

WHAT ARE THE CHANGE FACTORS THAT HAS BEEN AND ARE BEING DEVELOPED FOR ORGANIZATIONS ADOPT SOCIALLY RESPONSIBLE BEHAVIOURS?

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We find ourselves in a moment to change the role of companies and organizations in society and their surrounding environments, prompted by numerous factors. While many companies and organizations have already focused their policies and strategies on increasingly sustainable operations, many actions still need to be taken. Going over the aspects that have been and are catalyzing this change, I understand that it does not affect everyone in the same way (size, industry, awareness, etc.). On the other hand, making a considerable synthesis effort, some of these change factors can be identified, which we will try to explain in this reflection.

LOSS OF CONFIDENCE

One of the aspects that decades ago, particularly in the late 90s and early 2000s, marked the start of this change of course was the loss of confidence in the business and financial realms originated by a series of scandals coming to light over this period. This situation triggered a social reaction demanding good governance and transparency from the array of entities, particularly from the businesses and organizations involved. We should never forget events like Enron and Arthur Andersen, Leman Brothers, Parmalar, Marionnaud, Bankia, etc, which are still fresh on our minds.

INCREASING SOCIAL MOBILIZATION AND PRESSURE

We should also take into account that we are socially evolving: we incorporate new values and demands, are more informed and sensitized. All these aspects mobilize society, which then increasingly pushes to make companies progressively direct their operations towards more sustainable behaviors. This demand is mainly presented when making decisions that balance the economic, social, and environmental aspects within the organization.

ENVIRONMENT

On the other hand, one of the important change factors has been the ever-growing concern for environmental deterioration caused by economic activity. An economy based, as it is known, on the use of fossil fuels that release greenhouse effect gases and all sort of contamination. This model, with expiry date, has also been based on companies that mine limited resources for the manufacturing of their parts, which they don't reuse, emitting and generating waste on a regular base. This situation has also been aggravated by the fact that we find ourselves within a political frame of short-term vision, extending for no longer than four years and without an essential leadership at a global level. Only this far, in the middle of a climate emergency, some policies are rolled out in certain regions and countries as the European Union.

CONSUMERS

Similarly, we should consider the growing demands of consumers for more responsible behaviors regarding business sustainability, as a result of education campaigns and more available information. This means that consuming choices (given effective alternatives) by many consumers are directed to goods and services that better serve their values and expectations.

TRANSPARENCY

Additionally, a relevant fact has unquestionably taken place and expanded since the establishment of Internet and new IT and communication technologies, namely that these worldwide available tools (social media, etc.) are providing more transparency and information about business activities. In this way, the information about any situation arising at an organization will disseminate in seconds through social media as within that same organization, even if such information could be partial, inaccurate or biased.

REFERENCE FRAMEWORK

We should also take into account all the initiatives that have been carried out, as well as the regulation attempts and different reference frames for social responsibility at a global level. Some examples include: the Green Book of the European Union on business social responsibility, the starting point of all subsequent European policies in this sphere; the OECD directives for multinational companies, UN Global Compact, Caux Round Table, CSR Europe, etc.

BRAND AND BUSINESS REPUTATION

When taking the necessary actions, we must assess the risks involved to ensure that the activity is adequate at all times, and avoid events that could call in question the credibility of the brand or company at hand, impacting their image and business reputation. This risk assessment and the rolling out of an effective social policy also help advance the organization and constitute a differentiating element vis a vis other organizations, and, why not, it is also a competitive edge.

THE ATTITUDE OF LEADERS FROM THE DIFFERENT INDUSTRIES

Another factor that has become a catalyst for these changes, has been the behavior of some leading brands that have been and are doing a good job in the respective industries. This has forced a considerable part of their industries to adopt a similar perspective, accelerating these policies within companies that otherwise would have taken longer to incorporate them. You cannot afford to ruin your image within the industry and in the face of competition.

FINANCING ACCESS

We will see an increasingly limited access to financing, which will require us to follow and demonstrate effective behaviors in business operations. This is the line followed by the European Union policy (Next Generation Funds, etc.). On the other hand, the European taxonomy (now being applied to environmental aspects and later on to social aspects) will require the goods and services offered by companies and the financial sector to properly identify clean operations so that investors may take adequate decisions on this regard. All this is also linked to the current ESG vision, which helps investors identify the most sustainable companies.

NEW REGULATIONS

One of the main elements that have entailed effective and solid changes and will also have a significant impact in the future, are the new regulations promoted by the European Union, which are known to all. Let's remember that we build on the European Parliament 2014/95/UE directive regarding the disclosure of non-financial information and diversity information, and that the recently issued 2022/2464/UE modifies previous regulation and directives on how the companies should present sustainability information. On the other hand, we already have a new proposal about business due diligence on human rights and environmental aspects of production lines and distribution channels; a new European taxonomy (referred above) which provide

information to help channel private financial flows towards sustainable business operations, etc.

THE BUSINESS COMMUNITY

Finally, besides the aspects we have covered, we should take into account that one of the main change factors in this focus on sustainability is materialized through the awareness, attitude, and values of the majority of businessmen who believe in, have assumed and always acted under the most appropriate criteria for society and the surrounding environments. We notice this new paradigm and commitment in initiatives like Blab-Bcorp, which promotes a firm commitment to include, in business operations, a determination to act on the three sustainability spheres (economic, social and environmental); something we have recently seen reflected in legislation under the Act for Common Benefit and Interest Societies (SBIC, acronym is Spanish), which will facilitate the promotion and implementation of this business model.

CONCLUSION

Although, there are obviously other factors that facilitate a focus on sustainability, we intended to highlight both the main factors for this change of paradigm and the need to implement them on the different companies and organizations, if we wish to advance towards a more balanced and sustainable economic model. In this respect, one of the important steps would surely be that the incentives granted to different company collaborators will be partly oriented towards the achievement of these sustainability goals as a whole, and not only to business-related aspects.

In this way, we will keep transforming and creating new and more socially responsible companies with long term visions with the contribution and joint efforts of every one of us. We must also consider that this is a great differentiation opportunity for the organizations and, especially, for family businesses that have considered these aspects and stakeholders for their operations.