

Handbook of Sustainable Finance

A multidisciplinary approach

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(coordinators)



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Preface

The last economic crises are enormous challenges that come on top of the growing uncertainty and lead human beings to resort to all the resources at their disposal to face them. The dispute for world hegemony, information and data, armed conflicts, demographic growth, pressure on natural resources, population aging, growing debt, high unemployment rates, inequality, and migratory movements require the cooperation of public and private agents around the world to find solutions to these problems. Through education and research, knowledge and technology used ethically are the primary tools that will allow us to overcome these challenges and think of a kinder future both for us and, especially, for the next generations.

In this sense, the Pontifical University of Salamanca and MAPFRE created the Sustainable Finance Chair in January 2020. The Chair is an open forum for reflection, research, training, and opinion on issues related to Sustainable Finance, especially in its social dimension. The Chair is inspired by the authors of the School of Salamanca and the Social Doctrine of the Church. It aims to be a meeting place for students, academics, researchers, professionals, managers, entrepreneurs, and any citizen who can contribute with their knowledge to the Common Good and transform the economic paradigm towards a social and global Economy at the service of people.

This book aims to shed light on the role of sustainable finance as an instrument of social cohesion. To this end, researchers, academics, and business professionals contribute their theoretical and applied knowledge to create this handbook with a multidisciplinary approach: Economics, Business, Law, Marketing, Advertising, Canon Law, Philosophy, etc. The manual is divided into two parts for ease of use. On the one hand, the first part highlights the importance of sustainable finance in the company's strategy. It highlights the economic aspects of finance, the different investment strategies developed by investors, and the implementation of environmental, social, and governance (ESG) factors. On the other hand, the second part analyzes the legal, ethical and reli-

gious aspects of Sustainable Finance and serves as a reference for economic agents' decision-making.

Part One

The importance of Sustainable Finance in the Company's Strategy

Integrating sustainability through ESG strategy: a value-creation guide for investors and companies

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Introduction

Since the origin of humanity, human beings have faced the challenge of managing scarce resources to satisfy their needs. Over the last 300 years, during industrial development, the tension between these two elements of the definition of economic science itself has become more evident. Since the 1970s, the world population has doubled. This demographic pressure, the process of industrialization and economic growth, and the successive economic crises we have recently experienced have resulted in the deterioration of the state of the environment and of living conditions of billions of people and working conditions. Thus the need arises for economic agents to react to the great challenge of preserving both the environment and human beings themselves.

For all the reasons mentioned above, a paradigm shift in the economic organization is currently in progress. The technological revolution we are experiencing is changing processes and providing a series of resources and tools that allow us to achieve very significant levels of productivity and growth, forcing citizens, companies, and governments to adapt to a rapidly changing context. In addition, the consideration of ethics in the management of both the public and private spheres is becoming especially relevant. It is an increasingly important element of refe-

rence demanded by citizens. Consequently, many influential individuals and companies worldwide call for a change towards an economic model that puts people, dignity, and the environment at the center. In the business arena, this change implies that companies consider the long term when making decisions. Furthermore, companies consider the holistic approach in their relations with their workers, the environment, and the rest of the stakeholders, as companies with a purpose that integrate the compatible objectives of making profits and being sustainable, among other changes. Therefore, the challenge nowadays requires all public and private agents to use all the technological tools at their disposal, act ethically in their decisions, and consider people and the environment.

Convinced or forced by circumstances (legislation, public opinion, reputation, competitive disadvantage), companies integrate these sustainability policies, known as ESG (Environmental, Social & Governance), into their strategies to mitigate risks while generating new opportunities. Thus, we are witnessing a change in the very definition of business strategy. Companies consider both classic financial and non-financial variables in their decision-making and the management of risks and opportunities. This chapter is organized as follows: the first part reviews the main historical milestones of sustainability, socially responsible investing, and ESG strategy. The second part analyzes the leading literature in this area. The third part aims to be a handy guide that enables companies and investors to navigate in the middle of the ESG ocean. It discusses what ESG investment is, why it has emerged so strongly recently, the different types of sustainable investment, the alternative benchmark reporting frameworks used by companies, and, finally, who the leading players in ESG data management are. Finally, the fourth part is devoted to presenting a series of conclusions, both general and specific, followed by bibliographical references.

History in a nutshell

Judaism, islam, quakers, and methodists: primitive forms of socially responsible investing

Sustainability is conceivably as old as humankind itself. Through the Pentateuch and the Koran itself, both Judaism and Islam, the Quakers

and Methodists in England between the 17th and 18th centuries already practiced in a roughly primitive way what we know today as socially responsible investing. Concerning the former, they considered Tzedek (equity and justice) as a guide that should condition their behavior in life. Owners had rights and duties. They had to be exemplary in managing their holdings, avoiding any harm to others, and committing themselves to generate financial profits sustainably and ethically. Today's modern interpretation of Jewish Law limits investment in "immoral" companies such as those operating in the oil, coal, or gas industry because of the negative impact on people's health. Islam, on the other hand, considers guidelines relative to investment (Shariah-Compliant Finance): both individuals and institutions are responsible for the management of risk and profit; money is a mean in itself and not an end, and agents should not use it for speculative purposes (Riba); it also prohibited usury as well as any investment in alcohol, immoral goods, pork products, weapons, and silver or gold.

Through the Religious Society of Friends, Quakers already included ethical criteria in the management of their investments and enterprises and, in addition, opposed slavery and war. In 1832, Friends Provident launched the first mutual fund with ethical criteria in the United Kingdom, inspired by the principles established long before by the first Quakers. As for the Methodists, mainly in the person of John Wesley, through his sermon "The Use of Money," they laid the foundations of what we know today as exclusionary investing screening. The author made a call to avoid investment in the so-called "sinful companies," or industries that could put workers and others at risk, even potentially: firearms, tobacco, and alcohol.

School of Salamanca: the systematized ethics revolution in finance

Several hundred years before Adam Smith wrote his magnum opus on the economic organization, an intellectual movement, widely accepted as the origin of economic science, emerged: the School of Salamanca. It was a group of theologians and canonists (including St. Bernardine of Siena (Franciscan); St. Antoninus of Florence, Francisco de Vitoria and Domingo de Soto (Dominicans); and Luis de Molina, Juan de Mariana, and Francisco Suárez (Jesuits)) who researched in the 16th and

17th centuries. They followed the works of Thomas Aquinas and applied Catholic norms of justice to numerous economic issues. They presented arguments emphasizing the importance of social justice for a productive but mainly peaceful and ethical social order.

Although it may be too ambitious to call the School of Salamanca the genesis of human rights, individual rights were already present in many of their arguments. Their conception of the market opposed to that of modern neoliberals. Although the market was first and foremost a physical place where real people gather, those participants possessed a moral conscience that was also part of the economic process. Molina asserted that a slave could have an *ius qua homo* and, therefore, also has rights. Furthermore, the same author stated that injustice to someone is a violation of that person's rights. Vitoria's ideas about society depended in part on his Aristotelian belief that human beings are social by nature and need others to survive and achieve a good life. His views on economics are grounded in Natural Law, which entails a normative view of economic processes rather than the purely strategic and material rationality of a simple *homo oeconomicus*: concerned about his interest and the common interest. Finally, Azpilcueta's ideas on inflation and his defense of morality in the exchange set guidelines for ethical behavior in economic transactions.

The theory of moral sentiments, by Adam Smith: empathy and common sense applied to economics

In 1776, Adam Smith wrote his magnum opus, *An Inquiry into the Nature and Causes of the Wealth of Nations*, a fundamental work in classical economics that had, and still has, a significant impact on the vast majority of modern societies. Since then, economists the world over have capriciously interpreted and adapted the Scottish economist and moral philosopher's work to a culture in which households and businesses alike make decisions based on their particular interests. Therefore, a fundamental, and at times practically unique objective was imposed at the time: to increase the production of goods and services. Only 17 years earlier, Smith had written, *The Theory of Moral Sentiments*, a book that would be doomed to oblivion. In this work, he considered generosity, humanity, kindness, compassion, sympathy, mutual friendship, and es-

teem while also referring to resentment, revenge, virtue, admiration, corruption, and justice and their fundamental role in society and the economy.

Major milestones of sustainability and socially responsible investing in the modern era

In 1953, Howard Bowen mentioned the concept of corporate social responsibility (CSR) in his book “Social Responsibilities of the Businessman.” In 1971, Pax World issued the first social mutual fund in the US. Concerning the protection of human rights and, more specifically, apartheid in South Africa, the Sullivan Principles (by Rev. Leon Sullivan), during the 70s, and the EIRIS Foundation, in 1983, maybe considered as major references in this field. The main purpose of both initiatives was to promote corporate social responsibility in companies that could in some way be implicated in cases of racism. More recently, an institutional body has emerged to ensure the protection of human rights: The Corporate Human Rights Benchmark, in 2013; The Human Capital Management Coalition, in 2017 and The Investor Alliance for Human Rights, in 2018. In 1985, financial planners and advisors, mutual fund companies, research firms, broker-dealers, banks, credit unions, non-profit associations, and asset owners launched the Social Investment Forum. In 1990, KLD launched the first Socially Responsible Investing index: Domini 400 Social Index (currently known as MSCI KLD 400 Social Index).

Regarding ESG reporting frameworks, the Global Reporting Initiative (GRI) was created in 1999, followed by the International Integrated Reporting Council (IR) in 2010 and the Sustainable Accounting Standards Board (SASB) in 2013. In 2015, the Financial Stability Board (FSB) created the Task Force on Climate-Related Financial Disclosures (TCFD), another framework to be considered by firms when disclosing information about climate-related financial risk for stakeholders. These frameworks established benchmarks that help companies to write and communicate their non-financial reports. Launched in 2000, the United Nations Global Compact is a guide for responsible corporate practices, based on ten universal principles (human rights, labor, environment and anti-corruption) and followed by more than 10,000 companies and 3,000 non-business signatories all over the world, the largest corporate

sustainability network. In 2006, the United Nations presented the Principles for Responsible Investment (PRI), an international network of investors that establishes a set of actions for implementing ESG dimensions into investment practice. In 2009, the Global Impact Investing Network (GIIN) was created by a network of companies and investors aimed at working to generate social and environmental impact.

2015 represents a global turning point in the field of sustainability. On the one hand, the Paris Agreement (COP21) laid the foundations for the fight against climate change. The United Nations updated its development agenda and the Millennium Development Goals to the current Sustainable Development Goals (SDG), also incorporating aspects such as economic inequality, innovation, climate change, sustainable consumption, peace, and justice. In addition, that same year, Pope Francis issued “Laudato si”, an environmental declaration that aims to put people at the center. In the same vein, his predecessors Benedict XVI (Caritas in Veritate) and Leo XIII (Rerum Novarum) referred to the need to ensure social responsibility in the face of the growing process of industrialization and commercialization of society. From an institutional point of view, the EU has carried out several actions aimed at ensuring sustainability through its regulation, its budget or other programs: in 2019, the European Commission presented the European Green Deal, a strategy for sustainable and inclusive growth that aims to make Europe the first climate-neutral continent by 2050, devoting at least €1 trillion of sustainable investments over the next decade. In 2020, the European Commission also launched the EU Next Generation, endowed with €750 billion, 95% of which finances social aspects. Finally, the EU funnels more than 30% of the current EU budget for 2021-2027 to protect the environment.

State-of-the-art research

Introduction

The debate on whether there is an impact of implementing policies that promote sustainability on company performance and finances goes back to the 1970s. Davis (1973) launched a debate in his work between two of the most influential economists of the last century, both winners of the Nobel Prize in Economics. Paul Samuelson defended the postu-

re that affirms that companies that integrate corporate responsibility policies, transparency and that promote business ethics in their strategy experience advantages and higher performance. Conversely, Milton Friedman argued the opposite. The Chicago School economist considered this type of policy a cost that only harms the company's financial performance.

Competitive advantage: risk, performance, and reputation

ESG integration can lead to a competitive advantage through three significant drivers: risk (company-specific risks and externalities), performance (process and product innovation), and reputation (consumers and human capital). For example, Hart (1995) demonstrates that ESG issues impact risk, performance, and reputation through competitive advantages.

Regarding the specific risk for the company, McGregor and Stanley (2014) analyze the negative financial impact in the form of fines and settlements that some companies have suffered for disregarding or undermining ESG issues. The sectors analyzed, among others, are those in which companies faced the highest fines, such as the financial sector: Bank of America, JP Morgan, BNP Paribas, and Citigroup. Banks have paid around \$100bn in US settlements since the beginning of the 2008 crisis. On the other hand, Almashat and Wolfe (2012) analyze the pharmaceutical sector (Pfizer, GlaxoSmithKline) and the amount paid in fines by companies in this industry since 1991: \$30bn. Moreover, external costs (externalities) may depend on unpriced natural capital assets such as climate, clean air, biodiversity. Furthermore, according to the Global Risks Report, the World Economic Forum (2020) identify climate action failure, biodiversity loss, and extreme weather amongst the five most concerning global risks in terms of impact in 2020. Finally, Eccles et al. (2014) found that ESG strategies lower systematic risk.

The implementation of ESG policies in the company can positively impact company performance through innovation improvements and efficiency gains that will result in improved competitive advantage. According to Porter and Kramer (2006) and Eccles and Serafeim (2013, 2014), sustainability positively impacts financial performance. The paper by Porter and van der Linde (1995a, 1995b) shows that pollution translates

to inefficiency. Greening and Turban (2000) find that corporate social responsibility practices represent a competitive advantage. By generating a more significant competitive advantage, they represent a focus of attraction for the most talented workforce, which generates greater productivity and efficiency and, finally, better corporate performance. About the social aspects of ESG and how the degree of employee satisfaction with the company influences their productivity and, ultimately, efficiency, there is a large body of literature on the subject. The findings to date suggest that there are elements that positively impact workforce productivity and its performance, results, and, finally, the sustainability of the project and the pursuit of excellence. Those elements are the following: identification with the company, pride of belonging, family reconciliation or work-life balance, good internal organization, adequate incentives, confidence, camaraderie, justice, credibility, respect, recognition, and cooperation. Many authors have studied this relationship (Amabile et al., 2005; Argyle, 1989; Benabou & Tirole, 2002; Boehm & Lyubomirsky, 2008; Compte & Postlewaite, 2004; Freeman, 1978; Hermalin & Isen, 2008; Isen et al., 1987; Wright & Staw, 1998).

The relationship between the implementation of ESG policies in the company and the corporate reputation or image and its consequent competitive advantage has also been the subject of study by numerous authors. Controversies represent one of the fundamental elements to understand the direct connection between the absence of ESG policies in the company and the deterioration of the corporate image (Aouadi & Marsat, 2018). Cases such as Foxconn in Bangladesh and Facebook (Social), Volkswagen (Governance), BP (Environmental), among others, are some of the examples of companies that have suffered adverse effects on their reputation by experiencing some controversy. Companies are increasingly involved in the race not to be left out of the ESG wheel because this puts them at a huge competitive disadvantage compared to their competitors. Thus, companies see it as increasingly necessary to apply ESG policies and, in addition, to have the ability to know how to communicate this through the various reporting frameworks, advertising, corporate websites. Edmans (2012) and Eccles and Serafeim (2014) studied the correlation between employee satisfaction and the quality of human capital as significant determinants of corporate reputation to

attract more and more talented workers as a driver to improve corporate financial performance.

Cost of capital

Companies can use ESG to mitigate risk and thereby reduce the cost of capital, financing, and debt. Suitable corporate governance structures (lean and efficient boards), sound environmental management (avoiding toxic spills), and employee welfare are effective ways to reduce borrowing costs and the cost of debt. Better ESG instruments reduce the cost of equity. Authors have found beneficial aspects for companies that integrate ESG into their strategies in the form of lower cost of capital (Sharfman & Fernando, 2008), lower cost of equity (El Ghouli et al., 2011), the higher credit rating (Attig et al., 2013) and cash holdings (Cheung, 2016).

According to Bhojraj and Sengupta (2003), institutional ownership positively determines bond ratings in terms of governance. Klock et al., (2005) find a negative correlation between anti-takeover measures and corporate bond performance. Ashbaugh-Skaife et al. (2006) conclude that ESG has a positive effect on bond ratings and that companies with better governance scores have a 136 basis points lower cost of equity. Goss and Roberts (2011) confirm that companies with corporate social policy problems pay between 7 and 18 basis points more than companies without CSR problems. Dhaliwal et al. (2011) conclude that companies with superior ESG policies benefit from a 1.8% reduction in equity costs.

Operational performance

Aggregate ESG sustainability scores positively impact companies' operating performance (Brooks & Oikonomou, 2018). Servaes and Tamayo (2013) show that when advertising increases, a better disclosure policy used to communicate their ESG practices attracts more customers and, therefore, operating performance improves. Brogi and Lagasio (2019) found a positive correlation between ESG disclosure and profitability in the same vein. More examples of contributions finding a positive correlation between the implementation of ESG policies and improved operating performance are Jo and Harjoto (2011), Cochran and Wood (1984), Koh et al. (2014), Wu and Shen (2013), Revelli and Viviani (2015),

Brooks and Oikonomou (2018), Fatemi et al. (2015), Roman et al. (1999), Orlitzky et al. (2003), Eccles et al. (2014). According to other authors, CSR policies can also have a positive impact on operating performance through environmental activities: Ambec et al. (2013), Porter and van der Linde (1995a), or as a source of innovation that creates extra revenue that can cover additional costs (Deng et al., 2013; Margolis et al., 2009; Orlitzky et al., 2003).

Other authors find no correlation: Cornett et al. (2013), McWilliams and Siegel (2001), Moore (2001), or even a negative correlation: Baron et al. (2011). In this sense, it is important to cite those authors who consider a negative relationship between sustainability policies and the company's financial performance. These authors consider that CSR activities entail additional costs caused by agency problems and an inefficient allocation of resources, which will place the company in an unfavorable position in a free and competitive market. Examples include Friedman (1970), Sternberg (1997), Margolis et al. (2009).

Other authors have studied the effect of ESG policies in a unidimensional way. As far as the environment is concerned, these works conclude that more corporatized environmental policies result in better operating performance. Examples of such policies are those by Russo and Fouts (1997) - higher environmental ratings-, by Clarkson et al. (2004) - lower pollution levels-, or by King and Lennox (2002) - waste prevention measures-. Regarding the social dimension, Preston and O'Bannon (1997) study how good corporate relations between employees, customers, and the community have a positive impact on operational performance. Richard et al. (2007) studied the positive correlation between workforce diversity and firm performance.

From a social point of view, it is essential to consider the purpose. Many authors have studied the relationship between the purpose of workers in the company and have reached different results. Some authors have found a positive relationship between purpose and financial performance (motivating employees beyond their formal employment contracts: Ariely et al., 2008; Grant, 2008; Gibbons & Henderson, 2012; decentralization of decision making: Bartlett & Ghoshal, 1994; alternatively affecting other stakeholders such as customers or investors: Elfenbein et al., 2012; Elfenbein & McManus, 2010 or investors, Ton, 2014;

could increase employee effort and productivity due to their higher satisfaction and commitment: Liden et al., 2000; purpose leads to higher customer satisfaction and loyalty when customers themselves care about the purpose of the firm: Du et al., 2007a; Du et al., 2007b; Hainmueller & Hiscox 2012), or negative (a focus on purpose could divert attention from shareholder returns and ultimately lead to inferior financial performance: Friedman, 1962; focusing on these goals distracts employees and management from paying due attention to shareholder returns, thereby underperforming their more market-oriented competitors: Jensen, 2010; companies that emphasize a solid social purpose make unproductive investments because managers make private profits as a result: Brammer & Millington, 2008; Cheng et al., 2013).

Finally, in terms of governance, Cremes and Ferrell (2013) analyze how poorly managed firms reduce Tobin's Q. Beiner et al. (2006) showed how good corporate governance increases firm valuation, and Core et al. (1999) conclude that adequate executive compensation leads to higher firm performance. In addition, another group of authors has studied the positive impact of ESG policies on companies operating in the banking sector: Simpson and Kohers (2002), De la Cuesta-Glez et al. (2006) applied to Spanish banks, Maqbool and Zameer (2018) for Indian banks and Baradwaj et al. (2019) for US banks.

Stock prices

The literature on sustainability and its relationship with stock prices is vast. Regarding environmental aspects, Klassen and McLaughlin (1996) demonstrated a positive correlation between positive news or publicity and stock price. Capelle-Blancard and Laguna (2010) studied the chemical industry and found how environmental disasters negatively impact the stock price. Derwall and Verwijmeren (2007) showed that more "eco-efficient" companies outperform less "eco-efficient" companies in the stock market. Regarding governance, Edmans (2011) found that employee well-being increases stock returns ('100 Best Companies to Work For'). In the same vein, Edmans et al. (2014) found that employee satisfaction increases stock returns. Finally, in terms of governance, there is abundant literature that proves the positive correlation between the specific dimension of sustainability and the increase in the value of

stock prices: Giroud and Mueller, (2011) -level of industry competition-, Yermack (1996) -internal mechanisms and board of directors-, Core et al. (1999) -executive compensation policies-, Gompers et al. (2003) -shares of well-managed companies significantly outperform those of poorly managed companies-.

ESG: a guide for managers and investors

What is ESG and why now

Although interchangeable, it is essential to analyze the differences between the terms “sustainability,” “socially responsible investment,” and “ESG.” Sustainability is a comprehensive concept that may relate to the economic sphere in the case of this chapter. Etymologically, it describes something sustainable or intended to endure. Applied to our reality, it refers to a type of economic organization capable of satisfying people’s basic needs today without jeopardizing the survival of future generations or even our own. Alternatively, socially responsible investing refers to a type of investment that considers both moral and profitability aspects when selecting assets or funds.

For several reasons, the ESG strategy consists of a broader vision, which transcends investment. It is the consideration by companies, investors, and decision-makers of the three dimensions of sustainability in an integrated manner (environmental, social, and governance) when planning the company’s strategy or selecting the best investment options. The ESG strategy considers the impact of implementing sustainability both internally and externally within the company. Internal materiality refers to how ESG influences financial performance. On the other hand, external materiality refers to how a company’s decisions affect stakeholders (pollution caused by a company’s effluent).

In addition, the ESG strategy uses a large amount of data to quantify and measure this impact and assess companies through sustainability ratings. This consideration makes it possible to identify risks and opportunities more precisely, which will help managers define corporate strategy. Other stakeholders can then use precisely this information to make decisions beyond investors and managers: consumers (to reward or penalize companies), media (controversies, reputation, transparency

to inform public opinion), governments (subsidies, taxes), researchers, insurance companies. Finally, organizations that carry out these strategies consider values and aspire to be purpose-led companies to lead their respective industries. To be sustainable in the long term, for their interest, the common good, and the environment.

