

CORPORATE SOCIAL RESPONSIBILITY IN U.S. HISPANIC BUSINESSES: AN
ANALYSIS OF LEVELS OF PARTICIPATION AND SUPPORT

By

LETICIA M. SOLAUN

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Abstract of Thesis Presented to the Graduate School
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Leticia M. Solaun

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The Hispanic-owned business demographic is a burgeoning component of the business sector. As the business class continues to increase likewise does the relevance and importance of conducting research to better understand their characteristics and behavior. This study explores one undocumented area of this demographic, specifically its perceptions, attitudes, and participation in corporate social responsibility (CSR). Within this analysis, several factors are evaluated including: the extent to which these businesses incorporate a framework for CSR, whether the organizations communicate the core values of social responsibility with key publics using a U.S. model of giving as a basis; the notion of CSR from a cultural perspective, and whether these organizations build relationships with stakeholders through socially responsible initiatives. Fifteen in-depth interviews were conducted with Hispanic business owners in Florida, Texas, and California. The results of these interviews indicate that, among other factors, Hispanic business owners generally understand the term CSR, support philanthropy and employee volunteerism, and establish a link between their support and relationship building with stakeholders.

CHAPTER 1 PURPOSE OF THE STUDY

The Latino/Hispanic community is composed of persons from more than 20 countries in Latin America and the Caribbean. This community comprises the largest minority in the United States and approximately 14.9% of the total population, or 44.7 million people. (“From 200,” 2006). In accordance with the burgeoning Hispanic population, the emergence of Hispanic-owned businesses is also notable. In 2004, 2 million Hispanic-owned businesses were reported in the United States, and that number is expected to increase to more than 3.2 million by 2010 (HispanTelligence, 2004). Given this rate of growth, the business and social impact of this demographic will be formidable.

While it is essential to understand business models and drivers for Hispanic businesses, recognizing the social dimension in business and the existence or failure of Hispanic businesses to build relationships with stakeholders through Corporate Social Responsibility (CSR) is also critical. Specifically, it will be important to know the social behavior of these organizations and how they integrate within the established systems or contribute a new dimension to current interpretations of CSR. As the Hispanic population continues to grow, likewise does the relevance and importance of addressing Hispanic issues at every level. This study explores one aspect of the Hispanic community, specifically the business interest and participation in socially responsible initiatives.

Gaps in Research

Although there is a well formulated organizational and market understanding of Hispanic businesses in the United States (Medina, 2006; Palmaffy, 1998) and likewise thoroughly researched recognition of the occurrence of CSR in U.S. corporate culture and its relationship building function between an organization and its publics (David, Kline, & Dai, 2005; Hall,

2006; Yoon, Gurhan-Canli, & Schwarz, 2006), there is a dearth of research addressing the incidence of intersection between them. There are, however, no definitive studies describing Hispanic business owner and management beliefs and participation in CSR.

Relevance to Practitioners

The growth of this sector will undoubtedly promote interest in serving these potential clients among public relations and communication practitioners in the private and nonprofit sectors. For this reason, within a communication context, it will be essential for public relations practitioners to understand Hispanic businesses beyond the currently understood notions of culture in order to serve and reach this public. Given the continued growth of the sector, this analysis is well timed to provide necessary insights into one dimension of corporate behavior. With this understanding, practitioners will be poised to counsel clients effectively while recognizing motivations and underlying (culturally induced) desires and objectives.

Study Objective

This study explores one undocumented area of this burgeoning business demographic, specifically its perceptions, attitudes, and participation in corporate social responsibility (CSR). It describes one element of the Hispanic business perspective, assesses the extent to which these businesses incorporate a framework for CSR, and evaluates whether they communicate core values of social responsibility with key publics using a U.S. model of giving as a basis. This study will also explore the notion of CSR from a cultural perspective and whether these organizations build relationships with stakeholders through socially responsible initiatives. In particular, the social behavior of these organizations has and will either integrate within the established systems or contribute a new dimension to current interpretations of CSR. For the purpose of this study, philanthropy is “the organization, methods, and principles of voluntary actions for public purposes.” (Payton, 1988, p. 260).

In addition to serving as a foundation for further research involving U.S. based Hispanic businesses, this study will contribute to ongoing research that explore the Latin American business within cultural, and economic constructs. These results will also confirm or reject specific nationalistic characteristics involving social responsibility in the region.

CHAPTER 2 LITERATURE REVIEW

This study of levels of participation in CSR initiatives among U.S. Hispanic-owned businesses demands a comprehensive understanding of specific social, cultural, business, and public relations research conducted to date. While the implications of research in each of these areas are individually significant, insight into the landscape derived from the combination of factors is central to this study. To this end, this literature review provides

- A comprehensive understanding of the current Hispanic demographic
- A broad understanding of elements of Hispanic social identity and individual and corporate beliefs and practices concerning philanthropy
- An explanation of the components and criteria used to gauge responsible corporate social responsibility
- A theoretical framework under which to conduct this study

An overview of these issues follows. Further, the term client is used throughout this document to indicate business to business and consumer publics served by the businesses interviewed.

The U.S. Latino/Hispanic Community

The U.S. Latino/Hispanic community is composed of persons from more than 20 countries in Latin America and the Caribbean, each with distinct cultural, social, and political traditions. These variations contribute to a demographic that is complicated to define beyond the common understanding that has evolved. The community is a group that is effectively bicultural, in other words aligned to elements of the U.S. cultural narrative and their original cultural identity. While the Hispanic identity includes several common social and cultural links, including a tendency towards vertical collectivism (i.e., high power distance or deference to/for authority [Trinidadis, 2002]) and shared geographic association. Sánchez and Zamora (1999) believe that the diverse realities, specifically “circumstances and experiences” represented by individual nationalities

present a leading obstacle to social advancement (p. 211). Recognizing the factors of likeness and dissimilarity among Hispanics is integral to this study, given its potential implication in business and philanthropy.

Current Status

Hispanics comprised the largest minority in the United States and approximately 14.9% of the total population, or 44.7 million people in 2005 (“From 200,” 2006). A majority of Hispanics (60%) were born in the United States with the remaining 40% foreign born (“Statistical portrait,” 2005). This statistic implies that, as natives of countries in Latin America, the Caribbean, or Spain, 40% of Hispanics living in the United States bring cultural understandings and perceptions external to traditional U.S. norms.

According to the Pew Hispanic Center’s Statistical Portrait of Hispanics at Mid-decade (2005), the greatest numbers of Hispanics are Mexican or of Mexican descent (63.9%) followed by Puerto Ricans (9.1%), Cubans (3.5%), Salvadorans (3%), and Dominicans (2.7%). The largest populations of Hispanics live in California, Texas, Florida, New York, Illinois, Arizona, and New Jersey (“Statistical portrait,” 2005). These states have Hispanic populations in excess of one million. Language, specifically English-speaking ability, continues to be a barrier with 46% of Hispanics over 18 reporting that they speak English less than well (“Statistical portrait,” 2005). Hispanic youth have the highest rates of high school dropouts in the country (Ramos & Kasper, 1999). The reported earnings of Hispanics show that 49.5% receive less than \$20,000 per year and 39.2% make from \$20,000 to \$49,999 per year, with median earnings reported at \$25,100 (“Statistical portrait,” 2005). The reality for the Hispanic demographic involves struggle in that poverty rates hover at more than 29%, a figure that is approximately 20% higher than for non-Hispanic white families (Ramos & Kaspar, 1999). These data indicate that while vast in

numbers, the Hispanic community continues to struggle in mastering the dominant language and achieving higher education.

Identity and Beliefs

Although the Hispanic condition is characterized by numerous nationalities, there are common elements that link this demographic. These shared beliefs center on the importance of family, religion, collectivism, warm sense of one-to-one interaction (or *personalismo*), pleasant interactions (or *simpatía*), and honor for hierarchical positions (Chong & Baez, 2005). Family, immediate and extended, is at the core of the Hispanic social system, representing the most valued social system for Hispanics. However religion and religious practices also hold prominence in the lives of Hispanics (Clutter & Nieto, 2004). There is a strong shared sense of identity among Hispanics, regardless of nationality, that forms the basis for the sense of community. The dominant identity and connection, however, is linked to the native country. The issue of multiculturalism and assimilation has been extensively studied, in particular with respect to Spanish language ability and cultural adaptation (Chong & Baez, 2005; Gutiérrez, 2005; Hernández-Truyol, 1998). Studies indicate that a degree of cultural adaptation occurs with immigrants, creating varying levels of cultural and linguistic variances and beliefs from either one culture or the other or a hybrid of the two.

