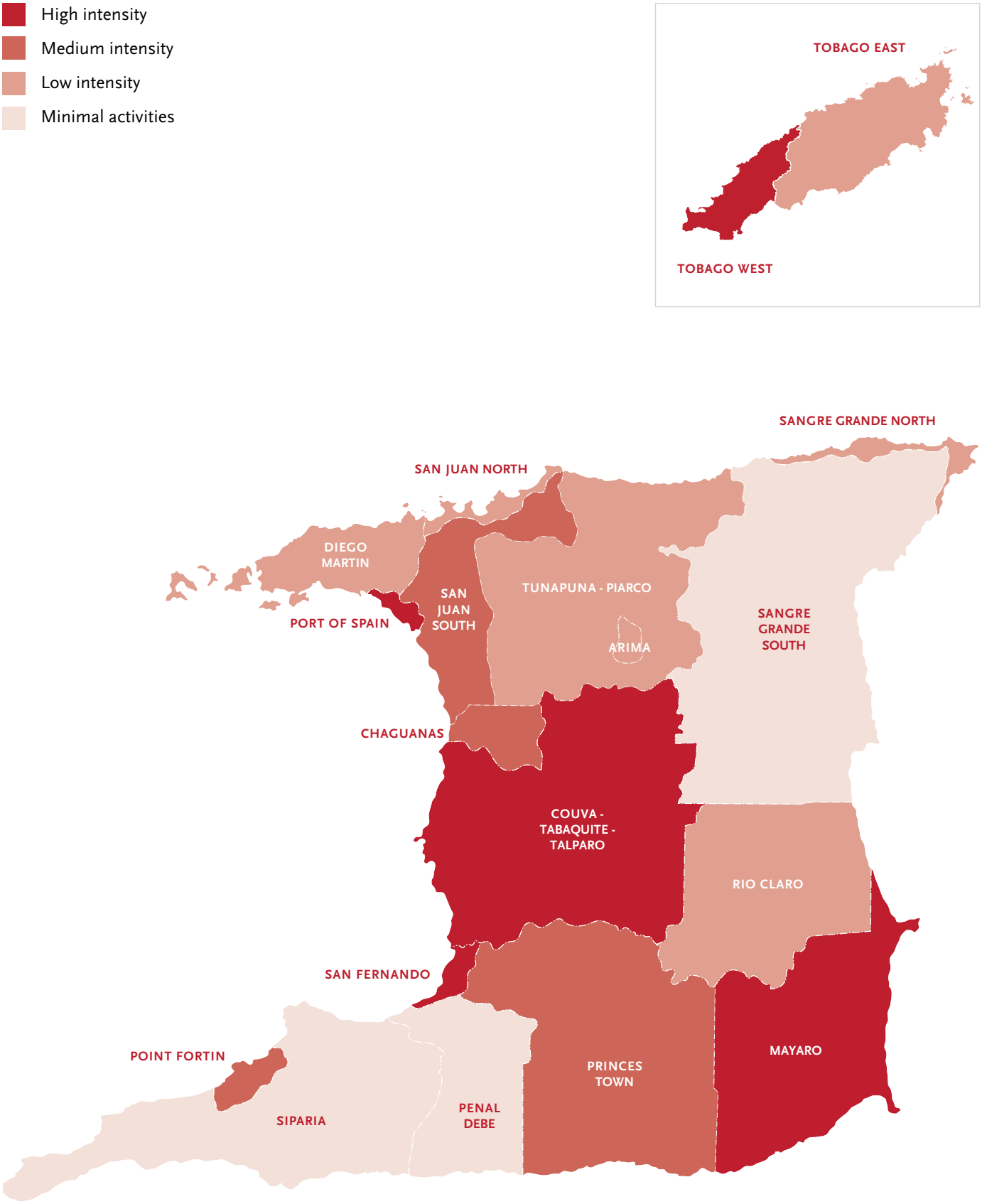
Programmes at the national level were concentrated in the areas of Education (e.g. scholarships, youth development, support to educational institutions, adult literacy and child care), Sports (mainly sponsorships), Art and Culture (e.g. sponsorships of cultural programmes and talent development). To a lesser extent, companies were involved in initiatives relating to Health (e.g. assistance to ngos and health foundations, safety, healthy lifestyles and well-being) and the Environment (e.g. conservation and beautification). The sectors of Energy and Related Industries and Financial and Real Estate showed the greatest involvement in projects that were national in scope.

At the community level, there are some districts/counties in which social and environmental programmes are highly concentrated. These areas are Port-of-Spain, Couva-Tabaquite-Talparo, Mayaro-Rio Claro, San Fernando and Tobago. On the other hand, these programmes are very limited in Diego

50 According to the criteria highlighted in the Methodology, there were 44 SMEs in the sample, out of which 36 disclosed their average yearly expenditure in external CSR activities over the last 5 years.
51 It must be mentioned that for the purposes of this type of analysis each social project undertaken by a company, regardless of its cost, was assigned a score of one. This has been necessary because most companies failed to disclose data on specific external social activities.

Figure 11

Geographic Distribution of External Social and Environmental Programmes in Trinidad and Tobago



Martin, San Juan-Laventille, Tunapuna-Piarco, Siparia and in the entire north coast. Furthermore, in areas such as Arima, Sangre Grande, Princes Town, Penal and Debe social investments were almost non-existent.

The areas of high intensity tend to be the areas from which companies generate their revenues. For example, social and environmental programmes undertaken by the companies from the Energy and Related Industries sector are concentrated in the areas of Rio Claro-Mayaro, Couva-Tabaquite-Talparo and Point Fortin where most of their fence-line communities are located. Similarly, the high concentration of social investments in Port-of- Spain can be explained by the fact that many of these companies' administrative headquarters are located in this area.

In the case of Tobago, the high level of social and environmental projects was a result of the companies operating in the island, particularly from the sectors of Service, Tourism and Distribution. Nevertheless, most of the environmental initiatives in Tobago were undertaken by companies from the Energy and Related Industries sector, probably as a result of increased activity in off-shore areas close to Tobago.

Companies were more inclined to invest in social and environmental programmes within their fence-line communities.

Across the geographic spectrum, activities where companies seemed to be involved the most at the community level were in the areas of education and sports. To a lesser extent, companies were involved in community development programmes, arts and culture. There were significantly fewer activities relating to the environment, apart from the region of Tobago.

Though crime was perceived to be an important issue that affects business activities, none of the companies invested in any specific activity to facilitate the alleviation of crime, apart from a few programmes which indirectly targeted rehabilitation, education and removal of children from the streets.

Empowering Local Communities

The MIPED (Mayaro Initiative Private Enterprise Development) project sponsored by bpTT has successfully created sustainable employment for many Mayaro residents. Most noteworthy is the programme's empowerment of women particularly in its HOPE (Helping Ourselves Prosper Economically) arm. Over 80% of HOPE's 869 loans were taken by females. Together HOPE and PROFED, the other arm of the MIPED programmes, have advanced over 1,000 loans worth TT$ 12.86 million up to December 2006, while approximately 500 jobs have been created.

A large number of companies did not predetermine any specific area of intervention but dispersed their resources in an ad hoc manner, mostly as a result of requests from various organizations. This is an indication that these companies still view charity as their main form of social responsibility. However, this pattern varied across sectors. For example, companies from Energy and Related Industries and Financial and Real Estate sectors engaged in all the thematic areas, often predetermining their areas of intervention and thus moving away from traditional charitable contributions. On the other hand, sectors such as Manufacturing and Construction and Related Industries, while showing an increasing interest in the areas of Community Development, Education and Sport, are still concentrating their social investment mainly in the area of charity.

Donations and investment in social and environmental programmes through third parties tended to focus more on the thematic areas rather than on particular CSOs. In particular, companies sought opportunities that offered high PR opportunities like Sport and Social Activities. Nevertheless, programmes in the areas of Education, Health and Art and Culture were also prevalent, often with a focus on children and youth development. It was noted that there were fewer CSOs working in the area of the Environment and these had quite large projects, creating a saturation of funding from larger companies that often decided to pursue their own projects, but also stunting the involvement of SMEs in this area, because of the magnitude of investment required.

Increasing number of social and environmental programmes at the regional level

Finally, there are an increasing number of companies, particular from the Financial and Real Estate sectors, which, having operations throughout the Caribbean, embark on social and environmental programmes at the regional level. These programmes range from educational programmes with universities to competitions at the regional level to the promotion of R&D in specific areas and, finally, to support to regional NGOs. This might open the way for

an increasing number of initiatives at the regional level in the future, together with a greater cooperation with regional CSOs.

3.1.3 Programme Development

Senior management, in almost all cases, was involved in the planning and selection of external social and environmental programmes. In over 60% of the cases they were the only players involved in this process.

In 20% of the cases employees were involved, while in approximately 10% a decision was made by means of a needs assessment. Only around 15% of the companies had cross-functional teams including other stakeholders (e.g. representatives from the local communities) in the planning process. Where applicable, companies seemed to include local subsidiaries in the planning and selection process.

In 60% of the cases only senior management was involved in the planning and selection of social and environmental programmes

The way in which companies categorize the funds allocated and spent on social and environmental programmes in their budgets provides an insight into the reasons for their involvement in social development.

The companies in the sample categorized their budgetary allocation for social programmes in various ways, which can be grouped into the following categories:

1. Marketing and Public Relations
2. Charity/Donations/Sponsorships
3. Corporate Social Responsibility
4. Social and Development Programmes/Community Relations
5. Miscellaneous Expenditure/Non-Specific Expenditure

Figure 12: Senior management is the main decision-maker for social expenditures

Who Decides?

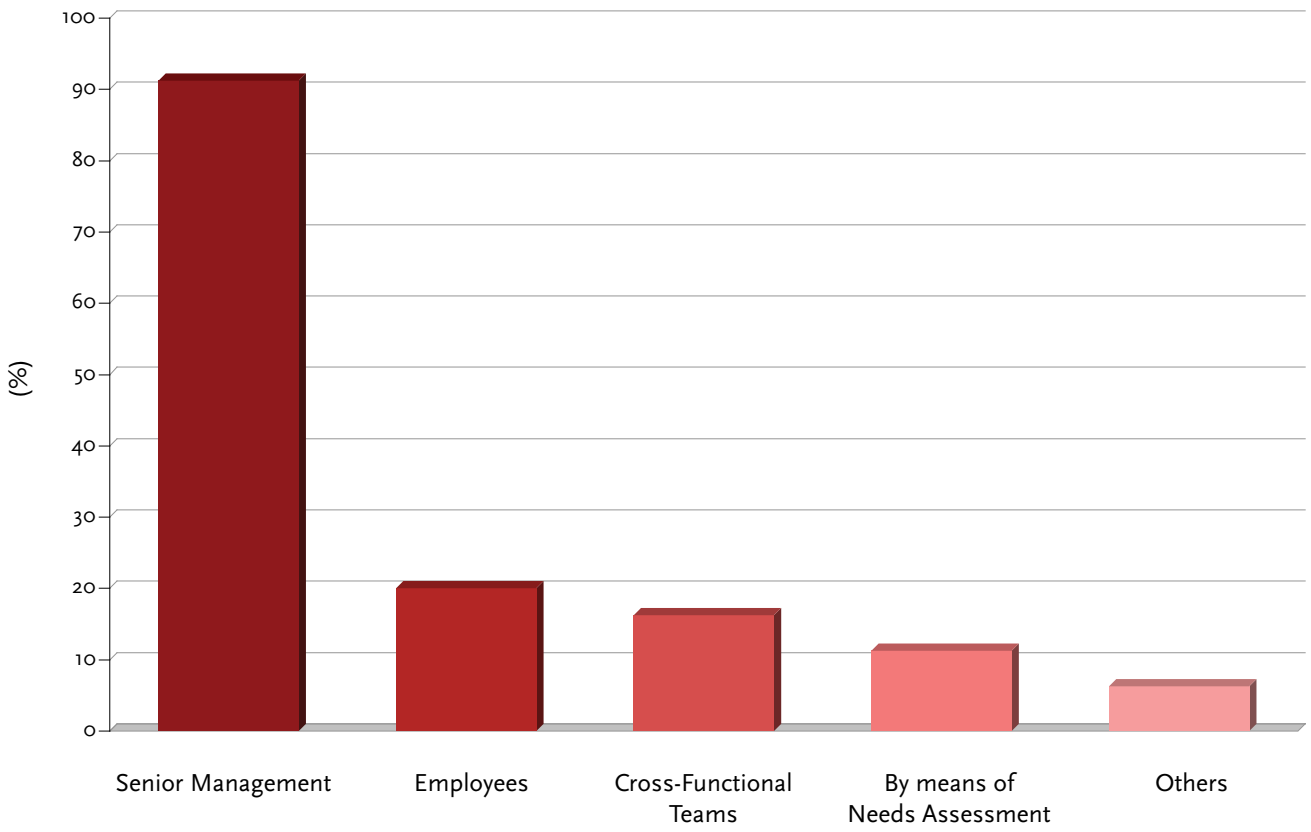
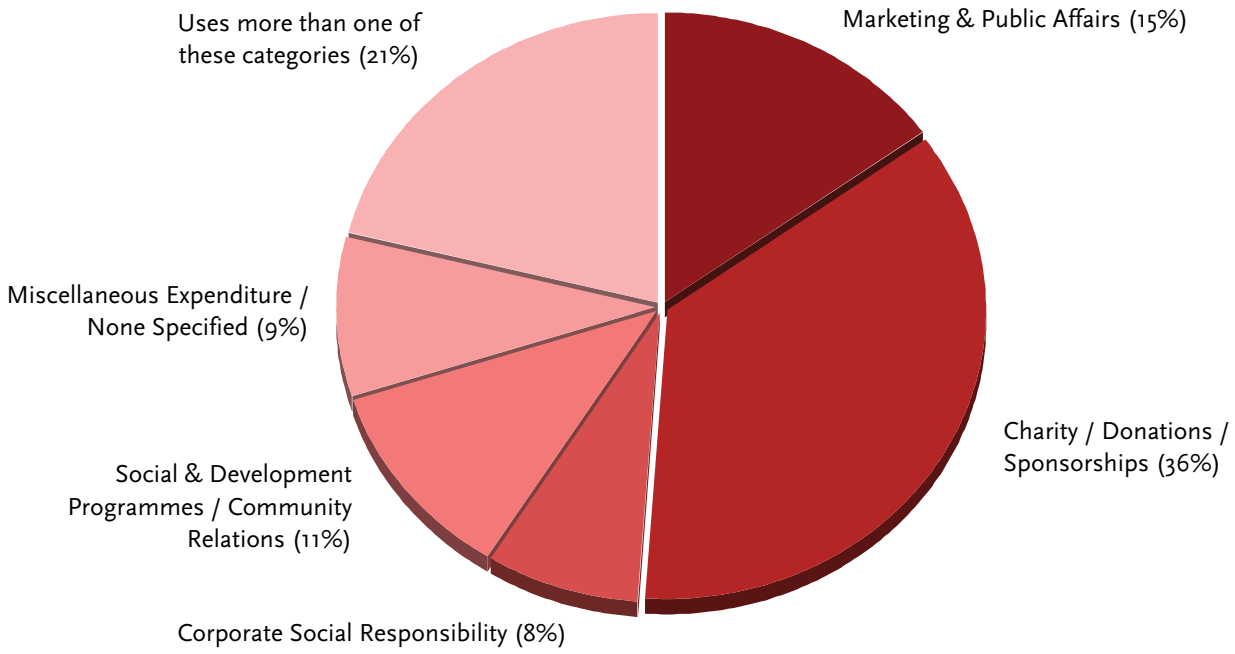


Figure 13: Over one-third of the companies qualify their external social activities as Charity/Donations/Sponsorhips

How Are These Activities Classified?



