



BUSINESS ETHICS AND CORPORATE SOCIAL RESPONSIBILITY OBSERVATORY OF THE COMMUNITY OF VALENCIA ERSE '06



ABSTRACT:

The ÉTNOR Foundation (Ethics for Businesses and Organizations) has been working for the last 16 years to make companies more ethical. To achieve that, the study, development, and diffusion of economic and business ethics have been the basic pillars for implementing ethical values and standards in companies. These days, the interest in business ethics has increased to the point of becoming a subject of great importance and as such, it is necessary to study in depth the current state of affairs of business ethics in order to contribute to its development and future implementation in Spanish companies.

With this in mind, in 2005 ETNOR put into operation the Ethics and Corporate Social Responsibility Observatory, ERSE, with the fundamental objective of conducting a diagnosis of the reality of business practices in the Community of Valencia in all areas that affect ethics and Corporate Social Responsibility (CSR). The ultimate goal of this study was to create a report that would serve as a basis for the Autonomic Administration, the various business entities, and society in general for possible intervention in this field. Here we present the theoretical framework that has been the basis of the study, the methodology used and a summary of the main conclusions and recommendations that have arisen, both for the Public Administration and Civil Society.

KEYWORDS: Communication, Trust, Business ethics, Observatory, Corporate Social Responsibility (CSR), Civil Society



I. THEORETICAL FRAMEWORK

Background

In 1998 the ÉTNOR Foundation carried out research into the ethical dimension of the Valencian business culture, in which an analysis of the status of the ethical question in the Valencian business fabric was attempted.¹ This pioneering study is carried out in a time in which talking about business ethics is still a vexed question. Since then, concerns about Ethics and Corporate Social Responsibility (CSR) have increased in such a manner that the ethical dimension is today considered a basic aspect of a company. The serious consequences of bad business practices or the current need to generate a good reputation in global contexts are some of the factors that have made this change of perspective possible, giving rise to the creation of observatories or CSR monitors, such as the one introduced here.

The European Union has been, without a doubt, one of the decisive factors for this change. In the Green Book, *Promoting a European Framework for Corporate Social Responsibility*, presented by the European Commission in 2002,² we find the proposal for a European business model that we use as starting point in this research. The main objective of the European guidelines is to implement a strategy, in the medium and long-term, which can make the European Union “become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”.³ The main idea that can be gathered from these documents is that Social Responsibility is one of the main factors for the *competitiveness* of business. Thus, this study takes as a starting point that CSR is an important factor for business competitiveness.

¹ ¹ ÉTNOR Foundation, *La dimensión ética de la cultura empresarial valenciana*, Supplement of N° 100 of *Economía* 3. July/August 2000.

² Brussels, 18.7.2001, COM(2001) 366 final

³ Presidency conclusions. Lisbon European Council. 23 and 24 March 2000. http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/ec/00100-r1.en0.htm



Secondly, we understand that Social Responsibility is rooted in business ethics. This perspective starts from the notion of ethics itself (*ethos*), the *character* that each company and organization shapes every day, the habits that are acquired in order to act in an excellent way. Only in this way is it possible to speak about Social Responsibility as part of the central core of each organization's management, as something that has nothing to do with cosmetics or bureaucracy. From this perspective, it is not only important to know *what* those companies are doing with their profits, but also *how* they are earning those profits. This is the fundamental difference between Social Responsibility, well understood as business ethics, and philanthropic actions, or Social Action, even though sometimes these terms are confused. Only in this way, being part of the character of the organization, can Social Responsibility become an asset, a factor of competitiveness for the company.⁴

Thirdly, we also take as starting point that the *myth of the amoral business* has been overcome, even though it is still an extended cliché in the thinking of many actors in the business reality.⁵ With this expression we mean the term “responsibility” itself. Etymologically, the responsibility concept derives from responding, defending a question in public or justifying an action. We are responsible if, when confronted with several choices, we decide on one of them, an act we should answer for. Someone cannot be held responsible when there are no alternatives and does not have the possibility of choosing. We always speak of responsibility if there is a space of freedom, and therefore, every free action is in itself a moral action. When applied to a business, in the moment the company can choose between doing things in one way or

⁴ For this conception of business ethics cf. CORTINA, A., CONILL J., DOMINGO A., GARCÍA MARZÁ D., *de la empresa. Claves para una nueva cultura empresarial*, Madrid, Trotta, 1994.

⁵ Cf. on this subject CORTINA A./ CONILL J./ DOMINGO A./GARCÍA-MARZÁ D., *op.cit*; así como De GEORGE R.T., *Business Ethics*, New Jersey, Prentice Hall, 1995.



another, it has a “space of freedom” that it must answer for, and for which it is responsible.⁶

From this conception of responsibility it is not possible to talk about amoral behaviour in a business. All its decisions and policies are subject to moral evaluation. What does exist, of course, is immoral behaviour, non-compliance with the rules and, with them, the obligations we have when faced with the rights and expectations of others.⁷

But, in addition, this responsibility is not only applicable to individual actors. From the moment we also use our moral language to refer to companies, we are aware that many times decisions are collective, and are the fruit of complicated mechanisms of specialization and division of labour, that make it possible to speak of the business character or way of working. In this occasion, it is the company who must provide the reasons, and it is then when we speak of *corporate responsibility*.

