

Social Responsibility and the Technology Paradigm in Latin America

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INTRODUCTION

In Latin America, regional as well as multilateral integration schemes have a predominant role within integration agreements. A representation of this includes MERCOSUR: Brazil, Argentina, Uruguay and Paraguay. The Andean Community of Nations (CAN) is composed of Bolivia, Ecuador, Colombia, Peru, and Venezuela and the Group of Three (G3): Colombia, Mexico, and Venezuela. Another regional pact is the CARICOM, composed of English speaking countries within the Caribbean Basin. These organizations have the intent to establish, among other components, free trade areas, customs unions, common markets, and economic unions; all covenants that, in the future, may evolve into a political union (S.C.A. et al., 1998).

Under the scheme of regional integration, a high flow of goods, services, and investments between countries will be originated primarily under the format of foreign direct investments (FDIs). From the economic perspective, the outcome is trade and, therefore, stimulus to economic growth. By the year 2000, Latin America's regional agreements CAN and MERCOSUR, without considering other regional pacts with Chile, had a potential market of 310 million consumers (UN-CEPAL, 1999a). Chile's contribution alone is 15.2 million potential customers. It should be emphasized that the CAN countries will have, by the period 2000-2005, an average increase in population rate of 17.98 per thousand, while MERCOSUR will have 13.96 and Chile 11.8 per thousand increases respectively (UN-CEPAL, 1999b).

The research literature concurs on the importance of technology as main factor embedded in the productivity equation. The "digital gap" between developed countries (DC) and the less developed ones (LDC) is greater than the one built by economic indicators such as productivity; and socio-economic ones like "standard of living". In March 2000, the number of users on the Internet was approximately 304 million. The United States of America and Canada have 45%, Europe 27%, the Asia-Pacific region 23%, and Africa and the Middle East 1.5%. Latin America and the Caribbean hold 8% of the world population, but only 3.5% of Internet users and less than 1% of the global e-commerce, but at the same time the growth

rate has been the highest in the world, and the number of users was 14-fold within the 1995 to 1999 period (UIT, 2000).

The literature emphasized the growth of e-commerce in the decade of the 90s that has occurred by improvement of computer-based power and convergence taking place with telecommunications. Nevertheless, there are other factors associated with the developments that include, but are not limited to, the role and social responsibilities of the public and private sectors in driving and sustaining infrastructure development. E-commerce has shown a rapid development in Latin America. Brazil reached 4 million users in 1999. This represents 50% of the interconnected population - Argentina 12%, and Chile 4%. It is necessary to emphasize the fact that 80% of electronic commerce is realized within six realms: supermarkets, books, hardware and software, electronic equipment, music, and financial services (UN-CEPAL, 2000b).

Another "gap" present in Latin America that has a great repercussion on the digital economy is the one that could be defined by its components: socio-economics and technology. Further, there is an uneven distribution of wealth between countries, and within them. A large price differential regarding telecommunications cost and coverage exists. The governments of the region have accomplished basic strides so the mass population will have access to the Internet. Peru has created The Peruvian Scientific Network, known by its Spanish abbreviation, RCP. The network is composed of 1,000 public centers that provide service to 40% of the network. In Argentina, the program *argentina@internet.todos* has approximately 1,000 tele-centers located in low income and remote areas (UIT, 2000).

The position of the Latin American countries within the framework of a knowledge-based society could be described as a transitional one. To acquire the objective of one, state intervention through laws and regulations, and furthermore, private and public actions will be essential in view of the peculiar contrasts in the region. It will be wearisome to expect the market forces alone to furnish the needed mechanisms. Also, the implementation of adequate legal framework that determines the rules and regulations, not only for the suppliers of services, but to compensate power concentration generated by the tech-

nology in the hands of the industrialized countries and multinational enterprise (MNE) are imperative (Katz & Ventura-Dias, 2000).

