Editorial

http://dx.doi.org/10.14718/revfinanzpolitecon.2015.7.1.1

*Joan Miguel Tejedor Estupiñán**

Corporate social responsibility and its contribution to the economy

At the dawn of capitalism, people believed that the economy was controlled by the market, and that an "invisible hand" balanced supply and demand. It was therefore necessary to avoid government intervention. Businesses attempted to reduce costs as much as possible through long working hours, and by using women and children as cheap labor. It was from this context that social movements emerged to establish workers' rights (Herrera, 2007).

After the Second World War, strong and sustained economic growth had a positive effect on workers' welfare; however, with the advent of neoliberalism, limits have once again been placed on government intervention while workers' rights and, more broadly, human rights are violated. Globalization of the economy has seen greater inequality and poverty, and working relationships have become more precarious. While multinational corporations and the World Bank promote Free Trade Agreements, countries are expected to regulate their own labor markets, as ratified by agreements signed between the United States and Mexico, Chile, Peru, Jordan, Morocco and Colombia (Herrera, 2007).

Equally important is the severe impact on the environment caused by the aggressive exploitation of natural resources. This has led to agreements such as the Kyoto Protocol, which calls on world powers such as China and the United States to take responsibility for the planet. Based on these initiatives, civil society has reasserted its right to protest through non-government organizations (NGOs) that have put these issues on the agenda with multilateral institutions such as the International Monetary Fund, the World Trade Organization, and the World Bank. In response, multinational corporations, creditor banks, and international financial organizations have begun to formulate proposals and implement policies that commit them to what is now commonly referred to as corporate social responsibility (CSR) (Herrera, 2007).

One question currently being asked is why businesses proclaim their voluntary compliance with rights that are mandatory (Merino, 2005). Critics argue that companies concentrate their efforts on marketing to promote their philanthropic side, while ignoring or sidestepping the workers' rights established in international agreements. CSR highlights an organization's obligations—legal and ethical, national and international—in its social, workplace, environmental and human rights settings. This

* Joan Miguel Tejedor Estupiñán holds a bachelor's degree in Economy and a Master's degree in Human Rights. He is the editor of the journal *Revista Finanzas y Política Económica*, from Universidad Católica de Colombia. E-mail: jmtejedor@ucatolica.edu.co. Correspondence address: Faculty of Economy, Universidad Católica de Colombia, cr. 13 N.º 47-49 (Bogotá, D. C., Colombia).

allows companies to raise awareness and incorporate specific concerns related to each of these contexts into their business plans.

This situation has given rise to the concept of solidarity marketing, a promotional tool used by organizations that combines social responsibility with the goal of profitability. With this in mind, companies formulate campaigns for social causes, linking these with sales of the organization's goods and services. This contributes to fundraising, and ultimately is an attempt to confirm the company's commitment to society, targeting consumers who seek to support social causes. As Alvarado and Schlesinger (2008) point out: "Marketing literature suggests that CSR initiatives and programs can improve the image and reputation of companies in consumers' eyes, and can be an important source of competitive advantage for those companies" (p. 37).

It is therefore clear that solidarity marketing has focused on two things: brand image and company reputation. Research conducted by Alvarado and Schlesinger (2008) has shown that CSR is one of the key factors in establishing a positive corporate image and a good reputation. Additionally, products promoted through solidarity marketing make consumers feel that they are contributing to society, and helping solve problems through these causes. Thus, while the consumer obtains a product, they get a sense of helping to make a better world and so it follows that solidarity marketing campaigns form part of the consumers' demands on companies.

To guarantee that companies truly assume CSR, we must differentiate between organizations' internal and external aspects. From an internal point of view, this includes: a) human resources management; b) workplace health and safety; c) change management; and d) environmental and natural resource impact management (Dávila & Gómez, 2008). In this area, companies have begun to take greater interest in training and recruiting highly skilled personnel, in respecting workers' rights, in being more flexible in order to deal with restructuring, and finally, in promoting continuous economic and environmental improvement.

Meanwhile, the external aspects of CSR incorporate society's interests, and activists, NGOs, and public and private institutions are involved here in bringing attention to environmental issues. In this area, the most crucial things to consider are: a) local communities; b) the consumers; and c) human rights (Dávila & Gómez, 2008). The importance of external CSR lies in integrating companies in local, regional and global development projects, as well as contributing to the well-being of the people and environmental sustainability; that is, seeking to guarantee that basic human dignity is respected and, likewise, that future generations will be able to enjoy the world's natural resources.

CSR assumes that companies should not only seek to maximize profits, but should also prioritize social well-being and the environment. Thus, a company's responsible behavior can be judged by analyzing its internal and external activity, where the highest priority is well-being and holistic development, as demonstrated by respect for human rights and protection of the environment.

CSR is one of the foremost challenges in company management, and its reach depends on the skill and capacity of organizations to work responsibly and ethically with other social and economic stakeholders, thus overcoming shortcomings in the economic system (Alea, 2007). In this sense, the companies, as producers of goods and services, are social actors that engender moral and ethical values and form social and cultural processes. Accordingly, CSR should focus on developing and encouraging active government involvement through the creation of public policy that promotes culture and consistent organizational values through a sustainable model, in which teamwork, openness, participation, responsibility, solidarity, commitment, persistence, sensitivity, honesty, democracy and fairness are encouraged.