Therefore, in a compact form, ESG factors consist of the holistic consideration of economic agents' environmental, social, and governance dimensions. ESG strategy considers all the agents or stakeholders, directly or indirectly to a greater or lesser extent, in making management and investment decisions to generate a positive internal and external impact and a purpose in both the short and long term. It is an extra-financial information analysis tool that improves risk management. Some examples of the different sustainability measures that a company can implement in its organization are the following: regarding the environmental dimension, biodiversity, energy usage, waste and recycling, water management, pollution, carbon emissions. In the social aspect, diversity issues, community relations, supply chain, human rights, equal opportunities, child labor, health and safety, social inequality, consumer rights, financial inclusion, fair trade labeling, and union relationships. Finally, governance issues include transparency, executive compensation, takeover defense, independent directors, cumulative voting, board structure/size, bribery and corruption, and ownership structure.

“Stakeholders” was first used in England at the beginning of the 18th century to refer to a person or business who invests money in something. R. E. Freeman popularized this term when he used it in his work: *Strategic Management: A Stakeholder Approach* (Freeman, 1984), to refer to those who can affect or be affected by a company's activities. According to Freeman, these stakeholders are an essential element in the company's strategic planning if we want to make the right decisions. Stakeholders are agents that can influence the company or be affected by its operation, directly or indirectly, both in the short and long term. Stakeholders are, for example, society, customers, investors, competitors, executive board, non-governmental organizations (NGOs), regulators, community members, suppliers, debtors, creditors, trade associations, shareholders, governments, regulators, media, decision-makers.

Over the past five years or so, investors have become increasingly interested in ESG strategy. Six determinants are acting as tailwinds to trigger this change:

- **Growing demand:** investors are becoming more demanding and require more information about whether their investments will contribute to a better world.

- **“If my competitors do it...”:** there is concern about falling behind in the sustainability race or being affected by competitive disadvantage. Until a few years ago, investors had a positive perception of companies that implemented corporate social policies. Social corporate policies are no longer outstanding; consumers will penalize companies that fail to do so.

- **Materiality matters:** as we have seen in the theoretical framework, more and more companies see the beneficial effects of considering the ESG strategy on the main financial variables (profitability, financial performance, higher productivity, lower cost of capital, lower risk, higher stock prices).

- **The massive injection of public funds:** the European Commission, the US, and Chinese governments, as well as the vast majority of developed countries, are allocating vast sums of money to accelerate this paradigm shift. To all these investment packages in the environment, climate change, social aspects, we must add the stimulus packages that came after the outbreak of the pandemic in the form of expansionary fiscal policies that, in most cases, are aimed at sustainability and the transformation of the economic model.

- **Legal requirements:** Directive 2014/95/EU of the European Parliament (referred to as the ‘Non-financial Reporting Directive’ -NFRD) requires companies and financial institutions to be more transparent. A critical way to funnel financial and capital flows toward sustainable investment is by improving data availability. Therefore, companies with more than 250 employees have to disclose their non-financial information. Companies should include in that report what is known as ‘double materiality,’ which we will refer to later: on the one hand, how sustainability issues may affect the company (outside-in risks). On the other hand, how the company impacts society and the environment (inside-out risks). The minimum information that the reports should include

de is the following: description of the company's business model and the policies applied by the company concerning due diligence; the results of these policies, including key indicators; the main short, medium, and long-term risks related to the activities of the company; the key non-financial indicators that are relevant to the business.

Sustainable investment strategies

As mentioned, different types of investment strategies have been used throughout history. Initially, the most basic and widely used were those that penalized companies or industries that produced goods such as alcohol, tobacco, weapons. Over the last few decades, investment strategies have adapted to the circumstances. They have mutated into much more complex forms in which agents consider significantly more information when making investment decisions or managing companies. Although exclusion investing is still the most important in quantitative terms, impact investing is the fastest-growing form of investment. The most common strategies that may be used individually or in combination are the following:

- Negative or exclusionary screening: this is the most commonly used strategy. It eliminates companies from industries or countries to which there is some objection. It is closer to ethics than to management. The main limitations are: which companies/sectors to exclude, whether to include suppliers or part of the activity, which part, how much it will limit decision making. At other times, the strategy may consist of divestment. The main problem with this strategy lies in the fact that abandoning an investment does not solve the fundamental problem, which is, for example, decarbonization.

- Norms-based screening: this is a more concrete form of harmful or exclusionary screening that excludes the portfolio companies that do not meet internationally accepted norms, treaties, or conventions such as the UN Global Compact, Kyoto Protocol, UN Declaration of Human Rights. The disadvantages are similar to those mentioned in the case of exclusionary screening.

- Positive/best-in-class screening involves selecting companies with a strong ESG performance and giving more importance to sustainability. Some limitations of this strategy are: what percentage of companies

should be selected, what criteria should consider, if the current best is selected, we may miss out on the champions in the future.

- Sustainability-themed investing: this strategy focuses on industries or companies that carry out their activity in a sustainable manner in one of the three dimensions in a specific way: environmental, social, or governance (a fund focused on renewable energy).

- ESG investing or integrated analysis uses environmental, social, and governance factors to enhance financial analysis. It is preferable to the exclusion strategy because investors cannot use their influence to determine and change the firm strategy once investors exclude a company. It is, therefore, a tool that improves risk management. One of its main objectives and strengths is the measurement of materiality, as we shall see below.

- Active ownership: active dialogue or engagement consists of using dialogue with the company through the voting rights of its shareholders to influence the company's strategic decisions. The two main objectives of this strategy are to mitigate risks and generate a relationship of trust with the invested company. The limitations are the need for in-depth knowledge of the company and the need for the process to be continuous.

- Impact investing: the main difference between traditional investment and impact investing is that the latter has the dual objective of generating a financial return and a social and environmental return. On the other hand, it is not just philanthropy or a mere donation because it also pursues a financial return. The main characteristics of impact investing are intentionality, additionality, measurable impact, and economic/financial return.

ESG reporting frameworks: double materiality

The different reporting frameworks used will vary depending on the focus and need of the target stakeholder:

Company-focused frameworks: this reference consists of sustainability and human rights reporting guidelines for companies to report their social and sustainability practices. The main frameworks used by companies are the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI), the International Integrated Repor-

ting Framework (IR), the Task Force on Climate-related Financial Disclosures (TCFD), and the UN Guiding Principles Reporting Framework.

Investor-focused framework: in contains ESG data providers and vendors, consultants, third-party research services, and ratings and indices specifically designed to aid investment decisions. Some of these providers or consultants include Bloomberg, Dow Jones, MSCI, Cambridge Associates, SustainAbility.

Human rights-focused frameworks: this approach includes rankings and ratings created by human rights experts to identify which companies are leaders in this field. Examples include the Investors Alliance for Human Rights, the UN Human Rights Working Group, and NGOs such as Oxfam.

The three most widely used company-focused frameworks by companies are the Global Reporting Initiative (GRI), the International Integrated Reporting Framework (IR), and the Sustainability Accounting Standards Board (SASB), listed in chronological order of creation.

The Global Reporting Initiative (GRI) was founded in 1999. It is an independent international organization that develops the GRI standards and provides guidance on environmental, social, and economic factors to all stakeholders. This framework helps companies, governments, and other organizations to understand and communicate the impact of corporate activities on these sustainability issues. Both universal and issue-specific standards are used together to write sustainability reports focused on material issues. The GRI helps stakeholders calculate the company's impact on the world or the so-called "internal risk" approach, a vital dimension of materiality.

The International Integrated Reporting (IR) Council, a global non-profit organization, founded between 2009 and 2011, is a coalition of regulators, investors, companies, standard setters, accounting professionals, academia, and NGOs. IR's goal is to establish integrated reporting and to think within the mainstream business practice as the norm in the public and private sectors. It helps organizations explain how they create value in the short, medium, and long term, both from a financial and integrated reporting perspective. It includes an integrated model with a holistic approach using six capitals within a company: financial, manufacturing, human, social and relational, intellectual, and natural. It con-

tains eight fundamentally linked elements and not mutually exclusive: an overview of the organization and external environment, governance, business model, risks and opportunities, strategy and resource allocation, performance, outlook, and introductory presentation.

The IR includes seven guiding principles for preparing and presenting an integrated report: strategic focus and forward-looking orientation, information connectivity, stakeholder relationships, materiality, conciseness, reliability and completeness, and consistency and comparability. IR helps organizations communicate information on the value created, preserved, and eroded for the organization. Recently, GRI and IR have created the Value Reporting Foundation, whose primary purpose is to lay the foundations for a new single, comprehensive reporting framework that addresses both internal and external materiality.

The Sustainability Accounting Standards Board (SASB) was founded in 2011 as an independent standard-setting organization in the US. It establishes industry-specific sustainability disclosure standards aimed at capturing financially material sustainability issues. SASB helps companies worldwide identify, manage, and report the sustainability issues that matter most to their investors. It discloses issues, accounting metrics, and technical protocols for each sector. SASB's materiality map is a tool that identifies sustainability issues that may affect the financial condition or operating results of companies in a sector. The materiality map considers Dimensions and General Issue Categories to measure such materiality.

The dimensions considered by SASB to calculate materiality are Environment (air quality, energy management, water and wastewater management, ecological impacts), Social Capital (human rights and community relations, customer privacy, data security, customer welfare), Human capital (labor practices, employee health and safety), Business model and innovation (business model resilience, supply chain management), and Leadership and governance (business ethics, competitive behavior, regulatory environment). Materiality is essential because it aligns the organization's sustainability objectives with internal and external stakeholders' priorities, establishes guidelines for strategy, and results in greater transparency for stakeholders.

Other important reporting frameworks include the Task Force on Climate-related Financial Disclosures (TCFD): founded by the G20 Financial Stability Board, which published recommendations to encourage companies and financial and non-financial institutions to disclose information on climate-related risks and opportunities. The UN Guiding Principles Reporting Framework was launched in 2015. It was the first comprehensive guide for companies to report on human rights issues. The UN Global Compact: is a voluntary initiative that seeks to promote universal principles on human rights, labor, environment, and anti-corruption through the active engagement of the business community in cooperation with civil society and organized labor representatives.

According to these frameworks, the foremost common steps in the information framework process are:

- Consider a comprehensive list of stakeholders (internal and external)
- Create a set of sustainability indicators (air emissions, business model, customer relations, employee satisfaction, health and safety, supply chain, waste, water, workforce diversity, inclusion).
- Create specific stakeholder surveys and define interview questions.
- Contact stakeholders to communicate why their ideas and opinions are important and how those items and responses will be taken into account.
- Send the survey request to stakeholders and conduct interviews within the organization.
- Analyze the results using business analytics tools and quantifying materiality and functional relationships between non-financial and financial variables.
- Share the results with stakeholders and make them public to inform them about the ESG report: website, press release, advertisements.

Databases, metrics, and ratings: quantitative aspects of sustainability strategies

Before analyzing how the major global companies obtain data and produce indexes, it is helpful to briefly look at the main participants in this market, both from the supply and demand points of view. On the vendor side, the traditional data providers have reacted to the great changes in this emerging market and have made critical strategic decisions.

In chronological order, these are the primary operations between traditional investment research firms and specialized ESG boutiques: in 2009, RiskMetrics Group acquired Innovest, Sustainalytics and Jantzi Research Inc. merged, Thomson Reuters acquired Asset 4, RiskMetrics Group acquired KLD and Bloomberg acquired New Energy Finance. In 2010, MSCI bought RiskMetrics Group, and GMI and Corporate Library merged. In 2012, Sustainalytics acquired Responsible Research. In 2014, MSCI (Morgan Stanley Capital International, a research firm that provides stock index, portfolio risk, and performance analysis) acquired GMI Ratings. In 2015, ISS (formerly known as oekom research, one of the world leaders in ESG research) acquired Ethix SRI Advisors, and Vigeo and EIRIS merged. In 2016, Standard & Poor's bought Trucost. In 2017, ISS bought IW Financial and acquired South Pole Groups' Investment Climate Data Division, and Morningstar buys 40% of Sustainalytics. In 2018, Sustainalytics purchased certain assets of Solaron Sustainability Services, and ISS acquired Oekom Research. In 2019, Sustainalytics acquired GES International, Moody's acquired a majority stake in European ESG ratings firm Viego Eiris, Moody's acquired a majority stake in climate data firm Four Twenty Seven, MSCI acquired Carbon Delta, Thomson Reuters acquired FC Business Intelligence, and RobecoSAM transferred ESG ratings and SAM Benchmarking to S&P Global. In addition, Thomson Reuters owns Refinitiv, creator of Eikon, one of the most potent ESG databases. Bloomberg has updated its historical database and has added a considerable amount of ESG information, so it remains one of the most widely used databases. Morningstar, another primary global data provider, acquired Sustainalytics. Other major providers of data, ESG research, and rating agencies for sustainable investments include CDP's annual environmental disclosure and scoring process (recognized globally as the benchmark for corporate environmental transparency), FTSE4GOOD (index series created to identify companies showing good performance on ESG issues) and STOXX (ESG indices). Other significant providers are Covalence, Truvalue Labs, Ethos, Inmate, Arabesque, TRUCOST, GRESB, RepRisk, and Beyond Ratings. On the other hand, concerning the demand or users of these data and indices, the most important are governments, sell-side research stores, equity and fixed income traders/analysts, non-profit organizations, portfolio

managers, pension funds, hedge funds, independent SRI research providers, niche/ideological investors, corporate CSR/IR professionals, insurers and consultants.

There are five main ways in which consultants, data providers, and analysts obtain information:

- Companies: company websites, proxy reports, annual reports, CSR reports, shareholder results, sustainability reports, company voluntary ESG disclosures, surveys.
- NGOs: GRI, SASB, IR, CDP, TCFD.
- Governments: European Central Bank, US Environmental Protection Agency, EU Taxonomy.
- Media sources: main headlines.
- Alternative: geographic mapping, water scarcity data, flood risk analysis.

Finally, it is essential to highlight and explain the wide divergence that exists between different ratings. The number of ESG standards and frameworks, data providers, ratings, and rankings has grown exponentially, with more than 700 ESG ratings and rankings existing worldwide by 2020. Rating agencies use different scoring scales to measure ESG. MSCI uses DDD/AAA, Sustainalytics and SAM ESG Rating use 0/100, FTSE Russel uses 0/5, ISS ESG CR and CDP Climate use D-/A+. Many investors and asset managers approach and evaluate ESG differently. Investors often use the data to inform their internal research, key performance indicators, or scoring methodologies to design their view of a company's performance. Some investors disregard the scores in a rating. Investors and managers appreciate the different qualities of different suppliers and competitors: the broad coverage of Sustainalytics and MSCI, the quality and usefulness of CDP, ISS, and The RobecoSAM CSA, the governance score ISS, the use of artificial intelligence (AI) of Truvalue Labs and S-Ray. According to Berg et al. (2019), the difference in ratings produced by different rating agencies for the same company is due to measurement divergence, which explains up to 50% of the total divergence. According to the authors, the rating agencies' assessment is influenced by their view of the company analyzed.

Conclusions

The conclusions drawn from this work are listed below. For the sake of clarity, conclusions have been divided into general and specific conclusions.

General conclusions

The latest economic crises of 2007-2008 and 2019-2020 represent cyclical but structural changes that accelerate the main social and environmental challenges human beings face. A paradigm shift is taking place characterized by putting the human being and the environment at the center.

There is now a consensus on the need for both the public and private agents to collaborate to define and implement the new framework of economic organization in which economic transactions must occur. It is not a question of the eternal debate about governments or markets, but more of both, as long as they participate efficiently and ethically.

In this regard, governments and regulators are releasing gigantic budget allocations around the world to lead and implement this structural change. These funds represent a significant incentive that modifies the behavior of companies and citizens who, in turn, demand this change.

Specific ESG conclusions

Companies are changing their organization and strategic planning from a partial approach to a holistic approach, from the single view of financial aspects to all the elements that make up the company in an integral way and provide more information on risks and opportunities. Companies are changing from the partial and incomplete view of the stockholder to the stakeholder, from the short term to the long term, from considering profit as the only objective to considering the purpose and the social, environmental, and good corporate governance aspects. Many companies are already showing us that doing well by doing good is possible to do things differently.

Although the environment is currently the predominant element, in the medium term, it will be the social aspect that will take center stage and grow more noticeably in the mainstream.

One of the main challenges of ESG investment is the calculation of double materiality. In this sense, the collaboration between the different reporting frameworks and common standards will be fundamental for companies and investors to have more information and more transparent reporting criteria.

Another advance that incorporates the ESG strategy is the management of data and metrics and quantitative aspects. Big data and artificial intelligence, among other tools, are fundamental to continue quantifying materiality, both internal and external. Although complex, this quantification remains crucial to managing the information related to the performance of the different companies and its comparison through ratings, for example, fundamental to make investment decisions.

Alongside these quantitative tools, there is a divergence between the different ratings created and calculated by different agencies. Regarding the difference between the various reporting frameworks, there is a significant discrepancy depending on the sources we use or the companies that generate the ratings. That divergence makes homogenization, which is essential for decision making, more complex. The companies in charge of evaluating and calculating the ratings are the same ones that incorrectly evaluated the ratings that led to the 2007 financial crisis. The existence of a severe conflict of interest means that these companies are not the optimal solution for assessing the ESG quality of companies.

Finally, the ESG strategy is here to stay. Sooner or later, all companies, regardless of their size or number of employees, will have to publish non-financial information. The next step in this process will be to extend these requirements for greater transparency in everything related to the ESG pillars. Companies and consumers will get a rating based on the responsibility shown, which agents will use in calls for proposals, subsidies, tax benefits.

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Notes

1. See the EIRIS Foundation webpage for further information: <https://eirisfoundation.org/>
2. See the Corporate Human Rights Benchmark webpage for further information: <https://www.corporatebenchmark.org/>
3. See the Human Capital Management Coaliton webpage for further information: <https://www.hcmcoalition.org/>
4. See the The Investor Alliance for Human Rights webpage for further information: <https://investorsforhumanrights.org/>
5. See the MSCI-KLD 400 Social Index webpage for further information: <https://www.msci.com/msci-kld-400-social-index>
6. See the Task Force on Climate-Related Financial Disclosures webpage for further information: <https://www.fsb-tcfd.org/>
7. See the United Nations Global Compact webpage for further information: <https://www.unglobalcompact.org/>
8. See the Principles for Responsible Investment webpage for further information: <https://www.unpri.org/>
9. See the Global Impact Investing Network webpage for further information: <https://thegiin.org/>
10. See the Sustainable Development Goals (UN) webpage for further information: <https://sdgs.un.org/>
11. See the Official website of the Holy See for further inormation about the encyclical “Laudato Si’”: http://www.vatican.va/content/francesco/en/encyclicals/documents/papa-francesco_20150524_enciclica-laudato-si.html
12. For example, Directive 2014/95/EU of the European Parliament, referred to as the ‘Non-financial Reporting Directive’ -NFRD

13. See the European Green Deal (European Commission) webpage for further information: https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en
14. See the EU Next Generation (European Commission) webpage for further information: https://ec.europa.eu/info/strategy/recovery-plan-europe_en
15. See the GRI webpage for further information: <https://www.global-reporting.org/>
16. See the IR webpage for further information: <https://integratedreporting.org/>
17. See the SASB webpage for further information: <https://www.sasb.org/>

From social marketing to brand activism

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Introduction

Currently, companies are operating in a different socio-economic context in which the market demands a social change beyond economic value. The VUCA environment, climate change, the SDGs, sustainability, corporate purpose, corporate relevance, committed citizenship and the economic and institutional crisis are concepts and new realities that affect the ways of being and behaving of organizations. Following this trend, organizations are transitioning from relevant organizations or brands to transcendent brands that generate a positive social and environmental impact.

As we will see in this chapter, brand activism becomes one of the companies' responses to generate social impact. That's why we are witnessing how more and more companies publicly position themselves on social, environmental, political, or civil issues. This brand activism is articulated in a series of strategic alternatives depending on the companies' purposes.

Changes in society and in the environment of organizations

The institutions on which society is based are in crisis and now we are in a time of social change. The institutions as we knew them have not been able to respond to changes in the environment and have therefore lost the trust of citizens. Today's society has lost confidence in public institutions and governments, rising to clear the barriers between governments and markets, between states and companies (Crane and Matten, 2017).

Nowadays, customers expect companies to care about something beyond making profits. Responsible actions and campaigns aren't enough anymore, they are asked to go further by caring about the world in

which we live through four dimensions: integrity, intentions, capabilities, and results.

The economic model itself is being questioned and different movements and alternative models are entering the social agenda. These models advocate for an economic system that puts people and the environment at the centre of their concerns. This system change is perceived as necessary to respond to two great social challenges such as climate change and growing inequality (Piketty, 2016).

These models challenge companies to respond to the interests of society and not continue to be independent entities with their own interests, the main one of which is to deliver value to *shareholders* or owners. In other words, Friedman's view that the sole purpose of companies is to maximize profits for their investors has become obsolete and now companies have a purpose beyond just making money.

The corporate purpose, which must be aligned with the needs of society, enters fully into this context. The role of companies in society (Lozano, 2005) has become a key issue: different institutions such as the United Nations (UN) collect this social demand and urge companies to ensure that their strategies and operations are aligned with universal values, minimizing their social and ecological impact. An example of that are the objectives of Sustainable Development or the obligation instituted by the Financial Union of submit non-financial reports¹).

Furthermore, people have begun to demand this responsibility, claiming their citizenship dimension and they prefer to buy and work in companies with whom they share values or at least they avoid the ones that don't. As reflected in the Accenture report (2018), 62% of consumers want companies to take positions on issues that they are passionate about: "consumers reward values such as family connections, health, safety, sustainability or respect for religious beliefs". According to the Edelman study (2018), 66% of consumers choose, change or boycott a brand based on the social causes they support, 53% believe that brands can do more than governments to solve social problems and 56% believe that CEOs should lead the changes instead of waiting for governments or laws to impose them.

The foregoing forces companies to respond to these new demands, establishing different strategies. If we follow the evolutionary line of these

Driven by the company	Driven by the company	Driven by society
Promotion of causes	Philanthropy	Brand activism
Marketing with a cause	Corporate volunteering	
Corporate social marketing	CSR	

Figure 1. Company responses. Source: Adapted from Kotler and Lee (2005)

responses, we can observe an increasingly holistic level of response that integrates more areas of business activity by (Kotler and Lee 2005).

The first solutions proposed came from marketing and, although they are gaining complexity, they are mostly based on the communicative dimension of the company. In a second stage, the responses are driven and focused on the company and developed from philanthropy to Corporate Social Responsibility (CSR), which maintains that companies have, beyond the commitment to their shareholders, a commitment to society and sustainability. However, the authors propose brand activism as the next stage in this company-society relationship and as a lever to generate that social impact, given that social responsibility has not had enough impact. That's because most companies limit themselves to CSR reactive, without transforming power or ethical background. Kotler and Sarkar (2018) consider that brand activism is different from corporate social responsibility because it is motivated by a fundamental concern for the great and urgent problems that society faces. For these authors, we are seeing the transformation from marketing with a cause, determined by the marketing paradigm and praxis, to CSR, which is determined by the company, and from CSR to brand activism, determined by society.

