

**II Congreso Científico – Profesional en innovación en finanzas
Bilbao, 9 y 10 de Julio 2014**

CSR in the banking sector

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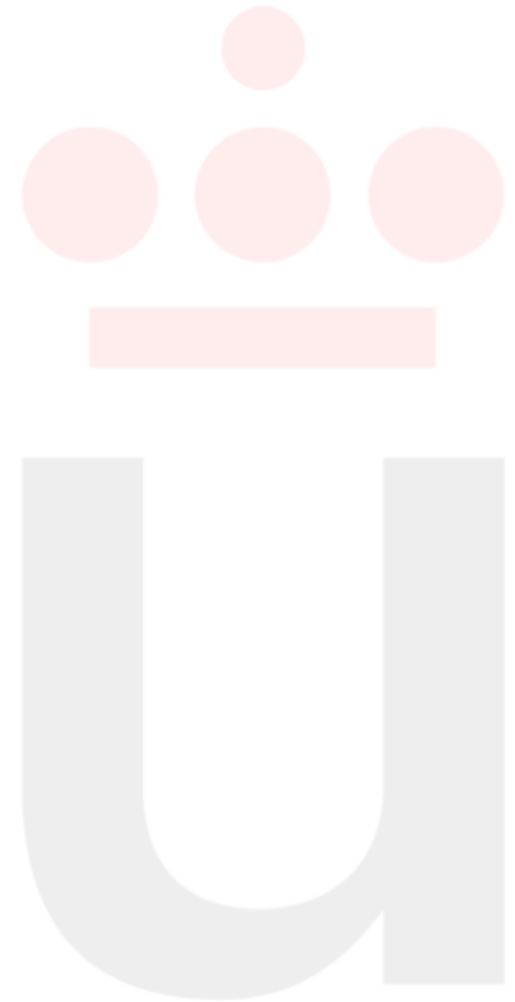
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Introduction

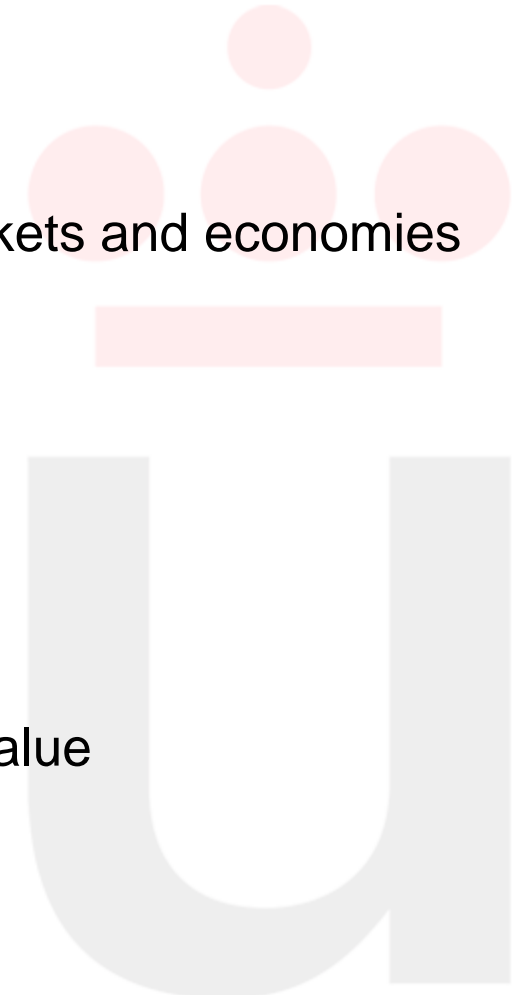
Changes in society

- Cultural
- Globalization
- financial scandals that have made distrust of markets and economies
- breakdown of trust between markets



OBJETIVES

- Traditional: profit maximization
- Modern: sustainable maximization of enterprise value



Review of literature

The voluntary integration by the company in form of government and management, environmental, economic and social concerns of respect for human rights derived from the relationships between the company and its direct stakeholders as well as with anyone who is affected by the development of economic activity in the same (Escamilla et al., 2013)

Evolves the traditional concept to a different one where the social responsibility and sustainable development are indispensable in business

Review of literature

The evolution of society and globalization means that companies will face new challenges, and also considering the role of new technologies, has a result as growth of the interrelationships of stakeholders

The inclusion of ethical values in the company strategy and the need of increase the reputation and value the human capital implies that **the company paradigm change**

Review of literature

A socially responsible behaviour has positive **long term effect** :

- It helps to ensure the sustainability of the company and the society
- It reinforces their competitive position because the greater acceptance of their image, and therefore minimizes their reputational risk
- It gain competitive advantages

Review of literature

On the **dimensions of social responsibility... THERE IS NOT CONSENSUS**

But generally is accepted the existence of social, economic and environmental dimensions (Escamilla et al., 2013; Muñoz, 2008; Ramírez, 2006; Méndez, 2005; De la Cuesta y Valor, 2003; libro verde U.E. 2001; Carroll, 1979)

Review of literature

SOCIAL DIMENSION

- Usually the social approach was attached to **filantropic bahavior** of donation made by the companies to charities
- Nowadays, this dimension is refer to all those **behaviour which impact** is addressed to the stakeholders, and at the end to the society

In this dimension we include all the politics refer to **care of intellectual capital**, (libro verde U.E., 2001) making the difference between social, human and relational capital.