However, introducing the idea of an ethical company—even as a regulating idea— involves the risk of considering business ethics a highly desirable proposal, but an impossible one. In order to understand better in which way the proposal of the ethical company is compatible with real companies, we introduce the figure of the *moral contract*^{fn} between the company and the society; on the one hand, in the *company* as an organization some interests converge, and they are not necessarily conflicting, though often they are. As a cooperative social activity, a company requires a series of material, technical and human resources for its operation. On the other hand, the *society* expects from the company a series of goods, which are, in the end, what justifies the use of resources and the asymmetrical distribution of burdens and profits that characterizes any

⁶ For this concept cf. ENDERLE G., “Competencia global y responsabilidad corporativa en las pequeñas y medianas empresas”, in CORTINA A., (ed.), *Construir confianza. Ética de la empresa en la sociedad de la información y de las comunicaciones*, Madrid, Trotta, 2003.

⁷ Cf. ORTEGA Y GASSET J., *La rebelión de las masas*, Madrid, Alianza, 1986



sort of business structure. These goods do not come down only to monetary profit, but also include, for example, respect to the values derived from the consideration of its workers as people, or the attention and improvement of the quality of the environment.

Quite a long time ago Professor Keith Davis referred to this sort of contract as *the iron law of responsibility*, which says that: “The society gives legitimacy and power to the company. In the long term, those that do not use this power in a way that society considers responsible tend to lose it.”⁸

In other words, business activity produces a series of expectations in the involved or affected internal and external groups. These expectations are related to its corporate project, the activity it carries out and how it is carried out. If the society, the public opinion created through these various stakeholders, perceives that the company responds and complies with these expectations with enough accuracy, it legitimizes the activity of that company.

Thus, Social Responsibility is a response to a plural understanding of the company as a social institution that has an objective, to satisfy human needs through a particular mean: economic profit.⁹ And only taking into account in its decisions *all* of the groups involved (stakeholders) can it reach the necessary trust for its operation. But we should not mix the ends with the means. As the USA businessperson saying goes, “managing only for profit is like playing tennis with your eye on the scoreboard and not on the ball.”¹⁰ Then again, how can we distinguish between responsibility as a moral resource and responsibility as a strategic resource?

⁸ DAVIS K., “Five Propositions for Social Responsibility” in HOFFMAN W.M./ MILLS MOORE J., *Business Ethics*, New York, McGraw-Hill, 1990.

⁹CORTINA, A. *Hasta un pueblo de demonios*, Madrid, Taurus, 1998; CONILL, J. *Horizontes de Economía Ética*, Madrid, 2004.

¹⁰BLANCHARD K., VINCENT PEALE N., *El poder ético del directivo*, Madrid, Grijalbo, (x), 1990 (The Power of Ethical Management); Cf. for this business model GARCIA ECHEVARRIA S., *Introducción a la economía de empresa*, Madrid, Díaz de Santos, 1994



Publicity and Trust: the management of Responsibility

In order to turn Social Responsibility into a business asset and a key factor in the company's reputation, something more than a well-intentioned statement is needed. In fact, the current spread of the concept of CSR is now creating a certain degree of distrust. Only if CSR is assumed to be a part of Business Ethics, of the daily culture and work, is it possible to overcome this distrust. That is why every measure taken that contributes to compliance with Social and Ecological Responsibility demands that the company is able to publicly *announce* the commitments acquired and the efforts made. A commitment to Social Responsibility is still defined by the demands of dialogue and agreement, but in each specific situation they turn into a source from which to *contribute reasons justifying* the stand the company has taken.

From this conceptual framework, in order to define a company as a responsible company, it is crucial that it demonstrates the steps it is taking towards this business model, a model supported by participation, dialogue and the possible agreement between the interests at stake. This ability to justify is now part of the moral contract in which the credibility of the company rests, that is, it is part of its responsibility. It is not only a disposition towards sincerity, but also that this sincerity acquires the rank of a *public commitment*. This is the only way in which Social Responsibility can become a business asset, a key resource in generating trust.