Taking into consideration the companies that had more than one budgetary allocation for their social and environmental programmes, it can be stated that almost half of the companies categorized them as Charity, Donations or Sponsorships. Another 20% considered it a marketing strategy or public relations while even less than 10% referred to those activities as Corporate Social Responsibility. These companies were mainly from the Energy and Related Industries sector. In addition, around 10% of the companies in the sample did not have a specific budgetary allocation for these programmes.

Around 40% of the companies do not have an annual budget allocation for social and environmental programmes

In terms of financial planning, approximately 60% of the companies had an annual budget allocation for social and environmental programmes, while the others allocated their resources on an ad hoc basis.[52] In such cases the money spent in social and environmental programmes depended a great deal on available cash flows or budgetary constraints thus hindering the capacity of social programmes to reinforce their long-term business plans and strategies.

The perceived benefits derived by companies from their external social programmes, though being quite diverse, can be classified within the following major categories:[53]

1. Improved Branding and Image
2. Increase in Sales / Market Share/ Access to Capital
3. Licence to Operate
4. Long-term Relationship with Stakeholders
5. Increased Employee Motivation / and Potential Labour Pool
6. Goodwill and Corporate Citizenship
7. None

52 It is relevant to note that there were companies, mainly from the Service and Tourism sectors, that made in-kind contributions rather than financial and therefore did not have any budgetary allocation for these activities.
53 As a whole, most of the companies identified more than one perceived benefit from being involved in external social activities.

Almost half of the sample regarded the improvement in branding and image as a significant benefit from their social involvement. Twenty percent (20%) of the companies identified specific business benefits arising from social involvement, such as an increase in sales and market share and easier access to ethically responsible investors and contractors. In addition, 5% considered such activities as a means of achieving a licence to operate in Trinidad and Tobago. Another 20% of the sample stated that they were able to improve their long-term relationship with stakeholders, particularly local communities, as a result of their social and environmental programmes. An additional 20% engaged in these programmes to increase the level of motivation and skills among their employees, while also attracting more highly skilled workers. For example, some of the larger companies promoted educational programmes with the local universities and/or implemented internship programmes to increase the number of potential skilled labour.

Goodwill and good corporate citizenship were stated by 25% of the companies as benefits attained through their social engagement, while approximately 20% claimed that they did not gain any particular business benefit, being involved on the basis of pure benevolence. The context of the term 'goodwill' was used by some respondent to the survey indicates that it should not be considered as a direct business benefit.[54] It is, therefore, reasonable to say that 30% of the companies did not identify any business rewards/benefits associated with their external social and environmental programmes.[55]

30% of the companies did not identify any business rewards/benefits associated with their external social and environmental programmes.

In the process of planning their external social and environmental programmes, over 90% of the companies identified at least one stakeholder. The majority identified employees and local communities followed by customers.

Less than 50% of the sample identified shareholders and customers, while one-third identified stakeholders other than those stated in the questionnaire which, in most cases, pertained to their specific area of business. Among those listed were Government, NGOs, regulators, banks and media.

It must be noted that specific stakeholders varied in importance according to the sector of the economy. Nonetheless, there is strong evidence that in certain sectors, such as Energy and Related Industries, there was a greater awareness of their relevant stakeholders compared to the other sectors like Manufacturing, Dealerships and Distribution and Construction. This is also prevalent when only SMEs are considered.[56]

However, less than 60% of the companies actually consulted the identified stakeholders to assess the development priorities/targets that the company supported. This gives an indication of the extent of the alignment of social programmes with the priorities of stakeholders.

Around 75% of the companies decided to give consideration to the issues, gaps and needs of their fence-line communities and the country as a whole, when planning their external social and environmental programmes. This was generally done through community consultation, employee involvement in the planning process, and assessment of the needs of civil society organizations. At the same time, the majority of companies, particularly within SMEs, still relied mostly on letters of request and or media to determine areas of intervention. Very few companies actually implemented a formal

Community Based Assessment

Repsol YFP contracted the Arthur Lok Jack Graduate School of Business (GSB) to undertake a Community Assessment and Development (CAD) Study in order to establish a Corporate Social Responsibility (CSR) Agenda which would guide its interactions with the community of Mayaro/Guayaguayare in the long term.

Through public consultations the needs of the community were identified and further analysis was conducted to develop projects that would contribute to the sustained development of the community. Some of these projects have already been implemented such as, the Water for Life project (installation of communal water tanks) and the very successful and recently completed Community Leadership Development Program (CLDP).

54 From a business perspective the term 'goodwill' offers true business benefits, as it can result in increased market share and branding for companies and can be monetarily represented in financial reports. However, based on the responses, it is questionable whether 'goodwill' was used to describe the sense of satisfaction derived by companies and the resultant good image with their stakeholders or the increased share value of the company due to their CSR activities. Therefore, it is reasonable to say that although 30% of companies identified goodwill as a business benefit/reward, the perception of this business benefit/reward varied from company to company and is based on an individual interpretation.

55 Out of the companies that identified goodwill as a benefit, 60% of them combined it with at least one of the other categories listed.

56 With respect to SMEs, it must also be highlighted that the percentage of companies that did not identify any stakeholders increased to nearly 15%.

Figure 14: Employees and Local Communities are widely recognised as Key Stakeholders

Identification of Stakeholders

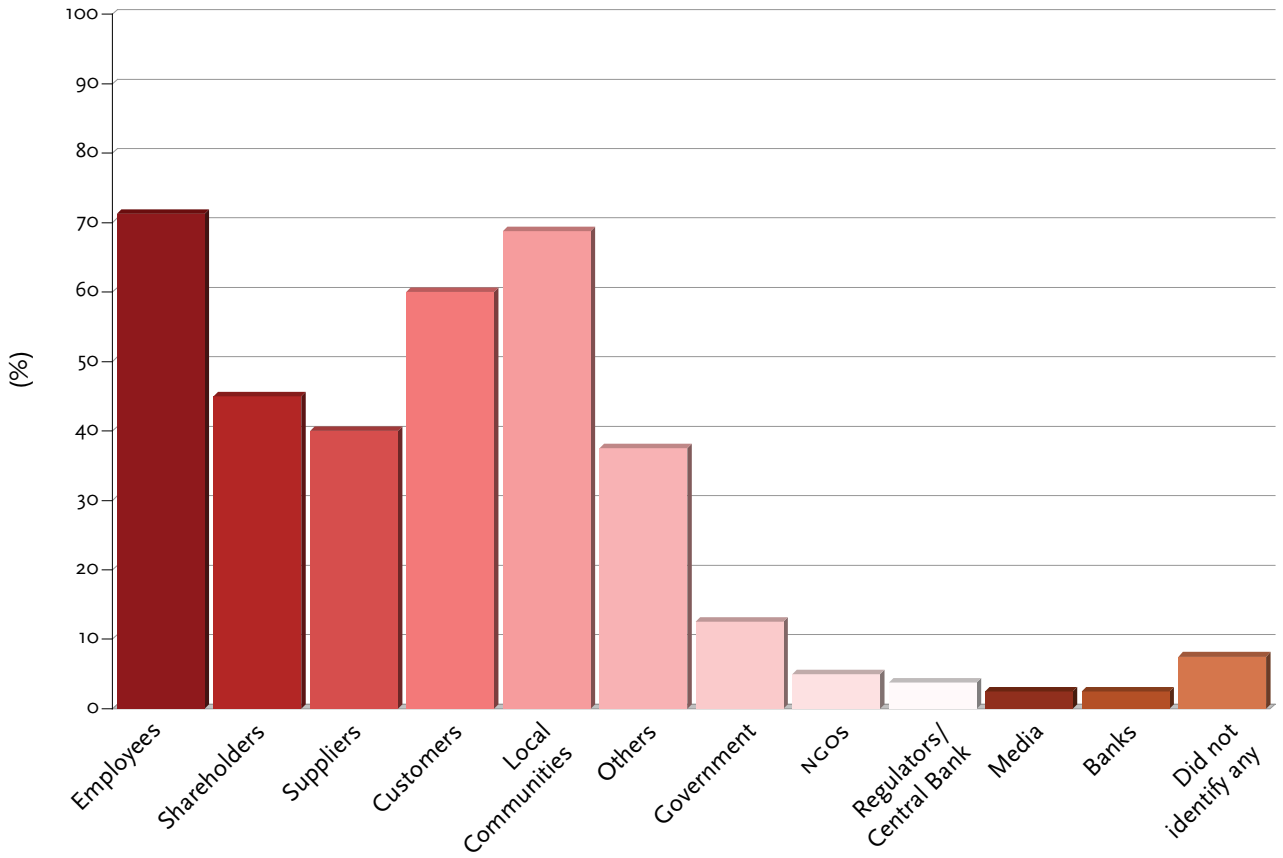


Figure 15

Identification of Stakeholders (SMEs)

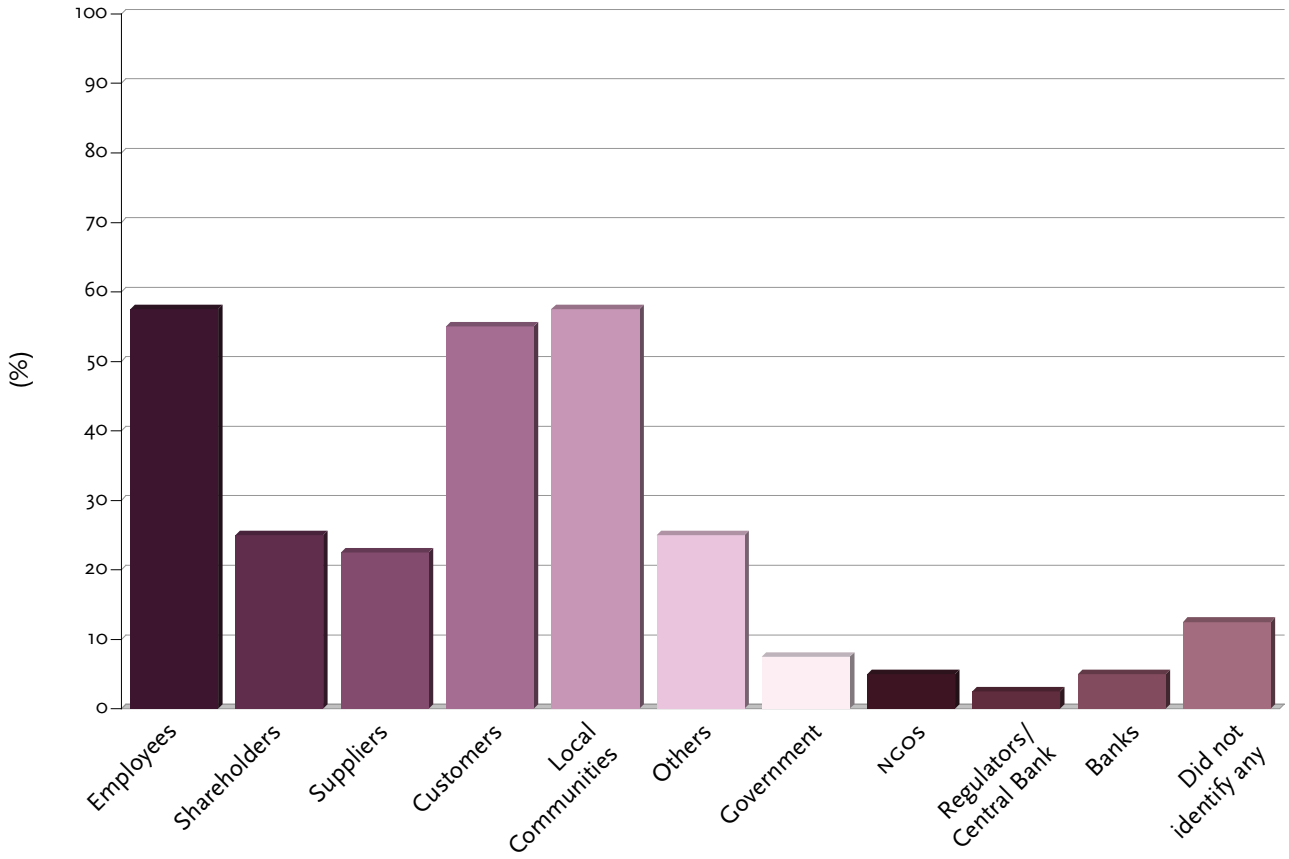


Figure 16

Identification of Stakeholders (Energy and Related Industries Sector)

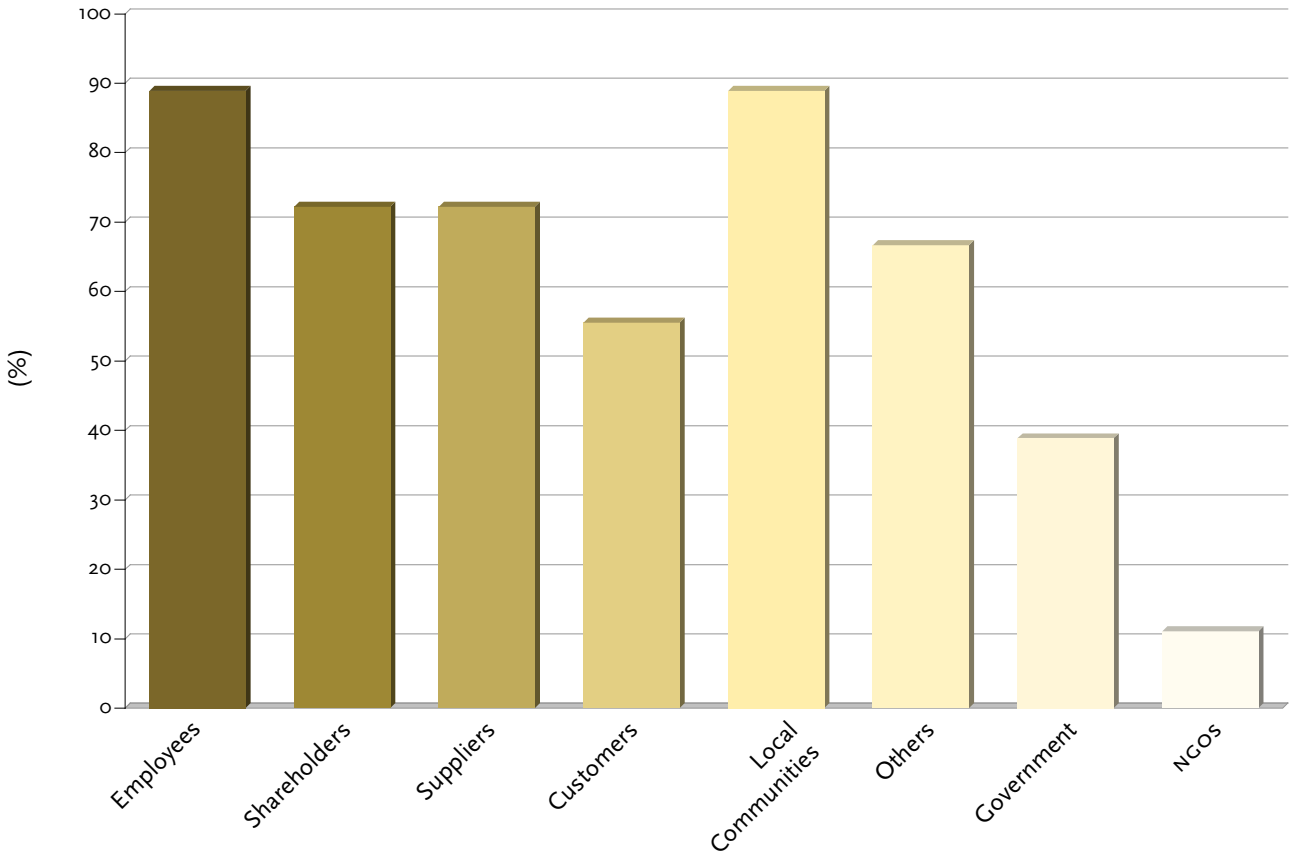


Figure 17

Identification of Stakeholders (Manufacturing)