Brand activism, therefore, consists of “business efforts to promote, impede, or direct social, political, economic, and/or environmental reform or stasis with the desire to promote or impede improvements in society” (Kotler and Sarkar, 2018 p. 574).

A key concept in this response from organizations is the theory of stakeholders or interest groups. The stakeholders push companies to engage in social and political issues, especially with the realization that go-

vernments and other institutions are not doing it effectively. Although the original meaning is attributed to Freeman (1984) as “those groups without whose support the organization would cease to exist”², focusing on the benefits that each of these interest groups takes, the theory must be rethought including society as a central stakeholder because society is made up of citizens who have legitimate expectations towards companies, which are moral agents of both decision and action.

Another transversal concept is the triple balance or triple bottom line, which refers to the fact that the company must manage, measure, and report not only their economic impacts, but also social and environmental, seeking economic prosperity, environmental quality, and social justice (Elkington, 1997).

This concept enjoys great acceptance in the business world since it is not difficult to transform the dimensions of the model into business objectives and it is the one used by the Global Reporting Initiative (GRI) for the preparation of sustainability reports (Sanchis and Campos, 2018, p. 250).

Combining these two theories, we arrive to the citizen company concept, which is derived precisely from this need to legitimize the power of the company in society. A citizen company is a responsible and sustainable company that is also involved in governance. It is a company in which the treatment of ethical values connects both with the relationship with their stakeholders and with the construction of legitimacy and public recognition (Lozano, 2009).

Social marketing

One of the first responses of companies to meet social demands began with the practices of social marketing. The term was coined by Kotler and Zaltman (1971): “the design, implementation, and control of programs in order to influence the acceptance of social ideas and involving marketing planning considerations.”

To achieve this influence, commercial marketing technologies are applied to the analysis, planning, execution, and evaluation of programs (Andreasen, 2003, p. 296). Social marketing has its own marketing mix, in which the traditional four P’s are replaced by four new ones (Weinreich 1999): publics, partnership, policy and sources purse strings.

Although the ideas that social marketing promotes are varied, they can be grouped into four main blocks: improving health, prevent damage, protect the environment and promote community participation (Lee, Kotler, and Roberto, 2002, pp. 15-16).

The practice of marketing with a cause is understood as “the process of formulating and implementing marketing activities characterized by the company’s offer to contribute to a specific cause when customers make a purchase” (Varadarajan and Menon, 1988). Its objective is to build a brand or improve the relationship with the client by differentiating its product with the creation of socially responsible attributes, through association with a social cause and an ethical dimension.

Its particular characteristic is that the company’s contribution to the cause is linked to the purchases made by consumers. It must be transparent and honest so that consumers see the campaign or project as credible.

There are many cases of marketing with a cause, such as the feminine hygiene brand Ausonia. The brand has been collaborating with the Spanish Association Against Cancer (AECC) since 2009³.

For Garriga and Melé (2004), marketing with a cause is instrumental. It is a situation of mutual benefit, but not a transformative activity: it can be considered a response to an individualistic society in which individual causes and responses are rewarded, but it does not allow systematically tackling global problems.

The responsibility social corporate

The concept of Corporate Social Responsibility (CSR) arises as the broader framework of action of companies in their relationship with society. CSR is a transversal concept that affects different areas of company management. The activities carried out must be linked to the basic activity of the company, have a vocation of permanence, and involve a commitment from the management.

The European Commission (2018) defines CSR as companies taking responsibility for their impact on society. The European Commission believes that CSR is important for the sustainability, competitiveness, and innovation of companies and the European economy⁴. The Observatory of Corporate Social Responsibility (2014) includes the following

definition: “Corporate Social Responsibility (CSR) is the way of conducting the business of companies that takes into account the impacts that all aspects of its activities generate on their clients, employees, shareholders, local communities, environment and on society in general”, coming back to the broad concept of stakeholder.

The RSC become a reality in the ‘80s and today, almost all large companies operating in the West countries have a CSR plan, a team responsible for sustainability within the company, and communication campaigns that transmit their achievements. They also need to comply with laws and recommendations of different institutions and governments that look for the same results.

The current reality of corporate social responsibility covers a wide spectrum, from mere philanthropy or public relations to a real commitment to the common good or sustainable development that transforms all company processes and seeks to minimize the negative externalities and maximize the positive ones. If until a decade ago it was an adjunct business activity, now it occupies, at least in certain brands, a central place around which revolve all actions of the organization.

However, there are three sets of reasons that influence the lack of consensus around the practice of CSR as a response from organizations: the lack of regulations, disengagement from the company main activity, and the definition of the social.

First, most definitions of CSR include its voluntariness. Faced with the more voluntarist Anglo-Saxon tendencies, the European environment advocates establishing a regulatory framework (De la Cuesta, 2004, p. 56). As stated by Lozano (2009, p. 44), CSR combines a discourse of demand towards the company with a voluntary nature: when these two poles face each other in practice, the defense of the voluntary becomes the defense of the arbitrary.

Second, another common paradox is that the corporate social responsibility plans of companies are in too many cases disconnected from their core products and services: they are mostly philanthropic or community activities, not strategic, and not related to the business. Corporate social responsibility only makes sense if it is integrated into the value creation process, if not it will be perceived by the consumer as *greenwashing*.

Finally, the very use of the social word within the term also generates doubts. This is such an open term that allows that in too many cases CSR is translated into actions of philanthropy or social action.

Brand activism

To solve the problems with CSR, a new term is required. A term that is linked to it but that goes further in the involvement, commitment, and strategy of the companies. That's the idea behind brand activism or corporate activism, that urges companies not only to take responsible actions but also to defend and publicly position themselves on certain causes that they consider part of their long-term values and ideals (López Aza, 2020, p. 67).

Brand activism seeks to generate a social impact, therefore, it is about “the efforts of businesses to promote, prevent or direct change or social, political, economic and environmental immobility with the desire to promote or prevent social improvements” (Kotler and Sarkar, 2018, p. 567). That is, activism can be progressive if it seeks to promote these improvements and regressive if it seeks to prevent them⁵.

One of the pioneering companies in brand activism in the 80s was United Colors Benetton: their advertising campaigns, designed by Oliviero Toscani, questioned social issues that worried in those years, such as HIV, homosexuality, religion, and racism. Benetton is characterized by its vindictive and provocative character and although many of its campaigns have been censored over the years, the idea was and continues to be to align the brand with the social issues.

But activism related with consumption is not a new phenomenon, we have been seeing examples from the perspective of the citizen or consumer since the second half of the nineties, mainly as a consequence of globalization and the relocation of companies (Klein, 1999).

In the opinion of Martínez-Cordero (2018), a brand becomes an activist when the following variables concur:

1. There is a social controversy that implies the deprivation of rights to some sector not necessarily related to the brand,
2. The brand defends expressly and publicly one of the sides of the controversy,

3. The brand and its spokespersons defend the position taken in a sustained, consistent manner and through affirmative actions inside and outside the company, and

4. Through these actions, the brand influences the debate and the formulation and execution of public policies⁶.

Naturally, activism or public positioning of a brand has consequences for the company. These are not always going to be positive, they can also go on the negative side and produce boycott campaigns by those consumers or citizens who do not sympathize with the position taken. It is up to the company to determine whether or not they assume the risk. As stated by Toit (2016, p. 18), we witness a new era of corporate behavior. A time when it is no longer taboo to talk openly about the problems and where companies are willing to risk disturbing a segment of their customers for the opinions expressed.

On the other hand, activism is not a one-dimensional concept, but there are various activist themes in which a company can get involved. Kotler and Sarkar (2018) make their classification for corporate activism divided into the following types:

- Social activism: refers to the provider role that the company has in education, medical care, other aspects related to well-being. Currently, it also includes areas such as gender equality, LGTBIQ, race, discrimination, etc. Some brands such as the manufacturer of feminine products Always work on the empowerment of women through their “Like a Girl” campaign. Avon contributes to domestic violence awareness, education, and prevention with various programs and campaigns, as well as supporting victims. The new Barbie, with new body types, a variety of skin colors, races, styles, and outfits is working on diversity.

- Civil activism: the company enhances the civil rights of individuals and, therefore, has an empowering role that provides autonomy to individuals, protecting them from abuse by third parties and defending them from stronger powers. Within this type of activism, we can include workplace (has to do with governance, corporate organization, CEO pay, workers compensation, union and labor relations, government, etc.)⁷, economic (may include minimum wage policies and taxes that affect inequality of income and the redistribution of wealth)⁸ and legal⁹.

- **Environmental activism:** deals with the laws and policies of conservation, environment, land use, air, and water pollution. Many companies have developed environmental actions, this is the case of Body Shop, Patagonia, or Danone, among others.

- **Political activism:** companies are an additional channel for the exercise of the political rights of citizens, so they have a channeling role that enhances the active participation of the individual in society: the right to vote, to hold a position, or to participate in public affairs. An example is the company Ben & Jerry's that among its many activist campaigns is its activism in favor of the right to asylum.

Finally, Lopez Aza (2020, pp. 142-153) proposes some fundamental principles in corporate activism: authenticity, building trust and legitimacy, transparency, aligning values with those of stakeholders, relevance, integrating activism throughout the company, and marketing the action, not just the position.

Conclusions

A new generation of consumers is willing to see brands that have a purpose that transcends their products, a purpose that benefits people and society. Consumers are undoubtedly more demanding, but also the expectations of the rest of the stakeholders and society as a whole is taking on a greater role. They want transparency in the organizations they deal with, transparency in the core values of the company.

The era of purpose is generating a wave of initiatives to make these purposes tangible and showing that it goes beyond the communicative narratives or storytelling of the past to take action. It seems that there is no going back: the fulfilment of the SDGs, the pressing threat of climate change, social inequalities, or the contribution to sustainability are enough arguments for organizations to change their ways of being and doing and their role in the public space.

The move from relevant organizations or brands to transcendent brands seems to be the way to generate positive social, economic, and environmental impact. We are looking for committed and empowered organizations that connect with and for all their stakeholders. And this is precisely where brand activism comes in as a lever for companies to generate positive impact. Cause marketing evolved towards Corporate

Social Responsibility (CSR) and sustainability, both of them focused on and decided by the company. Now they are giving way to corporate activism, that emerges from society.

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Notes

1. Directive 2014/95 / EU of the European Parliament requires companies with more than 500 employees to communicate and disseminate information related to environmental, social, and governance factors to increase transparency and promote resilient and sustainable growth and employment.
2. Stakeholder theory developed in the 1980s and gained popularity in the 1990s, responding to the perception of an increasingly complex environment for society and companies. It starts from the context of the information society and finds its usefulness in it, since it focuses on giving and receiving relevant information and transforming this information into value, into shared knowledge.
3. For every Ausonia container with the AECC logo purchased by a consumer, Ausonia donates to the AECC, enabling funding for a breast cancer research project.
4. The European Commission already points out its voluntary nature in 2001 saying that corporate social responsibility is given by their

voluntary initiatives of companies that go beyond their legal obligations, to achieve social and environmental objectives in their daily activities..

5. Kotler and Sarkar (2018) define regressive activism as business actions that go against the common good (beneficial and shared for the majority of the community) and progressive activism as business actions that are in favor of the common good. We start from the basis that there are controversial industries (for example, tobacco, alcohol, weapons, pharmaceuticals, financial services since the 2008 crisis, energy or biotechnology) and other non-controversial industries such as of consumption and distribution, entertainment, manufacture or telecommunications and informatics.

6. As an example, Starbucks has provided platforms for the reintegration of war veterans into civil society and has promoted a policy against racism and social injustice in the United States. Levi's has announced that it will create a fund, donate money and promote the campaign against the possession of weapons in the United States (Martínez-Cordero, 2018).

7. A clear example of labor activism is Mercadona, the Spanish distribution giant that has policies on labor matters that stand out among companies in this sector.

8. In February 2015, Walmart set the new standard and raised the wages of its 500,000 lowest-paid employees up to \$ 9 per hour. Compared to all other forms of brand activism, few have such a direct impact on the company's bottom line. Gap also raised its minimum wage to \$ 9 an hour in 2015 and \$ 10 an hour in 2016.

9. An example of this activism is found in State Street Global Advisors, the investment management division of State Street Corporation and the world's fifth largest asset manager. This company markets an index that gives priority to companies with female leadership. In 2017, State Street voted against the proposals of 512 companies due to its lack of diversity on the board.

Health and sustainability in the strategy of value creation of companies

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Introduction

The chapter examines whether a comprehensive management of health and well-being, linked clearly to the contribution to the Sustainable Development Goal 3 (ODS 3) in the companies whose philosophy focuses on the sustainability leads to a better positioning the business with all stakeholders, especially investors and potential investors. Health and sustainability, from the vision that we intend to address in this chapter, go hand in hand, and the growth of a implies the growth of the other. We start from the premise that there is a close relationship (cause - effect) between factors such as aging, stress, the impact of climate change and pollution, and the habits of life and the resilience of organizations and, therefore, the tendency of investors to bet on companies with healthy, able to generate business value by including in its business strategy, the development of the health and welfare of all groups of interest. The sustainable finance and health seem to be a good dance partner.

According to Ramon, S. (2021), the emergence of the COVID-19 and the changes that involves the post pandemic has put in the spotlight of investors to health as an investment opportunity. In the sustainable finance, investors consider aspects such as mental health, the techno-stress or the healthy working conditions, as well as new forms of public-private partnership or co-investment with multilateral agencies such as references to the time of investing in sustainable companies. In addition, the development of standards of non-financial information in the European Union, makes it foreseeable that from the sustainable investment will continue to develop standards for information and investment products where the health indicators occupy a prominent place.

1.- The business strategy is linked to the health and sustainability as a source of value creation. Causes and trends

Below are some of the causes, linked to trends, which justify why health and sustainability, integrated correctly into the business strategy, could be the source of corporate value creation:

1-The companies are studying the business opportunities arising out of its engagement with the SDGS of the United Nations, and investors to check the profitability of adding criteria extra financial decisions (Castelló, 17-08-2020). Thus, sustainability is a cost effective strategy, urgent and necessary for companies and the ODS-3 is emerging as a key objective in the current context.

2 - The change of paradigm in the health care system of Spain: If the urgent need for a change of model of the healthcare system in Spain together in addition to the current crisis of the Covid -19 seems fundamental that companies are active agents in this context, and include in your business strategy and overall business health approach, linked to sustainability.

3 - Health has always been a topic of general interest in the agendas of media and all the social agents: In the last year, 2020-21, we observe how the health and sustainability are part media agenda due to the interest to all stakeholders about the impact of the Covid-19. Both in the specialized media as the generalists are published on a daily basis multitude of articles, news, reports, special referrals to this end, some examples are;

The pandemic caused by the coronavirus has revealed even more, the importance of health. And not just from a point of view strictly health, but also as an investment defensive which makes it all an opportunity for the portfolios. (Strategies and Investment, 01-06-2020).

In this same sense, headlines, also in the general media, as the Sanchez-Silva (26-2-2021), *“The pandemic silent: the mental health of the workers gets worse at high speed. Fight against stress, anxiety, and depression becomes a priority for large enterprises”*.

4 - With the pandemic COVID-19 companies that contemplated in your business strategy, policies and processes relating to the health and well-being of the employee have been able to provide answers quicker and more flexible to the challenges and problems of this pandemic, have

shown greater resilience and better control of the negative impacts. A comprehensive management of health has a positive impact on the sustainability of companies and institutions.

5. Investors and the financial markets believe in sustainability and in health: The media specialized in sustainable finance and the experts in ethical funds and cost-effective point that this trend is growing. The investors, points out (Castilla, 2021) consider that sustainable businesses are more capable of managing the risks, shows the potential that implies that the financial sector is incorporated into their investment criteria of environmental, social and governance (criteria ASG). In this sense, the newspapers specialized on sustainable finance in their agendas, news on investment and ODS-3, as an example: *“The investors in this new era of medical care and the broader problems related to health, as diet, obesity, and tobacco will be topics where it is expected to investors put the magnifying glass from now on”*, Miller and Lu (24-2-2019) in relation to the SDGS 3.

The report Forbes (2020) points out that the leading companies in sustainability in Europe had been falling lower in the stock markets in times of collapse of the bag.

These data reflect the existence of a link between health, sustainability and business competitiveness. According to the study by KPMG (2021) this sustainable transformation is coupled to the digital, one of the main challenges and have an impact on their business models, where its impacts are reflected in the strategy, risk models, the processes of finance and corporate development, among others.

6 - The aging of the population and the disease: in the decade to 2020 - 30, in Spain, the majority of the population will be older than 50 years. The assessment of occupational risks linked to the aging of the population will be a major factor in the labour market policies and of health of the companies. The report by The Economist (2021) refers to this decade as the YOLD (union of the words Young-Old). The diseases that involves the aging to be better managed from prevention and awareness-raising about the style of life, but according to data of the European Agency for Safety and Health (2019), only 2-3% of the average expenditure on health in the country is directed to the prevention, and only a third of the companies have a plan against the stress. New technologies and therefore,

the daily rhythm in companies, have brought new problems of health and mental well-being that is currently suffering nearly a 40% of the Europeans, and where solutions can be applied easily implemented as a limit emails to the working hours and the right to disconnect. At the same time, the major non-communicable diseases (heart, cancer, diabetes, and respiratory disorders), along with the mental have been a high cost to the global economy in treatments and decrease of productivity.

7. The business commitment to the health is closely relation to the engagement with climate change: considered as the great danger to the health of global climate change affects the quality of the air to the quantity and quality of fresh water or food. The Covenant European Green (2019), indicates the air quality as a priority to protect the health of european citizens.

8. Citizens and consumers are becoming more demanding with the responsible behaviour and sustainable businesses and brands with which they have links to: Entrepreneurs, small businesses, and startup have discovered in the circular economy, a form of innovative management that brings with it new business opportunities and market niches yet to be explored. The report Blackrock (2020) points out in this same sense, young consumers prefer to consume healthier products, sharing mobility for saving money while traveling and pollute less or invest with environmental and social criteria.

All of these causes and trends are forcing companies to take an active role in health care to be sustainable in the medium and long term.

2.- Sustainability in the creation of business value. Health in the business strategy

The current concept of sustainability seems to have already exceeded their initial trend in the environmental sector. Today means a model to understand the management of an economic and social system, as a corporate strategy, says Castelló (2021). Specifically, according to this author, *“it is a model of value creation more complex, balanced, and comprehensive, which seeks to benefit interest groups (stakeholders) that belong to the company”* Castelló (2021). And it is convenient to understand, remember, the holistic approach and the systemic sustainability in companies. This systemic vision of sustainability requires all stakeholders and

in particular the *stakeholder* have an active role and share this business philosophy.

The triple dimension of this way of doing business involves the development of three areas: economic sustainability, social sustainability and environmental sustainability. Do we find health in these three dimensions?

From all these considerations, and by focusing on the health, can be found in the literature references that help us to sustain in the business context of approaches to the creation of value based on the relationship of health and sustainability. One of these approaches is referred to the actors involved, and the creation of value. This vision established by Forética (2020), displays an approximation theme that companies have to keep in mind to work out the context of the health and sustainability in a holistic way. The agents involved, as previously described, put your attention on the *stakeholders*, whose role is crucial in the development and the final result. Finally, the creation of value, focuses on how to maximize the benefits from key resources, and its implementation from the corporate strategy, in this case, in terms of health and sustainability.

We then arises a question, What issues should form part of the corporate agenda of health and sustainability? To be able to approach your answer, it seems necessary to think of the triple dimension of sustainability (ESG) in relation to the health, highlighting the issues that have become part of corporate agendas, in its dimension of environmental, social and governance. From this perspective, we fit the proposed model developed by (Forética 2020) which is presented in the later in this chapter. It shows how companies can take an active role in the three dimensions mentioned in relation to the SDGS 3.

To support the need for and benefits in the business sustainability of this strategy, we have already seen that the health and well-being is not only a goal in itself, but presents a close relationship with other SDGS such as climate change. In addition, progress on the regulation and transparency of the indicators are not financial fact that anticipates the potential ability of creation of greater value for companies involved with the health and well-being.

The different ability of handling problems in the field of health and well-being arising from the pandemic by the companies, health for the

good functioning of the companies, the economy and society. Those with featured programs related to health and well-being from a vision of sustainability that have behaved with greater resilience and a better control of the negative impacts.

Thus, the business management of health at all levels has a positive impact on the sustainability of organizations and, therefore, the management of this crisis could be a turning point in the way in which aspects of health are considered in the overall strategy of business". (Forética 2020, p. 12)

Beyond the security policies of the companies, the prevention and the promotion of changes in the lifestyle are, among others, simple measures, necessary and urgent in the way that all social actors must assume in their agendas corporate to help a national health system that demands a paradigm shift, "the cure to prevent." For decades now, and more at the current moment, experts point out, say, that the model of health care system as we know it today in Spain is unsustainable: the aging of the population, chronic diseases and pandemics accelerate the need for companies to be part of the solution integrating into their strategy health to assist in the transformation of a system where the people, the physical and legal, to assume that they are responsible for their health and or to put it another way, sometimes, his lack of health.

3.- The model of corporate value creation. Health and sustainability

We believe that businesses must assume his role in the prevention and care workers through a comprehensive management health by contributing to the development of a healthy business.

From the vision that we want to display and defend in this chapter, the liability of the companies should go beyond compliance with the law on prevention of occupational risks, and other regulations at the sectoral level. According to the report of the un Global Compact (2018) the second highest goal of working for the companies surveyed is the ODS 3 concerning health and well-being. This area, the study says, have a direct impact on the Spanish business fabric. It is, he says, in a very regulated in Spain through laws like the Law of Prevention of Occupational Risks (LPRL) and other regulations at the sectoral level.

While the most obvious concerning the ODS-3 are related to these aspects (industrial accidents, safety measures, risk prevention, etc), here also include actions aimed at the promotion of a healthy lifestyle among the employees, such as the provision of training on health and nutrition, or the implementation of programs of physical exercise, as well as the conception of new business models that directly impact on the health and well-being of the society. And it is the latter where we need to focus and move forward.

Health care has become a business value (potential) of strategic importance. In interaction with all relevant stakeholders, developed an approach for companies that want to manage their impact on the health of proactive and preventive. The approach is called Integrated Management of the Health (IHM), (Salanova, 2008). The model of management IHM constitutes a strategic approach to reduce the costs of sick leave and work disability, while increasing the productivity and resilience of the company and its employees. This gives the company direct economic benefits. At the same time, it is crucial for employees to remain physically and mentally healthy, and on conditions of employment.

We think it is important to remember that this approach IHM distinguishes seven lines of development: health as a strategic interest of the company; the performance of a primary process healthy, and a physical environment (working) safe and sound; a social environment inspiring; people in life; a strong relationship with the environment organizational immediately and the local community, and the products and / or services healthy. The interrelationships among the seven lines of development are fundamental to combine an improvement of the business impact on health with a strategic interest of the companies and organizations. These seven lines of development of HMI can be linked easily to the European Excellence Model of the European Foundation for Quality Management, and, if we want to go a step further, to connect the tandem health and sustainability to the creation of value in the technical sense financial, we will use the adaptation raised in the Report Forética (2011) model of value creation developed by the Massachusetts Institute of Technology (MIT) and the Boston Consulting Group (BCG).