From this interpretation of the publicity principle, the relationship between trust and dialogue can be synthesized in the form of an *axiom* that shows the public character of the company's commitment to dialogue and agreement:



*Trust is directly proportional to the capacity of businesses to make public and justify, in dialogue, its actions, strategies and policies. All in all, it is the company's ability to make its responsibility public.*¹¹

A responsible company is, therefore, a company that is directed towards the inclusion in its management of all legitimate interests at stake, configuring the necessary structures and policies in such a way that transparency and participation are the axis for dialogue and possible agreement among everyone involved. Designing ethical codes as mere statements of intentions is a very easy thing to do: but without the reinforcement of information and evaluation mechanisms by all stakeholders—in the form of ethics audits or ethics committees, for example—they only generate distrust and discredit. A comprehensive management system for Social Responsibility must include these elements, in one way or another. Only in this way there will be good reasons to trust and expect certain behaviour from the company. It is up to the company's ability to respond that these reasons become motives to act, that they become a safe anchorage in which to lay our trust in the company.

II. THE OBSERVATORY'S SPECIFICITY

The theoretical framework we have enunciated delineates the characteristic specificity that defines this study. Firstly, the main characteristic of this Observatory is, as we have mentioned, the conception of Social Responsibility as a part of a company's character, that is, as a part of its business Ethics. So the fundamental objective is not, then, knowing *what* the companies are doing with their profits, that is, if they carry out social

¹¹ GARCÍA-MARZÁ, D. *Ética Empresarial: del diálogo a la confianza*, op. cit.



actions with them, but *how* they obtain those profits; or, in the same way, if they integrate Social Responsibility in their company's daily management, if they understand CSR as part of the ethics or character of the organization.

Another of the characteristics of ERSE is the plural concept of business on which it is based, in which it is necessary to attend to all the relevant stakeholders. The result of this concept is that not only has the perception of the companies (capital) and the members of the board (*Business Study*) been analysed, as is typical in other studies, but also that of the workers, clients, and society in general (*Society Study*).

Thirdly, this research is specific to *research in the Community of Valencia*, which is fundamental from the point of view of collecting information in accordance with the business structure of Valencia, which is made up essentially of SMEs. CSR is not just an issue for large and multinational businesses, and paying attention to the reality of business in our closest context is the first step to providing the tools we have on hand to small and medium enterprises.

Another fundamental specification of ERSE is that it consists of an initiative that has the backing of universities, the business fabric, and the Autonomic Public Administration, fields that in turn shape the structure of the ETNOR Foundation. With this initiative, an effort has been made to involve the three pillars that need to participate in an active manner in the reflection on the implementation of ethical standards in the workplace.

Lastly, the ERSE seeks to develop a methodology that integrates the three sources of information: a study of *perception* of CSR from the different stakeholders, carried out through field work with a telephone survey (CATI system). Secondly, a study of the perception of the implementation of concrete policies and practices considered to be included in CSR, quantified with a CSR *index* which will allow for the



study of the evolution of said implementation. Lastly, an analysis of the communication of the real measures adopted by the companies, a fundamental question for the investigation team, is embodied in a *CSR Monitor*.

III. METHODOLOGY

The complexity of the CSR concept in itself, as well as the objectives and specificity of the Observatory, have caused this research to be sustained in an integration of various methodological perspectives. The access to the sources of information was made possible due to multiple methodologies based on:¹²

1. Desktop analysis

Desktop analysis has been carried out in two different directions. On the one hand, the consultation and study of national and European reports and documents about CSR, and the experiences obtained by the Observatories and Monitors that are specialized in this subject. On the other hand, the situation of the business fabric in the Community of Valencia, the size of its businesses, sectors and importance have been analysed. This analysis has guided the production of the interviews and questionnaires.

¹² For the development of this methodology, cf.: GROVES, R. M. and NICHOLLS, W. L. II (1986). *The status of computer-assisted telephone interviewing: part II data quality issues*. *Journal of Official Statistics*, 2, 117-134. MARTÍNEZ, R. (1998b). *Las decisiones posteriores al muestreo*. In M.T. Anguera, J. Arnaú, M. Ato, R. Martínez, J. Pascual, and G. Vallejo (Eds.). *Métodos de investigación en psicología*. Madrid: Síntesis. NICHOLLS II, W. L. (1996). Technological Innovations in Data Collection: Acceptance, Data Quality and Costs. *Sociological Research Online*, 1 (4).



2. Field work

a. Qualitative phase

For the qualitative phase, in-depth interview techniques have been used. The main objective of this phase of research is to carry out an exploratory approximation to the research object, obtaining wide information about the opinions, beliefs, attitudes, assessments, etc. that the interviewees have about Ethics and CSR.

Specifically, 31 in-depth interviews were carried out with people belonging to the following spheres: executives and businesspeople, business organizations, the media, trade unions, non-profit organizations, the Public Administration and consumer organizations.

b. Quantitative phase

The quantitative phase is designed with the idea of establishing the dimensions of the reality being studied, and in this way is able to establish numeric indicators that reflect the current state of the question. Two surveys have been designed in order to implement this phase of the research process. The first of them gathers the opinions of the group of business of the Community of Valencia (Business Study) and the second analyses the information given by the groups of employees, clients and the society in general (Society Study)

Field work has been carried out through a telephone survey (CATI System). A total of 724 questionnaires have been answered, 407 of those to businesspeople and executives (with a sample error of $\pm 5.6\%$) and 317 to society in general (with a sample error of $\pm 4.96\%$).