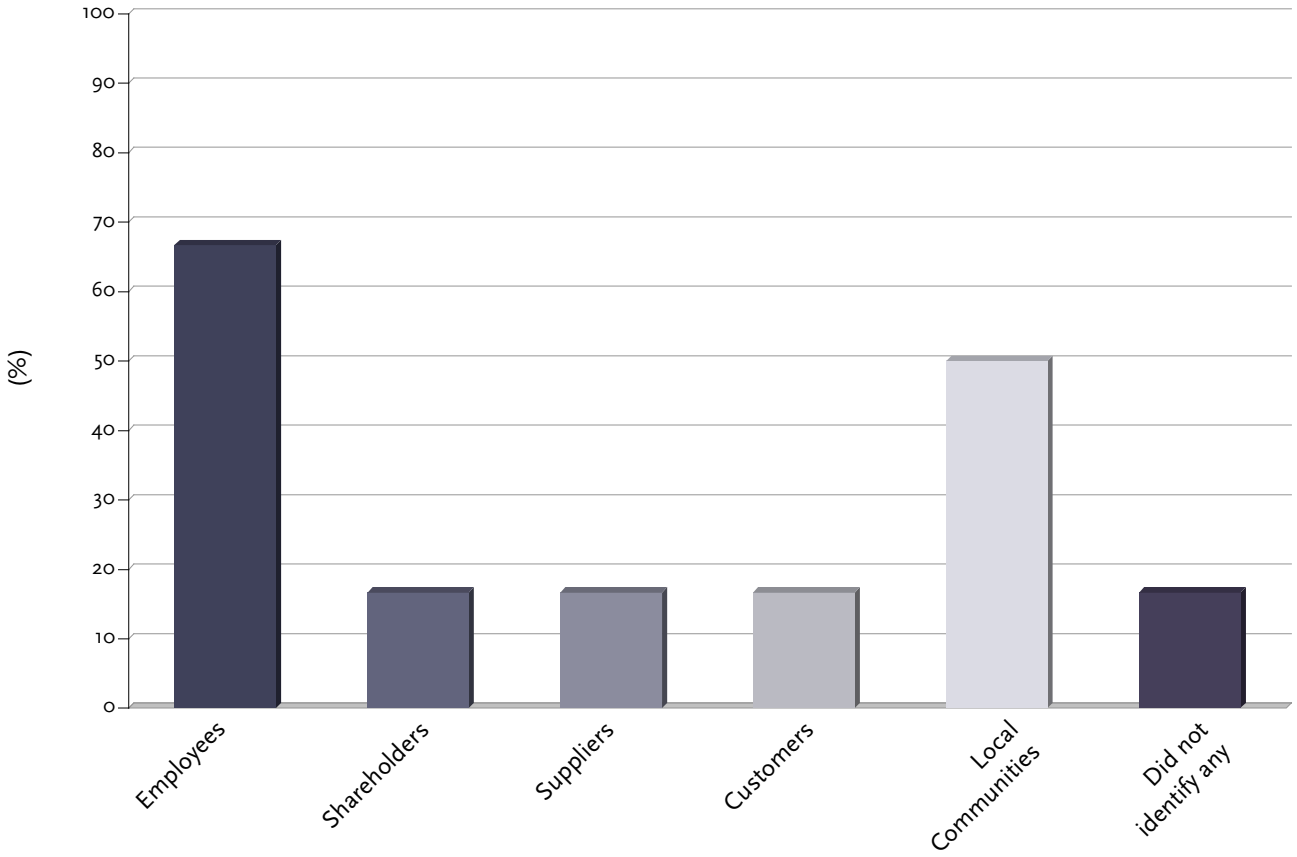
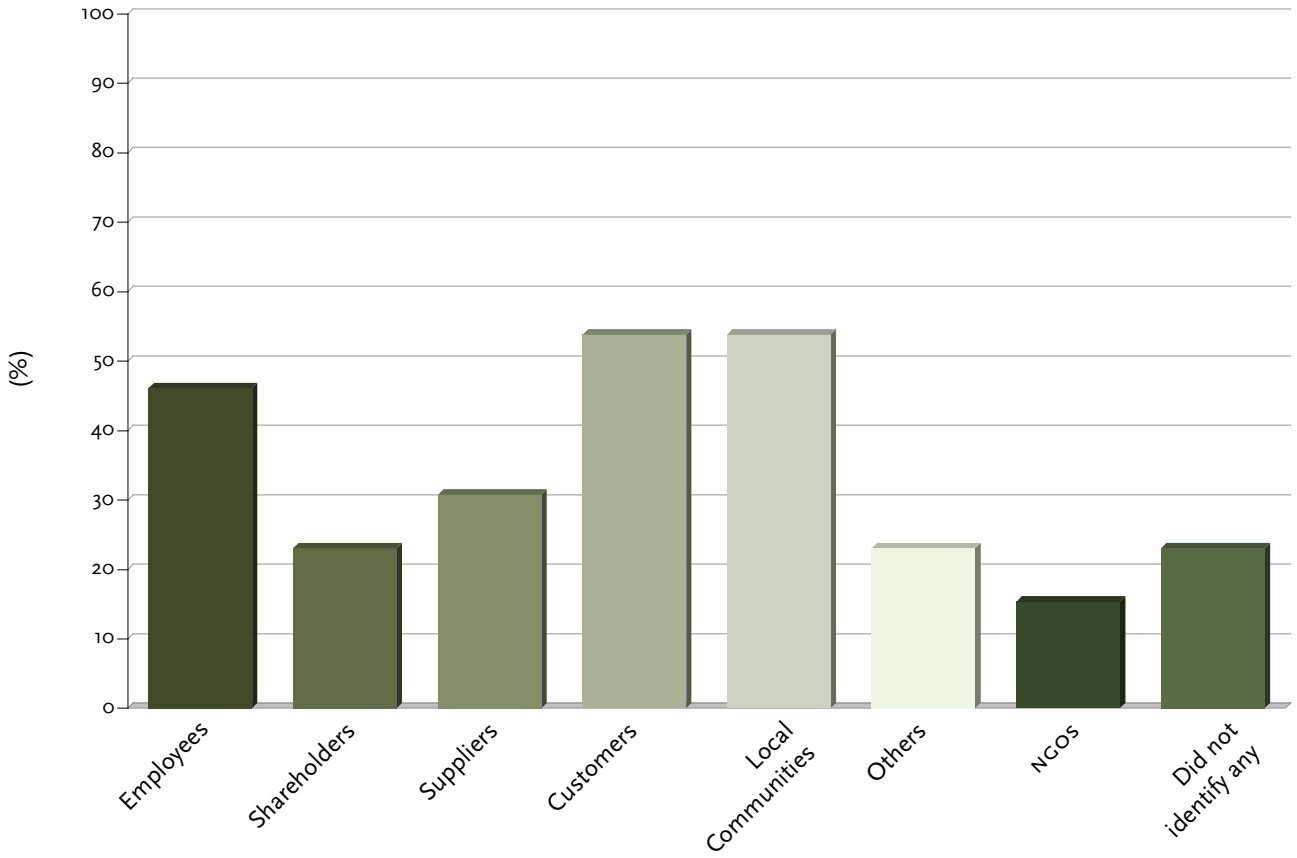


Figure 18

Identification of Stakeholders (Distribution and Dealership Sector)



needs assessment in developing their programmes, and they are all from the Energy and Related Industries sector.

Furthermore, just about one-third of the companies considered the specific needs of women and other vulnerable people in Trinidad and Tobago in the planning process.

The majority of companies aligned their social and environmental programmes with their core businesses

In over 70% of the cases, social and environmental programmes were aligned with planned or ongoing company policies, programmes, processes and products, demonstrating that companies generally believe that their social involvement can reinforce their business plans.

Companies expressed difficulty in operationalizing the ideals of Vision 2020

Less than 50% adopted some type of guideline for the planning and implementation of their social and environmental programmes. Subsidiary companies often comply with mandates or policies from head-office/parent companies, which in some cases, particularly in the Energy and Related Industries sector, are aligned with the principles of the UN Global Compact/GRI. For indigenous companies, some referred to the national development framework, Vision 2020, as their guideline in formulating their programmes; however, they expressed difficulty in operationalizing the ideals of this development plan. In addition, there are some large local companies, particularly in the Financial and Real Estate sectors, which developed their own internal guidelines.

Finally, approximately 70% of the companies undertook their social and environmental programmes in collaboration with other organizations, such as the Government of Trinidad and Tobago, CSOs and other private counterparts. However, this percentage is significantly lower (55%) when only SMEs

are considered. This is a missed opportunity for SMEs, in that partnering with other organizations in their social and environmental programmes could help them overcome their human and financial resource constraints.
In addition, it should be noted that the support to local CSOs was mainly through monetary contributions and only in very few cases was there collaboration on programme planning and implementation. Companies also employed their expertise in areas such as management and accounting to support these organizations and build sustainability into their plans. While in many cases attempts were made to follow the projects sponsored until completion, only in a few were formal monitoring and evaluation undertaken.

Capacity Building with NGOs

- BHP Billiton assisted local NGOs in facilitating a project, training large number of NGO representatives in the areas of formulation, analysis, planning, budgeting and writing of project proposals. This was done specifically in Tobago.
- bpTT in 2005 provided capacity-building training for over 100 local NGOs. Extensively located throughout Trinidad and in Tobago, these workshops trained organization leaders on how to identify projects and prepare applications and budgets for external grant funding.

3.1.4 Impact Assessment

Formal impact assessments are geared to determining the impact of a company's external social and environmental programmes on its various stakeholders.

From the interviews it was assessed that only three of the companies in the sample were conducting formal impact assessments of their social interventions. These were all from the Energy and Related Industries sector. In these cases, the formal impact assessments were conducted either internally through the HSE department or externally through the hiring of a consultant.

Taking Social Impact Assessment Up

To help the local stakeholders understand the processes and requirement of a Social Impact Assessment (SIA), bpTT hosted a five-day seminar in June 2005, themed "Local Relevance, International Standards". The primary objectives of the seminar included "capacity-building in SIA", to ensure a more effective process of consultation with all parties, mitigation and monitoring by companies and their consultants and to secure the involvement of communities and their representatives in the process.

In general, the rest of the companies conducted some sort of informal impact assessment of the programmes undertaken. This might range from feedback and other forms of informal responses, meetings with the local communities and the CSOs, and media. On the other hand, there were companies which conducted structured post-investment reviews. For example, companies required beneficiaries to submit reports upon completion of projects to facilitate a sense of transparency and accountability. In addition, where the social and environmental programmes involved employee volunteering, the success of the activity was reflected in higher motivation and satisfaction among the work population.

However, it has to be highlighted that in determining the success or impact of their social and environmental programmes, most companies only understood impact as it relates to the company's profitability and operations. For instance, some companies conducted formal surveys among their stakeholders which reflected an increased brand awareness and goodwill as a direct consequence of their increased social engagement.

Where the social and environmental programmes involved employee volunteering, the success of the activity was reflected in higher motivation and satisfaction among the work population.

Over half of the sample took into consideration the feedback or comments from their identified stakeholders in determining the impact of their social and environmental programmes and only in a few cases was this done with a systematic approach. Such an approach could greatly enhance the effectiveness of the programmes undertaken and enhance their long-term sustainability.

Most companies believed that their activities contributed in some way to the general development of Trinidad and Tobago, particularly in the areas of education and sports, health, employment, and the alleviation of poverty. These are all important issues on the national agenda for social development. However, there is no evidence of the actual contribution of these activities to the achievement of the country's development goals as stated in Vision 2020, since only a few formal impact assessments have been conducted.

There is little evidence of the actual contribution of these activities to the achievement of the country's development goals as stated in Vision 2020, since only a few formal impact assessments have been conducted.

3.2 Internal CSR

3.2.1 Governance

84% of the companies declared that they had a health and safety policy, which was enforced in 90% of the cases.

While most companies published a financial report for their shareholders, very few reported specifically on the funding of their social and environmental activities and programmes. These companies are generally the major players in the Energy and Related Industries sector and the Financial and Real Estate sector. Nevertheless, there are companies that disclose information on their CSR or CSR-related initiatives through various means, for example, brochures and newsletters.

Over half of the sample had some system to facilitate the participation of stakeholders in the company's decision-making process. In general, these systems are designed to involve the employees through meetings, suggestion boxes, and labour unions. There were a few cases where companies had advisory panels involving other stakeholders, for example, local communities, educational institutions and Government. Further, a number of companies from the Energy and Related Industries sector considered environmental issues through external consultants.

3.2.2 Human Resource Issues

Over ninety percent of the companies declared to monitor their compliance with labour laws. The vast majority of companies have an HR department or personnel responsible for monitoring, while for some, particularly among SMEs, this process is carried out by senior management or through an external legal consultant.

Eighty four percent of the companies declared that they had a health and safety policy which was enforced in 90% of the cases. Interestingly, the lowest percentage regarding the presence of a health and safety policy was seen in the Construction and Related Industries sector, which is one of the sectors with the highest risk in terms of work related injuries and diseases. Moreover, almost 90% of the companies in the sample declared that they formally recorded work-related incidents, injuries and illnesses on an annual basis.

The vast majority of companies invested in skills and management training/development of their employees. Approximately 60% of the companies provided succession planning programmes, while half had programmes in place to assist employees in their work-life balance and offered ethics training. Only three of the companies in the sample did not have any programmes for their employees, and they were all from the Dealership and Distribution sector.

The strong focus on the development and training of their employees seems to be one of the key reasons why large companies in the Energy and Related industry sector are able to attract and retain the best employees.

The provision of such programmes varied greatly from sector to sector. While the highest percentages were registered in the Energy and Related Industries sector and the Financial and Real Estate sector, the lowest were in Distribution and Dealership. For example, the percentage of companies within that sector that provided skills and development training and succession planning programmes was 20% lower with respect to the whole sample. The strong focus on the development and training of their employees seems to be one of the key reasons why large companies in the Energy and Related industry sector are able to attract and retain the best employees.

The East-West corridor represents a potential focus area to develop internal CSR programmes. This area is represented by some of the most labour-intensive enterprises, mainly in the manufacturing sector and in need of improvements in competitiveness, innovation and productivity.