Forética (2020, p. 15), points out that:

In the construction of the business case for health and sustainability for the business identified four levers that contribute to the creation (or destruction) of value, according to the companies to be determined and to be able to establish guidelines, objectives and frameworks for action clear: products and services, operations, productivity, and license to operate.



Figure 1. Source: Forética (2020, p. 16)

In the words of the director of Projects and services Forética, (Herre-ro, A. 2020):

The ‘business case’ of the tandem health and sustainability is now clear for the companies. A strategic approach is based on these three keys: comprehensive approach, consideration of the agents involved and the creation of value, allows to achieve, not only healthier businesses, but more competitive and resilient. (Soziabile, 25-5-2020)

In this model, applicable to all sectors and company sizes, you draw the triple dimension of sustainability (ESG) in relation to the health, highlighting the issues that have become part of corporate agendas, as shown in the following figure 2.

In its environmental dimension, according to the figure, the employees and customers of companies are the current and potential suffering from the consequences of pollution and climate change on health. Thus, proposes this model, contribute to the improvement of the environmental quality will allow the companies not only to adapt to the new climate



Figure 2. Source: Forética (2020 to, p. 13). Dimensions ESG and Health

scenarios and to be more resilient, but also to make a positive impact on human health, which reverts directly in the own productivity and socio-economic development.

In its social dimension, the model brings to the table the advantages and disadvantages of digital transformation, focusing on the challenges in terms of health (techno-stress, techno-fatigue or techno-addiction) that companies must manage. To do this, we sum the clear aging and disease chronicity associated with it. Problems in which administrations, organizations, and companies must take an active role by, for example, raising awareness of habits of life and consumption more sustainable, the design of friendly and healthy workspaces, the impact on value chains that can have such changes or the development of products and services according to the new needs of the population.

And, in the third place, in the dimension of governance, the model Forética argues that, in the context of global governance of sustainability set by the SDGS, “health is not only a goal in itself, but presents a powerful role as a backbone to the achievement of other goals and objectives. Thus, the strategic alignment and a clear commitment on the part of governments and companies is key. In addition, there are growing requirements of transparency in this sense, a fact that anticipates

the potential ability of creation of greater value for companies involved with the health and well-being”. Forética (2020, p. 12).

Castelló (2021) in this sense, he points out that as the current trend in the reform of the financial markets to incorporate more and more criteria of environmental, social and governance (ESG) issues, along with the financial criteria in the investment decision-making. Thus, the Socially Responsible Investment (SRI), he says, is the expression of the most widespread support in the financial markets to the sustainability strategies. The Principles of Responsible Investment (PRI), established in 2006, integrating the aspects ASG in the management of the Sustainable Finance. The principles of accountability, transparency, efficiency and effectiveness a summary of the best practices in the corporate governance framework of the company. And the codes of good governance are the result of the positions taken with regard to the two conceptions principal on the company according to the economic literature: the model of the shareholder (share - holders) and the model of the groups of social interest (stakeholders). Examples all of them of the evolution and consolidation of this trend.

To implement this trend and its strategic approach is necessary to search your translation by forms of action and standardize.

We found in the literature references to it. Thus, the report of the un Global Compact (2019) on the contribution of companies in the private sector to the SDGS 3, we find some formulas in the internal and external of the company. We show below the mentioned in the report:

4.- Forms of contribution of business to the SDGS 3

In the internal area: referring mostly to safety in the workplace, we find measures such as having management systems of occupational health and safety to provide the facilities of the company and requiring them to providers, to reduce accidents and occupational diseases in the entire value chain; to adopt protocols efficient health and safety in the products and services of the organization through the entire value chain in order to avoid impacts on the health of consumers; Provide regular training on health and safety to all workers, or limit the use of chemicals, contaminants or harmful substances to avoid contaminating the food,

air, water, or soil, leading to impacts on the health of local communities or employees.

Other, linked to the promotion of healthy life styles, among which we find the promotion of a healthy lifestyle. Other, referring to the groups of interest that are directly involved in production as well as, provide decent working conditions to providers to allow your employees, and your family to have healthy food and medicines. Strengthen measures to ensure that those who are part of your supply chain are not exposed to health hazards. Replace phase out the use of fossil energy by renewable energy on the activities and operations of the company to reduce air pollution. Control the use of energy in the movements of employees, suppliers, and, in relation to the distribution of products and services of the company by promoting the sustainable mobility and less polluting.

And in the external environment, we cite some, such as the use of the products and services of the company to find solutions to the early mortality and the improvement of the health, in the case of healthcare businesses; to Establish security and hygiene measures in order not to compromise the health of the clients. To reduce the environmental impact on the operations of the company avoiding contamination of air, water and soil. Integrate into the company's Guiding Principles on Business and Human Rights¹, to ensure that the operations of the company do not impact on the human right to health of local communities. And for the final consumer and the society are: * to Foster healthy habits on the part of consumers through communication campaigns and create public-private partnerships with non-governmental organizations in health care and public sector to deliver projects that contribute to improving the health and well-being of the society.

In the same report of the un Global Compact (2019) lists some metrics relating to the ODS 3 as:

The measurement of the scope and effectiveness of programs and practices that promote access to a healthy lifestyle, the prevention of chronic diseases, access to healthy food, affordable and nutritious, and the improvement of the welfare of the local communities.

Quantify and measure the impact of the types of injury and the percentage of injuries, diseases, occupations, lost days, absenteeism, and total number of accidents by working, by region and gender.

The measurement of the proportion of workers who have access to health services within the facilities or paid by the company for accidents or work-related diseases.

To quantify what part of the investments of I+D+I and financial devoted to issues related diseases on the total expenditure on I+D+I of the company.

To quantify the number of workers benefiting from the health services of the company.

As can be seen, the measures proposed in the report of the un Global Compact (2019) include the three dimensions ASG model, involving groups of interest and cover all process of production. So, have an impact on the key role that companies play in contributing to this goal, both internally (by putting in place appropriate plans of hygiene, occupational health and safety for employees and their value chains), as well as an external level (making sure that their operations do not negatively impact on the human right to health of the communities and maximizing their positive contributions on the well-being of society as a whole).

Step into the action by means of roadmaps in three dimensions is an initiative that companies are already taking place. Standardize models to measure the performance of these indicators and show the economic impact that this entails for companies is, perhaps, the challenge that we have to focus all the social agents in order to emphasize that the health and sustainability are key to the sustainable finance.

In this sense, entities, members of the Global Compact, in the online platform to Share ² explicit business initiatives with brands to contribute to the SDGS 3, which may be a reference to help the enterprises of any sector to set up their own roadmaps in this way.

How can you measure the companies their contribution to the Objective 3? To end this chapter, we propose to review the methodologies of measurement available to the business sector in its contribution to the SDGS 3, health and well-being.

Methodology SDG Compass. Guide to the private sector.

It is a joint project of the United Nations Global Compact, WBCSD) and the Global Reporting Initiative. Includes specific indicators for companies to be able to check the progress of its contributions to the different

Objectives of Sustainable Development. It is a guide for the private sector in contributing to the framework of the Agenda 2030. It is recommended to the companies assess the impact on the entire value chain of the company to identify those areas most likely to impact positively or negatively on the SDGS. In particular, for the ODS 3 on health and well-being, it is recommended to create processes and spaces of dialogue to improve the well-being of employees, analyzing aspects such as the burdens of work, the schedules and the stress inside the offices.

With respect to the potential benefits that highlight the respondents in the measurement of the SDGS in the aforementioned report highlights the improvement of the relationship with the stakeholders, the improvement of the reputation and the establishment of a common language that helps companies to work with, manage and communicate their impacts and their sustainability performance. Three benefits represent different approaches to the business: on the one hand, the perspective of the management of groups of interest market or internal, on the other hand, the perspective of the management of external stakeholders (consumers, and reputation), and in the third place, the perspective of business management (internal management of aspects related to sustainability). Finally, we highlight potential benefits of finding new business opportunities and communicate in a common language with governments and civil society.

This fact allows us to conclude that it is necessary to disclose the potential of finding new market segments that are hidden behind the framework of the Agenda 2030. As stated in the study of Sustainable Development (2020), the development of new business models more sustainable, plans and cross-sectoral, or the launch of products and services that contribute to the SDGS can generate business opportunities annually valued at \$ 12 billion.

Global Reporting Initiative (GRI)

Is the global framework of reference for the elaboration of sustainability reports which provides an overview of the material topics of the companies. Within this framework, the standards that refer to health are:

GRI 403: occupational Health and safety in the workplace. Includes policy development, analysis of risks linked to health, training and re-

ording and investigation of incidents, health and safety impacts of the organization are related, and how they are managed.

GRI 414: social Assessment of suppliers. Includes the percentage of new suppliers screened and selected with the social criteria, as well as the negative social impacts in the supply chain and actions taken.

GRI 416: the Health and safety of customers. Includes the assessment of the impacts on the health and safety of the categories of products and services, the cases of non-compliance concerning the health impacts and safety.

Sustainability Accounting Standards Board (SASB)

It is the standard of reference in the United States, which regards health and safety as a material aspect especially for sectors such as extractive, infrastructure and transport in the dimension of human capital. The category of health and safety of the employees of the standard SASB evaluates how companies ensure the physical and mental health of the workers through training, corporate culture, regulatory compliance, or the monitoring of the activities undertaken in this area.

On the other hand, some indices of reference have developed their version ESG value of companies listed on function of management that these make their environmental, social and good governance, among which are aspects that are important from the point of view of health and sustainability. In particular, the indices ESG MSCI views health in 4 of the 37 aspects of ESG key linking them to these three areas: human capital (health and safety), product liability (health and demographic risk) and social opportunities (access to health care and opportunities for food and health). Other indices: Dow Jones Sustainability Index, FT-SE4Good also dealt with in their standards of measurement.³

Linked to this latter aspect of the measurement raised by some stock market indices, the report (De Neve et al., 2019), studied whether companies with higher levels of well-being of the employees have better performance in the stock market and summarized some of the studies in this area. (Edmans 2011, as cited in De Neve et al., 2019) studied the relationship between the satisfaction of employees and the profitability of the long-term action of a portfolio-weighted value of the 100 best companies to work for in the United States. The data showed that, during

the period 1984 to 2009, the 100 best companies to work for in the United States generated stock returns of 2.1% higher than the industry average and had surprises gains more positive. The relationship between the well-being of employees and the returns of the stock market can also be replicated for the winners of the Gallup Great Workplace Award”⁴. By comparing earnings per share of seventeen winners of awards, covering six industries and with a size of between 800 and 250,000 employees, and their equivalents in the industry for the period 2011 to 2015 (Gallup, 2017), the data show that the winners grew approximately 4.3 times faster during this period than their counterparts. Another example mentioned in the same report, it is the study of Goetzel et al. (2016), who studied the performance of the market values of the companies that won the “National Award of Health C. Everett Koop”⁵, an award given annually to companies that invest in cost-effective programs of health and well-being for their workers, in relation to the average performance of the Standard and Poor’s (S&P) 500 Index. The authors came to a similar conclusion: during a period of fourteen years (2000 to 2014), the winners experienced a growth of 325% in the values of the actions, while their counterparts experienced a growth of only 105%.

To finish this section, we quote below, other methods complementary to the international level, such as:

The Ten Principles of the un Global Compact⁶ and the tool of preparation of the Progress Report⁷,with the report this information.

Guide Implementation of the Guiding Principles on Business and Human Rights United Nations⁸: tool that brings knowledge and training, assess your current situation in the field of human rights and identifies the main risks and impacts. In addition, it includes an identification of the specific risks in relation to the local communities.

World Health organization⁹:agency coordinating the action for health within the United Nations system. The web page contains publications, reports, and tools related to health.

UNICEF¹⁰:coordinating agency of the themes of childhood in the United Nations system. The web page contains publications, reports, and tools related to child health.

Business Call to Action¹¹:initiative promoted by the United Nations Program for Development (UNDP), which seeks to encourage the priva-

te sector to implement innovative business models that combine benefit and impact on development.

If we focus on the initiatives in Spain, we carried out by the ‘Action Group of Health and Sustainability’ –composed by 14 companies, and is led by Chiesi, MSD and Quirónsalud-, which drives the leadership, collaboration, and knowledge, to enhance the contribution of business to Sustainable Development Goal ODS 3. The companies that form part of the Group, says Suarez, head of the Action Group of Health and Sustainability “*meet the requirements of having a commitment to the health and sustainability which is reflected in their policies, strategies, processes and actions specific to their products and services, at the time that you make public periodically results related to their performance in this area*”, (Suárez, 27-10-20).

Finally, we also highlight the Business Model Healthy AENOR¹² (in the present Model, the Organization Responsible, SIGOS) that, according to (AENOR, 2019) has been transformed to adapt to the reality of the organizations safe, healthy and sustainable. Thus, it has integrated the High-Level structure of ISO to facilitate its integration with other management systems. In addition, he has expanded the concept of “healthy business” to any type of organization and its stakeholders. Also includes an annex that provides organizations with the implementation of the model. Since it first appeared in 2013, we have certified more than 60 organizations that total more than 1000 work centers around the world. Included among the certified organizations large companies, but also SMES and micro-SMES of all sectors of activity and the public and private realms.

Conclusions

- Sustainability is a cost, effective strategy for businesses. Companies to explore the business opportunities resulting from engaging with the SDGS of the United Nations, while investors check the profitability of adding criteria extra financial decisions. Sustainability as a strategy allows you to identify market opportunities, develop innovative products to a consumer more aware and responsible, helps the creation of links in the long-term with the stakeholders and leads to models of enterprise.sus-

tainable, increasing the competitiveness of the business and the corporate reputation.

- Health is present in the Agenda 2030 of a cross way, and more specifically in the ODS 3 Health and well-being. Health is a fundamental human right and a key indicator of sustainable development. Poor health is a threat to the rights of children to education, limited economic opportunities for men and women and increases poverty within the communities and countries around the world. The finance and health are aligned in the sustainable investment. The health and well-being are a priority for governments and companies, such as contained in the Agenda 2030 of the United Nations Sustainable Development Goal number 3 focused on the role of health in sustainable finance.

- Health systems must be prepared to react to the spread of new infectious diseases with high economic and social impact that we can be vulnerable. But also, there will be to stay alert to the response to the aging of the population, the impact of climate change and non-communicable diseases, mainly cardiovascular diseases and mental illnesses, which have replaced infectious diseases as the leading cause of death. Faced with this challenge, companies have the great opportunity to innovate, to rethink their operations, products and services that contribute to the success of the SDGS 3, the success of building a society where people, and in particular their health and well-being are at the center, at the same time that it will make to the success of their own companies.

- The role of health in sustainable finance is specific both in the financial analysis as in the design of investment products. Opportunities on phenomena such as the aging of the population, the integration of mental health in the professional life and the inefficiency of public spending on health, begin to open step in the supply and design of investment products.

- The pandemic Covid -19 has been put to the test the Socially Responsible Investment (SRI) in Spain and according to experts it has been confirmed that companies with a positive performance in social, environmental and governance hold up better to the crisis and recover before. The inverter detects that there is a positive correlation between sustainability and financial performance, as well as the solvency of the companies.

- The investors wanted, even before this pandemic, companies are more sustainable because they see that are better managed risks and have better radar for the opportunities, highlighting the potential that implies that the financial sector is incorporated into their investment criteria of environmental, social and governance criteria ASG. Sustainability seems to establish itself as a preferred investment. For sustainable finance in the business environment, the new framework for development in the European Union celera accountability on issues of ESG and sustainable finance. These advances are enabling the development of tools, frameworks and systems for the financial sector to be able to incorporate sustainability into their activity, along with the expectations of the market. As one of the landmarks closest in time, it highlights the next publication of the update of the NFRD, (reform of the directive of the non-financial information) (“Non-financial reporting”, 2021) that will be critical to the success of the european agenda on sustainable finance.

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8. Organización Mundial de la Salud: <https://www.who.int/about/es/>
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Sustainable Finance: The Importance of Data Science

Javier Sánchez Almaraz

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The society in which we live is facing the Fourth Industrial Revolution or Industry 4.0 and, as in every revolution of any kind, there are challenges, opportunities and uncertainties. The definitions of the final purpose of this revolution are wide, and cluster many of the so called new sciences: robotics, nanotechnology, artificial intelligence, Internet of things, etc. Without going into the advantages and disadvantages of such revolution, all sources agree that the main change lies in the fusion between the physical and the digital worlds, which transforms companies, maximizing their operational intelligence when looking for better returns.

But, what do all these new fields have in common? Both the scope and the speed of innovation in all these fields are based not only in major computer improvements —fostered by structural advances in previous revolutions—, but also on the “fuel” that feeds the change. This fuel is no other than data.

It is true that a lot has been discussed about data: its use, storage, the cloud, our privacy and so on, but, do we really know what the whole field of data science entails?

Throughout this chapter we will go through some of its most relevant details, mainly how it has had a fundamental role in the emergence of sustainable finance in the field of investment, highlighting the importance of data science for the consolidation of the financial industry.

In this sense, we will also quantitatively go further into environmental, social and governance (ESG) factors, both in relation to their construction and to the decision making processes that seek to satisfy the needs of our generation without jeopardizing those of future generations.

“There is no data like more data”

It is not a coincidence that this famous quote from Robert Mercer, one of the first successful scientists in AI, is one of the best ways to introduce data science. Even though it might also be a source of endless debates, this quote is an accurate reflection of the commercial—and even governmental—crusade we are immersed in on a daily basis.

Let us stop for a moment to wonder, when was the last time we had to accept cookies on a website?, how many apps have we downloaded on our mobiles?, how many cell towers are there around us?, how many sensors does our car have?, how many cards are necessary for all our daily activities? We live surrounded by tools which can obtain each and every single one of our movements, and those capable of influencing our behaviour are destined to success, which increasingly reduces the distance between the online and offline worlds.

An eye-opening fact: Lee (2020), who has experience in some of the best companies in the US and China, has asserted, when addressing the topic of smart cities, that most bicycles and scooters that flood big cities to favour sustainable urban mobility are equipped with different types of sensors. These are capable of providing data servers around twenty terabytes of data daily, which would be around 78 times the average storage of our laptops.

Developments have been more than evident and, with no intention of causing controversy, due to the enormous amount of information we are constantly exposed to and the negativity bias, what remains in our minds are the news related to the impact of data in electoral processes, the tough controls regarding the use of face recognition technologies in some countries, the fear towards big technological companies' invasion and the vulnerability of our privacy on social media or even its slight influence when dealing with a pandemic. We are leaving aside everything related to robotics, the advances in prompt and effective illness detection, the identification of side effects in drug testing, the improvement of accident blackspots on our roads, the fight against bank fraud, the addition of value to customer experience in the area of e-commerce, etc. But these are just some examples, because we have already incorporated a myriad of other applications as part of our normal life, such as the

detection of spam messages or the use of browsers, search engines, machine translators or voice recognition.

But, who is behind all these piles of data? It is at this point that data science is fundamental, as it is a new interdisciplinary field that includes scientific methods, processes and systems to obtain knowledge or a better understanding of different forms of data, either structured or unstructured.

At the beginning, due to the huge computational advances and the basic statistical requirements, the ones who revolutionized the origins were those with rather technical profiles, such as mathematicians, physics, engineers and programmers. With the consolidation of the fundamental principles, both communication and visualization areas and those known as domain experts became more important. Given their experience, they are able to interpret the conclusions and work out new hypothesis which keeps this science in constant evolution. The truth is that we are now in a position to assert that what this discipline has to offer is a mature combination of areas focused on exploiting data to obtain knowledge.

What is more, all these new opportunities develop together with new professions, which gradually become more specific and accurately defined, resembling a production chain in a factory, where the parts would not make sense without each other. More than the roles of the future, these are the roles of the present. Some of these are, for example, the data analyst, the data scientist, the data architect, the data engineer or the visualization expert, just to mention some of them.

We are able to ask, at this point, how is all this related with sustainable finance? We believe that the sustainability factor has other roots, but data science has had an accelerating, amplifying and stabilizing effect on this factor. All its advances have allowed the consolidation of the ESG, which we will study later on, supporting their arguments with data and not only with simple explanations.

It is possible to say that socially responsible investing has always existed, either due to ethical criteria or personal motivation. As a first historical reference, there is the initiative that Protestantism developed more than two hundred years ago to discourage investments in companies dedicated to tobacco or arms sales. More recently, during the 60s and as

a response to what was happening at the Vietnam war, a similar trend took place in the United States, which was, for many, the first wave of social investment in an established system with a direct impact in the economy which was reflected and documented by different share prices.

However, it would not be until 2005 than the ESG first appeared in the “United Nations Environment Programme Finance Initiative” manifesto, in which companies were urged to include ESG factors in their investment analysis. Furthermore, above other names, that of Sir Ronald Cohen stands out as he has been known as the father of social investment. From his position, he was able to introduce into the market the first instruments whose profitability was linked to a concrete mission (Cohen 2020).

Since then, research in this area has not stopped, sometimes even with opposite conclusions depending on the source. But evidence leads us to assert that the relation between the ESG and financial performance is becoming closer, and that the combination between fiduciary duty and the wide recognition that sustainable investments are needed in the long term are making environmental, social and governance concerns be considered more and more important in the investment market.

However, as it was said, it is not surprising that views differ: if we focus on the definition of the consolidated ESG factors, there is not a common framework for their construction and, even though there is some market consensus regarding their materiality, such as the following SASB classifications, these are still very broad.

And we wonder again, where do sustainable finance and data science come together? Well, it is precisely at this point, in which it is needed to gather, order, shape, analyse and visualize information to demonstrate that those companies which have sustainable awareness have an impact which can be measured with data and that they have a better financial performance.

Turning this into numbers, within the broad groups that we included in the categories mentioned, there are subcategories in which some providers deal with about 600 ratings and more than 3,000 main indicators; and if we turn to the investment types an investor has access to, we would be talking about at least around 200,000 investment funds and about 30,000 companies from any market capitalization. Only with this

Environmental	Social	Governance
<ul style="list-style-type: none"> • Impact on climate/greenhouse gas emissions • Sustainability • Climate change risks • Energy efficiency • Air and water pollution • Water scarcity and waste management • Site rehabilitation • Biodiversity and habitat protection 	<ul style="list-style-type: none"> • Human rights • Community impact • Respect for Indigenous peoples • Employee relations • Working conditions • Discrimination • Gender diversity • Child and forced labour • Health and safety • Consumer relations 	<ul style="list-style-type: none"> • Alignment of interests between executives and shareholders • Executive compensation • Board independence and composition • Board accountability • Board diversity • Shareholder rights • Transparency and disclosure • Anti-corruption measures • Financial policies • Protection of property rights

Figure 1: ESG: Environmental, social and governance classification criteria according to the Sustainability Accounting Standards Board (SASB). Source: Naumer (2019)

amounts and a simple multiplication, we would be managing around 800 million variables for a given date. If we also consider the historical data, the number would not stop growing.