The literature concurs that computer information systems is a function of various parameters, and among them, the ones that could be identified as related to communication and diffusion are: cost of telephone service, and the structure and behavior of the market that compose the Internet services. There are least five relevant parameters in the market of information transmission that will be identifiable, which contribute to shape the Internet: 1) the carriers, 2) the access providers, 3) the service providers, 4) the content providers and 5) the end users. These schemes generate conflict and competition. International firms cover the first two levels; meanwhile, the rest are national enterprises within country members of regional or multilateral agreements (UN-CEPAL, 2000b).

BACKGROUND

In the last decade, the telecommunication sector in Latin America has grown enormously. Privatization and the development of new technologies have performed a critical role in this process. During the decade of the 90s, 2/3 of the countries of the region totally or partially privatized the telecommunication domain. At the same time, the arrival of new technologies such as cellular telephones and cable television has generated substantial changes in the sector. The case of Venezuela and Paraguay deserves special attention due to the fact that there are more cell phones than conventional ones (UIT, 2000).

In Latin America only 1/3 of all homes have telephone service. The growth and covertures of the telecommunication sector are functions of the regulatory framework in which they are developed. In many cases, monopolies have been created. Other good indicators of improvement in the sector are the digitalization of the telephone systems, an increase in the number of public telephones, and the improvement of repair time (UIT, 2000). Social factors have to be taken in consideration regarding the infrastructure of telecommunications; 25% of the region population lives on an income of \$1 a day. The access to the Internet services in absolute terms is less than the U.S., although it is prohibited to the great majority of the population due to poverty. Government involvement could provide a solution to the problem of subsidizing services and the necessary hardware and software (UN-CEPAL, 2000b). A notion exists that the Internet revolution would narrow the gap between the world's rich and poor. The evidence shows that the opposite could happen and many developing countries are located on the wrong side of a widening knowledge gap if they do not act almost immediately. The DCs use different approaches to deal with the digital

divide. The U.S. approach comes out of the "trade vector" because U.S. firms have large investments in the New Economy. They aggressively seek market expansions. The "state vector" represented by European firms emphasizes the state responsibility and sustainable development. The northern hemisphere countries', "donor states," approach is to find the best way to penetrate foreign markets and use their investments in the most cost-effective mode. The southern hemisphere countries, "host states," are concerned with how to attract investments that could generate growth and therefore jobs and wealth that will assist in the struggle to reduce social inequities (Conhaim, 2001).

Across the literature, authors agree on a definition of social responsibility as moral obligation of business organizations to seek goals that will provide common good for the communities that are beyond those required by business itself. According to Adams (2000), the business' main responsibility is the shareholders concern; therefore, society should not expect large investment or involvement within the communities where they function. Also, the author stated that business organizations look forward for the government to provide and maintain the necessary infrastructure for them to operate. Epstein (1998) confirmed that corporations are institutions that exist to fulfill societal purpose and the common good of the community is the underlying principle for their continued existence. The author defined corporate social policy process (CSPP) as a concept to provide the tools and operational framework to assist business managers in the consideration of social policies in the decision-making process. The foundation of CSPP is the internalization within business organizations' key elements from business ethics, corporate social responsibility and corporate social responsiveness (Epstein, 1998). The latter eliminates a vacuum in the decision-making process that could have as a result the instance that the literature recognized as "bounded rationality," which is the "good enough solution" for a particular problem.

Brazil has the privilege to count within its information technology assets The Committee for Democracy in Information Technology (CDI). This not-for-profit organization has as its goal to reduce the digital gap affecting individuals of low-income communities not only in the country but also throughout the world. In addition to bringing information technology (IT) to the less privileged, CDI promotes notions of human rights, literacy, ecology, health, and non-violence, among other important social teachings that will help to cover the social responsibility vacuum created by the lack of involvement of domestic businesses, MNEs, and public and private institutions. Currently, Brazil has 19 regional CDI centers with 311 schools of information technology and citizenship. Internationally, CDI operates 25 centers located in

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