3. Corporate website analysis

The corporate website analysis has been carried out through a Monitor, in which the top 100 Valencian companies by turnover have been taken into account, as published in the ARDAN database created by the IMPIVA (the Valencian Institute for Small and Medium Industries). A further eight companies have been added to these 100, including banks, savings banks and mutual savings banks, which are not included in the ARDAN database.

The information that constitutes the Monitor is structured in ten indicators, prepared in accordance with the proposal of the *European Commission Green Book* and the most widely used international standards.

IV. RESULTS

In March 2007 the main results for ERSE'06 were presented. Given the complexity of the methodology explained, results are divided into three sections: Perception of CSR, CSR Index and CSR Monitor. The first two parts have been carried out as explained in the methodology section. The last part is an analysis of the information published by the top companies by turnover in their websites.

CSR perception

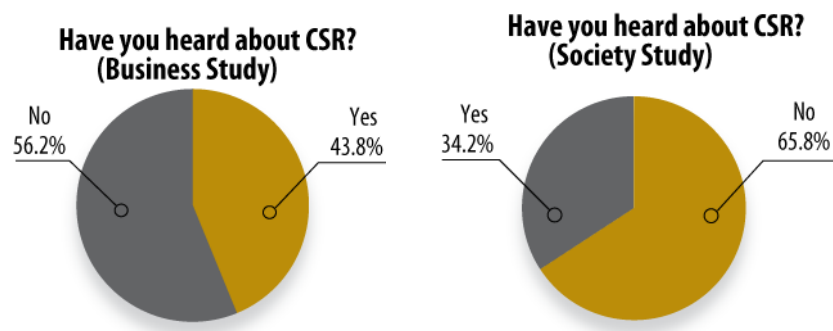
First, the perception that the company and the society have of the Social Responsibility concept has been studied in six defined subsections.



1. CSR public knowledge

One of the major aspects of this diagnosis is the degree of knowledge that both companies and society have about Social Responsibility, which determines to a great extent the situation of CSR in our Community. *There is limited knowledge of what CSR is or implies, and this lack of knowledge affects both businesspeople and society in general.*

However, even though the degree of knowledge is still not high, it can be seen from the qualitative analysis that there has been a significant change since the results from the 1998 study (*Ethical Profile*), as the suspicions and reluctance found then do not exist anymore. Today, Social Responsibility is introducing itself bit by bit in the language of our companies; it is a concept that “rings a bell.” However, from the interviews done we deduce that there is not a shared meaning about what CSR is and the aspects it involves, as we will see in the following point. When asked *have you heard about CSR?*, the replies were as follows:

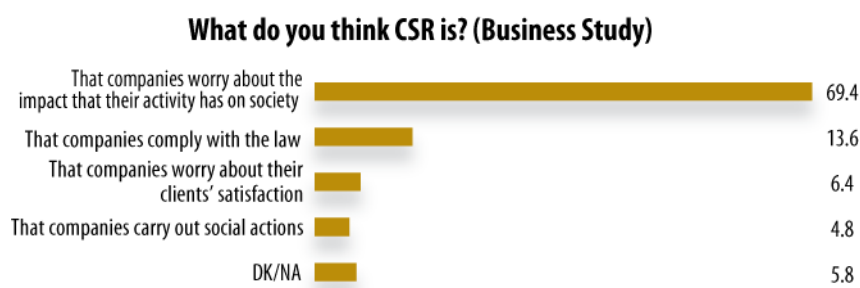


The first thing that stands out is the fact that the corporate sphere has more knowledge about CSR, which indicates that we are not faced with well-defined social pressure.



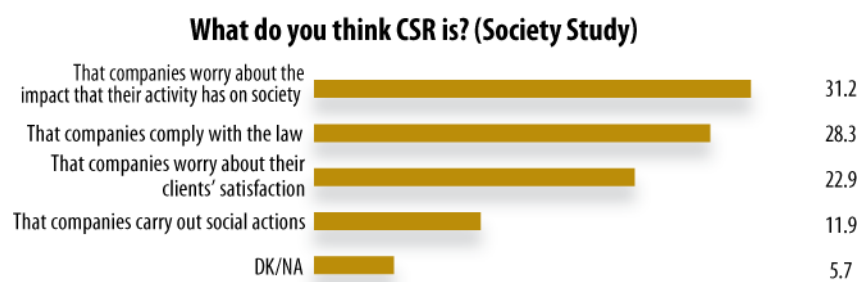
2. Understanding of CSR

When faced with the question of the understanding of CSR in the companies and the society, there is clear dissonance between the perceptions in both spheres. This situation confirms that *currently there is not a clear and complete understanding of CSR*. When asked *What do you think CSR is?*, answers were as follows:



Companies acknowledge that they are part of society, and see that their activities have social and environmental consequences, but still they have not reached a plural understanding of CSR.