This last problem would be framed within data engineering and would be related to the infrastructure and its processes. But in every band there is usually a “rock star” and in data science this role often assigned to the data scientist. Let us see which some of their stellar performances would be when boosting sustainable finance:

First, the data from different company criteria usually has a variety of classifications within them: this can either be quantitative data gathered from their own balance sheets, policies associated with the companies which appear in their statutes, or controversies that usually appear in online news. One part of artificial intelligence known as NLP (Natural Language Processing) can analyse any document, telling even if the text has a positive or a negative connotation regarding a particular topic or obtaining any necessary information. This type of processing has played a major role at the time of consolidating sustainable finances. This is mainly because the initial investment cost did not involve hiring an army of analysts to cover each and every single business, but, on the contrary, companies that provide data have been set up, offering clean and organized information to the final investor at a reasonable price.

On the other hand, other fundamental tasks a data scientist has to carry out are: to decipher which is the part of a data set that supplies more knowledge to solve a hypothesis, which are some causal relationships, identify related data that barely add up information to the sample, estimate, predict or even generate new data from the ones they already have. In this sense, as we are dealing with a very wide set that covers different regions and all different business sectors, the massive analysis carried out to identify the characteristics of each of these sectors has been key to understand the whole financial scope from different angles.

ESG factors: bubble or reality?

The financial industry, as any other industry, also has trends where patterns repeat cyclically as if they were waves at the sea. The virtue of a good investor is to be patient and surf the right waves.

Just to give some examples, in between these waves, during the 90s, regional investment in Latin America developed and, subsequently, at the beginning of the century, after the first technological crisis, new themes emerged, with a great focus from the media on biotechnological and healthcare sectors. Later on, and together with the explosion of the ETF and the Nobel Prize awarded to Fama-French, the “smart-beta” investment brought to the front line the battle between different investment styles, while it was slowly being prepared what can be defined as a set of different megatrends which is what currently holds sustainable finance. Likewise, as these innovations do not stop, cryptocurrencies, investments in Asia and the world of venture capitals will soon appear in scene, if they are not there yet.

Faced with this paradigm we can now wonder: is there any way to separate the roar of the market and identify whether we are in a bubble? The truth is that it would be too arrogant to answer affirmatively, but there are different milestones in sustainable finances that allow us to think that this is not a fashion.

Normally, the creation of bubbles is part of a bigger cycle that takes place with each revolution, something which has been studied and described as no one else before by the Venezuelan economist Carlota Pérez, whose work Pérez (2021) will be used here as a basis to analyse our

approach . We do not wish to compare this with major technological revolutions but it does resemble at a lower scale.

According to this researcher, each revolution splits up in two main phases (installation and deployment) which contain five phases in total (irruption, frenzy, bubble, synergy and maturity). During the installation phase, the new context gets in the market and a new infrastructure is built which is later adopted by society during the deployment phase.

The turning point between these two phases is almost always marked by the burst of the bubble, a crisis and a recovery. Let us see each of the phases:

1. Irruption: when a new context offers promising opportunities, we get into the irruption phase of the cycle. For this to occur, a series of coincidences have to take place in the preconditions. In the case of sustainable finance, a raise of awareness from a considerable part of society in topics such as climate change, together with governmental and political agreements during G8 meetings and Paris Agreement have been a key point for the installation phase to start.

At this point, the economic logic starts to be evident and the promise of a new paradigm is born, which might make companies more efficient and profitable and, therefore, become more competitive than the existing ones and with a positive social and environmental impact.

It is true that this start date works as a reference point and many of the agents involved, that we will study later on, were already more mature and sustainable investment had been being made in other ways. But there is no doubt that these entrepreneurs see the potential and financial investors start to show interest. The financiers believe that, if the new paradigm can truly help to create more efficient companies, a massive disruption will take place which should allow them to earn money in those companies that support sustainable investment. Money starts flowing towards the sector.

2. Frenzy and bubble creation: the opportunities in the market are as big as unknown. Speculative investment, with ambitious expectations and inexact returns, is an important motivation for those entrepreneurs who build an unknown future with an exponential investment. It is the frenzy phase of the cycle which helps to build all the necessary infrastructure, where access to capital is unlimited, and where the sus-

tainability context has been “pushed” towards the market. Clients are overloaded with marketing, they still do not understand its benefits, but they need to start selling.

At the same time, incumbents start to react, so as not to stay out of the wave, operatively and strategically, and they adopt all the necessary measures even though this is usually not very systematic and uneconomical.

3. Bubble burst, crisis and transition: it is the opposite of great technological revolutions, in which there is usually a recession period. As a result, there is a loss of stocks in the area of sustainable finance.

During the frenzy phase, companies and institutions did not build an effective common ground, because there has almost never been enough consensus and there was not a common framework to discuss about sustainability. This lack of unity triggered an “anything goes” feeling, what creates an environment of insecurity and imprecision which makes everything look like a great image change in the financial industry (greenwashing).

4. Synergy: when the financial capital decreases as consequence of the fear that results from conservatism; productive capital takes over. This phase is of outmost importance, as we are referring now to the deployment phase which is characterized by:

- The importance of data, which avoids that the bubble ends up bursting as it is capable of proving objectively the advantages of sustainability and the existence of alpha, which can be registered; it also validates the message in the existing markets and improves the distribution platforms through innovation. It is the time of “oligopolies”, in which the presence of ESG ratings become familiar, easy to implement and accessible.
- The arrival of regulations, which clearly signals that this has come to stay and that it also helps to cope with one of the major challenges: the consolidation of the criteria to establish a common language when referring to sustainable investment. In Europe, the European taxonomy and the key requirements defined as SFDR (EU Sustainable Finance Disclosure Regulation) are both a fact.

5. Maturity: the space for opportunities starts to disappear, but it is allowed that others appear to build up on them (such as a turn towards

the United Nations criteria known as Sustainable Development Goals). Investment instruments will gather what was built in previous phases and there will be a fifteen to twenty-year period of stagnation. If the return on investment from large companies decreases, product developers will start to look for something new. When they find a strong new paradigm, they will start to move here their money, what will start the next cycle.

Taking into account everything said so far, it is evident that we are at a middle point in the synergy phase. In the following section, we will go deeper into the field of data suppliers and their role in promoting sustainability, but we will first refer briefly to the different most popular investment styles associated with sustainability. Depending on whether they prioritize values, they would be divided as follows:

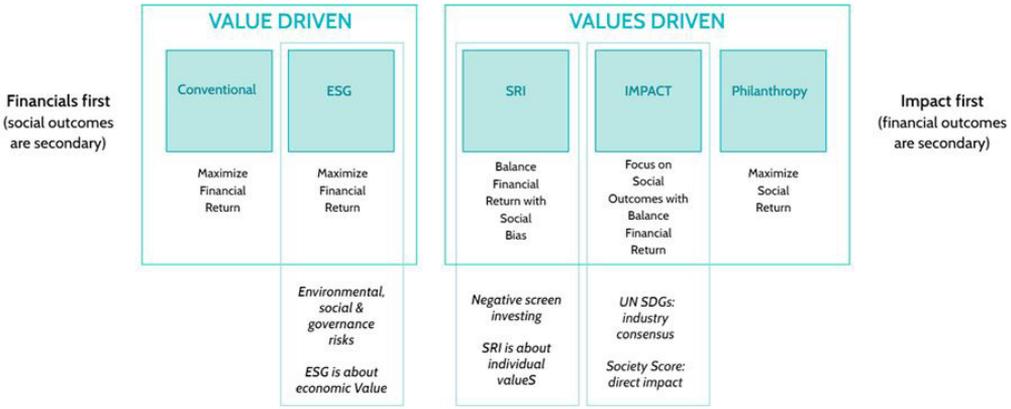


Figure 2: Investment approaches related to sustainability. Adams (2018):

Integration of ESG risk criteria: they are products in which the manager will consider the risks associated with these criteria, which will take part in the valuation process of the company, but will not constitute a reason for direct exclusion.

Exclusions or screening of companies' financial exposure depending on their profits: values are already ahead of a future profit so companies that do not meet investors' criteria are discarded. In this sense, this type

of investment was quite common for the creation of portfolios that depended on certain ethical criteria, while excluding certain sectors.

Impact investing: in which companies with policies related to ESG criteria are prioritised and a commitment that differentiates them from their competitors is aimed at, despite the valuation.

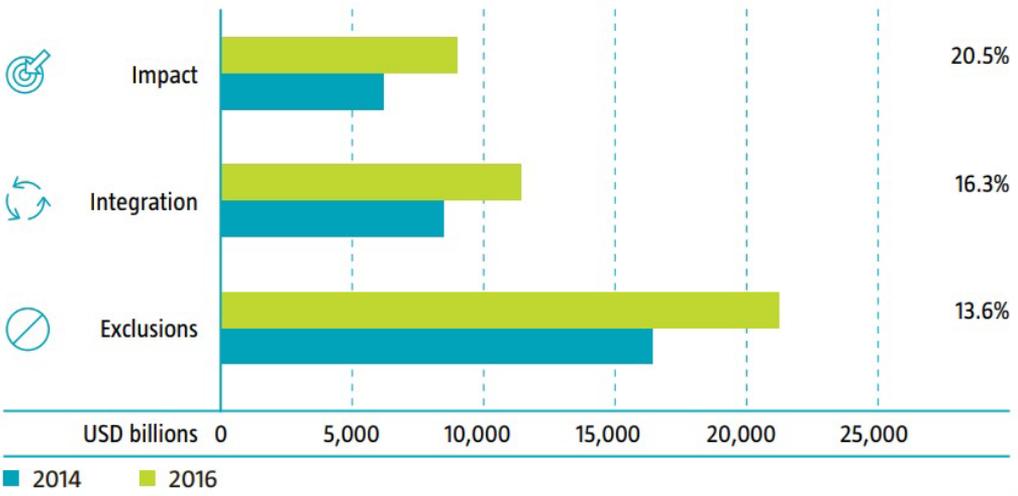
Each of them can certainly be focused on a specific area within the three pillars, but these are the new forms of investment that fill the gap between conventional investment and philanthropy; this place where the integration of metrics in investment processes gradually gains weight when compared with the exclusion method.

The struggle to lead sustainable investment

Sustainability is a vast phenomenon that can be approached from many different angles. In newspaper covers there usually appear topics related with the reduction of emissions, waste management or gender inequality, but these topics are far deeper than this.

Sustainably invested assets by strategy

Annual growth rate 2014-2016



Source: adapted from <http://www.gsi-alliance.org/members-resources/trends-report-2016/>

Figure 3: Amount invested following a sustainable perspective depending on the strategy. (Robeco, n.d.)

In fact, this is the great challenge that is being faced in the world of data regarding sustainability: to ensure the quality of the information so that investors can take decisions which are aligned with their principles.

And we say that it is a real challenge because each data provider uses its own methodology, so their conclusions for the same companies might differ considerably.

Throughout this section, we will present some companies that offer these services as well as explain the common thread in their processes to build rankings, which is represented in the following summary:

If we divide the stages of the process, it would be as follows:

Raw data collection: the techniques to obtain data differ among providers; they combine traditional sourcing techniques —getting information from NGOs, interviews, phone questionnaires, annual reports or sustainability reports— with statistical models that estimate unreported data, either from the same industry or their competitors.

Materiality: it derives from the need each data provider has of defining from the raw data what is actually important and what is relevant when it comes to value a specific metric taking into account their impact on the business. It is recommended to evaluate differently this materiality in each sector, as there are different recognized definition frameworks.

Aggregation and weighting: it is the final method, where each criterion is aggregated and weighted. This contributes to create a final score of each company that summarise the exposition to each ESG factor. It is usually given a value between zero and one hundred or, on the contrary, a similar convention as for credit ratings.is used.

It is evident that in all the steps there are details that make each ESG data provider get to the final score in a different way. On many occasions, having only this final score forces us to buy a subjective final product, which lacks transparency and which leads us to find significantly low correlations when giving a score that is intended to assess the same company.

And this takes us to the last part of this chapter, where we will introduce each of these data providers. As it could not be otherwise in this struggle, there is an enormous amount of providers that cover a wide

range of needs from investors, and, as it was said, each of them defends their own methodology.

The current scene has become clearer and many of the specialized historical agencies have been taken over by the biggest data providers world wide. For example, Sustainalytics is now owned by MorningStar and RobecoSAM is now Standard&Poors official methodological provider. They are companies that offer financial services and that have an enormous influence.

This places in context the magnitude and the importance of the ESG factors in all levels and how everything has changed its value. We cannot forget about the great traditional data providers such as Bloomberg or Thomson Reuters (Refinitiv) which have also incorporated in their plat-

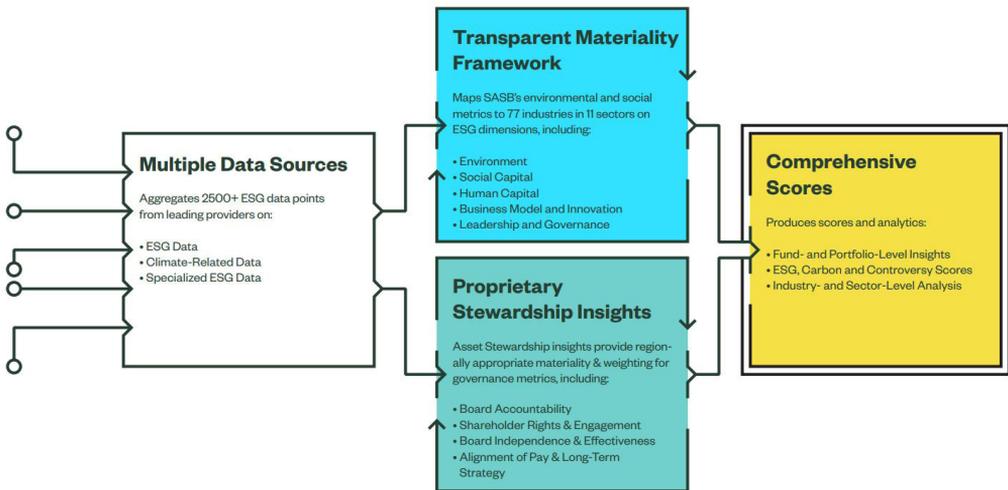


Figure 4: Classic architecture to build the scores that are given to companies. Bender and Maffina (2017)

	Sustainalytics	MSCI	RobecoSAM	Bloomberg ESG
Sustainalytics	1	0.53	0.76	0.66
MSCI		1	0.48	0.47
RobecoSAM			1	0.68
Bloomberg ESG				1

Figure 5: The ESG scores are different across providers. Cross sectional correlation for constituents of the MSCI World Index, June 30, 2017. Bender and Maffina (2017)

forms everything related to sustainability criteria together with market information.

Everything said so far is very well documented in Huber and Comstock (2017) from Harvard University. Dearing to set a number would be a futile effort, as growth in all aspects has been exponential and the coverage that these giants give to data reach almost every company in the market and their innovation is continuous and persistent.

Finally, it is important to highlight the growth of the Spanish fintech company Clarity AI which, through the use of AI techniques and with a very complete platform, has gained a foothold among consolidated providers. It has had a continuous expansion in this ecosystem, and has recently been financed by Blackrock, one of the biggest asset management corporations in the world.

All these facts prove that data science has set foot on the frontline, with a growing impact during the last years. It has given investors the option of scoring their profits because, as regulations settle down, they will be the ones who will assess the final scores and will make providers meet for a common goal.

Conclusion

Data science has played a fundamental role in each of the stages of the installation phase of the ESG factors, which have demonstrated how important they are for society. They have also allowed to measure the future impact that sustainability will have as well as facilitated its take off in the financial markets, categorizing each company and offering investors the opportunity to be part of the change.

The speed of this change has been a great surprise; its prompt implementation has taken place together with computer improvements and the use of new AI algorithms in key parts of the process, which have eliminated human bias and strengthened the conclusions.

In the same way, new sciences will continue to exist in the regulatory part of the deployment phase. Having more data and tools that allow us to obtain a greater value from them in any sector will always be helpful to reach the goals in matters related with sustainability.

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The big challenge of the sustainable mobility

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Modern society is witnessing great changes to the mobility paradigm, and sustainable transport is increasingly valued and sought after.

International policies now focus on reducing pollution and the well-being of society, by promoting programs and establishing guidelines for the future, posing a great challenge to the issue of mobility whilst seeking the greatest possible sustainable outcomes.

Among the proposed challenges we find: the reduction of pollution and traffic congestion, the implementation of technological advances, the promotion of public transport, as well as a new organization of cities.

We are at a crucial point with regard to the incorporation of new actors in the mobility ecosystem, and we must endeavour to balance environmental, economic and social matters by seeking the most effective measures available and exploiting new technologies.

Introduction

Mobility history is inextricably linked to the pressing need that humans have always had to relocate, beginning with early nomadic communities, which would routinely move from one region to another to satisfy their subsistence needs. At the same time, since the dawn of human existence, people have sought to go beyond the horizon, discovering new territories depending on the means of transport at their disposal at that moment in time.

At first, mobility was very limited, with the vast majority going on foot and some minorities on horseback or mule, benefiting greatly from the discovery of the wheel. This innovation represented a revolution in the mobility of both people and goods, since it allowed increasing speed, distance, and load, together with the use of boats.

It took thousands of years to reach another milestone in the mobility of people with the invention of the steam engine in the 19th century, which completely transformed the way of travelling, consuming, and producing, causing a further development in both land and sea transport and later with the combustion engine, the air.

Another advance in mobility has been the improvement in communication routes, since the current road infrastructures improve the mobility capacity, leading to a great saving of time.

Therefore, and as indicated by Charles Darwin “It is not the strongest or the most intelligent who survives, but the one who best adapts to change.”

Right now, we are witnessing a new revolution with more efficient means of transport, new fuels and new legislation applicable to mobility that try to promote a change in our habits by improving the quality of life, reducing pollution and, therefore, trying to improve our economy.

We can include all this in goal number 11 of the SDGs, which sets the goal of making cities more inclusive, safe, resilient and sustainable, factors which are even more important when the world is becoming increasingly urbanized. Therefore, it is important to point out that transport is essential for economic and social development, contributing to making economies more competitive because the transport infrastructure connects people in their day-to-day life and allows for the distribution of goods and services around the world. In this way, it requires inhabitants to invest less time in their displacements.

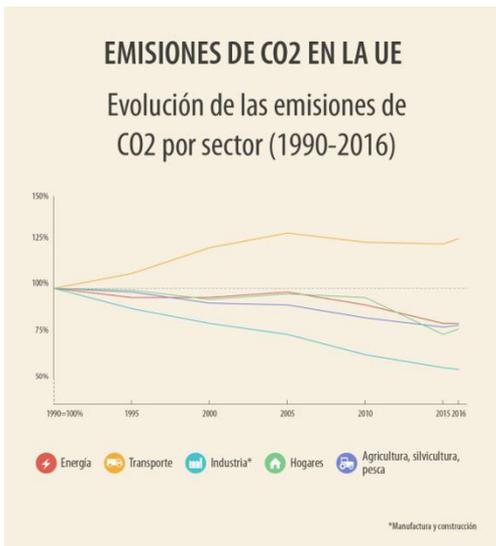
Mobility towards the sustainable development goal 11 “sustainable cities and communities”.

It is well documented that cities are becoming more populated and urbanized. In 2007, more than half of the world’s population lived in cities, and it is expected that this number will increase to 60% in 2030 and to 68% in 2050, that is, about 6.5 billion people, two thirds of humanity (United Nations [UN]. 2021). As a result of this increase, it is expected that by that time, three-quarters of world energy consumption will be concentrated in cities, hence the need for growth plans and strategies to be produced in a sustainable and intelligent way.

According to the United Nations, this high concentration of population causes an increase in daily mobility needs, as well as an increase in carbon emissions and the use of resources. It should be underlined that the world's cities occupy only 3% of the Earth's surface but represent between 60% and 80% of the energy consumption and 75% of the carbon emissions. Rapid urbanization is putting pressure on freshwater supplies, wastewater, the living environment, and public health.

In order to achieve these goals, a safer, more ecological, efficient and accessible transport system is needed to meet the needs of the projected population growth.

As established in the White Paper on Transport in Europe, the transport sector must make a reduction in greenhouse gas (GHG) emissions of at least 20% by 2030 compared to 2008 levels, or which is the same to go from the current 7.7 Gigatons (Gt) of CO₂ to between 2 Gt and 3 Gt by 2050. This decrease in emissions is causing a new development in mobility, the development of new models, as well as heavy public and private investment in sustainable development.



Picture 1: Evolution of CO₂ emissions by sector. Source: Noticias del Parlamento Europeo (22 de marzo 2019). Emisiones de CO₂ de los coches: hechos y cifras. Infografía.



Picture 2: Emissions of greenhouse gases. Source: Noticias del Parlamento Europeo (7 de marzo 2018). Emisiones de gases de efecto invernadero por país y sector. Infografía.

The previous graphs show the influence of transport on CO2 emissions, road transport being responsible for precisely 72% of these emissions.

In turn, we can see the total greenhouse gas emissions within the EU countries by focusing the data on CO2, since it is the greenhouse gas that is usually expelled most frequently, however, we should not forget, however, that other gases exist in smaller quantities which produce a more harmful effect due to the absorption of radiation such as NOx type gases.

As can be seen in the image below, the EU is the third largest emitter of greenhouse gases after China and the United States, followed by India and Russia.



Picture 3: Main greenhouse gas emitters in the world in 2015. Source: Noticias del Parlamento Europeo (7 de marzo 2018). Emisiones de gases de efecto invernadero por país y sector. Infografía.

All the problems mentioned above were already mentioned in the Brundtland Report (CMMAD, 1987), where the term “sustainable development” is included for the first time. It is defined as “a process of change in which the exploitation of resources, the orientation of technological evolution and the modification of institutions are consistent and increase the current and future potential to satisfy human needs and aspirations “

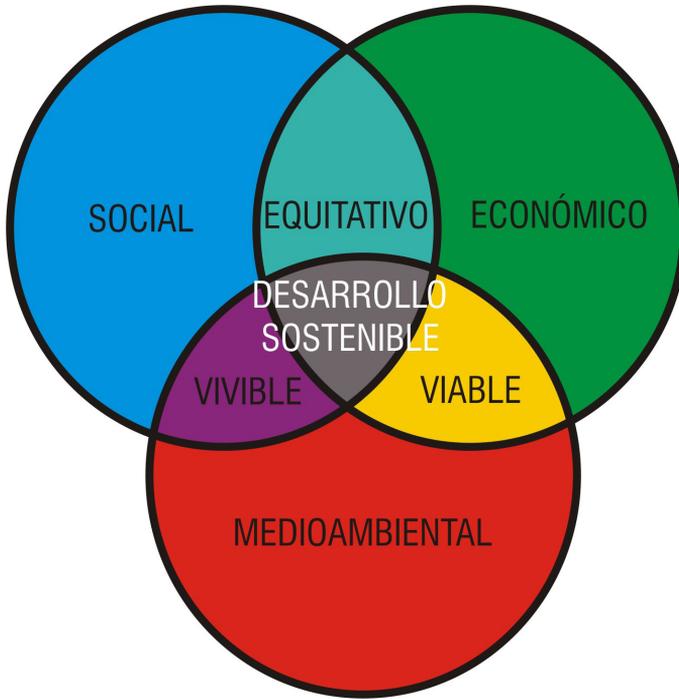
On September 25, 2015, 193 countries reached an international agreement, the 2030 agenda, to eradicate poverty, protect the planet and ensure prosperity for all people as part of a new sustainable development agenda articulated around 17 goals and 169 targets.

