

## EXPANDED ABSTRACT

### **Social, economic and environmental initiatives: impact on the opinion of the membership base of a credit cooperative in Costa Rica**

The present study aims to measure the impact of a range of social, environmental and economic initiatives on the opinion of the membership base of CoopeAnde N°1 R.L, as well as the members' perception and assessment of socio-economic and environmental issues. The pursuit of this general objective is based on fieldwork conducted at national level between the months of December 2013 and February 2014, with a total sample of 2223 cases. Overall, the study provides empirical evidence on the relevance of CSR actions in the perception of the membership base. Additionally, the results reflect the relevance of a strategic and cross-cutting approach to CSR in the organization.

The Costa Rican cooperative movement began early in the nineteenth century, with its first expressions pursuing the satisfaction of the needs of farm workers. In 1943, when 23 cooperative enterprises were already in existence, the first legislation for the sector was adopted. Currently there are 594 adult and school cooperatives and 887,335 people associated with them. According to the latest National Census of Cooperatives (Instituto Nacional de Fomento Cooperativo - INFOCOOP, 2012), 22.2% of Costa Rican cooperatives belong to the finance and insurance sector, which top the ranking of cooperatives by main economic activity. They include CoopeAnde N°1 R.L, the focus of this research.

CoopeAnde N°1 R.L is a cooperative that was founded in 1965 with the aim of providing a financial solution for people related to the education sector. It started business and built its capital base with 160 members. Currently, it has 57,000 members nationwide and is the leading cooperative in its sector. In 2002, CoopenAnde N°1 R.L began establishing branches and decentralizing its services. Currently it has 21 branches around the country. Since the reform of the Organic Law of the Central Bank of Costa Rica (BCCR) in 1995, CoopenAnde N°1 R.L is audited and supervised by the Superintendent of Financial Institutions (SUGEF) under the same prudential regulation scheme as for banks in Costa Rica. In addition, it is governed by the Law of Cooperative Associations, Regulatory Law for Financial Intermediation Cooperative Organizations, Organic Law of the Central Bank, regulations of the National Council of Financial System Supervision (CONASSIF) and the Labour Code, all of which provide backup and security to the members by allowing them to verify the strength and stability of the institution.

In recent years, CoopeAnde N°1 R.L has been seeking to adapt to a new context of increasingly complex financial markets through diverse social, economic and environmental initiatives. The general result of this process has been the presence of multiple actions targeting different stakeholders, although there is a lack of coordination among them as well as of a strategic focus. Aware of this situation, the cooperative decided to undertake an integral strategic Corporate Social Responsibility - CSR process. As part of that process, it was important to measure the impact of a range of social, environmental and economic initiatives on the opinion of its members, as well as their perception and assessment of socioeconomic and environmental issues. The results of this measurement would allow the cooperative to confirm to what extent it is promoting actions that are relevant to the needs of its membership base, as a definitive stakeholder (Mitchell et al, 1997). Such results are important for different reasons. Primarily, as stated above, so that the cooperative may identify those actions that meet the needs of its members. Additionally, because the cooperative will assign its resources and capabilities strategically to the highest priority actions. Moreover, the cooperative may identify different strategies according to the needs of the local community where its offices are located. Last but no less important than the above is so that the cooperative may know its members' perception of its CSR trajectory.

The different scenarios in which economic and financial evolution is taking place are highly complex. In consequence, multiple stakeholders generate a variety of interrelationships with each other, which, in turn, affect the enterprise-stakeholders-CSR links. Note also both that the scope and importance of CSR itself have gradually evolved and that CSR has particular peculiarities in the cooperative sector. The importance of CoopeAnde N°1 R.L in the local cooperative movement and its presence around the country constitute important practical motives for this research. Equally important, several major gaps in the scientific literature related to the socioeconomic impact of cooperatives have come to light. Given the practical interest aroused by CoopeAnde N°1 R.L as well as the weaknesses in the literature, this paper addresses the following main research objective: to measure the impact of a range of social, environmental and economic initiatives on the opinion of the membership base, as well as the members' perception and assessment of socio-economic and environmental issues.

The main objective was pursued on the basis of fieldwork conducted at national level between the months of December 2013 and February 2014, with a total sample of 2223 cases. The population is the membership base. It was segmented into mutually exclusive sub-groups, according to stratified sampling, based on 11 branches. The data collection tool was a semi-structured questionnaire with 17 open and closed questions. In order to lay the foundations for the analysis, the paper examines the following: specific elements of the local cooperative movement and overview of the financial sector, as well as Corporate Social Responsibility, its definitions for conventional firms and cooperative firms, and its relationship to business strategy.

The paper concludes by providing empirical evidence on the relevance of CSR actions in the perception of the membership base. Additionally, the results reflect the importance of a strategic and cross-cutting approach to CSR in the organization. In other words, multiple actions have been taken in each branch, focusing on different stakeholders. However, particularly in the social dimension, 5 out of 10 members claimed not to know the social projects of the cooperative. This was despite having found that the attributes of this dimension are those they most value.

The paper fulfils its main objective, but also identifies certain limitations, in particular related to sample size for the statistical analysis of demographic variables. These limitations and other questions that emerged during the study combine to suggest interesting directions for future research.

**KEY WORDS:** Impact, perception, evaluation, reputation, Costa Rica, cooperatives, CoopeAnde N°1 R.L.