Perspectives of Philanthropy

Hispanics at the individual level give generously to philanthropic concerns. This giving is characterized as informal and occurring between networks of family and friends to satisfy an immediate need (Abbe, 2000; Díaz, Jaladoni, Hammill, & Koob, 2001; Rivas-Vázquez, 1999; Wagner & Deck, 1999). This type of informal giving has occupied a role in Hispanic culture for more than 500 years (Ramos, 1999). This giving establishes the community as a primary social and economic support structure for assistance. Trust and personal connection are essential

elements in Hispanic giving (Abbe, 2000). Distrusting of organizations, Hispanics participate in informal philanthropy based on personal relationships instead of participating in the U.S. model of organized philanthropy (Rivas-Vázquez, 1999). For this reason, the level of informal giving is expected to be significant. In fact, many Hispanics are still closely connected to family and friends from their native countries, and remittances to these persons is often the principal area for giving (Anft, 2002; Pardoe, 2006). The National Council of La Raza estimated that remittances in 2004 totaled \$45.8 billion (“Reforming the,” 2005). Formal giving is also common to Hispanics with nearly 63% of Hispanic households contributed formally to charities in 1998 (Díaz et al., 2001).

In terms of the culturally attributable preferences for giving, Hispanics tend to focus on the group or community and not discuss negative aspects of life. However, U.S. citizens prefer to emphasize the individual and discuss both positive and negative issues. Further, benefits such as tax deduction are generally not perceived as benefits of giving for this demographic (Abbe, 2000; Rivas-Vázquez, 1999) and support for social betterment is a motivating factor.

Giving practices

Philanthropy is well integrated into the Hispanic culture (Arrom, 2005; Peinado-Vara, 2006; Sanborn, 2005), dating back more than 500 years. The tradition of giving is implicit in Hispanic culture, with customs varying by country. A common cultural theme is that of reciprocity and communities caring for themselves (Sanborn, 2005). Religion has served an important role in promoting philanthropy, given the dominance of the Roman Catholic Church since colonization (Arrom, 2005; Logsdon, Thomas, & van Buren, 2006; Sanborn, 2005).

Key attributes and motivators

Critical elements of this study involve the cultural, historical, and religious implications affecting Hispanic social responsibility. Cultural attributes stored in the community’s collective

unconscious drive Hispanic giving in ways that differentiate the giving preferences of this demographic from other racial groups. To this end, if a U.S. Hispanic model for giving and volunteering were to be developed, it would be characterized by integrating elements discussed in research and include the following attributes.

Informal. It is recognized that support for family, friends, and community generally forms a basis for giving. Hispanic giving is primarily informal and noninstitutional, occurring principally through social networks (Abbe, 2000; Díaz et al., 2001; Rivas-Vázquez, 1999; Wagner & Deck, 1999). Hispanics prefer giving informally as opposed to supporting organized philanthropy. Given this pattern of informal participation, Hispanic philanthropy is largely unmeasured (Rivas-Vázquez, 1999) and occurs extraneously to the nonprofit sector. A 2003 study of communication outreach by community foundations to Hispanic publics in Florida found that each of the organizations surveyed did not segment this demographic to solicit funds (Hall & Solaun, 2003). While grants and programs may assist Hispanics, organizations are not seeking to communicate with them, likely in part given the predisposition of this sector to exist in an informal philanthropic setting.

At the individual level this disconnect between organized philanthropy and Hispanic giving is known, but the prevalence to give informally in the business sector has not been studied. Recognizing the intrinsic nature of this variable, this study will explicitly consider cultural normative philanthropic behavior and its implication on Hispanic business owners in terms of level of adaptation of CSR initiatives.

Selective. Hispanics give primarily to churches, education, and personal contacts (friends and family and typically for children and the elderly) (Abbe, 2000; Diaz et al., 2001; Rivas-Vazquez, 1999; Wagner & Deck, 1999). A sense of connectedness to the gift is important to

Hispanics, such as support to organizations that serve their community (Rivas-Vazquez, 1999). This sense of connection is directly linked to the social characteristic of collectivism shared by Hispanics. Further, social scientists note that Hispanics tend to maintain their ethnic identity which results in “ethnic loyalty” (Padilla, 2006). This loyalty explains interest in Hispanic causes. Interestingly, Hispanics do not consider informal giving to family or friends as philanthropy (Wagner & Deck, 1999). As a core belief, this tradition of giving is understood as innate, widely accepted, and culturally and socially expected.

Personal and trust based. While Hispanics are distrusting of organizations, in general, and organized philanthropy, specifically, a sense of connection to the person requesting the assistance or funding and trust is essential to Hispanic giving. The importance of the personal contact cannot be overstated. The petitioner is more important to the potential Hispanic donor than the institution to which the funds will be appropriated (Abbe, 2000; Ramos, 2000; Rivas-Vázquez, 1999). Specifically, the sincerity of the person asking directly influences giving. Further, there must be trust for the person asking and this trust is based on an immediate personal connection (Wagner & Deck, 1999).

Corporate Social Responsibility

The U.S. corporate social responsibility landscape and its relationship building function has been well documented (David, Kline, & Dai, 2005; Hall, 2006; Yoon, Gurhan-Canli, & Schwarz, 2006). An overview of CSR, its elements, and the Latin American and minority perspectives on the subject follows.

Overview

CSR, defined by Carroll (1979), is the total economic and social responsibility (including regulatory and legal, moral, and philanthropic) of an organization, has become widely known and accepted as an integral component of the corporate landscape. Since the 1950s, corporate

philanthropy or corporate giving has become a *de facto* element of U.S. business operations. In fact, a study by KPMG International found that 52% of the world's 250 largest corporations filed separate reports on corporate responsibility in 2005 (Byrnes, 2005). Companies are now often evaluated in terms of their commitment to philanthropy (CRM, 2006), specifically local organizations (Wilson, 2005). Consumers expect it. There are social demands on companies to return their profits and invest in society (Daugherty, 2001). For this reason, organizations strategically align philanthropic programs with their business objectives (Epstein, 2005; Saia, Carroll, & Buchholtz, 2003; Kelly, 1991), often creating alliances with nonprofits (Austin, 2003). The most successful programs align these objectives to community needs (Bianchi, 2006). Supporting charitable causes has become an integral component of doing business (Himmelstein, 1997).

In integrating CSR into business systems and staying true to its framework, organizations fulfill an implicit cultural and social imperative of “giving back” while capitalizing on a variety of complementary benefits. These may include enhanced business performance through increased sales, improved employee retention, and stronger customer allegiance along with enhanced corporate image and reputation (Verschoor, 2006a; Wilson, 2005). Studies confirm that these and other tangible organizational benefits are derived from implementing CSR programs (Cone, 2002; Dowling, 2006). Burlingame and Young (1996) believe, in fact, that the social and economic elements are “inextricably linked” (p. xiii). Certainly, an organization’s support and commitment to social programs resonates favorably with consumers and becomes a mission- and value-driven strategic component in corporate planning. Moreover, given an increasingly visible social mandate, the business and consumer environments are asserting pressure on organizations to behave as positive corporate role models. The call is to support

efforts that promote diversity, sustain social and community values, and encourage social progress.

Early CSR and public relations studies showed that experiment participants responded most positively when exposed to socially responsible messages about a company (Reeves & Ferguson, 1980). More recent studies indicate that 75% of study respondents consider a corporation's social record when deciding whether or not to purchase its product or service and that more than three in four noted that they had selected companies based on corporate social performance (Saia et al., 2003).

A 2005 study of 350 chief executive officers concluded that business motivators are perceived as the leading benefits to organizational philanthropy (Preston, 2005). These motivators include attracting employees, establishing contacts with business colleagues, contributing to new contracts, and positive perception from clients. Epstein (2005) believes that showing support builds brand loyalty and that corporate philanthropy is equal parts business strategy and giving. In an increasingly competitive market, the ability of philanthropic programs to differentiate companies from competitors is another critical factor (Epstein, 2005).

U.S. citizens are most influenced by the cause the company promotes (42%) and employee volunteer time (31%) (Hamby, 1999). U.S. citizens also prioritize a wide disbursement of charitable dollars to have the most effect on a wide range of issues and develop a more positive opinion on companies who give to charities to help improve education (30%), programs supporting health and wellbeing (21%), and environmental causes (10%) (Hamby, 1999). A 2002 Cone Corporate Citizenship Study noted that 91% of 1,040 consumers surveyed would contemplate changing brands if they became aware of an organization's corporate misdeeds. There are, therefore, financial motivators for contributing to social issues. van Buren (1995) believes that an

organization's profitability is reliant on CSR and that organizations are "financially responsible" when engaging in programs that benefit communities (pp. 51–52). Beyond the social imperative, then, corporate responsibility has bottom-line implications.