However, when this question is asked in the societal sphere, the companies' concern about their social impact is not perceived or recognized. Society is more concerned about companies complying with the law (31.2%), a factor that appears only in 13.6% of the companies' answers.



Companies and society have a different understanding of what CSR means. While a company clearly links Social Responsibility with a commitment towards society, beyond compliance with the law, society still considers that it is basic and a priority that



the law is complied with, or clients are supported, aspects that companies appear to take for granted. But despite these dissonances, there are certain agreements in the understanding of CSR between companies and society.

First of all, CSR is not identified with Social Action. Companies and society coincide in not confusing both concepts. Only 4.8% of the companies and 11.9% of society state that CSR should be understood as “companies carrying out social actions”.

Secondly, it stands out that in both cases the integration of ethics and profit is not yet visible. Both companies and society, although with different nuances, see a dilemma in which you have to pick a side. You either earn money or are ethical. To earn money, you can't act ethically. If you act ethically, you lose money. It looks like Economic Responsibility is not connected with Social Responsibility. As a consequence, Social Responsibility is wrongly understood, as we cannot speak about economic profit without speaking of social and ecological profit.

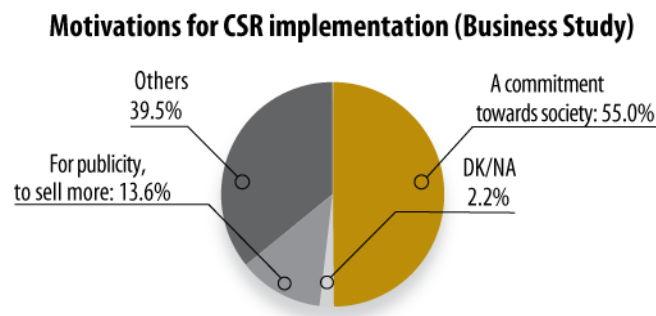
3. Motivation to adopt CSR

This is one of the most important results of ERSE'06, and it directly concerns the relationship between Ethics and Social Responsibility. In this section the reasons that motivate responsible acts have been analysed. The results show that *there is a clear dilemma between business strategy and moral commitment, in such a way that if CSR actions are carried out because of their economic profitability, its moral value stops being perceived, and vice versa. The integration between social and economic profit is not visible.* Despite the rapprochement of the company to the questions connected with Business Ethics and CSR, the intersection between moral commitment and business

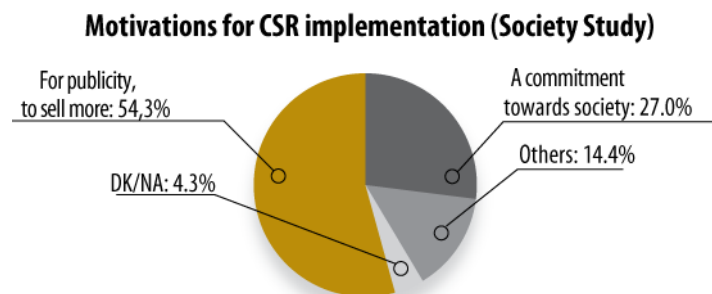


profit is still not visible, and it is interpreted that the company must choose between one of the two action spheres in a mutually exclusive way.

The quantitative analysis ratifies this separation between business strategy and moral commitment. When faced with the question *Why do companies worry about CSR?*, we obtained the following answers:



This recognition of CSR as a social commitment disappears in the Society Study. 54.3% of the interviewees state that it is an instrument for publicity. Only 27% sense CSR as the commitment of the company to society.



All in all, businesses and society perceive a clear separation between ethics and profit, but for different reasons. While companies perceive that there is a commitment to society, they still do not see it a priori as an asset for the company, and face the dilemma of having to choose between the morality and economic profitability of their actions. Society, on its part, sees CSR mainly as a marketing instrument, directed to sales, and does not perceive the possibility that CSR is a commitment towards society.



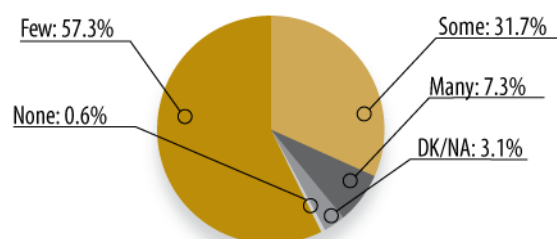
CSR still faces the dilemma of having to choose between market reasons and moral commitment.