Among SMEs the percentage of companies delivering programmes for their employees in the areas of skills and management training/development

Figure 19: The vast majority of companies train their employees

Employee Programmes

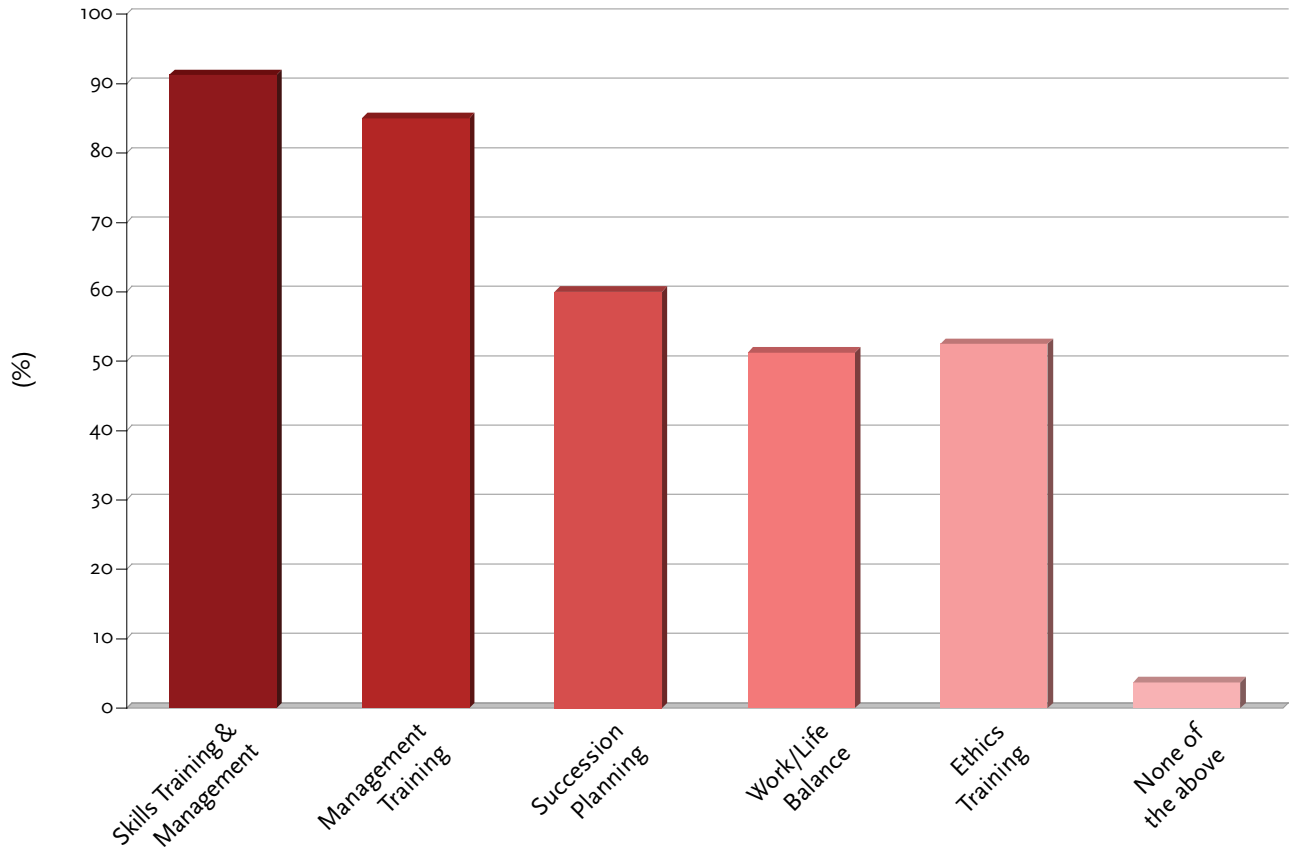


Figure 20: Few SMEs provide succession planning programmes

Employee Programmes (SMEs)

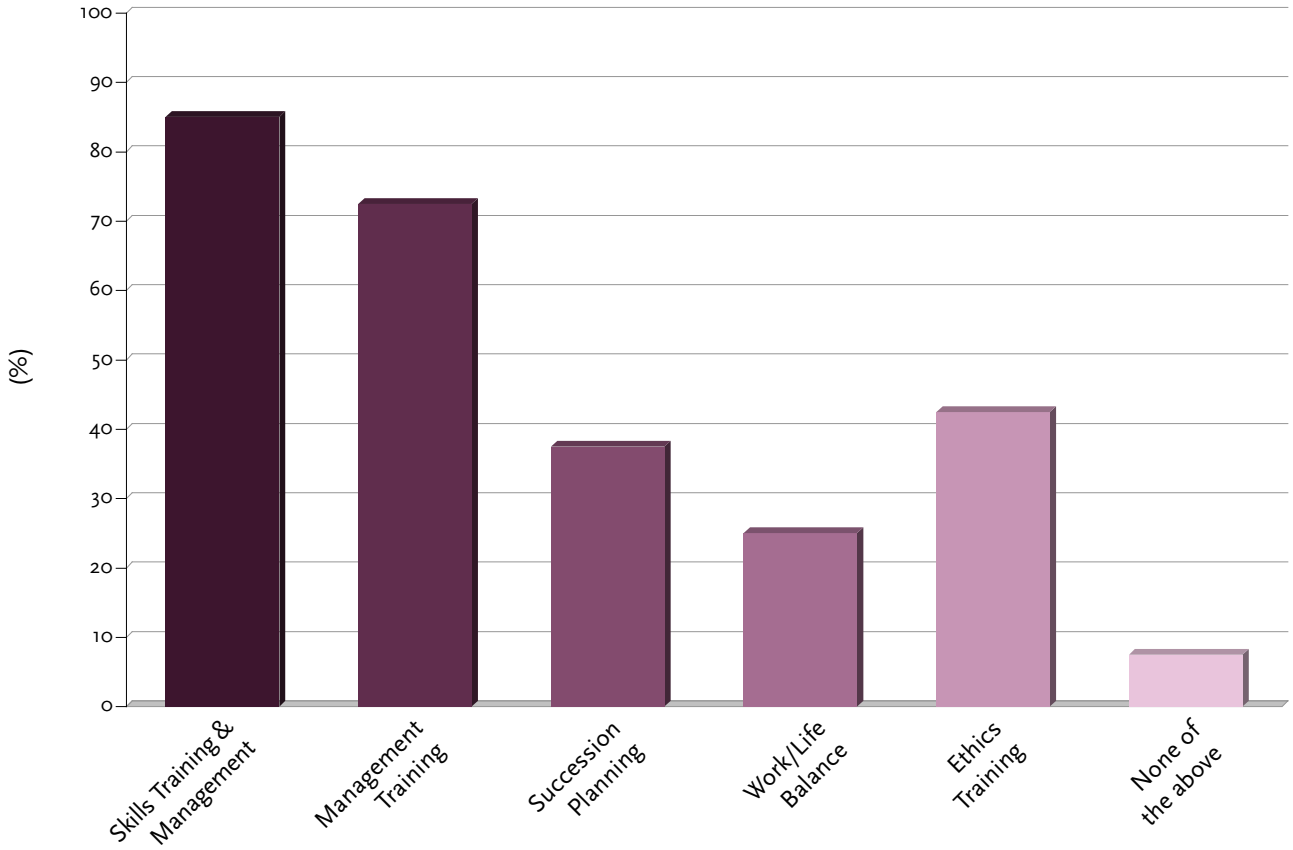


Figure 21: The majority of companies have employee assessment programmes

Programmes in Place to Assess

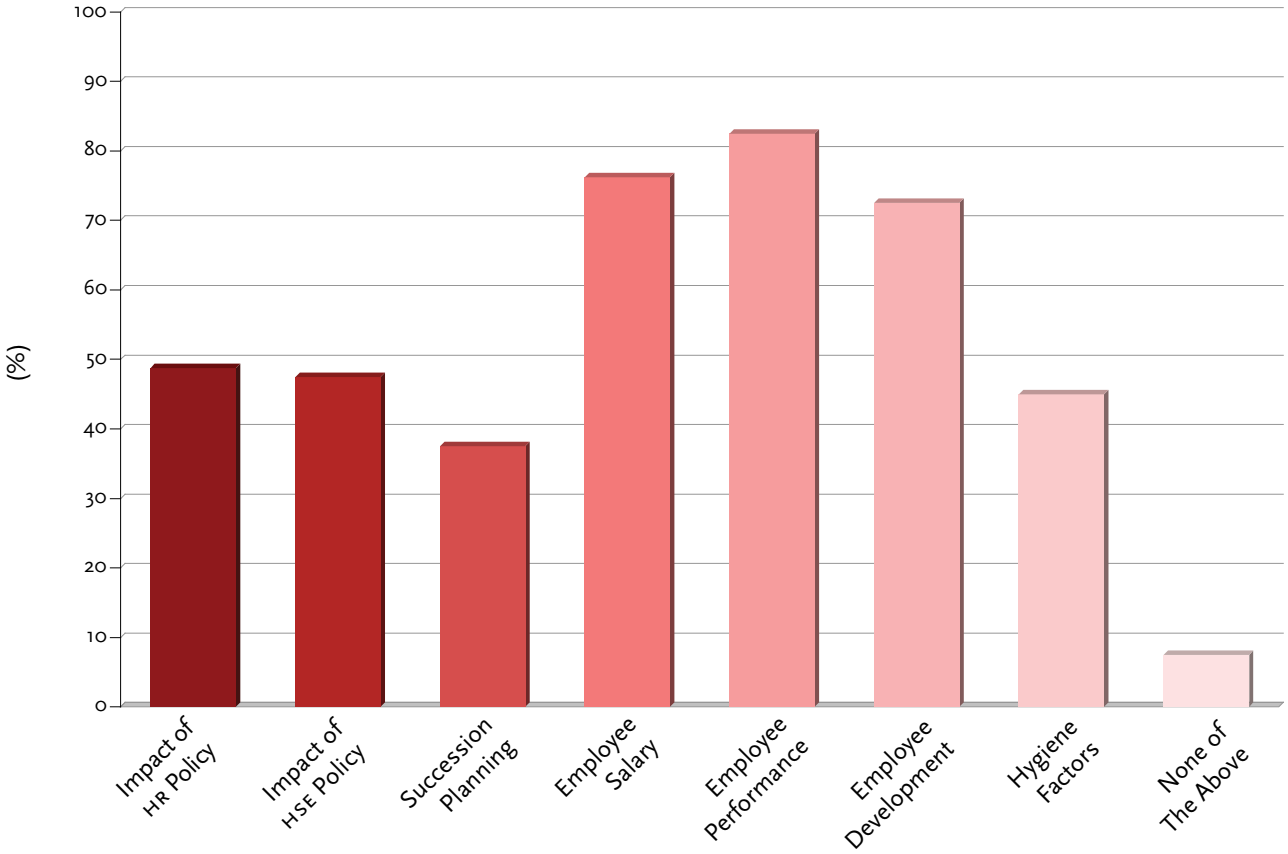
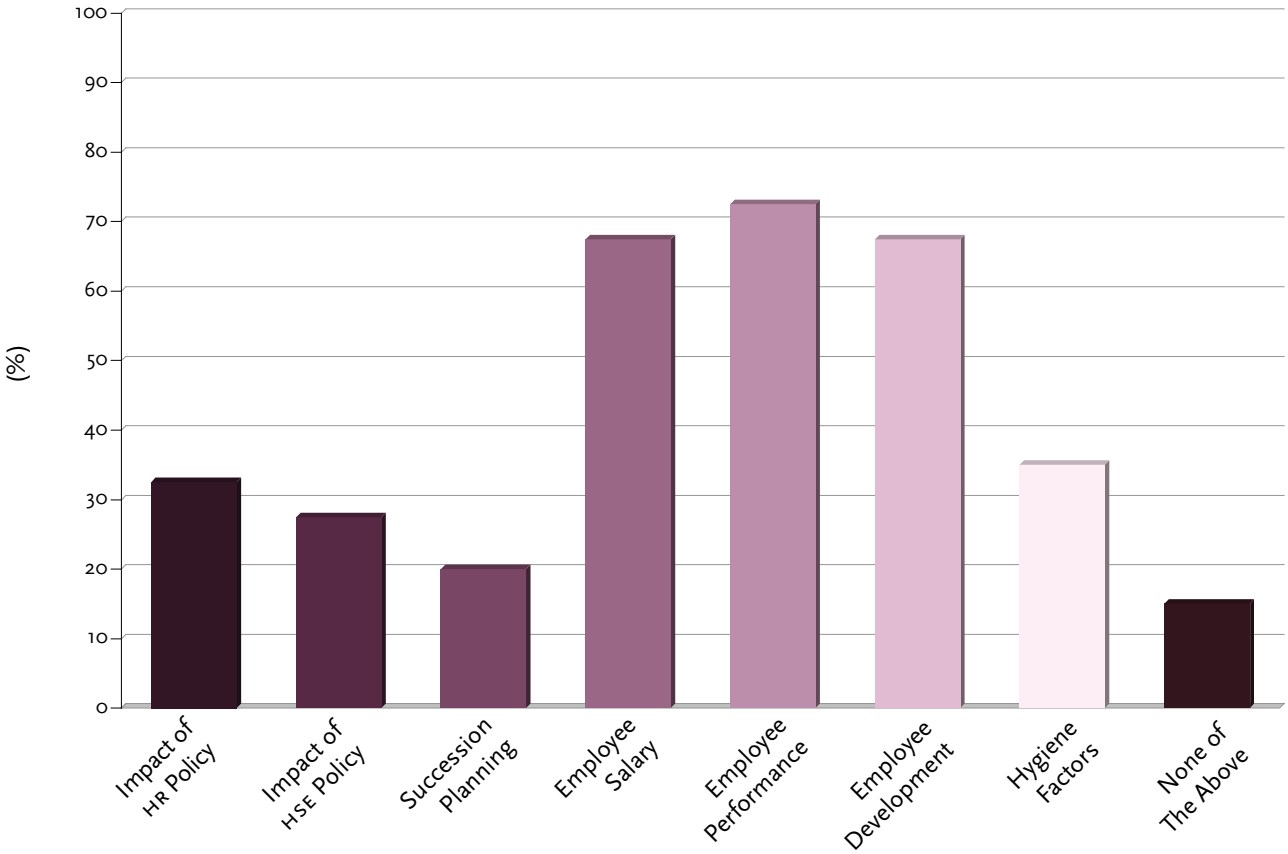


Figure 22: SMEs tend not to assess the impact of their HR and HSE policies

Programmes in Place to Assess (SMEs)



remained in the range of 80%, but it was much lower with regard to succession planning programmes, which were provided by less than 40% of SMEs, and to work life balance initiatives (25%).

In determining the impact of internal HR practices, between 70% and 80% of the companies had systems to assess their employees in terms of salary, performance and development. Less than 50% assessed the impact of HR and HSE policies. Although 43% of the companies stated that they assessed hygiene/motivation factors, in the majority of the cases, this was conducted on an informal basis.

With respect to SMEs, the percentage of companies that formally assessed the impact of their internal programmes is significantly lower, particularly, in the areas of HR, HSE and succession planning. Significantly, the six companies in the sample that did not have any plan to assess internal programmes were SMEs.

The majority of companies offered the standard benefits to their employees: health insurance (90%), pension (80%) and maternity privileges (85%).

However, there was a striking difference between SMEs and large enterprises in their contribution towards pension funds. SMEs contributed in only two-thirds of the cases, whereas the large enterprises contributed in over 90% of the cases. In addition, despite the positive response given by SMEs with respect to the provision of health insurance, there were a number of cases where National Insurance (NIS) was identified as the only form of health insurance offered. This mandatory contribution cannot be considered a true benefit for employees.