Review of literature

The social dimension will be characterized by the **relationship between the company with its stakeholders** as that these relationships can be:

- Increase employee productivity and improve the perception and attitude of them
- Influence purchasing decisions considering the perception that consumers have about the actions of corporate social responsibility of the company
- Provide quality products
- Improve the welfare of society
- Increase company loyalty as a result of the satisfaction of both employees and customers

Review of literature

ECONOMIC DIMENSION

Within this dimension is widespread that the only goal is to maximize profits and thus maximize the company value. To offer a socially responsible economic dimension aiming at creating value, it is necessary considerer the demand of stakeholders such as:

- **Shareholders** :adequate use of resources
- **Clients**: attending their needs and offer products and services with a good price quality relationship
- **Suppliers**: optimal payment for their services and products, and maintaining good relations allowing to made joint projects
- **Employees**: offer different plans that will allow to increase their satisfaction and lower absenteeism
- **Society**: offer transparency and ethical behaviors and social action programs.

Review of literature

- We can remark that the most important actions in this dimension are:
 - Codes of ethics and codes of conduct
 - Global compact adherence
 - Specific certificates about social responsibility
 - Signer Declaration of international principles
 - Inclusion in sustainability indices such as DJSI, FSTE 4Good
 - Collaborate on national and international initiatives

Review of literature

ENVIRONMENTAL DIMENSION

This dimension sets measures to reduce and mitigate the environmental impact

To do this, companies need to establish different scenarios in order to know the risks they are going to play, organize action plans in case of any unplanned risk, and inform the society about the issues that can damage the environment by the development of its activity

Review of literature

ENVIRONMENTAL DIMENSION

The decisions made by the company have a direct impact on the environment ... good for resource consumption or by the impact of their activity.

Maintaining a proactive behaviour in environmental management will be well regarded by society:

- **Measurement of direct and indirect emissions**
- **Indicators**
- **Obtaining ISO 14001 certification**
- **Establishing corporate strategies**

Methodology and sample

The Spanish banking sector is generally characterized by a high commitment to its stakeholders, and therefore to society and the environment

To make the CSR sector study is necessary to analyze both CSR reporting as well as all information contained on its website of Spanish banks listed on the IBEX – 35

Description	
Qualitative technique	Content analysis of web pages and CSR memories
Data	From January 2014 to March 2014
Sample	Spanish Banking sector, IBEX-35: BBVA, Santander, Caixabank, B. Sabadell, B. Popular, Bankinter y Bankia
Analysis technique	Cases study

Results

ENVIROMENTAL dimension	companies
Principles of Ecuador	BBVA, Santander, Caixabank, B.Sabadell, B. Popular
Carbon Disclosure Project	BBVA, Santander, Caixabank, B.Sabadell, B.Popular, Bankinter
Environmental Certification ISO 14001	BBVA, Santander, Caixabank, B.Sabadell, B.Popular, Bankinter
Certificate EMAS	Caixabank, Banco Sabadell
CDP Water Disclousure	B. Sabadell, B. Popular, Bankinter
Ecoeficiency Plans	BBVA, Santander, Caixabank, B. Sabadell, B. Popular, Bankinter
Waste management System	Santander, B. Popular, Bankinter

Results

ECONOMIC dimension	Companies
Behavior Code	BBVA, Santander, Caixabank, B.Sabadell, B.Popular, Bankinter, Bankia
Global Compact	BBVA, Santander, Caixabank, B.Sabadell, B.Popular, Bankinter
Investment Principles UN Chief-UNPRI	BBVA, Santander, Caixabank, B.Sabadell
Certificate EFR	Caixabank, Bankinter
Collaboration in social responsibility initiative-pyme From ICO and UN	Caixabank, Bankinter
Certificate ISO 26000	B. Sabadell, Bankinter
Sustainables Index DJSI and FTSE 4 Good	BBVA, Santander, Caixabank, B.Sabadell, B.Popular, Bankinter,
National Financial education plan promoted by the Bank of Spain and theCNMV	Caixabank, B. Sabadell

Results

SOCIAL dimension

Human Rights Observance

Social and welfare benefits

Reconciliation Plan

Promotion, Equality, diversity and talent plans

Plan and management developmento training

Corporate volunteering

Responsible Purchasing Policy

Apply codes of behavior

Measuring Customer satisfaction

Foundation through which channel the social work

Financial education plans

Collaboration with the universities

- Except Bankia not offer any information about other CSR the banks listed on the IBEX - 35 have all these actions of the social dimension as a common denominator

Concluding remarks

The positive effects of implementing CSR policies are undeniable

Good management and the inclusion of CSR in corporate strategy will increase the reputation and legitimacy both internally and externally

Research allowed us to deepen in the banking sector and its involvement in CSR:

- It is clear that there is a high awareness about the communication of implementing CSR policies
- The social dimension has a clear vision about caring for employees and improve the welfare of the
- In the economic dimension we conclude that the high degree of transparency that made the companies analyzed is quite remarkable to observe the arrangement of codes of ethics and behavior, be enclosed in sustainability indices have also made a commitment to the Global Compact
- In the environmental dimension maintain a proactive stance

Concluding remarks

❖ Implications:

1. The long-term implementation of CSR policies in the companies would acquire them generating skills of differentiating competitive advantages
2. Will Allow the company to create value for itself.
3. Will offer their commitment to improving their welfare society
4. May meet the needs of all stakeholders