4. CSR degree of implementation

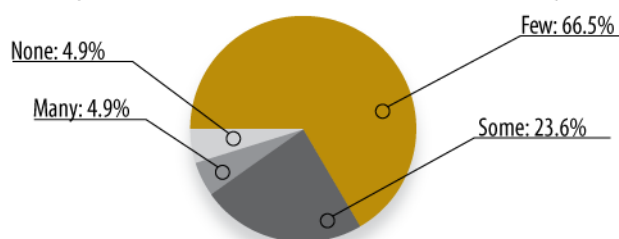
Both studies state in their general conclusions that CSR is “*very little or not at all*” implemented. The main obstacles adduced for this lack of implementation are, mainly, five: it is still understood as an additional economic “burden” or “cost”; the structure and size of the company are still perceived as factors that make the implementation of Social Responsibility difficult; the short-term perspective when managing the business, which pushes these initiatives to the background, as an element that is subsequent to obtaining economic profit; the clear lack of information and training; and the difficulty in applying and managing CSR in companies as it is an intangible element with difficulties in measurement and evaluation, etc.

In the quantitative analysis of the question *Do you think that there are many companies concerned about CSR?*, we obtained the following answers:

Quantity of companies concerned about CSR (Business Study)



Quantity of companies concerned about CSR (Society Study)



All in all, although the importance of Social Responsibility is recognized, this recognition is only verbal to a great extent, as there is not a similar correlation in the perception that there is of the real implementation of CSR in the companies of the Community of Valencia.

5. Communication of CSR

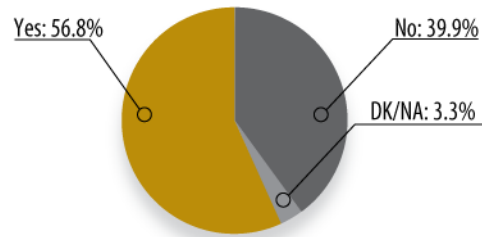
The communication of Social Responsibility is a key element. The perception about two communication elements for CSR has been analyzed: the *registry* of socially responsible companies and the *certificate* of a socially responsible company. *Results point to a situation of caution and distrust while the contents and form that this communication adopts are not clear.*

Even though communication is valued positively in the companies, and there is some resistance to understanding the communication of CSR as commercial publicity, it is still understood as a communication towards outside the company, related only to the external image of the organization. This situation increases with company size. The internal dimension of CSR is forgotten, relegated to second place. Good evidence of these practices is the special sensitivity towards the matter of companies listed on the Stock Exchange, as a consequence of their higher public visibility.

These considerations have been confirmed in the quantitative analysis. When faced with the question *should these activities be communicated to society*, answers were as follows:



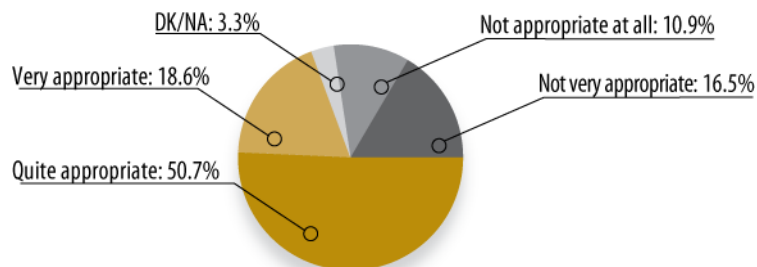
Communication of CSR actions (Business Study)



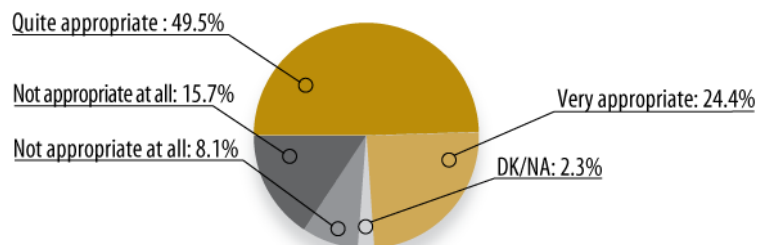
It is significant that 39.9% still thinks that it is not adequate to publish the company's CRS-related activities. The possible reasons given are mainly three: the lack of knowledge of CSR, the confusion between making something public and commercial publicity and the fear of a higher social demand once the CSR advances that the company is making are communicated.

These reasons are still present when we ask about two specific initiatives in the communication of CSR: the company registry and the socially responsible company certificate.