Concerning other benefits, around 70% of the companies in the whole sample offered employee assistance programmes (EAP) while less than 50% offered recreational benefits. Both of these percentages were 10% lower when only SMEs were considered.

Finally, one third of the companies in the sample listed other benefits in addition to those identified in the questionnaire. These were:

- Housing and travel allowances
- Investment plans
- Low interest loans
- Assistance with tuition and education
- Transportation

It is worth mentioning that some companies offered grants or matched the monetary contributions made by employees who were involved in social programmes within their communities on a voluntary basis.

Over 20% of the companies employed unionized workers, while there were a number of companies that had only some of its workers unionized. Only 40% of the companies without unionised workers had formal representation or dispute grievance procedures in place. Those procedures included: formal reports to HR departments, staff meetings and, in a few instances, within the Energy and Related Industries sector and Financial and Real Estate sector, formal dispute resolution mechanisms and online reporting systems. Less than 22% of the SMEs had a formalized dispute grievance procedure in place.

In the sectors where gender balance was an issue (Construction and Related Industries, Manufacturing, Energy and Related Industries) less than half of the companies (45%) monitored the composition of the workforce and, generally speaking, they are yet to take action since they are still exploring the most suitable way in dealing with this issue.

Figure 23: Benefits available to employees

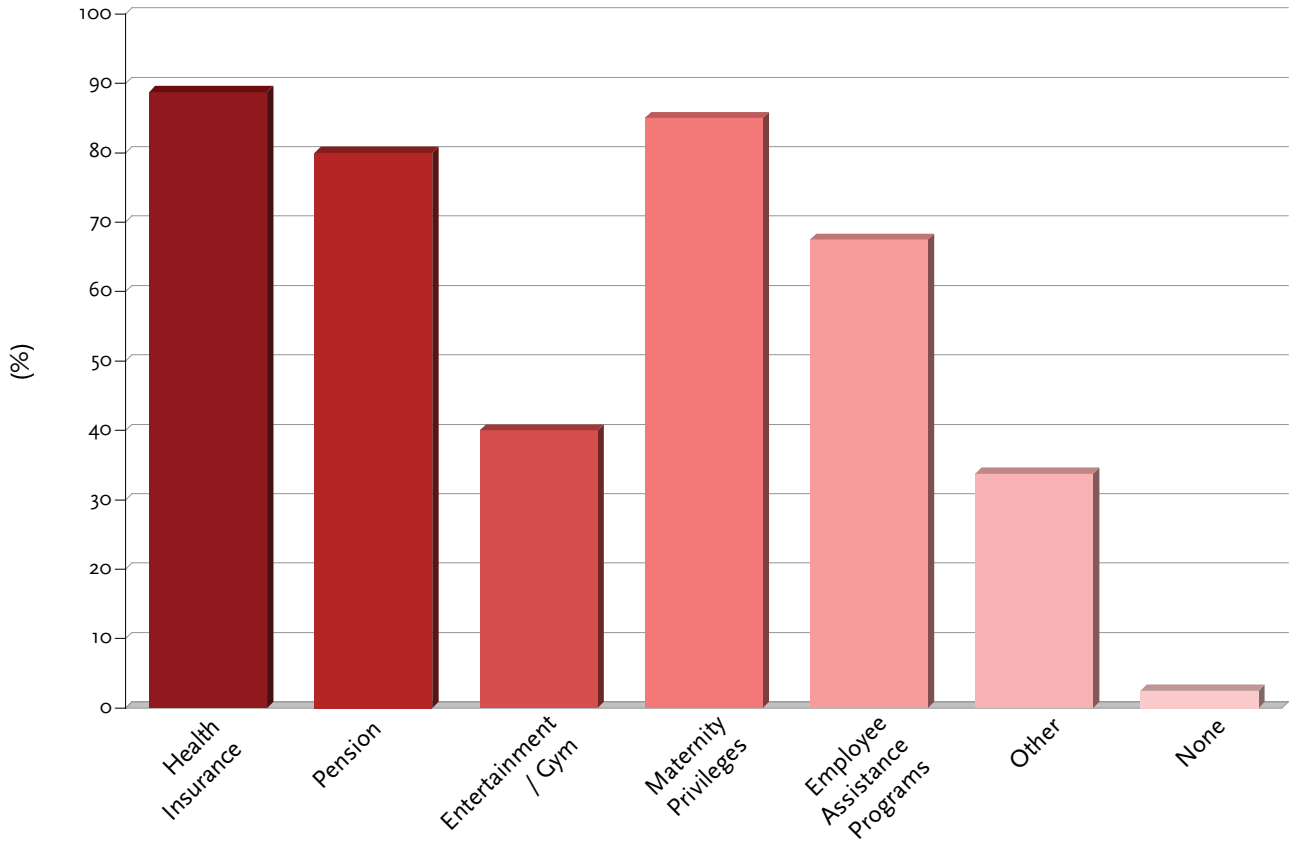
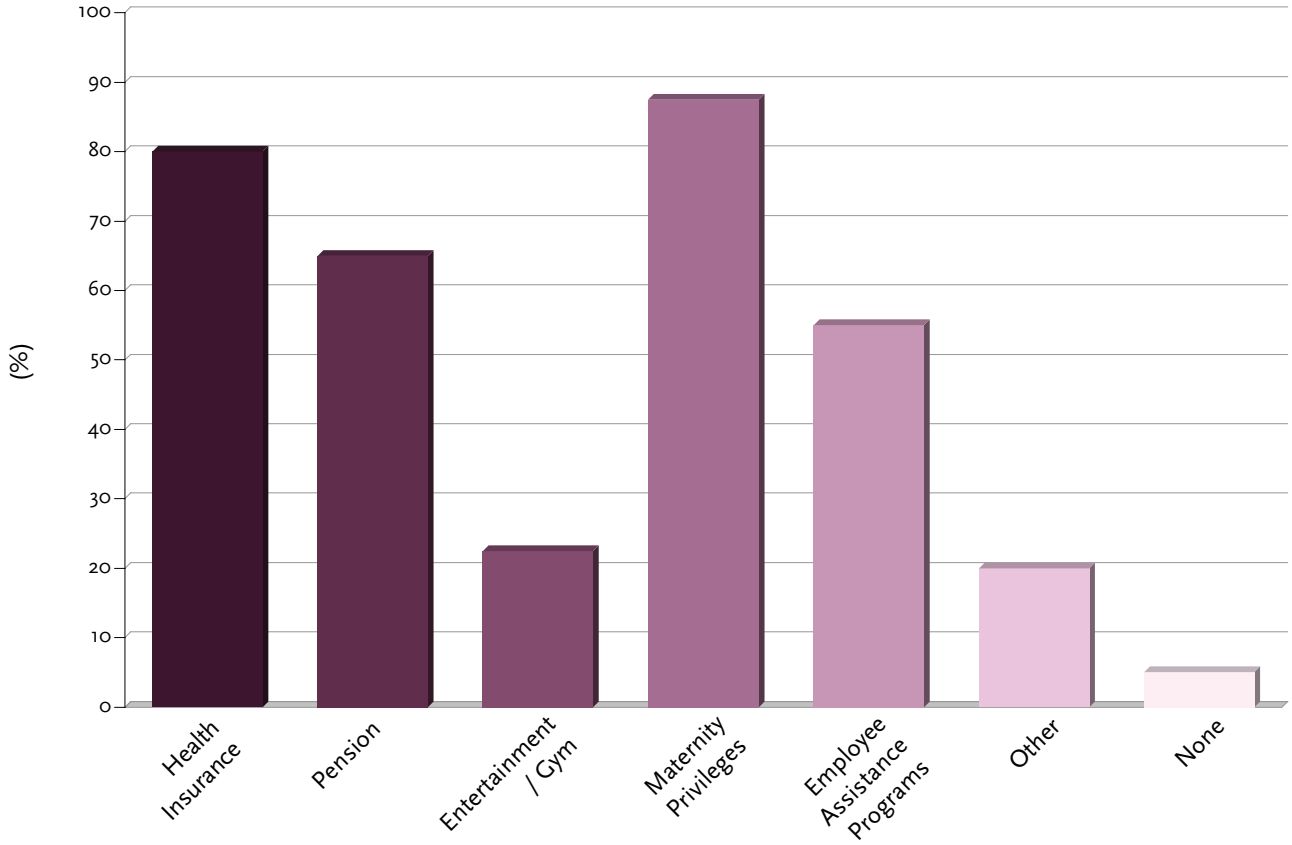


Figure 24: SMEs provide a significantly lower number of benefits to their employees

Benefits Available to Employees (SMEs)



The overwhelming majority of companies required employees to work overtime, partly as a result of a shortage of labour. This was noted in the Energy and Related Industries sector for highly skilled workers and in the fast food industry for unskilled labour.

The trends regarding overtime varied. In the majority of cases overtime was financially compensated, but in the case of senior level staff it was not directly rewarded, since their salaries were structured to compensate for this issue. In half of the cases where overtime was required, it was mandatory and in another half voluntary. Only a few companies, mostly from the Financial and Real Estate sector, implemented a system based on employee performance.

There were twenty-seven multinational companies (MNCs) in the sample, most of which were from the Energy and Related Industries Sector. Only 40% had a policy for the employment of local people beyond compliance with government regulations. However, over half of these companies implemented Local Content Development Polices, designed to build and develop local capacity within their workforce and at the national level. Among those were training programmes, succession planning inclusive of local employees, collaboration with local institutions and organizations, promotion of tuition and internship programmes. The increasing involvement of some of the companies from the Energy and Related Industries sector should also be highlighted in the area of supply-chain management, strengthening and supporting the development of local suppliers both in the upstream and downstream industries (e.g. engineering, drilling, maritime).

Over half of the multinational companies in the sample have programmes designed to build and develop local capacity within their workforce and at the national level

3.2.3 Environmental issues

More than 70% stated that they monitored information on environmental laws; however, only companies from the Energy and Related Industries sector monitored those laws in a formal manner. Those companies usually had a department responsible for following that agenda and undertaking Environmental Impact Assessments (EIA) of their activities, either through their internal expertise or external consultants.

For the majority of companies, the monitoring of relevant environmental laws is undertaken in a less-than-formal manner, that is, through media, environmental websites and business associations. Interestingly, in the Construction and Related Industries sector, only two out of the seven companies actually monitored information on environmental laws.

Around 80% of the companies declared that they adopted a precautionary approach to environmental challenges. This implies that they tend to refrain from activities when the environmental impact is uncertain.

However, less than 60% actually educated their employees on the potential impact of their activities on the environment. From the discrepancy in those two percentages quoted, we can infer that the company's values and policies in the area of the environment were not always enforced down to the level of the employees. This can undermine the effectiveness of the company's initiatives in this area. In fact, since the employees carry out the day-to-day activities of the organization, it is important to ensure their commitment to this agenda.

Less than 60% of the companies actually educated their employees on the potential impact of their activities on the environment [...] This can undermine the effectiveness of the company's initiatives in this area since the employees carry out the day-to-day activities of the organization

It is interesting to note that all the above-mentioned responses were significantly lower when the companies from the Energy and Related Industries sector were excluded. In fact, among the remaining companies, only 65% stated that they monitored information on existing environmental laws; around 75% adopted a precautionary approach to environmental challenges and less than half educated employees on the potential impact of their activities on the environment.

Around two-thirds of the companies engaged in initiatives that promoted greater environmental responsibility and conservation.[57] Among these initiatives the most common were:

- Information on materials not to be used (34%)
- Implementation of waste reduction (around 50%)
- Evaluation of potential environmental and human health impact of products (24%)
- Offering of incentives to employees to use environmentally friendly technologies (19%)
- Provision of guidelines to product developers (12%)[58]

Approximately 25% of the companies mentioned initiatives in the area of the environment which were not listed in the questionnaire. In particular, there was a higher incidence of additional initiatives in the Energy and Related Industries sector, including monitoring and reducing gas emissions, flora and fauna protection, reducing risk of oil spillovers, increasing environmental awareness and education at the country level.

From the interviews it was noted that almost none of the companies was offering green products and services, or was embarking on internal environmentally-responsible practices, such as green procurement. Only a few companies from the Energy and Related Industries sector had a policy to ensure the compliance of their contractors and local suppliers with environmental standards.

Excluding companies from the Energy and Related Industries sector, those which adopted environment-related initiatives fell significantly to around 50%

Once more, when companies from the Energy and Related Industries sector were excluded from the sample, the percentage of companies which adopted initiatives in relation to the environment fell significantly to around 50%. In particular, the percentages were considerably lower in the areas of 'information on materials not to be used' and 'evaluation of the potential environmental and human health impact of products'.

Considering the Services and Tourism sector alone, a high percentage of companies indicated that they stated materials not to be used (approximately 70%) and that they implemented efforts to reduce waste (more than 60%). However, it is interesting to note that only one company stated that it adopted additional initiatives to those listed in the questionnaire. Those comprised activities such as ozonization of the pool, use of organic solvents and recycling of materials. However, in that case, it was also indicated that the effectiveness of their efforts was cut short by the absence of a formal infrastructure for the collection and external recycling of materials.

With reference to compliance with environmental policies, two-thirds of the companies stated that they adhered to some sort of internally developed environmental policy, ranging from ad hoc initiatives to more structured and all-encompassing Environmental Management Systems (EMS). However, less than 25% of the companies achieved international certification for their assets, almost all of which were among the Energy and Related Industries sector and a few in the Construction and Related Industries sector.

Nonetheless, the majority of companies complied with national regulations and guidelines and had systems in place to enforce them. Among the guidelines listed were local regulations such as OSHA (Occupation, Safety and Health Act), the Environmental Management Authority (EMA) and the specifications of Town and Country Planning.

57 It should be stressed that these initiatives refer to internal practices within the company, and not to the external programmes that were addressed in the section devoted to external CSR.
58 It should be pointed out that among the initiatives listed in the questionnaire only 'information on materials not to be used' and 'implementation of waste reduction' applied to all companies, so these percentages might underestimate the real ones.