Elements of Corporate Social Responsibility

CSR encompasses a comprehensive set of policies or initiatives, including corporate philanthropy, environmental sustainability, and organizational policies benefiting internal (i.e., employees) and external (i.e., social and economic factors) stakeholders, among others. There has been significant academic research in the area of corporate philanthropy, including business-related studies conducted by Carroll (1979; 1991; 1999); Buchholtz, Amason, and Rutherford (1999); Burke, Logsdon, Michtell, Reiner, and Vogel (1986); and Saiia, Carroll, and Buchholtz (2003). Public relations studies addressed CSR have been conducted by Daugherty (2001); Esrock and Leighty (1998; 1999; 2000); Ferguson, Popescu, and Collins (2006); Grunig (1979); and Lerbinger (1965; 1975), among others. Carroll (1979) attempted to provide a comprehensive model of social responsibility, suggesting that there are four groupings, specifically those that are economic, involve legal and/or regulatory issues, ethical elements, and discretionary responsibilities involved in the model. Later Carroll (1991) would clarify that the discretionary element of the model referred to philanthropy. His model links shareholders to the four areas.

A corporation's CSR program may be comprised of several essential elements tailored to satisfying internal and external stakeholders. A discussion of several primary elements of CSR assessed as part of this thesis follow.

Corporate volunteer programs

Corporate volunteer programs are creating a new synergy between business and social systems. Corporations who have heavily engaged in CSR programs have been able to considerably re-strengthen a weakened corporation's reputation (Byrnes, 2005). In addition, free

labor is replacing dollars as companies are now allowing employees to use paid work time to volunteer. Research is also demonstrating the effectiveness of expanding corporate volunteer programs, even showing increased rates of productivity (Korngold & Hosler-Voudouris, 1996) and a relationship between employee retention and recruiting and effective volunteer programs (Byrnes, 2005). Companies with successful volunteer programs seem to share several common elements; these programs specifically allow employees to select the organizations they support, they direct the programs, and the company visibly promotes the volunteerism (Yankey, 1996).

Research in the area of corporate volunteer programs also continues to evolve. New research has shown that corporate volunteer programs must be measured based on the effectiveness of the program, not simply the number of participants (“The marriage,” 2006). These programs will likely continue to be seen as an indicator of CSR, given the increased attention and now measurable outcomes.

Employee programs

A corporation’s fair and positive treatment of employees comprises a critical element of CSR. The component includes specific policies and procedures that support employee wellbeing. For instance, an organization may establish and routinely evaluate on-site health policies to protect workers from injury or perhaps lend financial support for employee physical fitness or weight loss programs. Demonstrating commitment to employees reflects favorably on organizations from a CSR perspective and corporations in other ways. For instance, employee satisfaction with an employer will increase retention rates. This will also result in increased pride, improved employee commitment to the office environment, and improved environmental and social stewardship (Maignan, Ferrell, & Hult, 1999). The return on investment is demonstrable and may lead to more stable, consistent management buy-in given the financial benefits.

A recent survey of U.S. business executives conducted by the Center for Corporate Citizenship, the U.S. Chamber of Commerce Center for Corporate Citizenship, and the Hitachi Foundation confirmed that corporate leaders recognize the importance of connecting with this key organizational stakeholder. The survey found that executives are strongly motivated to support and promote CSR efforts mostly by their employees and, likewise, responded that 98% of their employees value these activities (“The state of,” 2005).

Environmental programs

Environmental protection and sustainability comprise integral elements of CSR. Demonstrating organizational responsibility in terms of protecting natural resources and the environment is an essential element in a CSR portfolio. Beyond regulatory compliance, corporations foster sustainability initiatives in a variety of ways including supporting internal programs involving recycling, carpooling, reduced paper use, and energy efficiency activities that promote sustainability. There is a notable disparity in regulations outside of the U.S. Given the often inexistent or meager natural resource and environmental legislation and regulations at an international level, the International Finance Corporation (IFC) of the World Bank Group developed mandatory (environmental and social sustainability) requirements for funding recipients (“Environmental and social,” 2006). Many multinational organizations through the global adoption of CSR values and regardless of funding have adopted World Bank protocol as a measure of social responsibility. Further, specific sectors, such as the oil and gas and financial sectors (i.e., The Equator Principles) have developed protocols that mirror the IFC guidelines and specifically provide for resource protection.

Ethical codes

CSR and ethics are closely linked. The ethical values and policies of an organization are a direct reflection of its commitment to appropriate social norms and expected behavior for

institutions within our society. Further, demonstrating ethical behavior is increasingly considered an internal corporate requirement. A recent study showed that 94% of employees consider it essential that their companies behave ethically (Verschoor, 2006a). Six months prior to this study, a similar study found that 76% of employees felt this strongly about their employers actions (Verschoor, 2006a). This employee emphasis on ethics underscores the importance of having sound corporate values. Public relations scholars including Ferguson et al. (2006), Edgett (2002), Esrock and Leichty (1998), Leeper (1996), Bivins (1992), Pearson (1989), Wright (1985), and Reeves and Ferguson (1980) have explored the relationship between ethics and CSR, and its intersection with public relations.

Corporate Social Responsibility in Latin America

While research focusing on CSR within the U.S. Hispanic business context is nonexistent, a spate of recently published research and case studies involving CSR in Latin America provide a basis for its current understanding and application in the region (Paul et al., 2006; Araya, 2006; Sanborn, 2005; Portocarrero, 2005; Peinado-Vara, 2005; Agüero, 2005; Landim, 2005; Durand, 2005; Roitter & Camerlo, 2005; de la Maza, 2005; Letts, 2005; Puppim & Gardetti, 2006; Logdson, Thomas, & van Buren, 2006; Prieto-Carrón, 2006; Schmidheiny, 2006). While these studies form a basis for understanding CSR in the region, it is difficult if not impossible and inappropriate to generalize results for the region and, in some cases, to build consensus of broad indicators of the influences and trends involving CSR. Schmidheiny (2006) believes that the issue of defining CSR in the region is complicated not only by different cultures but by the lack of agreement on what defines CSR. An overview of CSR in Latin America as derived from these studies follows.

Past studies have shown that CSR is not highly developed in Latin America (Peinado-Vara, 2006; Paul et al., 2006). However, the rate of CSR is increasing in the region

(Schmidheiny, 2006), in part due to political and economic changes and the shifting nature of relationships between (weaker) governments and the (stronger) private sector (Agüero, 2005; Sanborn, 2005). The private sector fills the social needs that government cannot adequately address (Puppim, 2006). For instance, a study of organizations in Argentina, Brazil, Chile, Peru, and Colombia indicated that between 80 and 95% of organization support some type of philanthropy (Sanborn, 2005). A study conducted in Mexico showed that 10 of 75, or approximately 13%, of organizations surveyed showed some form of support for CSR, a figure far less than the aforementioned study (Paul et al., 2006). Support and coordination for philanthropy continues to be weak and insufficiently impacting society (Sanborn, 2005). Further, the most traditional form of philanthropy involves distributing food but this action does little to promote sustainability (Sanborn, 2005).

There is some disagreement about the role of multinationals and U.S. companies in the development of CSR in Latin America. Schmidheiny (2006) and Sanborn (2005) believe that these organizations were instrumental. Peinado-Vara (2006) furthers this notion and believes that most of the CSR initiatives occurring in the region today are supported by multinational firms. However, Logsdon et al. (2006) believe that this is a myth and that these organizations have done little to influence the sector, attributing credit instead to the nation's history and culture.