Assessment of the company registry (Business Study)



Assessment of the CSR certificate (Business Study)

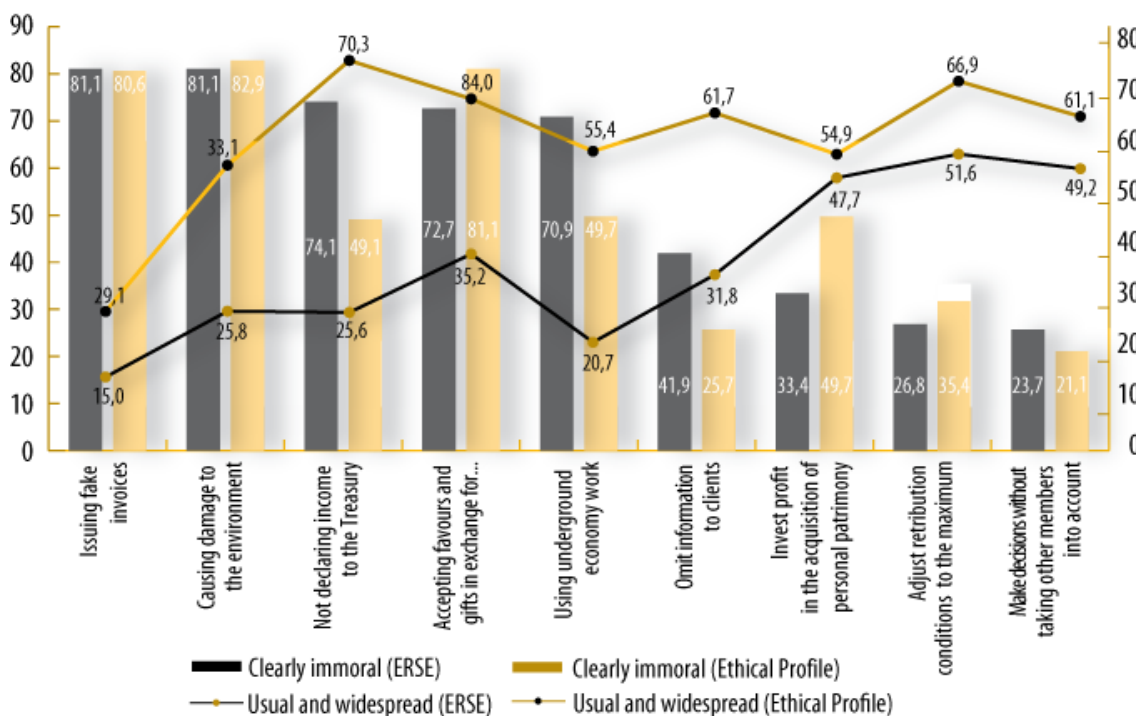


The distrust that comes up in the interviews has to do with the factors mentioned above, however, answers to the questionnaires are quite positive.



6. Ethical Profile comparison

This section deals with a comparison with the work carried out eight years ago by the ÉTNOR Foundation about *The Ethical Dimension of the Business Culture in the Community of Valencia (Ethical Profile)*. Results show evolution in some of the key concepts for business ethics. The previous study tried to analyse the existing difference between “what it is said” and “what it is done.” The following graphic shows a comparison between the results of both studies. Columns represent the degree in which the interviewees consider the practice described as clearly immoral. Lines consider the degree in which the interviewees consider the practice as usual and widespread.



In general, the result of the comparison between both graphics points to a *perception of greater agreement between what it is said and what it is done in a company*, at least in some of the key aspects of CSR. Gradually, a wider conception of corporate Social Responsibility is being introduced. Eight years ago it was focused in internal aspects, as



shown by the recognition of aspects such as “not causing damage to the environment” or “tax evasion” as essential parts of a responsible or ethical behaviour in the company.

CSR Index

In order to carry out a diagnosis about the current situation of CSR in the Community of Valencia, it was considered that the analysis of the six questions above was not enough. Although they offer significant information about the current perception of CSR, they are faced with the problem of its lack of definition and the difficulty of its realization in specific policies and practices.

With the aim of obtaining more detailed information, the concept of CSR has been broken down into a series of items that depict the main attributes that constitute Social Responsibility referring to the various stakeholders. This distribution is key, as it fits a plural business model.



PRACTICES TAKEN INTO ACCOUNT IN ORDER TO OBTAIN ERSE INDEX

1.	Companies take necessary measures to include people from underprivileged groups, such as immigrants and the differently-abled, in the company.
2.	Men and women are treated equally in the companies.
3.	Currently, people working in the company can balance personal and private lives without difficulty
4.	In general, businesses treat workers well.
5.	Businesses listen and take into account their employees' opinions.
6.	Businesses take measures to avoid work accidents and have appropriate health and safety policies at work.
7.	Businesses carry out enough actions to train their workers so they can develop their skills at work.
8.	Businesses publicize actions and measures they adopt to protect the environment.
9.	Businesses care about the protection of the environment (saving energy, recycling, not polluting, etc.).
10.	Businesses listen and take into account their clients' opinions.
11.	Businesses care about providing their clients with good service and solving their problems effectively.
12.	Businesses are fair in their dealings with providers.
13.	Businesses supervise and monitor their providers' activity regarding the environment, work rights, child labour, etc.
14.	Businesses care about their providers' satisfaction (they treat them well).
15.	Businesses declare all their income to the Treasury (they are honest with the Public Treasury).
16.	Businesses are perceptive towards social problems and try to solve them using the resources they have on hand.
17.	In general, part of the profits is reinvested in order to ensure the future development of the company itself.