Figure 25: Limited input into environmental programmes

Initiatives in the Area of the Environment

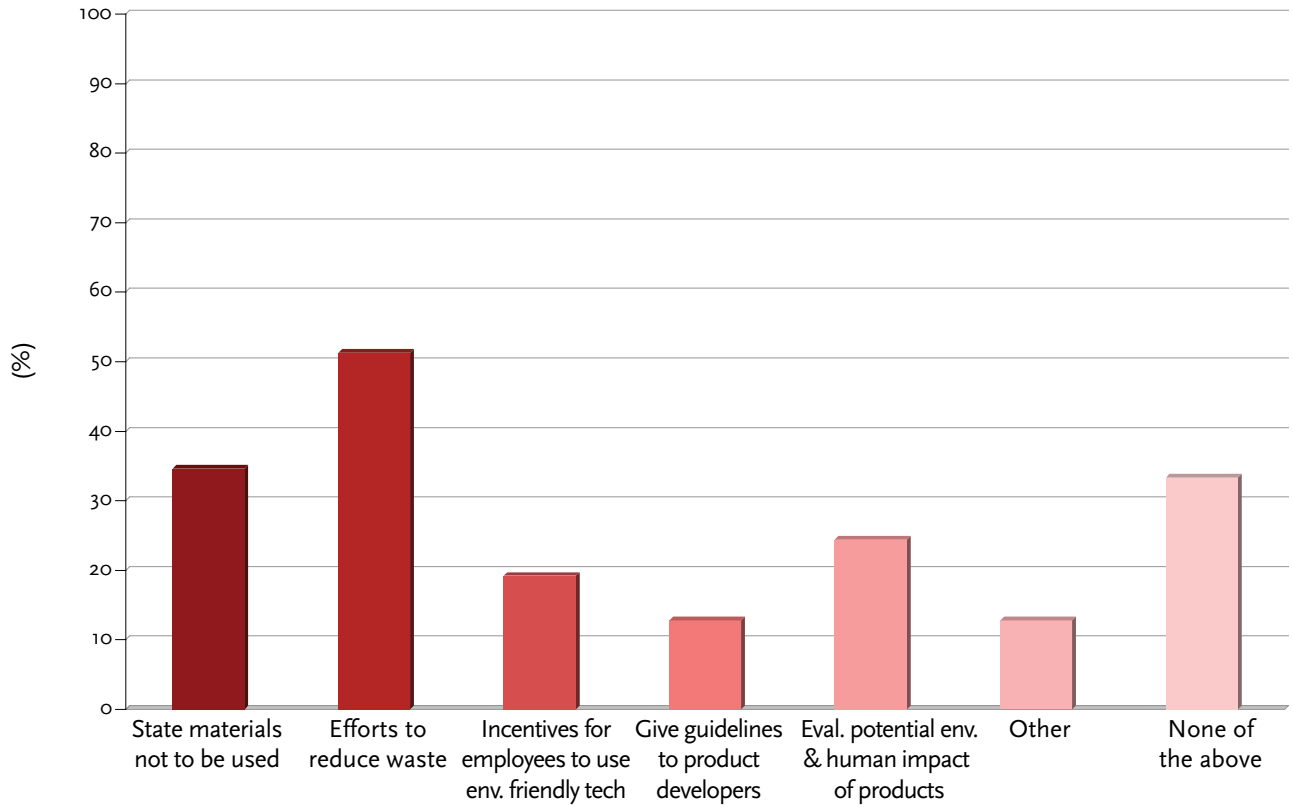


Figure 26: Excluding the Energy and Related Industries Sector, almost half of the companies did not undertake any initiative in the area of the Environment

Initiatives in the Area of the Environment (Excluding Energy and Related Industries Sector)

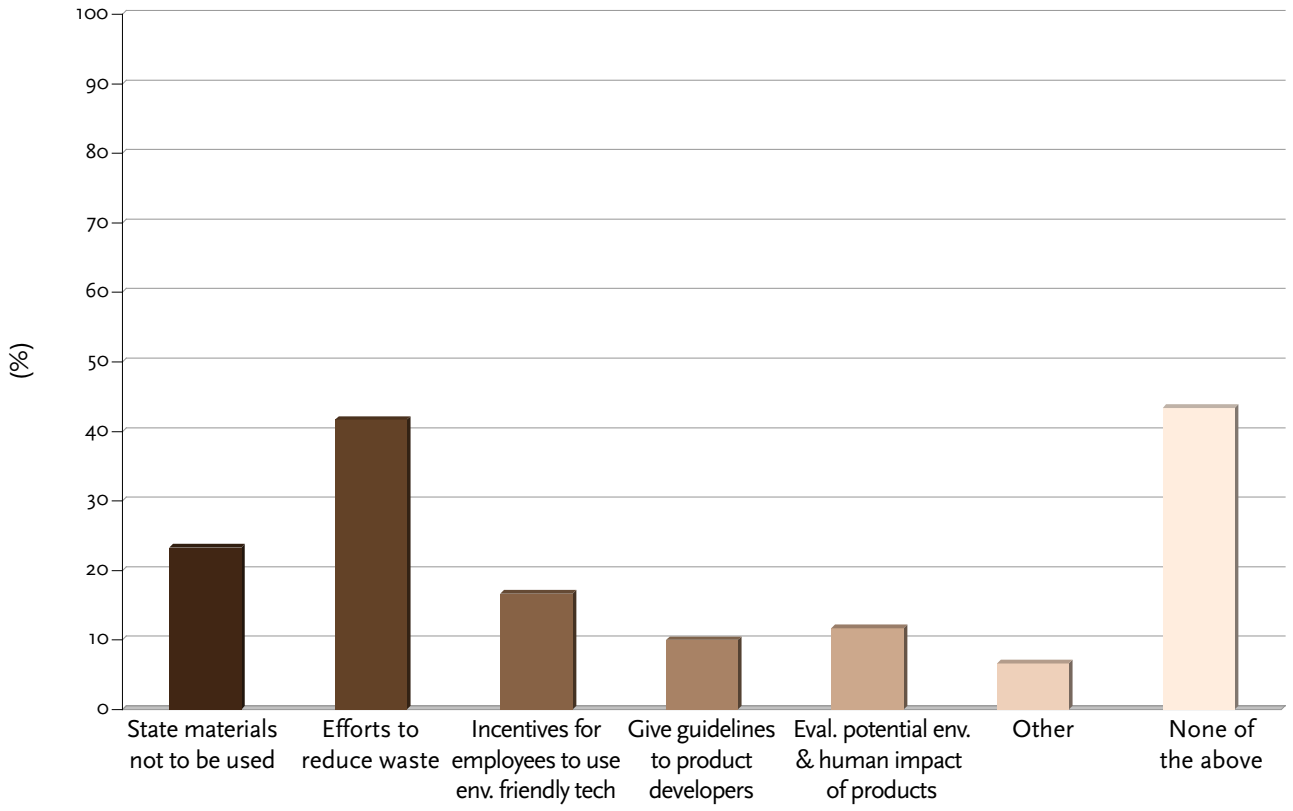
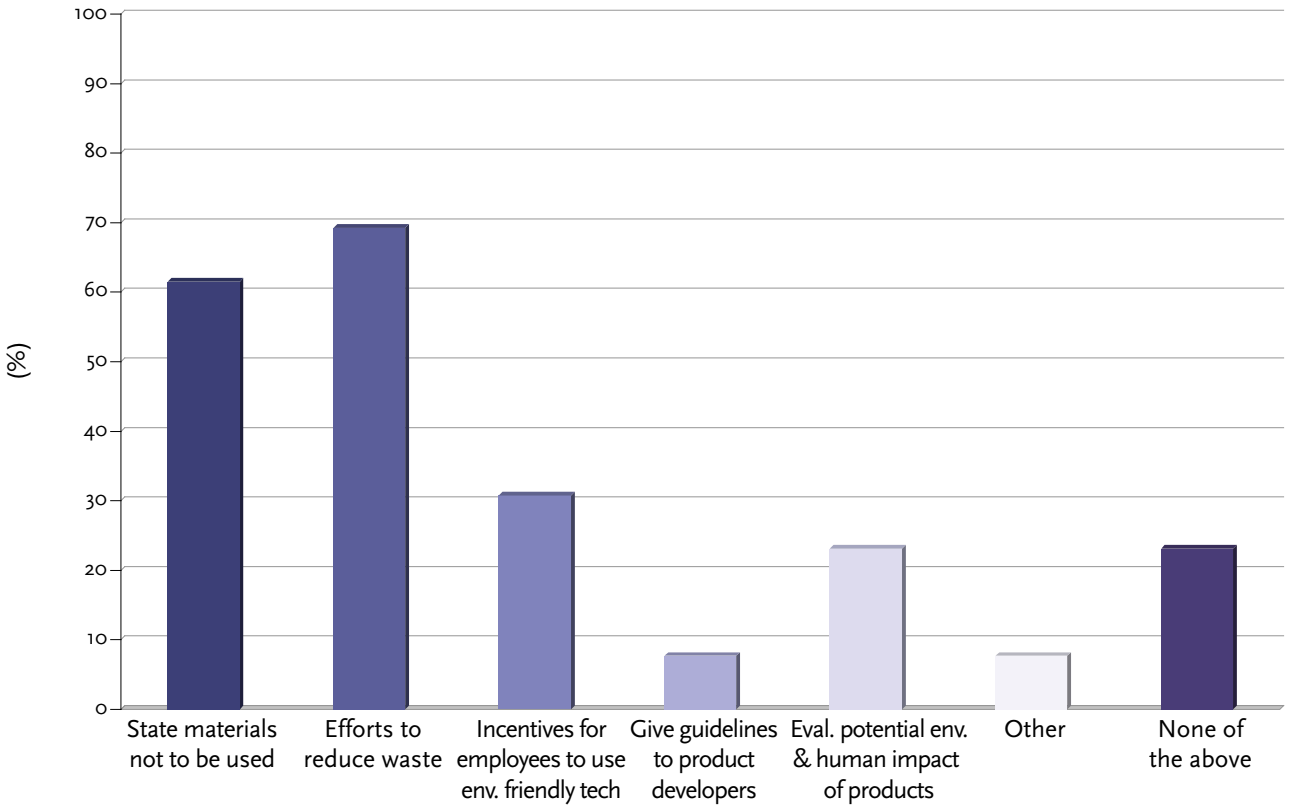


Figure 27: Eco-tourism still a mirage

Initiatives in the Area of the Environment (Service and Tourism Industry)



Finally, a small number of companies were in the process of achieving international certification. These comprised mainly companies from the Energy and Related Industries sector, the Construction and Related Industries sector, but only one company from the Services and Tourism sector was in the process of achieving international environmental certification.

Nearly 70% of the companies believed that environmental certification could assist their organizations in competing in the global market and in increasing their competitive advantage

Nearly 70% of the companies believed that environmental certification could assist their organizations in competing in the global market, and in increasing their competitive advantage. This percentage was reduced to around 60% when we excluded companies from the Energy and Related Industries sector. It is worth noting that within the Services and Tourism sector only two-thirds of the companies identified environmental certification as a means to achieving competitive advantage in the global market and half of them did not implement any environmental policies or Environmental Management Systems. That seemed to contrast with the recent trends in other Caribbean islands, where increasing importance was given to eco-tourism as a strategy for economic diversification.

3.2.4 Product/Service Responsibility

While all the companies stated that complaints from customers were always addressed; only half had a formal system in place to deal with them

The overwhelming majority of the companies interviewed did some sort of assessment of the quality of their products/services. That was generally undertaken on a regular basis with formal and informal systems. In particular, around 80% of the companies had conducted at least one survey/enquiry to determine customer satisfaction. In other cases the assessment of the quality of their products/services was done through

the following channels:

- Customer Service Reports
- Key Performance Indicators (kpis)
- Quality Control Checks
- Continuous Improvement and Monitoring Systems
- Visual Examination and Checks for Expiry Dates
- Customer Feedback
- Benchmarking (among companies from the Financial and Real Estate sector)

Companies from Manufacturing, Construction and Related Industries and Distribution sectors implemented the more formal quality-control systems and procedures. Companies from the Energy and Related Industries sector, being mainly subsidiaries of foreign companies, assessed the health and safety effects of their activities locally, but not necessarily of their products (i.e. petroleum products, petrochemicals, Ing), leaving the quality control aspect to their headquarters.

Over half of the companies had conducted an assessment of the health and safety effects of their products/services/activities on the wellbeing of their customers.[59] However, only in a few cases this was done in a scientific manner with a department committed specifically to that type of activity. This was seen mainly among companies from the Energy and Related Industries and Manufacturing sectors.

Over 85% of the companies in the sample had policies to ensure correct product labelling/information disclosure. While all of them stated that complaints from customers were always addressed, only half had a formal system in place to deal with them. That usually entailed identifying issues (e.g. written complaints, web reporting systems, formal reporting procedures, feedback from sales representatives/quality departments/employees), sorting complaints and directing them to the relevant department(s) to be addressed. In general, it was noted that the sector that gave most attention to addressing possible complaints, through formalized procedures, was the Financial and Real Estate sector. That was mainly because of the strict requirements on information disclosure to local regulators, financial bodies, auditors and the Central Bank.

59 Based on the nature of product offerings, companies from the Finance and Real Estate sector were excluded from the sample for the purpose of calculating the percentages for this question.

4.1 Conclusions

CSR Still at Early Stages of Development
Despite the abundance of social and environmental programmes, CSR is still in its early stages of development in Trinidad and Tobago and is mainly driven by foreign companies, while there is a general lack of understanding and ownership from local companies and SMEs in particular.

Lack of Transparency and Disclosure
Before discussing the major conclusions of this research exercise, it is important to note that there was reluctance by some of the companies to disclose information relating to their revenues and the funds spent on social and environmental programmes. In addition, apart from large companies from the Energy and Related Industries sector and Finance and Real Estate sector, there was a general lack of transparency and reporting of social and environmental programmes.

Lack of Awareness and of Leveraging of Existing Bodies of Knowledge Among Local Companies and SMEs
Among the companies in the sample, and in particular SMEs, there was a general lack of awareness of the business benefits associated with CSR and of the existing tools and mechanisms to achieve those benefits. In addition, only a few companies among the Energy and Related Industries sector used existing bodies of knowledge and knowledge-sharing platforms such as the UN Global Compact to support them in the planning and implementation of their CSR strategies. In Trinidad and Tobago to date there are fourteen signatory companies to the ten principles of the UN Global Compact, of which twelve are subsidiaries of MNC Compact members and two are indigenous organizations.

Limited Involvement of Government
The involvement of the Government in the practice of CSR is still limited. There are few fiscal incentives for companies to undertake CSR related initiatives[60] and there is no set framework to coordinate CSR initiatives at the national level. Apart from some large companies in the Energy and Related Industries sector and the Finance and Real Estate sector, there are few public-private partnerships and joint programmes undertaken by the Government and private companies. The Ministry of Energy and Energy Industries recently introduced a Local Content Development Policy, but it is still limited in its scope. In addition, the Ministry's guidance to foreign companies investing in the country, with respect to their involvement in social and environmental programmes, seems to be centred on the sign-off of proposed projects rather than active collaboration in programme identification and planning.

External CSR

Philanthropy and PR Still Play an Important Role
While almost all companies undertook some sort of social and environmental programme over the last five years (2001-2006), only some of them actually engaged in CSR. In fact, around 30% of the companies did not focus on the alignment of those activities with their business lines, while one third of the companies did not identify any specific business benefit from their social engagement. The above data suggests that approximately 30% of the companies in the sample engaged mainly in philanthropic types of activity. That percentage was much higher when SMEs only were considered, reaching approximately 50% of the companies.

In addition, among the companies that identified business benefits from the social and environmental programme, there were 20% that did not separate

60 One of these incentives is the 'Wear and Tear' allowance for companies providing day-care facilities or homework centres for the children of their employees. This allowance has been extended to a maximum of TT$500,000 according to the 2008 Budget presented by the Government on August 20, 2007.

these activities from pr and Marketing in their budgets. That element further reduced the percentage of companies actually practising external csr to approximately 40-50% of the sample.

Perceived Level of External csr is Higher Than What Occurs in Reality
Nonetheless, that percentage still seemed to overestimate the number of companies that actually engaged in external csr, particularly when the social and environmental programmes undertaken by the companies were considered in detail. Thus, it can be stated that the perceived level of external csr activities in the country is higher than what actually occurs in reality.

Energy and Related Industries Sector is Leading the Way in csr
The Energy and Related Industries sector, which is comprised of mainly foreign companies, plays a dominant role in the promotion of social and environmental programmes in Trinidad and Tobago. That sector accounted for more than half of the total monies spent on those programmes within the companies in the sample. That sector also seemed to be able to attract the best employees because of its reputation of being engaged in a wide range of development programmes in Trinidad and Tobago.

It should also be noted that four companies alone accounted for over 30% of the total monies spent in external social and environmental programmes within the sample, highlighting a high concentration of those programmes in the hands of a few players.