Furthering the concept that local issues and cultural values are driving CSR, researchers have noted with some consistency that the U.S. and international models of CSR are not entirely applicable to the Latin American context given that they fail to address prominent social issues in the region (Schmidheiny, 2006; Logsdon et al., 2006). Issues are perceived as entirely local and unrecognized by traditional CSR initiatives. For this reason, Schmidheiny (2006) and Logsdon et al. (2006) believe that there should be multiple models of CSR that are culture and

country specific. For instance, there are nuances specific to the Mexican CSR environment. Paul et al.'s (2006) study indicated that the personal preferences of founding families of businesses for philanthropy are directly linked to an organization's CSR participation. Further, engaging in activities deemed important by organizational founders may not be activities that are recognized by international standards for CSR (Paul et al., 2006). Continuing within this specific context, Paul et al.'s (2006) study found that there was little emphasis on CSR within the business community in Mexico while Logsdon et al. (2006) found that there is a cultural expectation for Mexican businesses to focus on employees and the community, given deficiencies in government and the public sector. The social and political context and history is the driver for CSR efforts (Logsdon et al., 2006). These studies suggest the importance of considering social, economic, and political paradigms when defining the CSR landscape in Latin America. Public relations research has demonstrated the importance of recognizing cultural differences and adopting measures appropriate to cultures (Botan, 1992; Gabriel & Taylor, 1999; Ithar, 2000; Molleda & Suárez, 2005). Further, organizations are known to coordinate directly with stakeholder groups and not through government or the nonprofit sector (Logsdon et al., 2006).

A recent survey of 1,300 small- and medium-sized firms based throughout Latin America noted that the primary organizational motivators are religion, employee morale, relationship building, and increase in profits (Vives, 2006). Religion is also noted by individual Hispanics in the United States as a key motivator for participating in philanthropy.

CSR is currently in a nascent but growing stage in Latin America. As with individual Hispanic philanthropy, corporate philanthropy is rooted in the Latin America tradition, particularly the Roman Catholic Church (Arrom, 2005; Puppim, 2006). An Inter-American Development Bank (IDB) report, *Corporate Social Responsibility in Latin America*, cites weak

institutional (governmental) capacity and corporate infrastructure and an adverse business environment as factors that impede the advancement of CSR (Peinado-Vara, 2006). However, studies by Sanborn (2005), Aguero (2005), Puppim (2006), and Logsdon et al. (2006) indicate that weak governments are the impetus for increased CSR. Peinado-Vara (2006) believes that formidable support by companies based in Latin America is essential to effectively contributing to the socioeconomic condition in those countries. Although the findings in the IDB report present an evolving and somewhat weak system of CSR, Sonia Avelar's (2001) study of corporate giving in Brazil found that corporations reported contributing \$1.5 billion to improvements in the social sector. This study confirms that there has been an increase in corporate giving, with 87% of 1,715 companies surveyed responding that they had contributed to social projects. Of these companies, 67% indicated employee volunteer participation, and 83% have collaborated with other organizations including nonprofits. These partnerships appear to be facilitating the growth of CSR in the region.

Brazilian consumers expect social responsibility from corporations. According to a public opinion survey conducted in 2000, approximately 51% of respondents penalized companies perceived to behave irresponsibly by verbally discussing their behavior with friends, family, and associates (Avelar, 2001). Another 30% showed their displeasure by refusing to purchase products produced by these companies (Avelar, 2001). This social expectation is increasing in the region.

US Minority Business Corporate Social Responsibility Research

Minority business support for philanthropy and other CSR elements is a relatively unstudied area. The following subsections capture research conducted to date.

Black-owned business studies

Edmondson and Carroll (1999) conducted the first and, to date, only study of CSR in large, Black-owned businesses as ranked by *Black Enterprise* magazine. Their survey findings indicate that Black-owned business owners commonly hire minorities as their way of contributing to their communities. A *Wall Street Journal* sponsored survey of Black entrepreneurs showed similar results with nearly 86% of Black business owners citing a strong responsibility to give back to their community (Carlson, 1992). Support for youth programs, charities directly supporting the Black community, and business advice to other minority businesses top the support offered by the organizations. The primary motivation for supporting social programs was cited as improving the immediate community in which they live and work, followed by good corporate responsibility. Support to churches was also cited among individual preferences of business owners. These studies indicate that religion and community support is a priority for Black-owned businesses, factors also prioritized among Hispanic individuals.

Hispanic business research

Research has been conducted on the organizational characteristics of Hispanic businesses (Medina, 2006; Palmaffy, 1998). There are, however, no definitive studies showing Hispanic business support of CSR initiatives. Himmelstein (1997) believes that the relationship of the organization to other organizations, and in a broader context its relationships with society, forms the basis for allocations to corporate giving programs. With this understanding, it would follow that Hispanic-owned businesses share a sense of corporate commitment to social causes given their relationship to other CSR supporting non-Hispanic organizations in the business environment. This research study seeks to address this issue.

Theoretical Framework

While there is no singular overarching CSR theory, scholars have applied existing public relations and social science theory to a variety of studies. The organizations studied in this thesis occupy a potent social role and responsibility in our culture. Given a corporation's prominence, Starck and Kruckberg (2001) suggest that society itself is the most essential public for organizations. Organizations are bound by the expectations of the stakeholder public. Theories and constructs involving stakeholders have been selected as the theoretical basis for this thesis.

Young and Burlingame (1996) believe that stakeholder theory provides the most complete model under which to evaluate corporate philanthropy because it considers several multidirectional pressures and influences, such as financial and social. It also incorporates several components of theories that could be applied to corporate philanthropy, including the bottom line orientation of the neoclassical model, the social considerations of the ethical model, and the potential for strategic giving to increase organizational power of the political model. For the purpose of this thesis, this model is applied to interviewee responses.

Pratt (2006) suggests that CSR has evolved to consist of four principal constructs: "returns on investment, trustee management, self-interest, and corporate social performance" (p. 254). The latter two constructs are particularly relevant to this study, as they directly address the organization's relationship with stakeholders. Self-interest suggests that companies should align their practices with that of stakeholders to continue to benefit from their support and to avoid the potential for increased regulation (Pratt, 2006). An organization's social performance, described as encompassing CSR, receptiveness, and the result of organization actions, also relates to the organization's responsibility to keep stakeholders sufficiently satisfied with an organization that they continue to promote it.

A corporation's ability to succeed involves maintaining publics satisfied with the services or products. Implicitly, stakeholders — whether employees, customers, investors, or activists — hold power over organizations and can impact an organization's policies and behavior. To this end, stakeholder's interests and values impact organizational activities, and in this study, involvement in CSR initiatives. Maignan et al. (1999) note that there are first order stakeholders that are directly involved with a corporation's activities and also secondary stakeholders that do not interact directly with the organization. Maignan, Hildebrand, and McAlister (2002) categorize an organization's stakeholders into four categories based on an earlier model, specifically legal, media, community, and organizational stakeholders. Corporations respond to stakeholders (and their expectations for social behavior) through CSR programs. For instance, philanthropy can facilitate an organization's relationship with its publics and helps to build positive long-term relationships. (Kelly, 1991). A recent study sponsored by the National Consumers League highlights the stakeholder-to-CSR connection and showed that consumers are more likely to support organizations that treat their employees well and that share common beliefs (Verschoor, 2006b). For this reason, Paul Argenti of the Tuck School of Business believes that "corporations must engage in a new level of dialogue that resonates with stakeholders' personal values" (Verschoor, 2006b, p. 22).

Scholars have applied stakeholder models to advance the understanding of CSR (Maignan et al., 1999; Maignan & Ferrel, 2004; Maignan, Ferrell, & Ferrell, 2005; Paul et al., 2006). Corporations operating under this theory are responsible to stakeholders instead of society at large, so that organizational actions are conducted in ways that provide the greatest maximum benefits (Maignan & Ralston, 2002). Further, recent studies involving CSR in Latin America have used this theory. Specifically, in a recent study gauging levels of social reporting conducted

by Mexican corporations, Paul et al. (2006) used stakeholder theory as a backdrop to the analysis. This research will also apply stakeholder theory and will also consider Galaskiewicz's (1979) conclusive research that certain stakeholders have more influence over others based on resources and political influence.

It will also be useful in this study to consider Carroll's (1979; 1991) construct which proposed four principal groupings involved in CSR activities, specifically those that are economic, ethical (including appropriate moral behavior), philanthropic, and involve legal and/or regulatory issues. This model links shareholders to each of the four areas and established stakeholder prominence early on in CSR scholarship.

CHAPTER 3 METHODOLOGY

Basis for Research Method Selection

The purpose of this research is to determine whether minority, here Hispanic, businesses promote and share a commitment to CSR as generally understood and accepted in the United States. Implicit also in this evaluation is to determine how these organizations conceptualize and interpret traditional concepts of CSR. Given the exploratory nature of this study and the need to derive data prior to undertaking a quantitative assessment, the qualitative research technique of conducting in-depth interviews was selected. This qualitative research technique provides extensive detail about a particular subject and allows the interviewee to further explore issues suggested by the respondent (Wimmer & Dominick, 2006; Lindlof & Taylor, 2002).