It has been requested in each survey (business and society) that the degree of agreement is expressed considering the following assessment scale: 4, Completely agree; 3, Quite agree; 2, Somewhat agree; 1, Do not agree at all, based on 17 items that reflect specific business practices (which have to do with the environment, health and safety at work, the balance between private and working life, customer service, concern about providers, etc.). Results show that the popularity of the CSR concept does not match the business practices it is defined by. That is to say, the concept is used, but it is far from defining a business reality. The Index shows how companies are nearer to *quite agree*, while society is nearer to *somewhat agree* when asked about these practices taking place in the company.

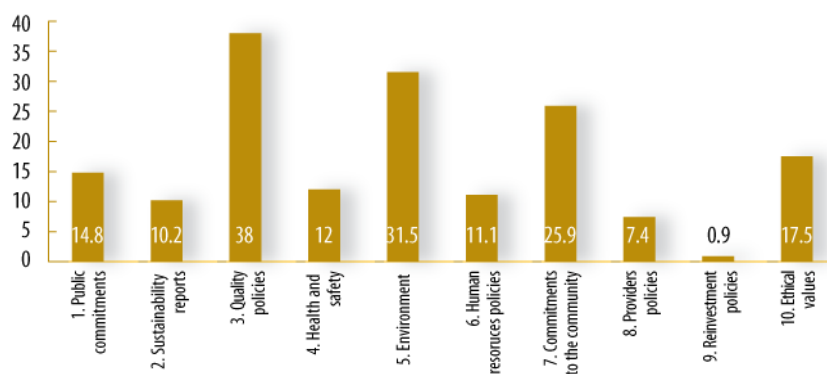




1. Do not agree at all 2. Somewhat agree 3. Quite agree 4. Completely agree

CSR Monitor

In the last section we have analysed the communication of Social Responsibility in the companies with highest turnover in the Community of Valencia. With the information gathered we have created a *Monitor* with the percentage of companies that publish their achievements in CSR. We have used ten indicators, designed in accordance with the parameters used in the *Green Book* of the European Commission and the most widely used international standards.



The results of the monitor show that there is still much to be done in this field. Of the 108 companies with the highest turnover in the community of Valencia, 25 do not even have a corporate web site and another 21 have no information concerning ethical standards or CSR measures. There is no awareness of the demand for communication as a decisive element of the CSR.



V. CONCLUSIONS

From the results of the various sections that are part of the Observatory, the research team extracted a series of conclusions.

1. The knowledge and information that businesspeople and society in general have about what CSR is and involves are scarce and vague.
2. The concept in itself is not rejected, but it arouses a certain caution, basically due to the lack of understanding of the CSR concept.
3. Companies link this concept clearly with a commitment towards society, beyond compliance with the law. However, society still considers that compliance with the law is a priority.
4. Regarding its content, companies understand that CSR is mainly about aspects that are external to the company, to the commitment with society, while the society insists on the internal dimension, basically in terms of working conditions.
5. Companies and society are aware that CSR and Social Action are two different matters that should not be confused.
6. Companies and society interpret the relationship between moral commitment and business strategy, that is, between ethics and profit, as a dilemma in which you have to pick a side, without seeing the integration of the two.
7. CSR is perceived as “little or not at all” implemented in our Community.
8. There is no awareness of the demand for communication as a decisive element of the CSR.
9. There is a difference between verbal acceptance of the CSR concept and the assessment of its implantation.
10. The extension of CSR to the supplier chain is one of the pending challenges in the development and implantation of CSR.



VI. RECOMMENDATIONS

Lastly, and taking into account the ultimate aim of this study, the research group has put together a series of recommendations, both for Public Administration and the Civil Society, a field in which business is included. The recommendations serve as a basis for future action in the implementation of business ethics in the Community of Valencia and in the rest of Spain.

For the Public Administration:

1. Promote socially responsible acts in the Public Administration and its commercial operations through the inclusion of social clauses.
2. Favour the implementation of CSR policies in companies through credit facilities, tax reductions, subsidies, discounts in Social Security, etc. with special sensibility towards the sector of the SMEs.
3. Develop training plans in Ethics and CSR topics addressed at executives and workers, as well as towards economics journalists.
4. Boost good practices visibility, sponsoring a registry of socially responsible companies.
5. Promote transparency measures, regulating framework conditions for drawing up Social Responsibility Reports.

For Civil Society:

1. Establish *alliances* between companies, associations, trade unions and various civil society organizations for the creation of CSR networks.
2. Develop self-regulatory measures, boosted by Business Associations.
3. Promote responsible consumption.
4. Draw up and disseminate CSR reports, with the involvement of the various stakeholders.
5. Boost visibility and good practice exchange through prizes and recognition of CSR actions.