Geographic Saturation and Duplication of csr Activities are Widespread
There is widespread geographic saturation and duplication of external social and environmental programmes by the companies in the sample. Communities such as Mayaro, Couva, Tabaquite, Talparo, Port-of-Spain and Point Fortin are by far the main beneficiaries of social expenditures in Trinidad and Tobago. This is due to companies engaging in activities within their fence-line communities. In fact, the geographical distribution of community, social and environmental programmes in the country tends to reflect the areas where companies generate their revenues.

With respect to the thematic areas of the programmes undertaken, companies were heavily involved in education and sports and to a lesser extent, in community development, arts and culture. Apart from Tobago, there were significantly fewer activities relating to the environment. An increasing number of companies, particularly from the Financial and Distribution sectors, are engaging in social programmes at the Caribbean regional level.

A large number of companies did not predetermine any specific area of intervention, but dispersed their resources in an ad hoc manner, mostly as a result of requests from various organizations. This provides evidence that these companies still view charity/philanthropy as their main form of social responsibility.

In conclusion, three major issues can be highlighted regarding thematic and geographic saturation:

1. Popular issues with high pr value, particularly in the areas of sport and entertainment, attracted the majority of financial resources while the more pressing development issues were neglected
2. Companies from the Energy and Related Industries sector tended to be involved in the same communities with similar types of activities, leading to issues of duplication
3. Even though crime was identified as a widespread issue affecting business activities, there was no specific programme towards its alleviation, apart from the few which indirectly targeted rehabilitation, education and removal of children from the streets as a method of crime alleviation

Vision 2020: A Missed Opportunity
As a result of a general lack of clarity of the specific objectives and key intervention areas of the country's development plan, Vision 2020, companies found it difficult to align their social and environmental programmes strategically. This is a missed opportunity for the country to target urgent issues such as labour, social cohesion, reducing inequality and empowering the local communities, given the great potential the private sector has to contribute to the achievement of the national development goals. A hint of this potential is given by the fact that the total yearly average expenditure for external social and environmental programmes by the companies in the sample alone corresponded to between 2% and 4% of the yearly average of the money spent by the Government in social and development programmes over the past years.[61]

Room for More Partnerships for Development
Over 70% of companies undertook social and environmental programmes in partnership with other counterparts (e.g. Government, CSOs and other private companies). However, in the majority of cases the support to local NGOs and CSOs was given through monetary contributions with a lack of collaboration between companies and CSOs in the planning process. In addition, key components to build sustainability into the projects undertaken by CSOs, such as capacity building, monitoring and evaluation, were registered only in a few cases among the larger companies.

In addition, the percentage of SMEs that engaged in partnerships was significantly lower (around 50%). This is a missed opportunity since SMEs are in general the companies that experience the biggest financial and human constraints in pursuing their social and environmental programmes alone and could achieve significant benefits from partnerships.

Programme Planning and Development

Limited Evidence-Based Planning
While around 75% of the companies indicated that they gave consideration to the development challenges of their fence-line communities and the country as a whole in the process of planning their external activities, this was generally done on an informal basis. Only a few companies from the Energy and Related Industries sector actually implemented a formal needs assessment procedure in developing their programmes.

There are still 40% of the companies that did not consult the identified stakeholders to assess the development priorities/targets that the company supported. This was an indication of the relatively low extent of the alignment of social programmes with the priorities of stakeholders. Finally, a large number of companies relied mostly on letters of request and/or media to determine areas of intervention.

All these elements contributed to a general lack of evidence-based planning by the companies for their social and environmental programmes. As a result, while there was generally good anecdotic evidence of the development priorities of Trinidad and Tobago and several efforts were made to address these challenges, the root causes of these problems were often overlooked in the planning of social and environmental programmes because of the lack of an empirical approach.

Sustainability of Many Initiatives is Questionable
In addition, most private sector initiatives do not build sustainability into their plans and very few companies focused on the Return on Investment

61 See footnote 3 in the Executive Summary.

(roi) of their social and environmental programmes. Being driven by business-profitability is key to ensuring that such programmes are sustainable in the long run.

Lack of Formal Impact Assessments and Output Oriented Strategies
There was a general lack of formal impact assessments for csr activities, both internal and external, in Trinidad and Tobago. A large number of companies also did not systematically consider feedback from stakeholders and beneficiaries in order to improve their planning and execution of csr initiatives.

smes Largely Unaware of Strategic Implications of csr
Among smes, very few companies spent more than a certain amount (which can be identified in TT$100,000 per year) for their social and environmental programmes. This could be explained by companies regarding their social programmes more as a *communal obligation* rather than a strategic investment. A communal obligation entails those activities that companies feel compelled to support based on pressures exerted by stakeholders within their environment. Since companies did not see the business benefits associated with social investment, they were unlikely to surpass a threshold beyond they perceived as necessary. This was reinforced by the fact that more than 50% of smes categorized expenditure in social programmes as philanthropy (charity, donations and sponsorships). This was further evidence that their external programmes were seen more as a miscellaneous expenditure rather than a central investment to strategic planning.

On the other hand, the findings also revealed that smes have budgetary and human resource constraints in pursuing their own projects and therefore tend to align their efforts with projects already implemented by larger companies. If the programme is aligned with other initiatives, this can be positive; on the other hand this approach hinders their capacity to use their programmes in a strategic way in order to reap maximum business benefits.

Internal csr

Few Beyond Compliance
Companies seemed to be mainly compliance-driven with respect to human resource issues. In fact, they were increasingly compliant with national legislation and regulations for health and safety (osha) and industrial relations, but they usually did not go beyond the legal and regulatory requirements to achieve the potential efficiency and productivity gains that internal csr practices can generate, such as reduced thefts, absenteeism, increase employee motivation and retention. smes in particular seemed to lack the capacity and resources to reorganize their production processes to achieve these efficiency gains, and did not utilize any of the existing csr tools or bodies of knowledge to overcome these constraints.

While companies generally provided training for their workforce, only 60% had succession planning programmes in place. That percentage was significantly lower for smes. A striking difference between large companies and smes was also observed in the practices to assess the efficacy of internal csr programmes (e.g. hr, hse, and Employee Assessment Programmes).

One of the key reasons why large companies in the Energy and Related industry sector seemed to be able to attract and retain the best employees is their strong focus on the development and training of their employees and formalized assessment programmes in place. As a confirmation of this hypothesis, the recent introduction of innovative internal csr practices, such as flexi-time and performance targets, among companies from the Financial sector, has increased their attractiveness as employer-of-choice. However there were also some successful stories among smaller enterprises which, involving

their employees in the decision-making process, were able to incorporate best practices in their internal CSR policies and which registered a significant increase in their capacity to attract the best employees.

The East-West corridor, dominated by the presence of labour-intensive manufacturing industries, represents a potential focus area for the development of internal CSR programmes.

Half of the MNCs have Local Content Policies
While only 40% of the Multinational Companies (MNCs) in the sample had specific policies for the employment of local people beyond compliance with government regulations, over half of them implemented a Local Content Development Policy, with the objective of building and developing local capacity within their workforce and suppliers at the national level.

Limited Input into Environmental Programmes
Regarding the environmental aspects of internal CSR, with the exception of the Energy and Related Industries sector, there was generally a low interest in issues such as the reduction of emissions and waste management. Additionally, only a small number of companies had an Environmental Management System in place. Furthermore, the majority of companies did not see it as a priority to keep employees updated on their environmental policies. That could undermine the effectiveness of the company's initiatives in that area, since the employees carried out the day-to-day activities of the organization.

Missing the "Green Opportunity"
Companies seemed unaware of the business opportunities related to environmentally friendly products and processes. The degree of unawareness of such opportunities was particularly evident among companies in the Services and Tourism sector, where there is a booming demand at the global level for eco-tourism friendly services. For example, only one company within the sample was in the process of achieving international environmental certification.

Gender Equity
Gender equity was a major challenge for sectors such as Construction and Related Industries, Manufacturing, Energy and Related Industries. Though companies in those sectors generally understood the issues relating to gender equity, the majority were yet to take relevant actions because they found it difficult to identify key intervention steps to address that issue.

How to Keep Women at Work Involved?

- Talent management strategies need to recognize the factors that drive engagement of senior women.
- Ensure that the organization takes steps to understand the views of senior female managers, and address their concerns. This could be done by focus groups or focussing on the results for senior female managers in survey data.
- Set up a formal mentoring scheme for all senior managers and people who have the potential to be promoted to a senior position. Encourage women in particular to join this scheme.
- Put in place a decision-making process that is transparent and inclusive. Ensure all relevant senior managers have an equal input.
- Move away from a culture where decisions are made before a meeting. Ensure that all opinions are listened to and considered before senior managers make a decision.
- Establish effective channels of both formal and informal communications.

Source: *www.isrinsight.com*

4.2 Recommendations

Based on the evidence of this study, it has been determined that the private sector, through the practice of CSR, has a great potential to contribute to the socio-economic development of Trinidad and Tobago, with particular emphasis on achieving Vision 2020.

While this was evident, the study also highlighted several gaps and challenges involving the practice of CSR locally, that hindered its capacity to be an effective driver for development.

Building on the favourable momentum in the country towards social and environmental programmes, efforts should be made to step up the practice of CSR, with heavy reliance on the available tools, towards overcoming the identified gaps.

The following recommendations can be instrumental:

1. **Ensure social and environmental programmes are strategically aligned with core business:** Donations are often ad hoc and limited

to philanthropic activities or simple donations, which tend to be focused on the short term and contribute little in terms of sustained benefits for either the community or the company. Companies on the other hand should engage more in activities and practices which are both more closely linked to the core business and are more directly profitable, increasing their awareness of "the business case for csr" and strengthening their planning processes. Both internal and external csr practices should be integrated into companies' strategic planning in order to specifically target those elements that impact on their competitiveness and profitability (their "competitive context").[62] This will also increase the sustainability and the overall development impact of companies' initiatives.

2. **Implement a local network of the UN Global Compact:** In order to improve the practice of CSR in Trinidad and Tobago significantly, a local UN Global Compact Network should be established. Such a network will promote CSR awareness at the national level, facilitate the sharing of knowledge and best practices and increase coordination to prevent issues of geographic and thematic saturation. In such a way, companies, particularly SMEs, can keep a strong focus on their core businesses while leveraging on existing bodies of knowledge for their CSR planning and implementation. They can also exploit the economies of scale that can be achieved through partnerships in the delivery of social and environmental programmes. In addition, partnerships increase the long-term impact and scope of social and environmental programmes, while also significantly reducing costs for companies through the synergies created and the possibility for each company to deploy its area of expertise. SMEs, in particular, have the opportunity to promote partnerships on specific projects in alignment with their business goals, without having to devote specific departments and large amounts of human and financial resources to such activities.

3. **Develop avenues for knowledge transfer between large multinationals and local companies:** In a country such as Trinidad & Tobago, where foreign investment is integral to the development of the economy, large multinational companies from the Energy and Related Industries sector, should support local companies in the implementation of CSR by transferring knowledge and capabilities and promoting best practices towards creating a development dynamic in the country. They should also strengthen their local content policies above and beyond those required by national regulations, providing succession planning programmes for local employees and enhancing their skills through training and development programmes. Recently there have been some initiatives from companies in the Energy sector in the area of supply-chain management, focused on building local capacity in the Energy-related and supporting industries (e.g. geophysics, engineering, design and fabrication, maritime industry). These initiatives have proved to be highly successful and should be duplicated in other industries and supported at the national level. Though there is already a Government framework for the development of Local Content within the Ministry of Energy and Energy Industries, there seems to be a missing link between the actual plan and the implementation of such guidelines.

4. **Increase Government participation and ensure social and environmental programmes are aligned with national development goals:** The Government of Trinidad and Tobago has an important role to play in ensuring complementarity between its programmes and the

62 Please refer to chapter 1 section 3 of this report, "The Business Case for CSR".

ones of the private companies, towards increasing the alignment of companies' social and environmental programmes with the national development plan, Vision 2020. In this context, guidelines should be formulated to identify key areas of interventions for the development of the country and specific objectives which the private sector can seek to achieve. In so doing, private companies will also have an opportunity to assess formally the impact of their social programmes against clear targets. Government should also ensure that the necessary drivers for csr are in place. In this regard, it should provide an enabling policy environment, a legal and regulatory framework and adequate incentives for private companies to undertake internal and external csr initiatives. The adoption of standards for hse practice and the Environment should also be explored, towards increasing the competitiveness of local companies and access of local companies to international markets and contractors. To assist in the enforcement of such standards and to ensure that they are aligned with international best practices, the Trinidad and Tobago Bureau of Standards (ttbs) has a key role to play.

5. **Ensure transparency at all levels of csr activities:** csr requires a transformation in the leadership and in the corporate culture at all levels, encouraging innovation and creative thinking. Corporate governance is a fundamental aspect of this process. Companies should promote transparency of their activities in order to show the credibility and integrity of their business transactions. This entails promoting dialogue with stakeholders and producing reports where a company's performance, including its csr practices, is defined in a comprehensive way. The use of external resources (e.g. un Global Compact guidelines, and gri) or external consultants, can guide the process and provide an objective viewpoint.

6. **Make csr a part of your corporate mission:** csr programmes should be integrated into corporate values, polices, and practices on a day-to-day basis. The commitment of the employees to such policies must be ensured by the use of appropriate means (e.g. ethics training, discussion of management decisions which involve ethical rationale, mentorship, and promotion of employee volunteerism within their communities). Since leadership plays a major role in the successful implementation of a holistic csr strategy, leaders should always attempt to understand the internal culture of their company (via anonymous surveys among employees, reporting lines and focus groups) in order to realize the maximum potential of available resources and send the right message to their employees. This can be done through rewards for ethical behaviour, performance appraisals on the commitment to these values and by taking adequate corrective actions.

7. **Focus csr initiatives on the outcome rather than the process:** In general, the company's strategy, as it pertains to external csr, should be more focused on the outcome of the social and environmental programmes undertaken, rather than on simple goodwill motivation and the company should build sustainability into its plans. In this regard, undertaking social, economic and environmental impact assessments of the programmes undertaken is a necessary step to assess its Return On Investment (roi). This can be done either through strengthening its internal capacity or seeking external support. Promoting the sustainability of the external csr programmes will not only strengthen the development impact of a project and the long-term benefits to the communities, but will also reduce the financial burden for social projects from one year to the next. Furthermore, companies must aim to create social value by being innovative in identifying the social investment policies that best complement the

The Importance of Communication

Communication is an important part of ensuring stakeholder buy-in and support. A company's external communication should be aligned with its stated values and practices. A proper communication strategy entails the following steps:

- Framing corporate purpose, principles and values with clarity
- Emphasizing the social contribution of the core business
- Presenting credible and measurable key performance indicators (KPIs)
- Ensuring consistency and coherence of message

company's business line. It is equally important for companies to promote ownership of the projects undertaken in order to increase their visibility. The local network of the UN Global Compact can provide a useful tool to increase the output-orientation of social and environmental programmes and also the visibility of companies.