Public relations, business, and social science scholars have used in-depth interviews to research CSR. For instance, Besser (1998) conducted in-depth interviews of business owners to gauge levels of support for CSR in local communities; Khoury (1995) interviewed senior managers of large corporations to discuss investor influence on CSR; and Mohr, Webb, and Harris (2001) and Shamir (2005) conducted in-depth interviews to determine and evaluate levels of CSR in organizations. These studies, the information obtained, and the unexplored nature of this topic form the basis for selection of the interview technique for this thesis.

Interview Research Methodology

Research will follow the process defined by Kvale (1996) in conducting in-depth interviews. This process involves developing themes (or categories), designing the questions, conducting the interviews, transcribing the interview itself, analyzing the transcripts, verifying the data, and integrating the results into a report. Descriptions of these research steps follow.

Formulating the Research Question

The purpose of this study is to identify whether U.S.-based Hispanic-owned businesses share a corporate commitment to CSR. Given Hispanic individual's cultural predisposition to informal giving instead of supporting organized programs, is this cultural attribute incorporated as a business practice in Hispanic-owned organizations? To address this issue, the following research questions are proposed.

- RQ1: What CSR elements do U.S.-based Hispanic-owned businesses support?
- RQ2: What are the perceptions of U.S. Hispanic business owners vis-à-vis the application and implications of CSR in their businesses, and how do these perceptions impact corporate policy?
- RQ3: To what extent does the U.S. Hispanic business model promote building relationships with stakeholders and adopting CSR measures?

Categories of Questions

Based on the research questions, content categories were developed. In order to analyze and code for demonstrations of a commitment to CSR, interview categories that include the four components designated by Carroll (1979; 1991) as defining CSR activities and questions to test stakeholder theory were developed. A total of 17 questions were developed and organized in the following categories

- General CSR (five questions)
- Corporate philanthropy and volunteering (three questions)
- Environmental stewardship (two questions)
- Ethical and legal (three questions)
- Financial (one question)
- Stakeholder theory (two questions)

One additional closing question was also included that asked interviewees if there was any additional information related to CSR that they would like to discuss. Interviewees were also asked their countries of origin (or cultural background), the size of their organizations (by

revenue and employees), and the type of businesses that they operate (industry and ownership type). An opening question about their personal histories and a closing question were included.

The interview questions are presented in Appendix A.

Selected Sample, Locations, and Procedure

The sample frame for this thesis is based on a nonprobability sample of Hispanic businesses based on one of the following criteria: listing on the *Hispanic Business* magazine 2006 listing of the top 500 Hispanic business list, companies meeting the revenue threshold required for listing in the magazine, or companies considered industry and community leaders. The companies selected for study are based in Florida, Texas, or California. Fifteen interviews were conducted with owners or senior managers of the Hispanic businesses (five per state). A sample of interviewees diverse in their nationalities was selected, including owners from Mexico (N = 8), Cuba (N = 3), Ecuador (N = 1), Colombia (N = 1), Venezuela (N = 1), and Spain (N = 1). All five Texas-based CEOs were of Mexican descent and the majority (i.e., three interviewees) in Florida was Cuban. Hispanic business owners/CEOs were selected to not only ensure a diverse country of origin, but also representation of the sectors used to rank businesses by *Hispanic Business* magazine. A matrix listing the types of organizations by sector, location, and nationality of owners is presented in Appendix B. Industry and nationality were the primary drivers in interviewee selection. Five of the eight sectors were selected based on their size and growth, specifically automotive, construction, service, wholesale, and financial sectors were selected. The breakdown for interviews by sector follows: one from the automotive sector; six from the service sector; four from the construction sector; two from financial services; and two from wholesale industries. All organizations are privately held, a characteristic representative of most of the organizations listed in the *Hispanic Business* magazine list of top 500 companies. The sample includes three female and 12 male interviewees. Education levels of interviewees

varied from high school education through professional business and graduate school completion. It should be noted that there were no discernable patterns in responses based on education.

These informant interviews provide detailed information concerning the cultural implications and an understanding of the corporate behavior (Lindlof & Taylor, 2002). Interviews were conducted either by telephone (N = 5) or in person (N = 10) with business owners according to the preference or availability of the participants. The distribution of telephone interviews were two in each California and Florida and one in Texas. Twelve of the interviewees were men and three were women (one from each state).

Interview questioning protocol was followed. This standardized protocol involves arranging questions from general to specific, with personal or difficult questions included at the end of the interview (Bernard, 1988; Lindlof & Taylor, 2002). Interviews were developed according to the guidelines established by Lindlof & Taylor (2002) where the order and wording of questions is predetermined. In this way, while follow up questions based on the responses may occur, interviewees respond to nearly the same questions and reliability and credibility are maximized.

Method of Analysis and Verification

The recorded interviews were transcribed and appropriately “filed” or coded within the categories established after the interviews. Transcription occurred as interviews were completed, as suggested by Lindlof and Taylor (2002), to effectively manage the material (reducing the potential for overload), to maintain “fresh memory,” and to “alert to the conceptual trajectory of the study” during the study (pp. 219, 214). These categories represented themes or distinct information provided. The author also expected that some responses will include the CSR variables discussed in the literature review and subsets thereof. While some basic variables exist

within the context of the questions and within the categories established in the list of questions, other variables became evident once the transcribing was completed. In this way, common themes were identified among interviewee responses.

Total numbers were used to indicate number of respondents mentioning the same theme. Indicators of consensus among participants were noted. Where diverse views were present, a breakdown of the different responses was noted. Verbatim quotes were used to highlight particular points and areas of consensus or lack thereof. The data was interpreted with respect to stakeholder theory and the implications of research applied to the CSR landscape.

CHAPTER 4 FINDINGS

Interviewee responses form the basis for this study's findings. As such, types of responses provided and numbers attributed to each question are provided in this section. Section subheadings correspond to the categories of interview questions. Refer to the interview questions provided in Appendix A for a listing of the specific questions.

General Corporate Social Responsibility

There is a general understanding of the term CSR among interviewees. Twelve of the 15 interviewees indicated familiarity with the term and each described it as involving support for philanthropy. Three interviewees included non-philanthropy aspects of CSR in their descriptions. Of these, one specifically talked about environmental responsibility and two mentioned corporate governance. One California interviewee defined CSR as follows

It is a corporation's role in our society beyond doing business without compromising the bottom line. I am not saying that we need to give it all away but it is taking a place in a community to do better. It may be educating a child or contributing to the environment or what have you. It is some sort of acknowledgement or acceptance of responsibility within our global organization to make this better.

One Florida interviewee referred to CSR as an integral part of his organization. This owner said, "It is essential to have [a] social mission for a company in addition to a business mission. It is essential within a corporate structure to generate positive spirit for giving. It promotes corporate spirit."

Interestingly, one business owner who was unfamiliar with the term CSR offered descriptions of employee programs and environmental management systems that his firm has integrated into its policies. The implication is that knowledge of the formal term does not translate into participation per se, just as lack of understanding does not equate to an absence of such initiatives.

In terms of Hispanic business owner's perceptions of their responsibility to society, the notion of the need to give back is a personal one for most of these individuals. They cited personal stories of how they were helped along the way by those known and unknown to them.

One interviewee noted how his family supported him as follows

Most of the help that I got came from people who scratched their living out of the dirt. You know I remember when I went off to Yale and I was at the airport about to take off and my grandmother and mother were there. My grandmother gave me this box and it had a blanket in it. My grandmother picked walnuts for a living. She didn't even pick walnuts. She would go follow and pick up left over walnuts to get extra money for their eight kids. So she had this blanket and she said "I know it gets cold on the east coast so here's a blanket — it's my way of helping out."...I think people should be responsible for their own success but I realize that even those who are successful got a lot of help along the way...Now I am going to help as many people as I can so that I can do my part.

Interestingly, this interviewee said that there was a second motivation for helping and it involves the tremendous amount of goodwill with clients that it creates.

Interviewees recognized that their organizations have a responsibility beyond their business to give back because the community is, in large part, a factor in their success. One Florida owner said "You know I think we're a successful company and we owe that success in part for where we are whether it is supporting the university here or different projects within the community." In a sense, then, the community represents an important stakeholder group for these business owners. Many cited support from family as being integral to their success. The repayment for them is to help support Latino and sometimes non-Latino community causes. Further, the decision to participate as a business has emerged from an individual value to do so.