It is from this perspective that we present the first issue of *Revista Finanzas y Política Económica* (Journal of Finance and Economic Policy) for 2015—as a show of the commitment of educational institutions to contribute, from the fields of science, to a sustainable model for humans and the planet. We begin with a study by Jairo Alejandro Chaves Camargo and Diana Milena Carmona Muñoz, from *Universidad de La Salle*, Colombia, which describes how the sub-sector of road freight transport influences the competitiveness of exports and the country's overall movement of goods. The authors evaluate the financial viability of factoring in the sub-sector by analyzing scenarios that simulate the use of this tool over the period 2008-2012. Furthermore, it can be seen that the application of factoring in this sub-sector generates advantages in terms of reducing turnover, increasing cash flow and creating value for the companies studied, and adding value to the sub-sector.

The second article is a study by Jaime Andrés Vargas Vives and Juan Sergio Cruz Merchán, from *Universidad de los Andes*, Colombia, which uses theory to explain the application of risk, its management and value, and how risk management models can create value by reducing the discount rate of valuation flows of the underlying asset The authors base their study on three models of real derivatives, the aim of which is to maximize asset value through systematic risk (beta) reduction strategies. The results lead to a criticism of the central principles of modern management, as put forward by C. W. Smith.

In the third article, Leonardo Santana Viloria, from *Universidad Jorge Tadeo Lozano*, Bogota, Colombia, shows how the creation of property investment funds in Colombia has allowed diversification of the investor portfolio in the property sector, without the need to buy and manage real estate directly. It is shown that these funds enjoy higher average profits and lower volatility than that of the market over recent years. The study is conducted using the Capital Asset Pricing Model (CAPM), in order to calculate the beta of these funds, to explain the real estate sector's sensitivity to systematic risk. Finally, it is shown that the risk level of the real estate sector is far lower than that of the market, resulting in lower capital costs for real estate projects when compared with other sectors.

The fourth article is a study by Gábor Kutasi, from Corvinus University of Budapest, Hungary, which describes how the concept of, and concern over, global warming have been incorporated into the creation of national and international policies. Additionally, the author recommends that financing for mitigating and adapting to global warming be included in public financing. The article explains the challenges and dilemmas generated by climate change in relation to fiscal spending and income, the responsibilities and opportunities, balance and debt.

The fifth article is a study by Andrés Mauricio Gómez Sánchez and José Gabriel Astaiza Gómez, from *Universidad del Cauca*, Colombia, showing the relationship between ex-post Equity Risk Premium

(ERP) on the Colombian stock market and its economic cycles. This is done using the Hodrick-Prescott mechanical filter and the Kalman filter, and by proposing a short-term and monthly econometric model for each of these filters over the 2008-2014 period.

The sixth article is a study by Graciela Chaparro Guevara and Lorenzo Escot Mangas from *Universidad Complutense de Madrid*, Spain, into controlling the chaotic behavior of a dynamic hyperinflation system using a method proposed by Ott, Grebogi, and Yorke. Through logistic application, the article illustrates a hyperinflation model for stabilizing prices in a stationary one-period orbit.

In the seventh article, Jorge Enrique Garcés Cano reflects critically on the classic postulates of international economics and trade, based on the ideas of Smith and Ricardo. The conflicts in this case are described around the validation of the assumptions in the theoretical proposals of these authors, through an empirical revision exercise that uses Colombia and Peru as reference points, in relation to various goods such as oil, gold, chicken meat and oranges, whose conditions of production, trade and consumption are seemingly homogenous.

The eighth and final article in this issue was written by Cristian Felipe Orjuela and Óscar Hernán Cerquera from *Universidad Surcolombiana de Colombia*. It examines the origin, evolution, consolidation and loss of buoyancy in Colombia's coffee sector, as well as looking at the importance of institutional accompaniment, as represented by the National Federation of Coffee Growers (Federación Nacional de Cafeteros), in all of these processes. In this way, the beginnings of this industry can be seen and understood, as can the regions that experienced the greatest increase in coffee growing, and the differences between them. The article highlights the importance of the Federation in developing the coffee industry and the role it played throughout the 20th century.

REFERENCES

Alea, A. (2007). Responsabilidad social empresarial. Su contribución al desarrollo sostenible. *Revista Futuros, 5*(17), 1-9.

Alvarado, A. & Schlesinger, M. (2008). Dimensionalidad de la responsabilidad social empresarial percibida y sus efectos sobre la imagen y la reputación: una aproximación desde el modelo de Carroll. *Estudios Gerenciales, 24*(108), 37-59.

Dávila, A. & Gómez, J. (2008). Responsabilidad social empresarial: un reto para la industria química. *Shyntesis*, *48*, 1-7.

Herrera, B. (2007). Instrumentos de responsabilidad social empresarial y acceso de las empresas a la economía. *Revista Clio America, 1*(1), 175-188.

Merino, A. (2005). La definición de las cualidades morales y éticas de los trabajadores de la empresa de dimensión transnacional: los códigos del comportamiento ético y profesional. *Revista Derecho Social*, *31*, 85-109..