8. **Ensure comprehensive and accurate information is used in selecting grantees and beneficiaries:** Regarding the money spent through third-party organizations, the study identified difficulties by the private companies, particularly SMEs, in assessing the accountability and reliability of CSOs, hindering their capacity to select the most reliable and accountable beneficiaries. Therefore, the system for the registration of CSOs should be upgraded to gather, store and present timely, comprehensive and accurate information, including financial information, about existing CSOs and their projects. Such a system would enable donors to search and identify CSOs working in specific areas, reducing duplication of efforts and promoting a fair competition among them to attract funds, which will in turn increase the long-term sustainability of their projects. It would also provide an effective exchange market between private sector and CSOs to facilitate dialogue, promote capacity-building and encourage cooperation and cofinancing of projects. In addition, companies should use their areas of internal expertise such as accounting, project management and corporate governance to build capacity within local CSOs in order to increase their capacity for delivery.

9. **Go beyond compliance in internal CSR practices:** One of the findings of the report was that companies tended to be compliance-driven, but often did not go beyond the legal and regulatory requirements to achieve the potential efficiency and productivity gains that internal CSR practices can generate. That issue seemed to be particularly relevant for the companies in the Manufacturing Sector along the East-West corridor of the country, which identified low labour productivity, high absenteeism and employee turnover as their major challenges. For those companies adequate internal CSR practices would have the potential to impact on those issues significantly. However, in order to realize those gains, companies should improve the monitoring of their internal CSR practices to assess employee productivity, performance and development. Those indicators should be applied in a formalized and systematic manner, allowing for continuous business-cycle improvement.

10. **Making most of the "Green Opportunities":** Globally there are increasing business opportunities related to environmentally friendly products and processes, which could be exploited by the local private sector. It is therefore essential to increase awareness of these opportunities at the national level with the participation of Government, educational institutions and development organizations. Companies themselves should embark on building capacity to invest in green products. Investing in the environment also provides a viable option to increase the economic diversification of the country. Eco-Tourism, for example, is a strategy that can be explored at the national level, provided the necessary planning and systems of incentives are put in place for private companies to participate on a greater scale.

Implementing these ten recommendations will go a long way towards the advance of CSR in Trinidad and Tobago and will result in positive benefits for both business and society.

Appendix 1: Questionnaire

Questionnaire: Section One

CSR Mapping Project Of Trinidad And Tobago

1. What are the primary brands, products, and services of your Company?

_____

_____

2. In which area(s) of Trinidad and Tobago is your operation based?

District	Area/Community	Type of Activity
North		
South		
East		
West		
Central		
Tobago		
National		

3. Do you outsource any aspect of your business?

Yes ☐ No ☐

a. What percentage of your business is outsourced? (e.g. personnel, processes, products, services)

b. From which countries do you outsource?

_____

_____

4. State the operational structure of the organization (i.e. main divisions, operating companies, subsidiaries and joint ventures)

_____

_____

5. Where is the location of your company's headquarters?

_____

_____

6. Is your company publicly traded ☐ or privately owned ☐ ?

7. Scale of organization: Approximately how many employees are there in the company (Trinidad and Tobago)? :

1- 5 ☐ 6 - 25 ☐ 26 -100 ☐

101 - 500 ☐ 501-1,500 ☐ >1,500 ☐

Approximate Annual Revenues (Trinidad & Tobago):

TT$25,000.00 – TT$1.5M ☐ TT$1.5M – TT$5M ☐ TT$5M -TT$20M ☐

TT$20M – TT$50M ☐ TT$50M – TT$100M ☐ TT$100M – TT$500M ☐

>TT$500M

8. a. In the last five years, was your company involved in any social or development programmes? (e.g. Sponsorships, Charitable Contributions, Community Programmes/Projects, Environmental Beautification / Preservation)

Yes ☐ (If yes, proceed to Q10.) No ☐

b. If No, state reasons why and thank you for your participation.

_____

_____

9. How are these programmes classified from a budgetary perspective within your company?

_____

_____

10. List these activities:

_____

_____

11. What are the objectives of these activities?

_____

_____

12. What were the geographical areas and their respective activities covered over the last 5 years?

District	Area/Community	Type of Activity
North		
South		
East		
West		
Central		
Tobago		
National		

13. In the future, will the company pursue the same activities/geographical areas? If not, what will be the major changes?

_____

_____

Thanks for Participating. A copy of the Published Report will be sent to your organization before its public release.

Questionnaire: Section Two (Baseline)

Programme Development

1. Who decides the social and development programmes that your company pursues?
   Senior Management ☐
   Employees ☐
   Cross-Functional Teams ☐
   By means of a Needs Assessment ☐
   Other:

   _____

   _____

2. Do you have an annual allocation for these social / development programmes?

   Yes ☐ No ☐

3. How much has been spent on these programmes in Trinidad and Tobago over the last 5 years (2001/2006)? (yearly average)

   _____

   _____

4. Have regional sub-offices and technical teams participated in the planning process?

   Yes ☐ No ☐

5. a. Have you identified your stakeholders?
   Yes ☐ No ☐

   b. If yes, who do you think they are?
   Employees ☐
   Shareholders ☐
   Suppliers ☐
   Customers ☐
   Local Communities ☐
   Other:

   _____

   _____

6. Were the identified stakeholders consulted to assess the development priorities and/or targets that the organization supported (test of alignment)?

   Yes ☐ No ☐

7. a. In planning these activities do you take into consideration the issues, gaps and needs of the organization, community and or country?

   Yes ☐ No ☐

   b. If yes, how?

   _____

   _____

8. Were these activities aligned with planned or on-going company policies, programmes, processes and products?

Yes ☐ No ☐

9. a. Were these activities aligned with national and or international standards and policies?

Yes ☐ No ☐

b. If yes, which?

_____

_____

10. In your planning was there adequate analysis of the differing impact on women, men and vulnerable people in Trinidad and Tobago?

Yes ☐ No ☐

11. Are the outcomes and strategies of your activities complementing the programmes of other partners/organizations?

Yes ☐ No ☐

If yes, of which partners/organizations?

_____

_____

Impact

12. a. In determining the success/impact of these activities were any formal impact assessments conducted?

Yes ☐ No ☐ (if No skip to Q 13 c)

b. If yes, was it an external assessment ☐ or an internal one ☐?

How was this success reflected?

_____

_____

c. If no, how did the company determine its success?

_____

_____

13. a.In your process of determining the impact of your company's programmes/activities, was feedback from the identified stakeholders taken into consideration?

Yes ☐ No ☐ (If No, skip to Q15)

b. If yes, how? (Please state also if gender balance was taken into consideration for the consultation of the stakeholders)

_____

_____

14. a. How have these activities/programmes contributed to the wider development of Trinidad and Tobago?

15. What benefits does the company derive from these programmes?

Governance

16. Are there any quarterly or annual reports produced by your company for stakeholders (financial, non-financial, otherwise)?

Yes ☐ No ☐ (If No, skip to Q 18)

17. a. Are your reports based on any locally ☐ or internationally ☐ established standards?

Yes ☐ No ☐

b. If so, which one (e.g. IAS or any other regulatory requirements)?

18. Are there systems in place to facilitate the participation of stakeholders in the decision-making process of the company? (e.g. corporate advisory panels, written community panels, collective bargaining, and employee representation)

Yes ☐ No ☐

If yes, which ones?

Social

19. a. Do you monitor compliance with labour laws?

Yes ☐ No ☐

b. If yes, through which channel is it enforced?

20. a. Is there a health and safety policy in your company?

Yes ☐ No ☐

b. If yes, is this policy enforced?

Yes ☐ No ☐

21. Does your company formally record work-related incidents, injuries and illnesses on an annual basis?

Yes ☐ No ☐

22. Are there employee programmes targeted at:
i. Skills Training and Development ☐
ii. Management Training ☐
iii. Succession Planning ☐
iv. Work-life Balance ☐
v. Ethics Training ☐

23. Are there any programmes targeted at assessing the following?
i. Impact hr policy ☐
ii. Impact of hse policy ☐
iii. Succession Planning ☐
iv. Employees Salary ☐
v. Employees Performance ☐
vi. Employees Development ☐
vii. Hygiene Factors ☐

24. Are there any programmes in place to assist employees in understanding and coping with serious diseases? (HIV/AIDS, mental-illness, cancer etc.)

Yes ☐ No ☐

25. What kinds of benefits are available to employees?
Health Insurance ☐
Pension ☐
Entertainment / Gym ☐
Maternity/Paternity Privileges ☐
Employee Assistance Programmes ☐
Other:

_____

_____

26. Are your employees unionized?

Yes ☐ (If yes, skip to question Q28) No ☐

27. a. Do they have any formal representation or dispute grievance procedure?

Yes ☐ No ☐

b. If yes, what are these procedures?

_____

_____

28. Do you facilitate progress by creating a diverse and gender-balanced work environment?

Yes ☐ No ☐

29. For mncs only:
a. Do you have any policy regarding the employment of local people?

Yes ☐ No ☐

b. Is there any programme aimed at developing local capabilities?

Yes ☐ No ☐

If yes, could you specify which?

_____

_____

30. Occasionally, is there a need for overtime work?

Yes ☐ No ☐

If yes, what is your policy to address this need (is it mandatory, rewarded)?

_____

_____

Environment

31. a. Do you monitor information on existing environmental laws?

Yes ☐ No ☐

b. If yes, how?

_____

_____

32. Is your organization doing any of the following?

a. Adopting a precautionary approach to environmental challenges

Yes ☐ No ☐ Never thought about it ☐

b. Educating employees on the potential impact of their activities on the environment

Yes ☐ No ☐ Never thought about it ☐

c. Undertaking initiatives to promote greater environmental responsibility and conservation

Yes ☐ No ☐ (If No, skip to Q34) Never thought about it ☐

If yes, which?
i. state materials not to be used ☐
ii. undertake efforts to reduce waste ☐
iii. offer incentives for employees to use environmental friendly technologies ☐
iv. give guidelines to product developers ☐
v. evaluate potential environmental and human health impact of products ☐
vi. Other:

_____

_____

33. a. Does your company adhere to any internally developed ☐, local ☐ or international ☐ environment policies (your existing environmental management practices)?

Yes ☐ No ☐

b. If Yes, which one? (please state also if it's an external certification: ISO 14001 or an internally developed one, and why you decided to adhere to that)

_____

_____

c. If No, please state reasons:

_____

_____

34. Do you believe that environmental management certification can assist your organization in competing in the global market place and increase your organization's competitive advantage?

Yes ☐ No ☐

Product / Service Responsibility

35. a. Do you assess the quality of your products?

Yes ☐ No ☐

b. If yes, how?

_____

_____

36. a. Has the company ever conducted any assessments of the health and safety effects of your products and services on the wellbeing of customers?

Yes ☐ No ☐ Not applicable ☐

b. Has the company ever conducted any surveys/enquiries to determine customer satisfaction?

Yes ☐ No ☐ Not applicable ☐

37. a. Is there a policy to ensure correct product labelling?

Yes ☐ No ☐ Not applicable ☐

b. How do you address possible complaints for incorrect labelling?

_____

_____

Appendix 2: List of Companies

1. 62 Party Ltd.
2. abel (Alstons Building Enterprises Ltd.)
3. abt Engineers Contractors Ltd.
4. Agos Manufacturing Ltd.
5. algico (American Life & General Insurance Company)
6. amco (Alstons Marketing Company Ltd.)
7. American Airlines Inc.
8. Anadarko Petroleum Corporation /Kerr-McGee tt Offshore Petroleum
9. Angostura Ltd.
10. ansa Automotive Ltd. (Tobago)
11. Atlantic Ing Company of Trinidad and Tobago
12. Bananaquit (Tobago)
13. Bermudez Biscuit Company Ltd.
14. Bestcrete
15. bg t&t (bg Trinidad and Tobago)
16. Bhagan's Drug Store
17. bhp Billiton Trinidad and Tobago
18. Bonsal Caribbean Ltd
19. bpTT (bp Trinidad and Tobago)
20. Carib Glass Company Ltd.
21. Caribbean Credit Risk Rating Services
22. Carillion (Caribbean) Ltd.
23. Citibank (Trinidad and Tobago) Ltd.
24. cib (clico Investment Bank Ltd.)
25. Caribbean Information & Credit Rating Services Ltd.
26. cmmb (Caribbean Money Market Brokers)
27. Crown Point Beach Hotel (Tobago)
28. Damus Ltd. Trinidad Services
29. Dehring, Bunting and Golding Ltd.
30. Hill D Shipping Services Ltd.
31. Digicel Trinidad and Tobago
32. Eastern Credit Union Cooperative Society Ltd.
33. eil (Electrical Industries Ltd.)
34. eog Resources Trinidad Ltd.
35. eximbank (Export-Import Bank of Trinidad and Tobago Ltd.)
36. fdsal (Fluor Daniel South America Ltd.)
37. Francis Supermarket (Tobago)
38. Frankie's Tours and Rentals (Tobago)
39. Guardian Holdings Limited
40. hadco Group of Companies Ltd.
41. Hilton Trinidad & Conference Centre
42. Hilton Plantation (Tobago)
43. Hindu Credit Union Cooperative Society Ltd.
44. Intercommercial Bank Ltd.
45. Island Investment Ltd. (Tobago)

46. kc Confectionery Ltd.
47. ks Holder Architect
48. Kariwak Village (Tobago)
49. La Tartaruga Restaurant (Tobago)
50. Laparkan (Trinidad) Ltd.
51. Laughlin and de Gannes Ltd.
52. Long Circular Gym
53. Marriott/Courtyard Port of Spain
54. Medicine Plus
55. Mediterranean Shipping Coompany (msc) Trinidad and Tobago Ltd.
56. Methanex Trinidad Ltd.
57. Methanol Holdings (Trinidad) Ltd.
58. Microsoft Trinidad and Tobago
59. Peake Industries Ltd.
60. Penny Savers (Tobago)
61. Peter Elias
62. Petrotrin (Petroleum Company of Trinidad and Tobago Ltd.)
63. ppgpl (Phoenix Park Gas Processors Ltd).
64. Planning & Stantec Ltd.
65. Point Lisas Nitrogen Ltd.
66. Powergen (The Powergen Generation Company of Trinidad & Tobago Ltd.)
67. Prestige Holdings Ltd.
68. Prime Restaurant and Trotters
69. rbtt Bank Ltd.
70. Repsol ypf Trinidad and Tobago
71. Republic Bank Ltd.
72. Reynald Associates Ltd.
73. s.m. Jaleel and Company Ltd.
74. Sagicor Life Inc.
75. Scotiabank Trinidad and Tobago Ltd.
76. Singh's Hardware (Tobago)
77. Smart Shop
78. Smith Robertson and Company Ltd.
79. South-M Construction Ltd.
80. Spence Investments Ltd. (Tobago)
81. suez Ing (Trinidad and Tobago) Ltd.
82. Talisman (Trinidad) Petroleum Ltd.
83. tcl (Trinidad Cement Ltd.)
84. ngc (The National Gas Company of Trinidad & Tobago Ltd.)
85. Toyota Trinidad and Tobago Ltd. and daihatsu
86. Tropikist Beach Hotel and Resort Ltd. (Tobago)
87. tstt (Telecommunications Services Trinidad and Tobago Ltd.)
88. Warner Construction Ltd. (Tobago)
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This report is a useful resource for:

- Private Sector
- Government
- Development agencies
- Other CSR practitioners

Towards increasing the level and the effectiveness of Corporate Social Responsibility (CSR) as a development tool for Trinidad and Tobago

Main issues:

- What is CSR?
- Why CSR is a good business practice
- CSR and international trends. Is there a choice?
- CSR tools and guidelines
- The role of CSR in the national development agenda
- Assessing the level of CSR in Trinidad and Tobago
- 10 key recommendations