Interviewee's responses varied when asked about their organization's responsibility to society and their community. The majority (13 interviewees) said that they do have a responsibility in one form or another, whether it is to employees, clients, or human service organizations. The two dissenting interviewees felt very strongly about their responses, although one said that his organization is a significant contributor. One owner said

It's sad that it almost seems that society's trying to put some guilt trip on different organizations, business people and the rest, to say, hey, this is your obligation. Wrong. It's not an obligation. It's something that I think you have to feel. If you're doing it for other reasons, then you're doing it for the wrong reason. If you're not doing it because you feel like you need to help people, that you need to give back to your community, then you're not doing it for the right reason. You're not going to generate enthusiasm and that kind of program I don't think really works.

Positive responses centered along three themes: Hispanic owned businesses have a responsibility to give back to improve living conditions and future opportunity; support involves more than giving capital and includes giving time through volunteering; and these interviewees believe that their responsibility to serving clients is an integral part of their social responsibility. Religion was cited by two interviewees as the motivation for giving. Three interviewees suggested that there are some causes that are more important than other causes (i.e., those based on meeting essential living needs are more important than the arts) and that there is a right and wrong way to give (i.e., provide support because you believe you should or want to, not because there is societal pressure to do so).

The questions addressing Hispanic influences and perceptions of specific responsibility generated strong interest from interviewees. There was nearly unanimous agreement on the issue of levels of social responsibility among Hispanic versus non-Hispanic businesses. A majority (13 interviewees) said that all businesses share equal responsibility. One California owner said he believes, "They share an equal responsibility but there is a greater need." Another California interviewee said, "If I were to generalize, and this is a broad generalization, I would say that for Hispanic businesses there is a stronger conscience and a commitment to making a contribution than there is for non-Hispanic." One dissenting interviewee said that Hispanic businesses have a lesser responsibility until their level of capital and growth increases and the other dissenting interviewee believes that Hispanic businesses do bear a greater responsibility.

The question of cultural impact on giving drew some interesting and diverse responses. Two thirds of interviewees believe that their Hispanic culture affects their support for community programs. Four others, three of whom said that they prefer not to be affiliated with their nationality, said that it has no impact. Those that perceive a connection cited Latino custom of family relationship as an influence. This notion of family seems to translate into the workplace, as many interviewees said that they feel like their employees are part of their family. Interestingly, one interviewee said that the Hispanic culture has a negative impact on their ability to generate enthusiasm in some programs among Hispanic employees. For instance, it is challenging to inspire employees to support environmental or conservation programs because the cultural has historically not valued these types of initiatives. Therefore, the Hispanic culture affects giving and also lack of participation.

Informal giving resonated with the majority of interviewees, with 12 of them stating that they do give informally. Eight of those 12 said that they also give formally through established 501(c)(3)s. A Texas business owner says that he gives informally to employees every day, an action that has been part of the firm since the first day of operation. One California interviewee suggested that there is such a strong connection between Hispanics and informal giving because “Hispanics are likely in closer contact with need so it is logical to give informally.” Another Californian owner who gives informally believes that formal giving is essential for the image of the Hispanic community. The interviewee said

I think it is incumbent upon us to give formally and for people to know that we have money and that we are contributing to things that are important to us. Because when you and others do the research, you don't want to see that Hispanics aren't giving.

The connection between giving and positive image and giving to increase social value, pride, inclusion, and power of the Hispanic community was reflected in several of the interviews.

These business owners overwhelmingly support community activities (12 of 15 responded that they do provide financial backing to organizations) and approximately 50% of interviewees also give *pro bono* goods or services. Many of those that do not offer *pro bono* assistance mentioned that their industry (e.g., wholesale telecommunication equipment sales) does not lend itself towards this type of support. Business owners consistently stated that there are often personal reasons for giving to the organizations that they support but that there are others for which there are no personal motivations. Most give to programs that support children or education. One business owner in Texas mentioned that the company supports causes to help find cures and treatments for multiple sclerosis because of a family member with it. Others admit that their causes are somewhat self-serving, such as the engineering business owner who strongly supports math and science programs for kids. She is hoping to promote engineering as a profession to help alleviate the dire need for more engineers.

Finally, a majority of interviewees (N = 11) again encourage employees to volunteer. They do not steer employees towards specific charities and one owner said that he “does not keep score” of his employee’s efforts. Interestingly, one California owner said that “if they are interested in something, then the place for them is the board room.” He believes that they can best effect change there and he provides capital to support their participation. Five business owners allow employees to volunteer on company time, while one splits the time with the employees. In other words, more than half of those that encourage employees to volunteer pay for the employee’s time to do so.

Environmental Stewardship

Each of the business owners interviewed discussed the integral of employees to the success of their organizations. The majority of responses involved measures taken to promote employee health and safety, whether through reimbursement of deductible for health spending accounts,

gym membership reimbursements, or tuition reimbursement. Diversity and good pay were also cited by interviewees. Interestingly, larger company owners tended not to cite basic employer provided benefits (e.g., medical and dental insurance), while smaller organizations noted these, when available, as programs that promote employee well being. This implies that as companies grow, their attention to employee issues evolves.

The CEO of one large business in Texas explained

We have taken that beyond work but being safe for each other. As a Hispanic-owned company we have a diversity program as well. We really preach that safety awareness in the minority owned businesses that we use and we've gotten awards in that area. From the health area, we are always running some sort of program either on diet, nutrition, or taking care of yourself.

Safety programs and/or initiatives were mentioned by four interviewees of small and large organizations. One interviewee in Texas said

Safety on the job is a big deal for us. If you go to one of our job sites, you'll see that for our industry we are well ahead of the curve. We require hard hats and safety vests at all times; safety cones at the front and back of our truck at all times. We have monthly safety meetings. The whole job stops if I go to a site and someone isn't wearing a vest or hard hat. We have safety kits in trucks and fire extinguishers. We give cash awards for safety.

Interviewees were honest in their self assessments of measures to promote environmental sustainability. One-third of respondents said that they do not have programs that promote sustainability. One California interviewee said, "Your carbon footprint you mean. No it isn't part of our program unless if you sit still long enough in this office the lights will go off." The remaining two thirds cite some initiatives, including recycling, implementing efficient irrigation, automating processes to reduce paper waste, and using above ground storage tanks instead of underground storage tanks. Waste handling was cited by several owners. A Florida owner proposed a unique perspective on waste management. He said, "From the very beginning, I put fish in a pond because if I see the fish are dead then I will know that something is wrong. We

have worked very hard to keep the company clean.” There does appear to be a concern for the environment and measures at some level are being taken.

Ethical and Legal

The question of whether owners believe their organizations have a moral responsibility to society once again drew clear responses. Twelve of the interviewees unequivocally said that they believe their organizations have a responsibility to society. The perception that a large measure of this responsibility involves ethically managing their business also emerged. The three dissenting responses were from three individuals with differing countries of origin, each in different states. Of these three respondents, one Florida owner said that his responsibility is only to his employees, while a Texas owner said that he does not believe that his organization is morally bound but that he, personally, does have a moral responsibility. Religion was repeatedly cited in response to these questions. One California owner said “It goes back to my roots and in a belief in God and in my community. And whenever I see something that seems questionable to me I bring it up at the office and I’ll say ‘that’s not cool man.’ I think we have a responsibility to uphold standards and have ethics.”

While the questions about corporate accountability and reporting were designed to be two distinct questions, respondents seem to understand and answer them better when asked as one thought. Responses to the question about accountability was nearly equally divided, with nearly half, or seven, respondents saying that they manage their organizations with transparency and have open accounting systems, while six owners believe that there is little need for accountability given that they are the owners. Each of the organizations interviewed is privately held. Kelly (1998) said in those cases of private ownership, corporate giving emulates individual giving. The balance of responses tilted slightly in terms of corporate reporting, with the majority, (or eight interviewees) stating that they do not report. Certain business sectors, including the

financial sector and those businesses adhering to ISO standards, said that they conduct regular industry mandated reporting. In fact, three of the four businesses citing specific reporting referenced regulatory compliance as a motivating factor. They report because they must.

Financial Implications

Personal satisfaction and positive organizational image were most often cited as the key benefits to promoting CSR. Owners believe that the sense of giving back, helping the community, and effecting positive change results from giving. Parallel to that belief is one that a great deal of goodwill with the community and clients is generated by giving and participating. Several owners mentioned potential reciprocity. One Texas owner said

I can't say that in the private sector it brings you business because it does not. In the end you can give as much as you want and it really doesn't. In the public sector it may. The city and county are pretty fond of us. I can't say that it factors in the selection process but it might.

Another Texas business owner said that they had been awarded work after providing *pro bono* services but that it was not the initial motivator for offering the services.