The 2030 agenda for sustainable development tackles the profound relationship that exists among the economic, social and environmental aspects and among the local, national and global reality, and questions the public administrations and the different levels of government, in close collaboration with the rest of the actors involved, to promote coherent, integrated and interrelated actions, which take into account the eco-dependent relationships of human beings and societies with respect to nature, and the links between people and institutions, all of this in order to guarantee life and its sustainability. Together with this, it is undeniably committed to a concept of sustainability intrinsically linked to the social sphere, in such a way that it understands that the future of our world will only be sustainable if a dignified life is also guaranteed for all people without leaving anyone behind. Source: United Nations [UN]. (2015). UN Sustainable Development Goals



Picture 4: Un sustainable development goals. Source: United Nations [UN]. (2015). UN Sustainable Development Goals

In conclusion, in order to understand the implications of sustainable mobility we have to rely on the pillars of sustainable development which can be grouped into: environmental, economic and social.



Picture 5: Diagram on sustainable development. Source: Desarrollo Sustentable (2021) (<https://www.desarrollosustentable.co/2013/04/que-es-el-desarrollo-sustentable.html>)

Therefore, as we can see, transport represents a critical environment that allows for the promotion of the economic and social development necessary to achieve the Sustainable Development Goals (SDGs).

In turn, it is an important consumer of fossil fuel energy, hence its importance in achieving Goal 7 of the SDGs on energy. In the same way, transport is essential to achieve SDG 9, which tells us about the need to build resilient infrastructures, and is fundamental in SDG 11, achieving through this objective sustainable cities and communities by improving road safety and the expansion of public transport, among others.

The concept of sustainable mobility

One of the challenges society is facing, and by extension cities, is to obtain sustainable, efficient and intelligent mobility in the coming years; this challenge is paired with energy, whose transformation is inevitable and something that we are already seeing, as well as the challenge of digital transformation. But what do we understand by sustainable mobility?

According to the definition provided by Antonio Nelson Rodriguez da Silva et al (2008)

“Sustainable mobility is the one that allows satisfying the accessibility and mobility of people and companies that society needs, being compatible with human health, the balance of the ecosystem and having an acceptable cost. It must work efficiently and must offer the possibility of being able to choose among modes of transport, supporting the development of the regions, and having low emissions of Greenhouse Gases, reducing the impact of the waste it generates and preferably using renewable sources”.

As can be seen in the definition, reference is made to the three pillars discussed above: sustainability, social welfare, and economic growth.

Nowadays, due to the growing economic and social complexity in which we find ourselves, transport has become a strategic sector for society, hence a mobility model based on sustainability must take into account environmental integration in all its amplitude.

In the European Union green book (1992) about the impact of transport on the environment, designing a sustainable mobility strategy that addresses the negative aspects of transport such as air pollution, demand not essential for transport, traffic volume, congestion on the main axes, efficient use of existing infrastructures, security, etc. are all highlighted.

In turn, the report of the United Nations Confederation on Environment and Development (1992) in its Agenda 21 establishes a series of minimum goals to achieve sustainable mobility, among these are:

1. Transport planning.
2. Adopting plans that favour public transport.
3. Encouraging the use of non-motorized transport (cycling and walking).

4. Efficient management of public and private traffic, its running and the conservation of infrastructures.

5. Cooperation between countries on mobility.

6. Reassess current patterns of production and consumption.

In 2000, the Joint Expert Group on Transportation and Environment indicated that a sustainable transport system must contribute to economic and social well-being without exhausting natural resources, destroying the environment or damaging health.

As can be seen, all the organizations emphasize that sustainable mobility must satisfy economic and social needs but that it should be secondary to the environment and the resources used.

As a result, the transport sector has the potential to improve the lives of billions of people and to stabilize climate change, as well as the challenge of avoiding inequalities between communities, offering the same opportunities to the population. These challenges mentioned above must be supported by all countries and therefore it is important that:

1. The transport sector has a joint vision, today we have many participants who act independently.

2. It is necessary to clearly define the objectives.

3. Analyse the costs and benefits of transport, currently based on the reduction of time and efficiency and must consider safety, equity and climate impact.

4. Implement technology, given that this will be one of the pillars of mobility in the future. Every day we have a greater amount of data and connectivity, causing great opportunities for optimization in the use of roads and mobility.

In turn, all types of transport included within the concept of sustainable mobility must be interconnected and supported by at least the following aspects:

1. Transport policies: emphasizing the supply of infrastructures and the management of demand.

2. Urban planning and territorial planning policies: trying to seek compact and polycentric urbanization to the detriment of zoning, increasing pedestrian spaces and bike lanes, promoting public transport, in short, establishing preferential conditions and implementation of mobility plans in new urban developments.

3. Economic and industrialization policies: promoting regulatory frameworks for trade relations since the globalization of the economy and new economic models have a significant influence on the increase in mobility.

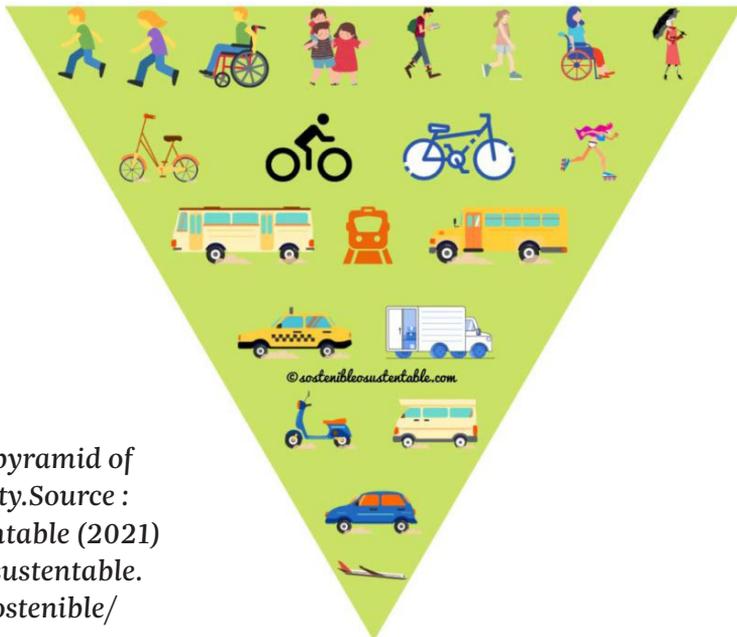
4. Energy policies: based on the efficient use of energy, reducing the use of more unfavourable sources for the environment and favouring the consumption of renewable and less impactful energies, as well as increasing the energy efficiency of transport modes.

5. Budgetary and fiscal policies: promoting the most respectful investments that favour the intermodality of transport and introducing fiscal instruments that allow cost control, as well as possible rates related to mobility.

6. Social policies: considering that transport is the means by which people can access the goods and services necessary to satisfy their needs, affordable public transport must be guaranteed for all people.

7. Research and development policies: seeking technological improvements in mobility and eco-efficiency.

With all this information we can show the inverted pyramid of sustainable mobility where pedestrians are given prominence, followed by cyclists, public transport, goods and leaving private cars last.



Picture 6: inverted pyramid of sustainable mobility. Source : Sostenible SOS Sustentable (2021) <https://sostenibleosustentable.com/movilidad-sostenible/>

Types of sustainable transportation

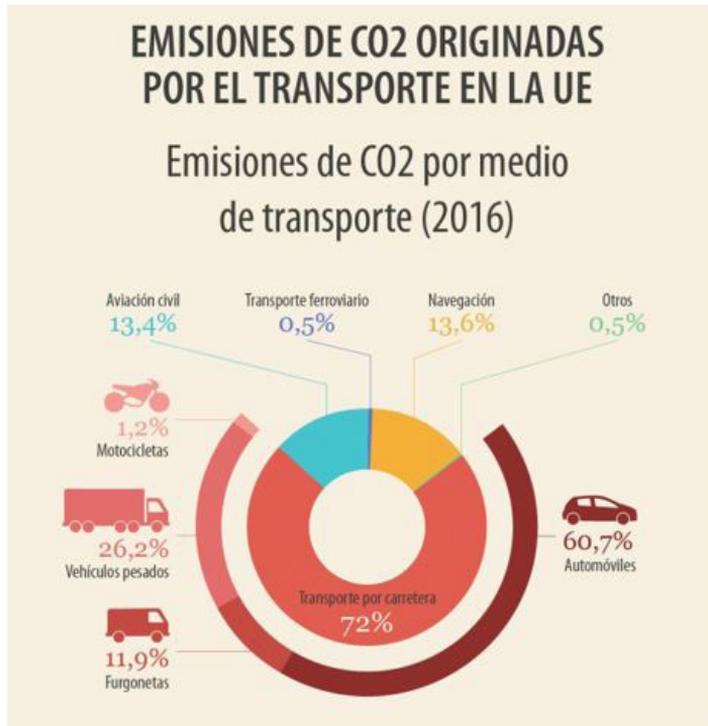
As mentioned above, societies demand a higher and more varied mobility, for which an increasingly complex, flexible, efficient, and connected transport system is required.

Transport has an important weight in the framework of sustainable development due to the environmental pressures it suffers and the interrelationships with other sectors, being a strategic priority on a global scale.

To achieve these milestones, it is important to start with the awareness of each one in the use of means of transport, trying to always find the most sustainable means of transport. It is said that the most sustainable mobility is that which does not occur.

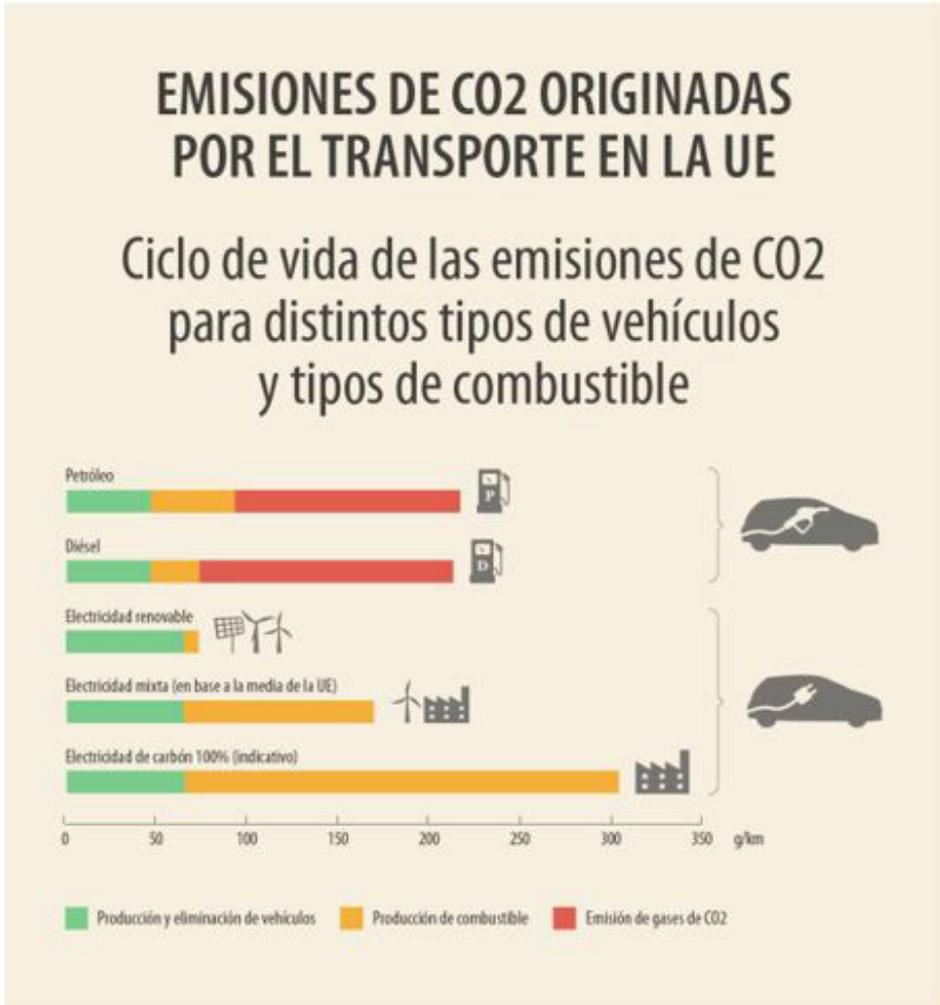
But, of all the means of transport, which one emits the most CO₂? Next, the emission percentage is shown according to the medium used.

As expected, cars represent the highest percentage of emission, 60%, followed by goods vehicles, so it is necessary to act in two ways: the first is to get more efficient vehicles and the second to change the type of fuel used.



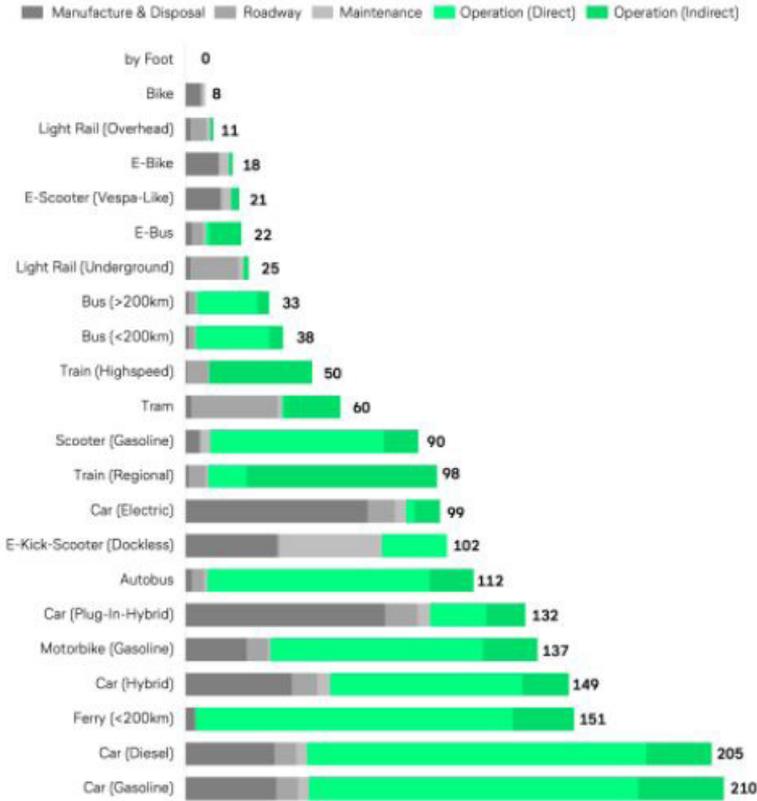
Picture 7: CO₂ emissions by means of transport (2016). Source: Noticias del Parlamento Europeo (22 de marzo 2019). Emisiones de CO₂ de los coches: hechos y cifras. Infografía.

We know where all the CO2 generated by means of transport comes from, as well as the life cycle of CO2 emissions for different types of vehicles and types of fuel. In the following graphics we show its origin.



Picture 8: Life cycle of CO2 emissions for different types of vehicles and fuels. Source: Fuente: Noticias del Parlamento Europeo (22 de marzo 2019). Emisiones de CO2 de los coches: hechos y cifras. Infografía.

Average carbon emissions by transport type (in gram per pkm)



Picture 9: average carbon emissions by transport mode broken down by category. Source: TNMT (11 de mayo 2021). Infografía. <https://tnmt.com/infographics/carbon-emissions-by-transport-type/>

By means of the graphics we must consider that the emissions are not only generated during a vehicle's use, but also during the production and elimination phase. It is paradoxical to see that the production and disposal of an electric vehicle is less respectful with the environment than an internal combustion vehicle. It is also significant to see that the total emissions of a gasoline vehicle are more polluting than a diesel vehicle.

The source of energy production must also be taken into account, especially in electric vehicles.

Even so, as can be seen in the graphics mentioned above, electric cars are more environmentally efficient than gasoline cars.

Another factor to consider is the vehicle's occupancy rate, hence the necessity for a public transport service appropriate to the needs of the population.

It is important to take into account the route and its time when selecting the means of transport, always looking for the most effective and efficient transport to make a journey.

Therefore, we can show the following types of transport used in the new mobility paradigm in today's society:

1.Walking: It is the active mobility par excellence and the most sustainable as long as distance and time allows it.

2.Bicycles and Scooters: Also included in active mobility, they are one of the fastest, most comfortable and efficient vehicles as well as sustainable and healthy. Currently e-bikes and electric scooters have appeared. This means of transport is becoming increasingly popular in cities due to municipal plans promoting rental points.

3.Public transport: Included in collective mobility are the bus, subway, tram, train ... being essential to have a public transport network according to the needs of the population.

4.Shared vehicles: Known as "carsharing" or "motor sharing", they have been incorporated into the mobility ecosystem in the last decade, providing a new way of using the car, promoting its rational use, and having the benefit of giving one access to a vehicle without the need to be the owner and thereby reducing private vehicle traffic without compromising flexibility. In addition, the client knows exactly what the parameters are (location, cost of the journey ...) through a series of different applications.

5.Private vehicles: Considered as the means of transport par excellence, they are evolving towards more efficient vehicles and using more environmentally friendly fuels such as electric, hybrid or hydrogen vehicles.

The following graphic shows the number of registrations by type of vehicle made in Spain in 2018 and 2019, producing a variation of -3.9%.

TIPO	PROCEDENCIA	2018	2019	Variación 2019/2018
 TURISMOS + TODO TERRENOS	Total Matriculaciones	1.321.438	1.258.260	-4,6%
	Fabricados en España	292.080	274.219	-6,1%
	Cuota España	22,1%	21,8%	-0,3%
 COMERCIALES LIBEROS	Total Matriculaciones	214.207	214.927	0,3%
	Fabricados en España	73.213	74.362	1,6%
	Cuota España	34,2%	34,6%	0,4%
 INDUSTRIALES	Total Matriculaciones	24.178	24.574	1,6%
	Fabricados en España	3.573	2.995	-16,2%
	Cuota España	14,8%	12,2%	-2,6%
 AUTOBUSES	Total Matriculaciones	3.673	3.498	-4,8%
	Fabricados en España (*)	-	-	-
	Cuota España	-	-	-
TOTAL VEHICULOS	Total Matriculaciones	1.563.496	1.501.259	-3,9%
	Fabricados en España	368.866	351.576	-4,7%
	Cuota España	23,6%	23,4%	-0,2%

(*) Aunque no hay fabricación completa de autobuses y autocares, en España se fabrica chasis en Cantabria y hay un importante sector de carroceros instalados en nuestro país.

Picture 10: Number of registration by type of vehicle in Spain in 2018 and 2019. Source: Asociación Española de Fabricantes de Automóviles y Camiones (ANFAC). (2020). Informe Anual 2019

The following table shows the number of registrations made in 2019 according to the type of energy source.

	Mes: Enero					Acumulado: Enero a Enero				
	2021		2020		% Clo.	2021		2020		% Clo.
	Volumen	% Mercado	Volumen	% Mercado		Volumen	% Mercado	Volumen	% Mercado	
TOTAL	53.717	100%	102.992	100%	-47,84%	53.717	100%	102.992	100%	-47,84%
Gasolina	19.614	36,51%	47.243	45,87%	-58,48%	19.614	36,51%	47.243	45,87%	-58,48%
Diesel	21.525	40,07%	39.148	38,01%	-45,02%	21.525	40,07%	39.148	38,01%	-45,02%
Total vehículos alternativos (1)	12.576	23,42%	16.601	16,12%	-24,23%	12.576	23,42%	16.601	16,12%	-24,23%
Eléctrico	617	1,15%	1.821	1,77%	-66,12%	617	1,15%	1.821	1,77%	-66,12%
Eléctrico E-REV	0	0,00%	0	0,00%	-	0	0,00%	0	0,00%	-
Eléctrico (BEV + E-REV)	617	1,15%	1.821	1,77%	-66,12%	617	1,15%	1.821	1,77%	-66,12%
Híbrido Enchufable Gasolina	1.313	2,44%	1.455	1,41%	-9,76%	1.313	2,44%	1.455	1,41%	-9,76%
Híbrido Enchufable Diesel	127	0,24%	13	0,01%	876,92%	127	0,24%	13	0,01%	876,92%
Híbrido Enchufable (PHEV)	1.440	2,68%	1.468	1,43%	-1,91%	1.440	2,68%	1.468	1,43%	-1,91%
GLP	818	1,52%	554	0,54%	47,65%	818	1,52%	554	0,54%	47,65%
GNC/GNL	410	0,76%	865	0,84%	-52,60%	410	0,76%	865	0,84%	-52,60%
GAS (Glp + Gnc + Gnl)	1.228	2,29%	1.419	1,38%	-13,46%	1.228	2,29%	1.419	1,38%	-13,46%
Híbrido Gasolina	7.833	14,58%	9.922	9,63%	-21,05%	7.833	14,58%	9.922	9,63%	-21,05%
Híbrido Diesel	1.460	2,72%	1.971	1,91%	-25,93%	1.460	2,72%	1.971	1,91%	-25,93%
Híbrido no enchufable (HEV)	9.293	17,30%	11.893	11,55%	-21,86%	9.293	17,30%	11.893	11,55%	-21,86%
Hidrógeno	0	0,00%	0	0,00%	-	0	0,00%	0	0,00%	-

(1) Incluye: BEV, EREV, PHEV, GAS, HEV e Hidrógeno

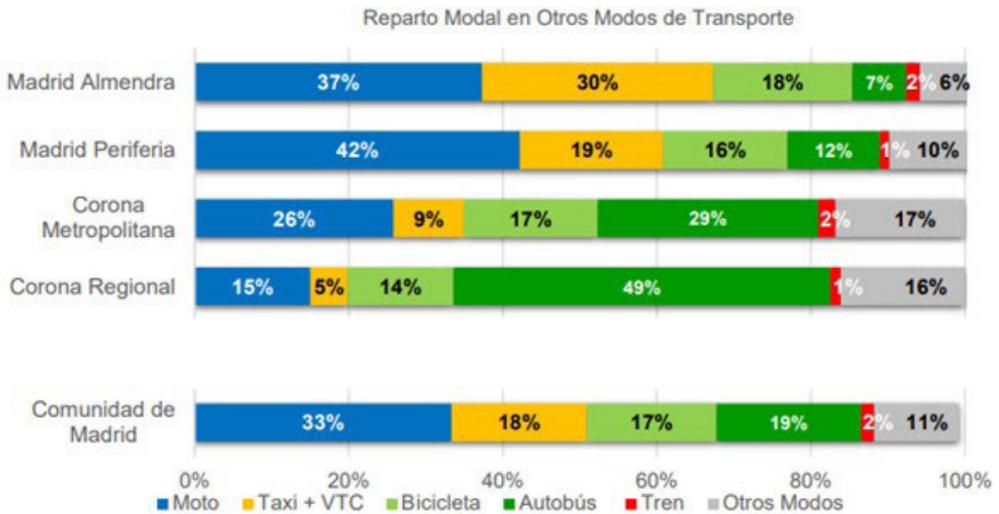
(2) Incluye: turismos, comerciales, industriales, autobuses y cuadrifolios

Picture 11: Number of registrations made in 2019 according to the type of energy.. Source: Asociación Española de Fabricantes de Automóviles y Camiones (ANFAC). (2021). Informe de matriculaciones enero de 2021.

