



# Culture of Responsible Labor in Salvadoran Sugar Production

## Strengthening Company Values at Grupo CASSA

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### About BSR

A leader in corporate responsibility since 1992, BSR works with its global network of more than 250 member companies to develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. With six offices in Asia, Europe, and North America, BSR uses its expertise in the environment, human rights, economic development, and governance and accountability to guide global companies toward creating a just and sustainable world. Visit [www.bsr.org](http://www.bsr.org) for more information.



### About FUNDEMÁS

Fundación Empresarial para la Acción Social (FUNDEMÁS) was founded in May 2000 by a group of farsighted Salvadoran businesspeople to contribute to El Salvador's sustainable economic and social development by promoting CSR culture, entrepreneurial behavior, and better-quality education countrywide. Visit [www.fundemas.org](http://www.fundemas.org) for more information.

### Executive Summary

Grupo CASSA and its production facilities, Central Izalco and Chaparrastique Sugar Mill, partnered with BSR and FUNDEMÁS to implement a project aimed at strengthening the company's corporate social responsibility (CSR) culture. CASSA already had a strong external CSR program in place; however, leaders wanted to implement a more strategic CSR program that permeates all levels of the company's operations. To meet the project's goal, BSR and FUNDEMÁS facilitated several workshops with a sample of employees that focused on redefining the company's existing values. Later, the workshop participants presented the new values along with recommended indicators to measure their implementation to the senior management team at CASSA. The company's senior team is currently finalizing plans to disseminate the new values among staff and measure their implementation.

Project participants reported immediate results: 1) increased awareness and understanding of CSR, company culture, and stakeholder interests, 2) improved communication between senior management and staff, and 3) enhanced company loyalty. In the long-term, it is anticipated that the project will contribute toward the development of company culture that is aligned with its CSR strategy, both internally and externally. However, the project's impact will depend on how well CASSA communicates the new values among staff and what kind of mechanisms it puts in place for measurement.

Several lessons learned from this project can be useful to other companies seeking to replicate this process. The CASSA project showed that it is critical to:

- » Obtain the support of the senior team before beginning the process.
- » Include as many departments of the company as possible.
- » Make use of external facilitators.
- » Communicate regularly with participants and company employees.
- » Ensure the senior team follows up and pushes the process forward.

### Opportunity

El Salvador is the smallest, most densely populated country in Central America with close to 7 million inhabitants.<sup>1</sup> Agriculture remains an important source of revenue for the country; in 2007 it comprised nearly 11 percent of El Salvador's GDP.<sup>2</sup> Coffee and sugar are its main exports, with sugar cane cultivation and sugar production jointly representing 2.3 percent of GDP.<sup>3</sup> The sugar industry is equally important for employment. The Asociación Azucarera de El Salvador

<sup>1</sup> El Salvador Country Profile 2008. Economist Intelligence Unit.

<sup>2</sup> El Salvador Country Profile 2008. Economist Intelligence Unit.

<sup>3</sup> Asociación Azucarera de El Salvador website.

## About CASSA

Established more than 45 years ago, CASSA is the largest sugar refinery in El Salvador. The company employs more than 17,000 people at its two mills, Central Izalco and Chaparrastique. In the 2007–2008 season CASSA produced more than 120,400 tons of raw sugar. Visit [www.grupocassa.com](http://www.grupocassa.com) for more information.



Aerial view of the Central Izalco refinery

“The DR-CAFTA Free Trade Agreement, which went into effect in 2006 in El Salvador, gives CASSA 33% of the country’s sugar quota.”  
—from the CASSA website

(AAES) estimates that 3 percent of the country’s total population is directly or indirectly employed in the industry.

The largest company operating in the industry is the Compañía Azucarera Salvadoreña (CASSA), which owns two of the country’s six processing mills, Central Izalco and the recently acquired Chaparrastique. The company has more than 45 years of experience producing sugar and sugar-derived products and employs more than 17,000 people directly. Over the last few years, CASSA has developed a strong CSR program, which focuses on creating a better working environment for employees, as well as reducing the company’s environmental impact.