Three individuals believe that the name recognition created is an invaluable benefit. Most of the respondents did not name a negative attribute to participating, other than three interviewees who said that having too many requests and limited funds to distribute is a negative. Only one owner expressed distrust of organization's ability to manage money; he also said that he did not financially support organizations.

Stakeholder Relationships

The questions concerning stakeholders were the most difficult for interviewees to answer. Many said that they had never thought about that question. Relationships with consumers or clients and employees were cited by all interviewees as the most important relationships to their companies. Eight owners believe that employees are the most important stakeholders while

seven believe that it is their clients. Those mentioning stakeholders often referred to their organizations as having a family atmosphere. Interestingly, each of the eight that most value employees indicated at some point in the interview that they give in some way to their employees, including the Florida respondent who generally prefers not to give. Three interviewees also mentioned employee's families as important stakeholders, behind employees and clients.

CHAPTER 5 DISCUSSION AND CONCLUSIONS

Research findings form a basis for discussion and conclusions. Interviews were coded for the themes discussed in this section. Additional comments and findings were also noted.

Discussion

Interview Response Themes

A sense of CSR has reached Hispanic business owners. Regardless of whether owners bring an understanding of CSR, in some way all of the interviewees support at least one of its elements. Beyond serving clients, owners recognize their role in helping improve communities in which they live and work. While perspectives varied among owners, several salient themes emerged from their comments. These overarching concepts involve the following

- Impact of identity – individual first, corporate philanthropist second; identification with Hispanic shared beliefs third
- Tendency to operate within a narrow definition of CSR
- Impact of cultural values
- Organizational notion of “community”
- Recognized social responsibility
- Connection between stakeholders and CSR

Impact of identity

Business owners represented themselves as individuals first, whose personal values drive them to help others. This confirms that, as noted in Kelly (1998), in those cases of private ownership, corporate giving emulates individual giving. While these owners believe that their organizations have a social responsibility, they believe that these stem from their individual beliefs not from social pressures to give. Further, the responsibility of their organizations is very closely linked to them as individuals. One Florida owner said

My husband and I are at an age where we feel like we need to give back. We keep getting and getting and feel like we need to give back. It is important for me personally.

There appears to be little separation between the two or a distinction on some level of the corporate aspect of responsibility. These business owners also showed that they exert command and control over all such activities. Even those with marketing and public relations staff mentioned that they receive calls for support and are ultimately responsible for deciding which programs or organizations to support. There appeared to be little delegation of decision making in this area. Further, their personal interest (sometimes family related) influence the human service organizations selected. Interestingly, none of those interviewed cited their own families as important stakeholders but as factors that influence their corporate philanthropy. This contradicts Stakeholder Theory.

Hispanic's strong shared sense of identity forms the basis for the sense of community. The shared beliefs identified by Chong and Baez (2005) were often noted by interviewees, including reference to family, religion, collectivism, and importance of personal connection and trust. Family, the core of the Hispanic social system, was mentioned by all 15 interviewees during the interviews. Many interviewees describe the support of their families as primary reasons for their success and desire to participate in philanthropy and note that their sibling or children work with them in their businesses. The lines between family and community become blurred in many of these businesses. Family is integrated into the work community and also the work community becomes part of an extended family. In this environment, running the business takes on an additional dynamic.

Narrow perspective of corporate social responsibility

While most interviewees provided a basic description of corporate responsibility, each one described it as providing support for human services. When specifically asked about other elements of CSR, several of the interviewees explained policies and/or programs but generally the understanding that social responsibility extends beyond philanthropy was initially absent.

There is a strong connection, however, between the sense of commitment to the community and actual support for causes. Further, the owners of larger businesses had more formal philanthropy programs. Two interviewees, in fact, had established and fund foundations. While the size of the organization related to whether there were formal programs in place, even smaller corporations seemed to support community causes, with 13 of 15 interviewees confirming financial support. The two non-giving interviewees said that they financially support employees.

Cultural influence on support

While responses to the question about the Hispanic cultural influence on giving were divided, those that said that it did not affect giving often later mentioned that they support elements traditionally valued in Hispanic culture, such as family and religion. In hindsight, this question should have provided more of an explanation or examples of potential cultural influence. In instances where I followed up those responses by asking if they considered those to be more important within a Hispanic context, interviewees unanimously said yes. Therefore, while it may not be a conscious influence, Hispanic tradition does factor into CSR activities, particularly giving. We know from research on individual Hispanic giving that philanthropy has been a cultural phenomenon for more than 500 years, and this research confirms that individual cultural aspects influence corporate behavior.

There was a connection between actual organizational giving and causes of known cultural relatedness. This confirms that much of the research conducted on individual Hispanic philanthropy transfers within a corporate setting among Hispanic business owners. For instance, there was a strong occurrence of informal (noninstitutional) giving even among those who do not support any other form of philanthropy. Owners were distinctly selective, another descriptor for individual Hispanic giving according to Abbe (2000), and give primarily to religious organizations, education and family causes including the elderly, and personal contacts. The

sense of connection that Rivas-Vázquez (1999) mention was important to interviewees, many of whom recalled how their own histories impact their giving motivation.

Perceptions of the organization as a community

Hispanic business owners perceive their employees and their work environment as a community – an immediate, interdependent, closed social system. Some used the term “family” to describe an atmosphere where employees, owners, and management care about one another. Others described their working environments as collaborative and interconnected and implied that there is a strong sense of community in their companies. In a sense, then, their companies are communities within communities. The traditional association, then, that Hispanics have with their community is transferred into a business setting.

Recognized social responsibility

Hispanic business owners overwhelmingly recognized their role in terms of community development. Three primary themes describe their beliefs: the notion that Hispanic owned businesses have a responsibility to give back to improve living conditions and create future opportunity; the idea that support involves more than giving capital and includes giving time through volunteering; and concept that serving clients is an integral part of their social mandate.

Connection between stakeholders and corporate social responsibility

The context of CSR in this study emerged as mostly involving philanthropy. The connection between the primary publics and corporate giving was inconsistently present. More often, unmentioned stakeholders, such as family, were cited as influences, instead of those publics mentioned in the stakeholder questions. Interestingly, the families of business owners were never mentioned as stakeholders by the interviewees. It should be noted that the question that asked about the organizations most important relationships elicited what Maignan et al. (1999) would likely order as first order stakeholders that are directly involved with the

company's activities. Further questioning would have been necessary to enumerate secondary stakeholders, so that a disconnect between may emerge depending on how the interviewees interpret the questions. This study is meant to be a benchmark. Further study in this area would clarify this issue.

Certainly, the notion that organizations are bound by the expectations of the stakeholder public emerged during the interviews as did the self-interest aspect of stakeholder theory. A Californian business owner said that his clients have come to expect his support for the community and that it is a big reason why they do it. One Texan owner also said that much of their support is self-motivated, as they are trying to increase available skilled labor for their industry. Clients were often mentioned as primary stakeholders and direct mention of their influence on corporate philanthropy was also often noted. In this context, stakeholder theory applies to this business demographic. Among other interviewees, however, the connection was tenuous, if existing.

Employees were also cited as primary stakeholders and many owners emphasized support for their staff. One owner in Florida and another in Texas said that their businesses' success is limited only by their ability to hire more staff, noting that they could bring in more work if they had more staff. Employees are their most valuable commodities. Likewise, much of the support that they mentioned related to support for employees. One Floridian owner pays for the cost of gym membership while a Californian owner allows employees to set their own work schedule.

Stakeholder theory contends that corporations are responsible to stakeholders instead of society at large (Maignan & Ralston, 2002). Many of the interviewees believe that their organizations have a broad responsibility to their community. Owners of specialized service companies (i.e., wholesalers) have little business connection with the local economy but

mentioned the importance of supporting programs for women and children in their communities. The link between corporate philanthropy and community is very strong.

Responses to Research Questions

Three research questions framed this study. Responses to each of these follow.

RQ1: What CSR elements do U.S.-based Hispanic-owned businesses support? Hispanic-owned businesses support corporate philanthropy and participation in volunteer activities. Philanthropy was most widely associated with CSR. Most owners (14 of 15) provide financial and in-kind support to organizations. Support for environmental stewardship and ethical and legal elements were also noted but with a lesser degree of frequency.