We can conclude that current trends shows that mobility is becoming more focused on users, giving priority to their particular interests and with the challenge of eliminating high levels of congestion, always relying on the inclusion of new increasingly disruptive technologies. and sustainable.

The importance of transport generated by intelligent mobility should not be overlooked, given that thanks to connectivity, we are informed in real time of the state of the roads, the existence of free parking spaces or even the location of the charging stations, and this is leading us to the concept of Smart Cities, which are supported by the use of new technologies and Big Data.

As an example of mobility and uses of means of transport, the modal distribution in the city of Madrid is shown, where it is observed that depending on the area where the population is, they make use of one means of transport or another depending on what is available.



Picture 12: Modal distribution of means of transport in Madrid. Source: En Bici por Madrid (EBxM). (2020). Análisis de la integración de la bicicleta en el transporte público de Madrid

Alternative fuels and vehicles

Nowadays the most widely used types of fuels are gasoline and diesel, but these are no longer the only choices since effective, efficient and sustainable alternative fuels have appeared and are continuously evolving, but as will be seen, the success of each fuel type is by no means guaranteed in the future, mainly due to economic and environmental factors.

Within alternative fuels and vehicles, we can mention the following:

1. Gasoline and diesel: These are the fuels par excellence derived from oil. In recent years, these types of vehicles have become much cleaner in terms of emissions and much more efficient.

2. Hybrids: These are vehicles that have an internal combustion engine and an electric motor, they are cleaner and more efficient than conventional ones and have lower operating costs, although their acquisition is more expensive. The vehicle manages the electrical and mechanical energies in the powertrain appropriately.

3. Liquefied Petroleum Gas (LPG): It is a mixture of propane and butane, these vehicles powered by LPG are similar to those of gasoline but differ in the storage and fuel supply systems for the engine.

4. Natural Gas: Its use in the automotive industry is mainly made up of methane, being the same gas as that is found in the supply network. Most natural gas powered (NGV) vehicles are powered by internal combustion engines.

5. Biofuels: Biodiesel, Bioethanol, Biogas. They correspond to fuels obtained by natural lipids that can be vegetable oils or even animal fats. This type of fuel is considered renewable energy.

6. Battery electric vehicles: Electric vehicles can be classified into two groups: fully electric and those that use fuel battery. Both types of vehicles do not produce atmospheric emissions at the point of use, are very quiet and have low operating costs, but we must consider the emissions associated with the production and supply of the electricity used.

The types of batteries we can find in the market are lead-cadmium, nickel-cadmium batteries with a capacity of about 55 W h / kg, nickel-metal-hydride with a capacity of 90 W h / kg and lithium-ion batteries with capacity of 150 W h / kg.

7. Hydrogen: Hydrogen as a fuel in the automotive industry has two applications: fuel batteries and alternative internal combustion engi-

nes. In both applications, this fuel is combined with oxygen, generating electricity in the case of fuel batteries and mechanical energy in thermal engines, emitting in both cases only water vapor into the atmosphere.

The industry is currently betting on hydrogen as an ecological fuel, but how is it generated?

Hydrogen is the least heavy element in the periodic table and one of the most abundant elements on our planet, but the most important aspect is that it is a universal, light and highly reactive fuel.

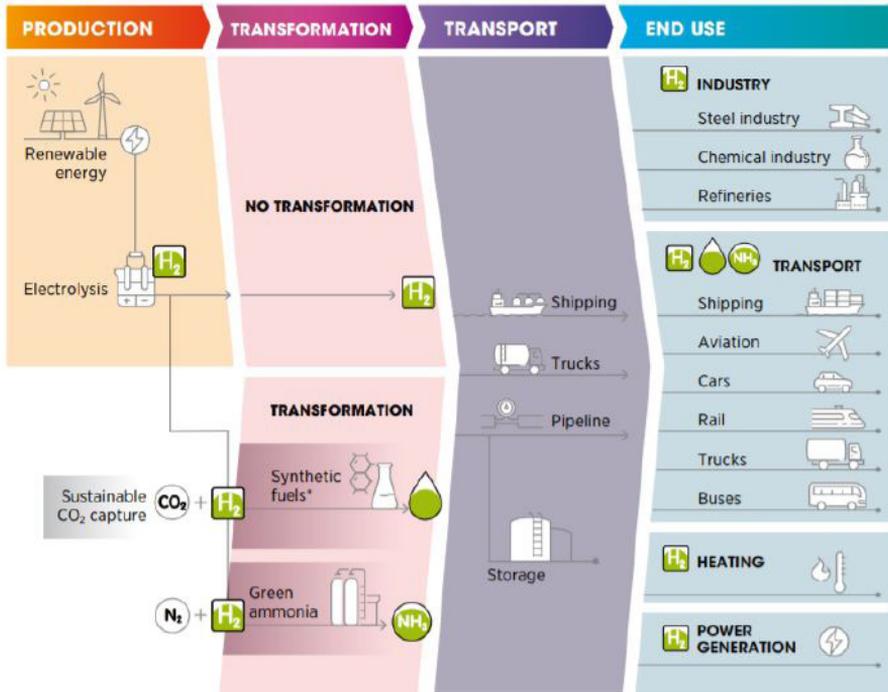
Its production is based on the chemical separation of hydrogen from other elements and depending on the separation method we can distinguish grey hydrogen, obtained from methane; green hydrogen, produced from the electrolysis of water; blue hydrogen, obtained from fossil sources and black hydrogen, which is obtained from fossil fuels, but generates polluting emissions, among others.

In the process of consumption, hydrogen is mixed with O₂ releasing energy and water vapor.

Currently, the production of green hydrogen has a high cost, but it promises to be the revolution in the energy sector since it is a zero-emission fuel, easy to transport, versatile and storable.

One of the most relevant factors of hydrogen is its versatility and its application in different types of industry, calculating the current demand of approximately 70 million tons per year (Roca J.A., 2019), most of which is grey hydrogen.

The versatility of hydrogen, as well as its entire value chain can be seen in the following diagram.



Program 13: Versatility of hydrogen. Source: International renewable energy Agency (IRENA). (2020). Green Hydrogen cost reduction

To conclude, a series of comparative tables of CO2 emissions will be shown.

Fuel	Registrations	Average CO ₂ emissions (gCO ₂ /km)	Average mass (kg)
FCEV (Hydrogen)	159	0	1 922
E85	1 703	117.0	1 283
PHEV (Diesel/Electric)	3 247	48.9	2 255
NG	64 786	102.7	1 325
LPG	154 301	122.0	1 216
PHEV (Petrol/Electric)	148 823	46.4	1 880
BEV	148 488	0	1 628
Diesel	5 504 407	121.8	1 562
Petrol	9 075 727	123.5	1 277

Picture 14: CO2 emissions by type of fuel. Source: European Environment Agency (EEA). (2020). REPORT/ N.º 02/2020

It is important to underline that the most polluting fuels are gasoline and LPG, ahead of diesel and with hydrogen and electricity the least.

	Small	Medium	SUV	Large
Diesel	102.6	113.9	129.1	143.7
Petrol	113.3	126.2	133.1	203.9

Picture 15: CO2 emissions by type of fuel and segment. Source: European Environment Agency (EEA). (2020). REPORT/ N.º 02/2020

Below, we show the average CO2 emissions by segment type, again highlighting that gasoline produces more CO2 emissions than diesel. It should be noted that with the introduction of urea and filters, diesel engines reduce the emission of NOx particles.

The following table shows the CO2 emissions corresponding to the main engine manufacturers worldwide, Toyota engines being the most environmentally sustainable.

Manufacturer	CO ₂ specific emissions	CO ₂ specific emissions — no super credit	Super credit effect
mitsubishi motors corporation	123.2	108.7	-14.5
HYUNDAI	110.5	101.7	-8.8
NISSAN	112.2	105.5	-6.6
BMW AG	121.6	116.4	-5.3
KIA	110.7	105.8	-4.9
JAGUAR LAND ROVER LIMITED	150.4	146.9	-3.5
RENAULT	108.4	105.2	-3.2
VOLVO	129.8	126.9	-2.8
DAIMLER AG	128.2	126.1	-2.1
VOLKSWAGEN	116.7	114.7	-2.0
AUDI AG	124.0	123.5	-0.5
AUTOMOBILES CITROEN	106.4	106.1	-0.3
TOYOTA	98.9	98.6	-0.3
AUTOMOBILES PEUGEOT	106.6	106.4	-0.2
OPEL AUTOMOBILE	123.4	123.2	-0.2
HYUNDAI ASSAN	115.2	115.1	-0.1

Picture 16: CO2 emissions by manufacturer. Source: European Environment Agency (EEA). (2020). REPORT/ N.º 02/2020

The new legislative framework

In order to keep up with all the changes mentioned above, it is important to have a legislative framework that provides safe and sustainable mobility and that is what the different international organizations are working on.

Legislation is affected by multiple factors and affects multiple policies and strategies, road safety being the crux of many of them.

It is important to have coordination and collaboration between institutions to achieve common objectives quickly and efficiently. With the realization and implementation of joint strategies, continuous improvement in every aspect related to mobility will be sought.

Currently, work continues on regulations related to CO2 emissions from vehicles, road safety in cities, regulation of technological advances and planning and organization of cities, among others.

Conclusions

A sharp increase in the movement of people and goods has led to an increase in the proportion of road transport compared to other modes, which currently seek higher eco-mobility by reducing the traffic of private vehicles and promoting policies for the use of public transport.

We should emphasize that transport must be adapted to the needs of the entire population, gathering its increasing demand for quality of life, which is why trends are increasingly focused on the user looking for shared mobility solutions and disruptive emerging technologies.

Policies and tools are being established to consistently address the challenges of smart and sustainable transport by all members of the international community.

The corresponding challenges remain; namely, to reduce the levels of pollution, traffic congestion and implementation of technological advances in the mobility sector, trying to provide coherent solutions with them and trying to rebalance transport modes in favour of the most environmentally friendly means.

Finally, it is necessary to carry out a more integrated planning of the sectors, modes of transport and areas of influence of transport, always seeking the coordination of the different policies with an adequate

analysis of the costs and benefits that accompany the introduction of any new measure that affects transport.

Cities are changing, introducing programs to encourage the use of bicycles through the construction of new cycle lanes, placing electric recharging points, implementing mobility plans such as the time ring, renewing the fleet of public vehicles and adapting legislation to the new mobility paradigm, among others.

In short, a balance must be achieved in environmental, economic, and social matters, always promoting the most effective measures related to the well-being of the population and all this supported with the new tools provided by new technologies and data analysis to overcome all the challenges.

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The new economies of wellness: A review of some of the most active economies serving people and the planet

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1. Introduction: The new economies

The new economies arise from the great social and environmental challenges facing our planet and society. Its premise is based on offering options and alternatives considering companies' current production models and the ways in which people consume it. Along these lines, it is important to highlight the influence of the environment at a global level and its impact on production and consumption, which favors the acceptance or not of products and services (Águila Obra and Padilla Meléndez, 2012). This leads companies to adjust their management to respond to the new needs and concerns all around them. The new economies seek to provide solutions and support good business practices, improving the ways businesses operate to achieve new objectives while pursuing purely financial interests.

If we focus more on the individual, the consumer and their consumption pattern, new economies seek to generate personal awareness, a consciousness aimed at social projection and caring for the planet. It links the ability of the consumer to learn, act and judge their social and individual actions and the effects their decisions have (Cuevas, 2016). In this generation of consciousness, the continuous and repetitive action of consumption by people to satisfy their needs and desires comes into play. It should be noted that the concern for consumption and its forms has evolved and as indicated by some authors (López Vilar, 2015): "Our time is under the prism of consumer culture, which is precisely the generalized reorganization of that primary level of satisfying one's needs in a system of signs that is revealed as one of the specific modes of the

culture of our time”. Consumption is an activity that is done and will continue to be done, but it is promoting new models with alternative approaches, allowing not only personal satisfaction but also becoming aware of the impact that it produces with said consumption.

2-Great current environmental and social challenges

2.1 Climate Change

Climate change is a problem that should concern all of us living on this planet. It is a problem that affects us all without distinction, which degrades our world and affects our quality of life. As indicated by Diaz Cordero (2012): “The degradation of the environment with the consequent climate change is a time bomb that must be deactivated if we do not want to disappear as a species from planet Earth”. Likewise, and as highlighted by Magaña Rueda (2012): “distinguishing what produces changes in the climate from one year to another, or on longer timeframes”, seeking to counter and stop them, is one of the main challenges of different governments, organizations and scientists who work hard in research towards this end with a very complex challenge”. There are many situations that are originated by climate change, extreme droughts that affect crops, problems accessing drinking water, uncontrollable weather phenomena such as hurricanes, cyclones, among many others, floods caused by rising sea levels, and extreme changes in temperature that affect the survival of humans, plants, and animals on the planet (European Commission, 2021).

2.2 Ecosystem pollution and loss of biodiversity

The contamination of the ecosystem is produced by the bad management that different agents, including people, companies and governments, cause to the Earth’s soil, water and atmosphere absent control measures. In many cases, contamination occurs with substances that can be biological , physical and chemical. (Ecosistemas Magazine, 2021). Environmental pollution causes many harmful effects that damage the ecosystem in which different living beings live, from tiny microorganisms to humans. Global warming, the development of different diseases and the loss or extinction of species are direct consequences of this en-

vironmental pollution (FundacionAqua, 2021). The loss of biodiversity and species in many cases is irreparable, and this can be the product of overpopulation, the destruction of the environment and habitat of the species, invasive species and the exploitation of natural resources, among others (Badii et al, 2015). There are species that have ceased to exist on our planet, because of different human actions and harmful practices, putting many others in danger of extinction (Berovides and Gerhartz, 2017).

2.3 The distribution of wealth

Economic well-being is closely linked to social well-being and this in turn to people's quality and life expectancy. Based on Maslow's theory and as illustrated by his well-known pyramid of human needs (Vidal Fernández, 2009), we can see how people are directly affected by their economic condition (especially the first links of the pyramid) in the pursuit of satisfying their different needs and desires, which in many cases does not allow them to climb up the pyramid and remain stagnant. This translates into economic and opportunity inequality that many individuals tend to find themselves in. This translates into many deficiencies and shortcomings in food security and access to different goods that allow survival or a decent quality of life (García López, 2020). Even though there are economies and countries with high levels of economic and social development, even in the richest of countries there are still many cases of poverty, marked social inequalities, difficulties in accessing education and a general lack of opportunities for all individuals. In the specific case of Spain, since many years, changes in the economic and production systems are inexorably affecting the day-to-day life of citizens, who see how it is increasingly difficult "to make ends meet" (El País, 2005).

Government policies that seek to appeal to a wellness society must work hard to bridge these gaps, differences, and difficulties, so that the population of their countries and territories can have equal access to conditions and opportunities as well as a balanced economic situation.

2.4 Globalization and Trade

Globalization and its incentive in the markets have allowed different products and services to be available to the consumer at any time and place. As mentioned by some authors Barea and Billón (2002): “In recent years there is talk of a global village, in which changes in world demand were causing changes in supply that resulted in the standardization of products or systems of standardized production. “ This commercial dynamization and its accelerated commercialization, has promoted a general increase in consumption and consumers increasingly demanding products and services in their local market at very convenient prices (Diaz, 2014), regardless of the distance those products and services travel to reach their hands.

Although globalization has made people’s lives easier and improved markets offerings, due to the broad business participation, this is linked in some cases to unethical (Lozano, 2011), unfair and incorrect practices of some companies, in order to meet product demand. We can mention some of these unethical practices: labor exploitation, non-compliance with business legislation, contaminating production processes, and use of materials that can affect consumer health. All as a result of the company’s interest to offer the lowest price in the market and have a better competitive position (Limas Suarez, 2012).

3. A vision of the new economies of Wellness

New economies that focus on environmental issues are diverse, some of them are widely known and followed by different agents, such as companies and governments. The different movements focused on socio-economic issues seek economic and social well-being from a perspective that is deeper than the traditional ones. All these movements are led by individuals, companies, governments, and society in general. To learn more about the above, a brief review would be discussed with a brief theoretical framework for the different movements booming within these new wellness economies:

3.1 The circular economy

The circular economy is a trend that has evolved rapidly and gained traction within companies. As Prieto Sandoval et al (2017) comment: “The

Circular Economy has become a paradigm that seeks sustainable development, proposing different strategies throughout the chain of production and for the utilization of products and services.”

The circular economy seeks to better manage waste, which can cause environmental pollution. In line other authors, Aroyo Morocho (2018) comments: “The Circular economy represents a radical change in current production and consumption systems. This will avoid the creation of waste and related negative impacts, mitigating negative externalities for the environment, the climate and human health”. Others propose closing the life cycle of the products within the chain to create a feedback loop. (Aitec, 2021).

As its name indicates and as highlighted by Harvard Deusto (2019): “what this movement intends is that the surplus resources from production and the waste generated once the products are consumed can be incorporated into the production cycles to achieve zerowaste emission”. Companies and consumers within this movement are working to keep this cycle closed and operating continuously.

3.2. The green and ecological economy

The green economy is closely linked to sustainability and seeks the best management and optimization of resources. Some researchers such as Vargas Pineda et al (2017) mention that: “it is necessary to change the brown economy model where wealth was achieved without taking into account the problems”. The transformation from a brown economy to a green one gives way to a movement that has ecological wellness as a very clear objective.

Along these lines, some authors such as Martínez and Porcelli, 2017, highlight the United Nations conference of 2012 where it was stated that: “this economy seeks a low-carbon economy and efficiency in resource utilization, with the primary objectives of creation of jobs, social growth, inclusion and, all building towards eradication of poverty”. The achievement of these objectives will result from companies and governments working hand in hand to achieve these goals.

The ecological economy is conceived in many cases as a fate of the green economy and in some cases, it is also known as the bioeconomy. However, all these concepts are aimed at describing an economy that is

linked to the concept, seeking to respond to generating better environmental and social conditions for people in general (Sostenibleosustainable.com, 2021).

3.3. Transition movements

These movements arise from the interest of some groups seeking to generate greater energy and food self-sufficiency (Miteco.gob.es, 2021). The transition movements had their origin analyzing the importance of oil within the economies. As mentioned by ecologistasenacción (2009): “More and more people are concerned about the serious consequences of the phenomenon known as Peak Oil, which refers to the prospect of this fuel upon which our entire economy is based being scarcely available in the near future.” All economies in the world need to use oil to produce and generate products and services that are necessary for our survival. This movement has awakened the interest of different groups of people, communities and countries that are generating and conceptualizing new ideas and projects that help to reimagine and rebuild the world to do things differently. Initiatives such as the transitionnetwork.org website are even emerging where people from different parts of the world can contribute and generate an online community for this purpose (transitionnetwork, 2021; Sánchez-León, 2017). They seek to generate and produce the goods and services we need in an alternative way and with a more sustainable, ecological, and responsible approach.

3.4. The collaborative economy:

This movement stems from an interest in offering consumer products and services where different actors can participate to offer alternative options to traditional commerce. The collaborative economy, also known as the “sharing economy”, based on the idea of a socioeconomic ecosystem in which the creation, production, distribution, trade and consumption of goods and services are shared between different people and organizations. (Alfonso Sánchez, 2016; Cañigueral, 2014). Based on this new form, new business models emerge where the sole interest is not placed only on generating a sale, but also allowing clients to establish a network or community between the different actors seeking a positive impact on society and their economic well-being. These types of

actions also make it possible to offer products and services to all those interested at much more accessible or free prices.

Advances in information technologies make it possible to exchange these goods and services through digital platforms and reach not only a local but also a global audience (Alfonso Sánchez, 2016; Centeno et al, 2018; Slee, 2016). Collaborative economies can take different forms depending on their category and sector. Some notable examples include: Airbnb, Blablacar, Wallapop, ebay, uber, Coursera, Wikipedia, Crowcube, among many more.

3.5. Slow Movement

It is a movement that seeks to slow down the pace of accelerated and excessive consumption that is generated in certain industries and that has a negative impact on society and the environment. There are certain industries that, by their nature, try to generate excessive consumerism that will have negative consequences for people and the planet. Along these lines, and to counteract this consumption, we can speak of slowfashion, which encourages the fashion industry to achieve a more sustainable future for this industry (Marchal Martín, 2019) avoiding or reducing purchases that are generated under the buy-and-throw-away concept (very cheap and low-quality clothes). Another movement that has gained momentum is Slow Food, this is an international movement that proposes to adopt a slower pace in the production and consumption of food, producing more natural and healthy food, protecting the producer, seeking respectful working conditions and fair income, and taking care of the environment (Vargas, 2018). Within this movement, the concept of Slowcities, which takes SlowFood as a reference point, is also mentioned. It seeks to improve people's quality of life, promoting a more special environment in which to live. This includes measures aimed at protecting the city's environmental resources, such as air quality control, pollution control, the use of alternative energies, waste management, and a particular interest in the production and consumption of local products (Noel, 2013; Meyer and Knox, 2006). These leads to cities that move at a slower pace, seeking to generate a more pleasant environment, contrary to the rest of the fast-moving world.

3.6. Ethical finance

The world in which we live in excludes certain people and groups due to their economic and social condition, not allowing them to access traditional financial options offered by commercial banks, cooperatives, and other similar organizations. As a result, a movement towards more ethical and sustainable finances has developed. As defined by Gassiot Balle (2017): “ethical finance seeks to generate an economy that tries to satisfy the needs of people, has a more democratic management, equitably distributes the wealth generated and incorporates criteria of social and environmental sustainability as basic principles”. In the pursuit towards more responsible deployment of finance, new channels to access these financial resources have emerged. As Ramon Sanchis (2016) comments: “A movement to access new initiatives for ethical and solidary financing that do not involve traditional banks is growing, some of these options include financial services cooperatives, comprehensive cooperatives, collaborative finance, self-financed communities, time banks, social currencies and community development banks, among others. “

Due to its responsibility towards society, the financial sector focuses is focusing its attention on this trend, seeking to promote ethical values in finance, offering environmental and social guarantees and supporting economically solidary projects.