Despite the success of these efforts, CASSA leaders continue to face the challenge of creating and implementing a holistic CSR strategy that permeates all levels of the company and interactions with all its stakeholders. Mr. Tomas Regalado, member of CASSA’s Board of Directors, explains that the company wants to create a company culture where “all employees are disseminators of the company’s values and CSR practices.” With this in mind, BSR and local partner FUNDEMAS designed and facilitated a three-part workshop with two key goals: 1) to redefine the company’s values and 2) to create a system to measure the relevance of these values for staff.

## Strategy

In initial interviews with BSR and FUNDEMAS, company leaders expressed their vision to make CASSA a CSR leader in the sugar industry and in the country. They also acknowledged that to implement a sustainable CSR strategy, all employees must feel connected to and valued by the company. Previous experiences at other companies have shown that one way to develop a strong sense of connection between employees and companies is by including staff in strategic planning decisions, for example, by discussing company values with staff.

Initial interviews with CASSA staff showed that employees were not aware of CASSA’s nine values. Additionally, they did not feel that these values reflected the company’s culture. One respondent stated that “the values are too general” and “are not well communicated among staff.” Another worker commented that “the link between the company values and staff members is missing.”

Presented with this challenge, BSR and FUNDEMAS proposed facilitating a series of workshops to redefine the company’s existing values and to discuss how to disseminate and measure the newly formulated values. The BSR proposal called for a bottom-up and inclusive approach, which would be led by a group of mid-level employees from various departments within the company. Middle managers were specifically chosen as key stakeholders to disseminate the message because they are able to directly communicate the new values to workers and also ensure follow-through and implementation.

To ensure the sustainability of the revised values, BSR confirmed the buy-in of CASSA’s senior management team prior to beginning the project. Additionally, senior management participated in the last part of the process, in which they approved the new values and agreed to next steps for implementation.

“CASSA understands that CSR is a commitment that the whole company must make. We make an effort to contribute to improve the livelihood of our employees, their families, and the community. Likewise, CASSA also focuses on environmental protection and conservation.”

—from the CASSA website

The company has also developed environmental and social metrics that it uses to measure its CSR practices, including:

Emissions

Waste water recycling

Energy use

Worker safety

Professional development

Community health and education

## Implementation

BSR and FUNDEMAS facilitated a three-part workshop, which was carried out at an off-site location over the course of three months. The first and second sessions, which lasted eight hours each, were held in August and September and were attended by 30 mid-level staff members. Participants for sessions one and two were chosen by CASSA’s CSR committee, based on the desire to have diverse representation of functional areas and of levels of awareness and support of CSR. Effort was made to include as many departments as possible and to include staff with direct supervisory roles. The last session, which lasted four hours, was held in October and was attended by 23 members of the senior management team.

In the first two workshops, staff defined the company’s main stakeholders and the values they expect from the company. These values were narrowed down to the six most important, which are now CASSA’s new values. Three weeks later, the same participants discussed and defined actions that reflect the identified values. Based on these behaviors, the group developed indicators that CASSA could use to measure how well values are being put into practice. For example, participants suggested adding questions related to values to existing staff surveys and including similar questions in yearly performance reviews. More specifically, participants outlined possible indicators for each of the six new values (such as the number of new projects developed as an indicator of innovation).

In the last workshop, BSR and FUNDEMAS presented the proposed values and the draft measurement plan to the company’s senior management team. Subsequently, the group proposed ways these values could be disseminated among staff and reviewed the draft measurement plan. At the time of writing, CASSA’s management team was still finalizing the plan.

## Results

### SHORT-TERM RESULTS

All workshop participants who were interviewed agreed that their involvement in the project had been a positive and educational experience. One person exclaimed that the whole process was a “phenomenal tool” for CASSA. Overall, the short-term outputs observed in participants fall into three broad categories:

- 1 Increased awareness of CSR.** Many of the participants explained that their involvement in the process gave them a clearer understanding of CASSA’s mission and its internal and external stakeholders, such as clients, nearby communities, and the local government. This complete picture clarified what the company’s values and CSR strategy need to reflect. Several individuals mentioned that they had never before contemplated what each of the stakeholders expected of the company; moreover, they had never thought of themselves as stakeholders. Carlos Consani, Chief of Electrical Maintenance at Central Izalco, explained that the workshops helped him see that “as a stakeholder he has the right to demand a good working environment, but also the responsibility to provide this environment for others.”
- 2 Improved communication.** The project also helped to increase and improve communication between senior management and mid-level staff. Prior to the project, several senior staff thought that the existing values and CSR strategy were clear to all employees. The workshops helped them understand where the gaps and challenges lie. For example, Antonio Lopez, Agricultural Director for Chaparrastique, “realized that the existing values were not reaching everyone.” On the flip side, the project allowed mid-level staff to realize how committed CASSA’s management team is to CSR. Several staff admitted that they had been skeptical in the beginning, thinking that the

process “was like a play with an end that had already been decided.” But as the process unfolded, these staff changed their minds and appreciated the trust that they were given.

- 3 **Enhanced company loyalty.** Many workshop participants feel a “deeper connection” to CASSA as well as a “stronger sense of belonging” after being involved in the process. The bottom-up approach that was used empowered employees. Alejandro Duque, Director of Administration at CASSA, explained that “everyone is responsible for creating an excellent business culture at CASSA with strong values.”

Before this project, strategic decisions at CASSA relating to company culture and values had traditionally been made only on the executive level. Although several interviewed staff members acknowledged having initial doubts about the bottom-up approach used by BSR and FUNDEMAS, workshop evaluation forms demonstrate that the methodology was successful. One workshop attendee explained that she had had “serious doubts about the approach”; however, she “now sees the importance of having the buy-in of both senior staff and mid-level managers.”

### ANTICIPATED LONG-TERM OUTCOMES

The long-term impact on company culture and competitiveness will depend in large part on how well the new values are communicated and disseminated among staff. Also, the long-term effects will only be measurable if CASSA implements the measurement system.

CASSA anticipates developing a communication plan that reflects and reinforces the new values with its entire workforce. Additionally, the company will work with the Human Resources team to incorporate these values into company policies and procedures.

Several workshop attendees have already begun to incorporate the new values into their team meetings. For example, Mr. Consani explained that he now regularly encourages his team members to propose new ideas for simplifying and streamlining processes. Plus he stresses that innovation (one of the new values) is important not only in his department but also for CASSA.

In the long-term, Tomas Regalado, member of CASSA’s Board of Directors, hopes that “all employees will feel engaged and empowered, like they can make a real difference through their work.” The company expects the following outcomes as the new values permeate the company culture and enhance its reputation:

- » Improved staff satisfaction
- » Increased staff retention
- » More proactive dialogue among stakeholders, such as workers, unions, and management
- » Enhanced relationships with clients and communities

### LESSONS LEARNED AND USEFUL TIPS

Everyone interviewed for this case study recommended replicating this project with other companies. Participants made a number of suggestions to ensure success:

- 1 **Obtain the support of the senior team before beginning the process.** The CASSA project would not have worked had it not begun with the complete buy-in of senior staff.



Carlos Consani, Chief of Electrical Maintenance, CASSA

### CASSA’s new values:

Innovation

Discipline

Responsibility

Honesty

Loyalty

Respect

- 2 **Include as many departments of the company as possible.** The mix of departments present at the workshops was critical to the project's success. The new values take into account each area's unique perspectives. Identify and include the specific roles in each department that need to be involved to ensure that the message is transmitted to all workers.
- 3 **Make use of external facilitators.** Having a respected outside group or groups (in this case BSR and FUNDEMAS) facilitate the process added credibility and a sense of fairness that an internal team might not have achieved.
- 4 **Communicate regularly with participants and company employees.** It is critical to keep all employees informed on the process and its goals.
- 5 **Ensure that the senior team follows-up and pushes the process forward.** It is vital for the senior management team to maintain momentum and agree to concrete next steps, such as final dissemination and measurement plans.

### About the DR-CAFTA Project

This case was made possible by a grant from the U.S. Department of State to BSR for its "DR-CAFTA Responsible Competitiveness Project." The project works with producers, labor, government, and international buyers to promote responsible labor practices in countries of the Dominican Republic-Central America-United States Free Trade Agreement (DR-CAFTA). For more information, visit [www.drcafta.bsr.org](http://www.drcafta.bsr.org).