RQ2: What are the perceptions of U.S. Hispanic business owners vis-à-vis the application and implications of CSR in their businesses, and how do these perceptions impact corporate policy? The perception among business owners interviewed is that CSR nearly exclusively involves corporate giving. When asked questions about the other elements, however, certainly many interviewees mentioned supporting other elements. Most companies do not have formal policies established, other than those industries that are legally required to disclose environmental or financial compliance. All giving is authorized by the owners, with some delegation to public relations and marketing personnel. Certain policies, for instance involving paid volunteer time, have been developed. While several elements of CSR may be implemented by companies, owners do not necessarily relate this to the commonly understood notion of CSR. They may be doing it but they are not calling it so. Further, company size is not an indicator of support for CSR initiatives. Smaller companies often showed greater support than larger ones.

RQ3: To what extent does the U.S. Hispanic business model promote building relationships with stakeholders and adopting CSR measures?

The U.S. Hispanic businesses interviewed are committed to giving back to their communities. The cultural value of community translates to a corporate setting. Relationships with the community, an implicit stakeholder, are important to business owners. There seems to be a dual commitment to the community at large and to clients and employees. Whether there is an awareness of CSR, Hispanic businesses are adopting socially responsible measures.

Limitations and Future Research

An implicit limitation is the process of using interviews as a research method, in particular because of the influence of the interviewer and possible variance in interview style and manner of asking questions. The location of the samples selected is a limitation to this study. While CEOs based in the three states with the highest number of Hispanics were selected, adding owners based in other states would have resulted in a richer profile. For instance, New Mexico has the greatest overall proportion of Hispanics to the total population. Further, the states selected have high percentages of Hispanics from Mexico and Cuba. Adding other states with other Hispanic populations (e.g., Puerto Ricans in New York) would increase the diversity of the sample. Given the dearth of specialized research involving Hispanic businesses and their growth, many opportunities exist in this area. All of the CEOs interviewed expressed great interest in the research results and interest in providing more assistance. Longitudinal studies of these businesses from a communications, CSR, or public relations perspective may highlight the transition and integration of US cultural and business norms with their own Hispanic ones (noting the degree of business acculturation).

Conclusions

Hispanic Business in a Social Context

This initial qualitative study provides a basis for understanding Hispanic business owner's perspectives on CSR and offers answers to fundamental research questions. It also provides a

foundation for future Hispanic business research involving CSR and models for giving and volunteering. There appears to be a clear link between Hispanic cultural values and the direction and support for human services. CSR is perceived within a limited construct as “giving back,” whether financially or in-kind through time or services. Clearly both the US business constructs, such as formal giving, and cultural identifiers, role of family and community, are present in corporate policies. There is a connection between actual organizational giving and causes of known cultural relatedness. This confirms that much of the research conducted on individual Hispanic philanthropy transfers within a corporate setting among Hispanic business owners.

Implications for Practice and Education in Public Relations

Public relations practitioners should understand that Hispanics as business owners tend to show the same cultural characteristics and philanthropic behavior as Hispanic individuals. For this reason, campaigns with Hispanics as target publics should consider cultural values and incorporate tactics that recognize their implications. Further, methods of outreach and communication should recognize traditional issues of hierarchy and trust.

Charitable organizations should know that Hispanic-owned businesses are committed to supporting human services and are known contributors. They sponsor volunteerism and actively promote and financially support community development. Their beliefs in giving are firmly grounded in their culture and their support for communities is at the core of these beliefs. Efforts should be made to communicate directly with this sector, recognizing, of course, that informal giving is universally accepted by Hispanics and issues of transparency and impact will be important to highlight given issues of personal trust and connection in giving.

APPENDIX A
INTERVIEW QUESTIONS

Company Name _____ Location _____

Industry _____

Years in business _____

Number of employees _____ 2005 (or 2006) Revenue _____

Nationality of owner _____ Public/Private Held _____

Before talking about Corporate Social Responsibility in your company, could you tell me briefly about your role and responsibilities, and how you came to be in this position?

General Corporate Social Responsibility

- **Q1:** Are you familiar with the term corporate social responsibility (CSR)?
- **Q1.1** If yes, what does it mean to you?
- **Q1.2** If not provided in the answer, ask what does CSR encompass for your company?
- **Q1.3** If respondent asks for examples or for clarification, mention the areas of community relations, environment, employee relations, governance and accountability, reporting, supplier relations.
- **Q1.4** If no, explain that CSR encompasses several key areas including those mentioned in Q.1.3. Reask interviewee if the company supports any of these areas.
- **Q2:** What do you perceive as your organization's responsibility to society and community?
- **Q3:** Do you believe Hispanic businesses share equal, lesser, or greater social responsibility as non-Hispanic businesses? Please explain.
- **Q4:** Do you believe your Hispanic culture affects your company's support for social programs? If so, explain the aspects of the Hispanic culture and their effects.
- **Q5:** What are your beliefs about informal giving? Do you give informally? If needed, provide the following definition of "informal giving." Now I'm going to ask about Corporate Philanthropy.
- **Q6:** Does your company financially support community activities?
- **Q6.1** If yes, explain how corporate giving works?

- **Q6.2** How much did your organization give and to whom?
- **Q7:** Does your company give products (or do pro bono work)?
- **Q8:** Do you encourage employees to volunteer?
- **Q8.1** If yes, explain what types of volunteerism and why?
- **Q8.2** If yes, is the volunteering conducted on company or personal time?

Environmental Stewardship

- **Q9:** What policies or programs does your company support that promote employee wellbeing (safety, diversity, training, etc.)? Please explain.
- **Q10:** How does your company promote sustainability (i.e., do you encourage environmental responsibility in the workplace, etc.)?

Ethical and Legal

- **Q11:** Do you believe your organization has a moral responsibility to your community?.
- **Q12:** What measures for corporate accountability have been integrated into your organization?
- **Q13:** What type(s) of corporate reporting are regularly conducted?

Financial

- **Q14:** From a financial perspective, what are the key benefits and negative aspects involved in supporting community social programs, promoting environmentally conscious initiatives, and displaying ethical behavior?
- **Q14.1** Which of these factors is most important to you? Please explain.

Stakeholder Theory Questions

- **Q15:** Who are your most important stakeholders (the most important relationships for your company)?
- **Q16:** How would you rank them in order of importance and why?

Closing

- **Q17:** Is there anything else about the company and CSR that you would like to include and that my questions did not address?

APPENDIX B
MATRIX OF INTERVIEWEES

Table B-1. Industry representation, locations, and nationalities

Interviewee	Industry	State	Hispanic Link
TX1	Automotive	Texas	Mexico
TX2	Services (Computer/Networking)	Texas	Mexico
TX3	Construction	Texas	Mexico
TX4	Services (Engineering)	Texas	Mexico
TX5	Services (Landscaping)	Texas	Mexico
CA1	Financial Services	California	Mexico
CA2	Financial Services	California	Mexico
CA3	Construction	California	Colombia
CA4	Wholesale (Telecom distributor)	California	Mexico
CA5	Services (Public Relations/Communications)	California	Spain
FL1	Construction	Florida	Venezuela
FL2	Construction	Florida	Ecuador
FL3	Services (Computer/Software)	Florida	Cuba
FL4	Wholesale (Electrical Equipment)	Florida	Cuba
FL5	Services (Laboratory)	Florida	Cuba

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BIOGRAPHICAL SKETCH

Leticia Solaun has worked in consulting for the past 15 years. From 1992 to 1997, she was a contractor with the U.S. Agency for International Development of the Department of State working internationally and managing Indefinite Quantity Contracts involving environmental and natural resource management projects throughout Latin America, the Caribbean, the Middle East, and Africa. Since 1997, she has worked with CH2MHILL, Inc., an engineering and planning firm, based in Denver, Colorado. Her work includes proposal management, development of stakeholder engagement and public relations programs, evaluating social and economic impacts of development, technical writing and editing, and translation. She has been involved in a number of international environmental, social, and health impact assessments, serving as the lead social impact assessor and stakeholder engagement consultant.

She has worked extensively in north Africa and the Middle East. In 2005, she completed a large social impact assessment for Royal Dutch Shell in Qatar in anticipation of the construction of the largest onshore and offshore liquefied natural gas facility in the world. She designed and implemented the first social survey conducted in the country and developed a series of innovative impact mitigation measures for the program. This social impact assessment was regarded as the most comprehensive in the country's history and easily passed through the legislature despite several controversial issues. Recently, she developed five social impacts assessments and stakeholder consultation programs in Algeria for various multinational oil and gas producers. These assessments complied with IFC standards and Equator Principle protocols for impact assessment and meaningful consultation. Leticia holds a bachelor's degree in Spanish, with an area concentration in Arabic, and a master's degree in mass communication, specializing in public relations.