Although sustainable finance is seen as an alternative way out to traditional financial options, it must be treated with caution, analyzing all the associated risks.

3.7 The economy of the common good

Is an open economy where dialogue, democracy and active participation are proposed. This model was created by Cristian Felber in 2012 and has changed the way of life for people, communities, governments, and countries in certain regions of the world who strive for a better world, one that's more equal and sustainable. As Gómez-Álvarez Díaz (2017) describes it: “The economy of the common good offers a new economic, social and political model based on the essential values of human dignity, solidarity, ecological sustainability, social justice and democracy”.

In line with the above and as highlighted by Porquet Teringuer (2018): “The Economy of the common good emerges as an alternative to market

capitalism and the planned economy, seeking an economy with sustainable development protecting both people the exploitation of resources. “ This model highlights under its monitoring some premises to take into account among them: 1. Money should not be an end, but only a mean, 2. A government that listens more to its people, an open model where there is debate with the communities, laws that fight against inequalities and the stewardship of resources, 3. Highlight ethics as a way of life, promote ethical values and moral principles as the base for social relationships (Pérez Ventura, 2015; Porquet Teringuer, 2018) .

It should be noted that the Economy of the Common Good does not propose that companies stop seeking financial benefits (Viva, 2013). The company has to receive income and seek to be profitable, but instead of focusing its attention only on profit, its purpose is to be reoriented to increase the common good of society, which helps everyone to meet their needs.

4. Conclusions

The different challenges that we face as individuals and inhabitants of planet Earth, clearly lay out different problems that will affect our well-being, quality of life and survival. Solutions must be sought, and actions should be planned to stop and counteract all the hardships we face and that had been highlighted in this chapter.

Given the inherent concern that many people, companies, non-profit organizations and governments have, initiatives and movements in support of different causes that seek a positive impact have been created. This chapter highlights many movements that seek to respond to issues related to environmental and socio-economic interests. Throughout the chapter, a series of trends and elements of convergence between these movements and currents are observed, but it is also important to establish their differences and limitations.

At the moment, we are facing a period of many significant changes in business models. In this process of change, technological development and innovations take on a very relevant role, which have generated interest in different audiences concerned with finding solutions to these issues. New technologies have facilitated communication and information transfer allowing many projects in favor of society writ large to

take place in less time and with greater reach. These innovations have allowed for changes in the way we “do things”, incorporating new tools, forms, methods, and available resources, all seeking better ways to do things.

Close connections to among some of the movements discussed above are highlighted, for example, links between the green or ecological economy and the circular economy. On the other hand, some of those emerging economies such as the economy of the common good and the circular economy must carefully manage the transition from one model to another, since they require gradual changes and, in many cases, high costs will be incurred in these transition processes. At the same time, the importance and inherence of governments in the creation of laws or the reinforcement of laws that encourage these models so that they can be replicated by companies and society in general is highlighted.

On the other hand, those models with a more economic and social approach such as ethical finance, the slow movement, the collaborative economy and transition movements, will need not only the support of individuals and private consumers, but also of companies that include within their business management (mainly ethical finance, the collaborative economy and the slow movement) more responsible practices in favor of their business management and adapting their offer to support these specific movements that will change the forms of consumption and help to generate new lifestyles.

Transition movements have their origin in individuals; however, more and more companies, organizations and governments are joining to support these causes.

Looking to the future and given the relevance of the different movements, the importance of continuing to deepen them is highlighted, especially in an analysis of emerging economies such as the economy of the common good and collaborative economies. The relevance of generating empirical studies that allow the impact to be measured in a better way, considering the variables and factors that come into play in each of these movements. Furthermore, in analyzing their development, implementation, and control in support of the environmental and socio-economic objectives for the benefits of the society and the planet.

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Theoretical review of Corporate Social Irresponsibility (CSIR): The dark side of Corporate Social Responsibility (CSR)

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Introduction

Corporate Social Responsibility (CSR) has been a topic of interest in research for the past century (Aguinis & Glavas, 2012; Frynas & Yamahaki, 2016). While the concept has gained popularity in research performed, most of the concepts focus on the positive actions towards society implemented by a firm in an altruistic display of behavior, the doing good aspects of CSR (Lin-Hi & Muller, 2013). This increase in popularity might be derived from the relevance of the Sustainable Development Goals (SDG) introduced by Sachs (2012) based on the Millennium Development Goals presented by United Nations. A common criticism in academia (particularly in management) has been the disconnect between research and practice, the topic of CSR seems to have at least partially avoided falling into this “valley of death” (Butler, 2008; De Frutos-Belizón et al., 2019). Seemingly, the rise in academic interest regarding CSR has stemmed from a corporate surge to incorporate and adopt CSR, SDG or sustainable corporate conduct based on consumer demand. Nowadays, CSR practices are regarded as a necessary condition for companies.

Despite the importance of the issue, efforts made, and advances achieved in the topic of CSR there is still no consensus on the concept, theoretical level of analysis and implications on performance (Riera & Iborra, 2017; Vishwanathan et al., 2020; Yang & Stohl, 2020). This divergence in conceptualization might also help explain the contradicting results in research and difficulty that authors might have in replication of studies and a precise comparison (Rahman, 2011). CSR is an umbrella

term that includes many aspects and dimensions, making a precise definition almost impossible. Even more, this complicates the possibility of providing practitioners with a viable guideline of best practices, as these may vary according to the dimensions analyzed. However, a prevalent topic regarding CSR research has been the examination of CSR practices and its relation to performance (otherwise referred to as Corporate Social Performance -CSP-). This analysis has also yielded mixed results as there are also a wide array of measurements of performance being most prevalent in CSR studies, various CSP indexes, ROA, Tobins Q and the change in firm value (i.e., stock returns) (Mishra & Modi, 2013). Even though no unanimity in exactly the scope and extent to which CSR may relate to firm performance, it is generally accepted that CSR practices have a generally positive impact in firm reputation and hence increases firm value.

While CSR studies tend to focus on actions and strategies that heighten the positive aspects and contributions to society made by CSR practices, there are several negative aspects related to it as well. CSR studies tend to focus on the actions and strategies in line with what some authors have described as positive CSR disregarding other negative practices that might be present concurrently in the firm (Kang et al., 2010; Mishra & Modi, 2013). This other aspect under the CSR umbrella has also recently received increasing attention (Zhang & Zhang, 2020a). In contrast to the doing good, this includes not only doing bad but also allowing damaging actions, and to not avoid bad behavior coined as Corporate Social Irresponsibility (abbreviated in different studies as CSI or CSIR) this has been presented in several studies as a contraposition on CSR, however argumentation has been made to consider these two as 2 possibilities that may coincide in a firm throughout its different dimensions (Strike et al., 2016). While not being a new theoretical concept, having been proposed nearly 50 years ago by Armstrong (1977), this dimension has come to the forefront of research driven by the increasingly common malpractices, scandals and even criminal activity some firms have taken part of in the last decade. Conceptualization attempts are still scarce and in a similar vein to the disagreement around a common CSR concept where there seems to be no accord in sight for a universal definition of CSIR. Still, some advances have been made in regard to de-

lineating this concept and its boundaries (Riera & Iborra, 2017; Zhang & Zhang, 2020a).

This chapter aims to review the state-of-the-art around the concept of CSIR. Although there is a lack of theoretical and empirical studies, two important aspects are proposed that should be outlined in CSIR studies: theoretical basis and dimension analyzed. By contrasting with the review of CSR and through some of the explorations made to the term itself we can more easily understand this concept and be aware of the effects that it might bring upon a firm when present. This chapter is structured as follows: a review of the major theoretical basis is presented first to further comprehend the rationale researchers build their research on. This could lead to a possible culprit and a better understanding of the mixed results found in CSIR research. Then a conceptualization of CSIR is presented in an effort to outline the dimensions of CSIR. Also, an important feature that could help interpret results of previous studies and improve future research. Lastly, some recommendations and conclusions are presented.

Theoretical foundations to CSIR

To further comprehend the boundaries of CSIR, we should view the theoretical aspects in which CSR is commonly based in. After all, CSIR can also be defined as the antithesis of CSR or an antonym for Corporate Social Responsibility (Ferry, 1962; McMahon, 1999). Although several theoretical underpinnings have been given to comprehend and delineate the terms of CSR and CSIR, there are two main avenues of theoretical argumentation one including external drivers and one including internal drivers. The most prevalent are the Stakeholder theory, Institutional Theory for the first avenue and Resource Based View and Agency Theory for the latter (Frynas & Yamahaki, 2016). Regarding a stakeholder theory, studies regarding CSR and CSIR consider all parties with a legitimate interest in the firm to analyze the actions taken by a firm prior to categorizing them as a display of responsible or irresponsible corporate behavior. Thus, firms would frame their actions taking into consideration not only shareholders and traditional pool of external stakeholders (i.e., shareholders, customers, and suppliers) but also considering community members, NGOs, regulators and environmentally

concerned actors among others (Freeman 1984; Jamali, 2008; Cordeiro & Tewari, 2015). A popular theoretical construct in CSR literature which has been found to be of particularly useful to analyze large firms (Russo & Perrini, 2010), this theory highlights the importance of the maximization of firm value to all stakeholders and not limited to shareholder value. This puts firms that intent to have a CSR approach in a tricky situation as they should manage to please several stakeholders who might have conflicting goals. This would mean that while aiming to be responsible towards a (or some) stakeholders, the firm could be behaving irresponsibly with other stakeholders.

Institutional theory approach to CSR -and therefore CSIR- (Campbell, 2007) focuses on the external institutional influences and conditions that might trigger CSI or CSIR and how these might help explain the prevalence of one or the other. Attending to the Economic conditions, legal and normative conditions, state regulations and industrial settings this theoretical method underscores the presence of these and other factors to help explain corporate behavior. This is particularly useful to address the possible differences in CSR or CSIR behavior found in international and multinational firms (Yang & Rivers, 2009), in developed versus developing countries (Jamali & Carroll, 2017), and the influence of geographical, economic and cultural differences (Matten & Moon, 2008).

Focusing on financial gains as motivation and implying beneficial financial performance through CSR, the Resource Based View (RBV) is based on internal motivations as drivers. Through a RBV standpoint researchers have sustained that firms can be drawn to CSR as a mean to obtain and exploit a competitive advantage. For example, beneficial reputation and image such as mentioned by Lin-Hi & Muller (2013). This would lead firms to find an internal deterrent to include CSIR practices as that would hamper possible financial gains. Based on the premise that core organizational resources and capabilities can lead to superior performance (Barney, 1991; Grant, 1991) researchers have argued that this may push firms to implement CSR. Finally, through a agency theory perspective the focus of CSIR is placed squarely in board directives, CEOs and management team. This approach would establish CSR or CSIR activities based on the misalignment between principal and agent

(Jensen & Meckling, 1976). Hence, the greater the misalignment, the greater the possibilities of incurring in irresponsible activity.

While mainstream theories are mostly based on external drivers (as the aforementioned stakeholder and institutional theories), internal driver theories bring the role of directors and management teams to the forefront of CSR or CSIR behavior (Frynas & Yamahaki, 2016). Some attempts have been made to prioritize a more holistic theoretical view in the analysis of CSR that combines theoretical standpoints, particularly including internal and external drivers throughout all the dimensions that CSR and CSIR encompass, nevertheless, scholars call for more multi-theoretical research to be made.

Conceptualizing CSIR

The conceptualization of CSIR has been view from two major angles. As a continuum of CSR (i.e., Jones et al., 2009) or as two separate topics (i.e., Strike et al., 2006). Initially having been presented as mutually exclusive interpretations (i.e., Friedman, 1962; Windsor, 2013), recent studies that both interpretations are valid and should be considered when reviewing CSIR (i.e., Herzig & Moon, 2013). Several studies already signal to the importance of considering the different treatment required by CSIR as firms can be good while being bad (Strike et al 2006). However, as it stems from this term, there is also opportunity in considering CSIR relation to CSR. Basing theoretical aspects of CSIR in CSR might improve the theoretical groundwork. Also, while it is possible to exclude the possibility of coexistence between CSI and CSIR in the same dimension at the same time, it is also possible to include both terms if analyzing firm behavior in different dimensions. Thus, the focus and outlining of how we measure and consider CSIR is important in order to have consistency between studies and further develop theoretical basis of this topic.

Some studies have tried to measure the CSIR events and even the intensity of CSIR both quantitatively and qualitatively (Zhang & Zhang, 2020b). Most quantitative CSR studies based on secondary data use Kinder, Lydenberg, Domini (KLD) database (Waddock, 2013; Hart & Sharfman, 2015). This ranking, as many others focus on corporate social performance (CSP) and the profitability of CSR and CSIR activity. There

is greater complexity to obtain primary data, and this could explain why studies that focus on mitigating the probability of CSIR by evaluating the possible role of directives are less common. To improve the understanding of CSIR all dimensions should be explored, by classifying the dimensions firms could focus resources on one dimension to improve CSR and another to avoid CSIR (Lenz et al., 2017). Some of the dimensions proposed are presented in Figure 1.

Some of the four proposed dimensions are included throughout most CSIR studies, even if not all dimensions are included in most. First and most commonly mentioned in studies that use stakeholder theory is the objective dimension. This refers to whom the irresponsible actions affect directly or as mentioned by Zhang & Zhang (2020a) the “victim” of CSIR behavior. As stakeholder theory already focuses on the party with legitimate interest that might suffer the irresponsible action this theory is particularly suitable, nevertheless other theoretical grounds may also be useful (i.e. agency theory which can signal the principal who would generally be the most affected party). A common combination of these dimension is to include in these studies the causal dimension. Mostly focused on the stakeholder, another conceptualization could be presented in the objective dimension to mirror the KLD method which would include Employee-related, Product-related, environment related, or government related irresponsibility (Zhang & Zhang, 2020b).

Second the causal dimension refers to the level or ranking in the social structure that is most affected by the irresponsible behavior and/or the rank within the firm that can be determined to cause the CSIR. These studies usually take aim to the individual level (referring to the management team, CEO, etc), organizational level (referring to the organization itself, company structure or processes as the culprit for the CSIR) or the societal level (focusing on external environment. Encompassing from local to industrial related institutions or even legal and governmental influence). This might also be a reference point to the theoretical argumentation as internal motivation-based theories generally operate a individual or organizational level while external are more prone to usage of societal or organizational level references. A particular reference would be RBV which operates on a organizational level to explain the CSIR behavior. Another possible reference could be institutional

theory which focuses on the societal and organizational level of causal dimension to analyze CSIR.

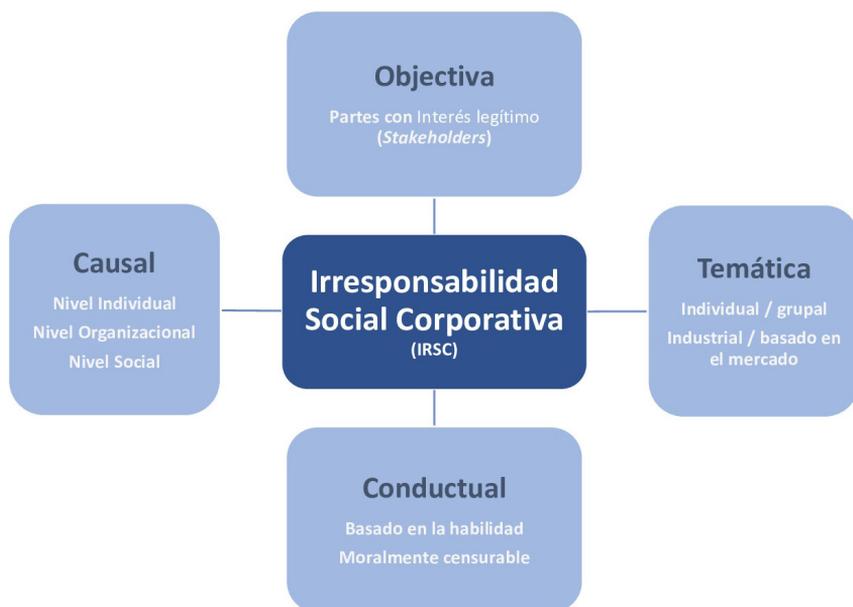
The behavioral dimension values the intention behind the CSIR behavior (Lin-Hi & Muller, 2013). Some authors value CSIR conduct as the firm's execution of its unintentional ability to act improperly towards some goals. While other researchers attribute CSIR to intentional and morally reprehensible unethical behavior that could be prevented but is deliberately performed. The mere proposition of CSR has been mentioned to be a "clickbait" term that only responds to practices designed to improve general image and reputation of the firm. This dimension is particularly difficult to measure and prove, nonetheless argumentation regarding agency theory could help fundament this notion.

Lastly, a fourth dimension for CSIR is the subject dimension. This dimension bases the CSIR on the characteristics of the liable party. That is, if a firm has incurred in the irresponsible actions as individual or as part of a group of firms or if there is an industrial or market-based behavior. This industrial or market-based behavior would signal to the belief that some theories are more prone to incur in irresponsible acts as there would be external influence facilitating this actions. Whereas a individual or part of a group irresponsible behavior could signal to internal capabilities that could be developed by a firm that might lead to CSIR. This concept is also correlated to theoretical arguments as RBV, institutional and stakeholder theories might be easily applicable when analyzing this dimension. This dimension is also linked to corporate social responsibility reporting, which refers to the exposure the CSIR might receive due to its actions (Lee et al., 2013) and perceived corporate social responsibility – otherwise referred to pCSR- (Lange & Washburn, 2012). When CSIR behavior is present in industrially irresponsible industries these events could tend to hamper the negative effects around the negative behavior. This dimension might also be useful to the analysis of international firms as the geographical and cultural differences can be expected to impact the industrial or market-based behavior.

Conclusions

While dimensions, level and theoretical basis of the firm should be considered in research of CSIR, a more thorough study can be performed

Figura 1. Gráfico de las dimensiones de estudios de la IRSC



Fuente: Creado por el autor basado en Zhang & Zhang (2020a) and Riera & Iborra (2017).

Figure 1

that analyzes previous publications after having classified them into the existing dimensions. The theoretical basis of the research might clarify to future researchers to understand the implications of the causal dimension. While some theoretical basis might include several dimensions, others have strong implications to one causal level dimension. For example, most RBV studies on CSR tend to focus on individual or organizational level causes for CSIR while disregarding societal or institutional level influence. A stakeholder approach is therefore more easily applicable among all causal dimensions. A multi-theoretical study would address this issues as theoretic principles from one theory might be applicable to one dimension while others to a different dimension. An example could be the usage of a agency theory argumentation to review the behavioral dimension while using a stakeholder theory approach to analyze the objective dimension. While both approaches (using one or

several theories) could be valuable, authors should delineate the scope of the research.

Another important aspect in future research is the need to address institutional level outcomes, and other to improve the understanding of CSIR and the extent to which these behavior might impact the CSP or firm value. This might help deter negative behavior and encourage CSR practices. Also, it is important for practitioners since even if the firm does not participate in CSIR activities it may be subjected to the occurrence in the industry it operates and adjust accordingly to minimize the impact of the effects. Two common effects that can be found in CSR and can be also expected in CSIR are contagion and contrast effects (Goins & Gruca, 2008). The first effect describes how similar firms can suffer from a spillover effect the negative behavior of another third company, particularly if in the same industry (Zhang & Zhang, 2020b; Riera & Iborra, 2017). Contrast effect would signal another possibility of CSIR outcomes which is the positive impact other related firms can find themselves in due to a negative behavior of a third firm-party, also particularly if operating in the same industry.

The consideration of all dimensions is a tough task for researchers, the scope of CSR is too broad, and this would warrant an unsurmountable number of variables to address. Moreover, if obtaining information on CSIR is a difficult task, especially among small unlisted firms, data on some dimensions are almost impossible to observe. The intention of irresponsible social behavior is among one of the aspects that could be elusive to researchers. Usage of proxies in these cases is also helpful albeit a delimitation of these variables should also be standardized. A critical aspect to CSIR research should be the positioning and dimensions studies so as to allow researchers, practitioners and readers to comprehend the foundation upon which the results should be understood. Some studies have already replicated in a certain degree this request (i.e., Pisani et al., 2017), although as of yet CSIR is pending a review that pinpoints precisely in which dimensions and theoretical approaches can previous research be contrasted and reproduced. This would better guide researchers and business directives in the quest to understand (and hopefully avoid) CSIR.

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Part Two

Legal, Philosophical and
Religious Aspects

The determination of the common good in legislative production in the economic field

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1. The common good

The definition of the common good has been subject to constant study by various disciplines among which stand out philosophy and law; its content has been open to continuous debate and interpretation. It can be defined as a supraindividual and non divisible asset which is to the benefit of all parties and therefore common to the whole (Aranzadi, 2012, p. 682).

On many occasions this concept has been invoked to justify the application of policies which have not exactly been known for their interest in the same common good to which they appealed. Specifying this content is therefore an essential task and even more so in that relative to legislative production in the economic field, especially at a time when the differences in this field appear to be increasing to generate a dangerous gap, the consequences of which may make a just, stable, and peaceful socioeconomic order unattainable.

It is as well to bear in mind certain precedents which show the catastrophic consequences which may arise from the omission of this common good. Owing to its relative closeness in time and its importance the Treaty of Versailles can be quoted as an example. Keynes, who was present at the negotiations, foreshadowed the unfortunate effects which would derive from the crucial points of the Treaty, and precisely one of the reasons why Europe was to find itself again on the edge of the abyss was the imposition of private interests above common criteria capable of establishing more egalitarian conditions to favour coexistence and peace all over Europe. In his work “The Economic Consequences of the Peace”, Keynes declared the following in relation to for example the sharing out of coal:

“If the distribution of European coal will constitute a competition in which France is satisfied first and Italy next and in which it is every man for himself, the industrial future of Europe is a bleak one and there is a strong likelihood of revolution. It is a case in which private interests and private claims, although well founded on sentiment or justice, must yield to public convenience” (Keynes, 2017, p. 65).

This criticism was repeated throughout the work with Keynes stressing the selfishness of nations, to be precise of the victors, to the point of explaining in the chapter of the Reparations with absolute crudeness: “There will have been few negotiations in History so devious, so despicable, and so essentially unsatisfactory for all the parties. I doubt whether any of those who took part in that debate can look back on it without feeling ashamed” (Keynes, 2017, p. 98).

This example can help us to understand how the common good, despite taking the form of a general content by virtue of which collectivity should benefit, should be appropriately determined in each structure whether it be territorial, state, continental, etc.. Although this task seems impossible owing to the high level of understanding required from all parties involved in its specification, man cannot admit defeat by arguing that there is no possibility whatsoever of establishing common spaces. To return to the considerations of Keynes, the road towards the search for the common good begins by placing private concerns on a different plane insofar as what is collective is what must be treated with the aim that as many people as possible can benefit from the decisions. However, irrational, inflexible, or nationalist positions are too heavy a burden to allow the achieving of points of union when these positions are maintained as a letter of presentation, revealing the refusal to touch on any aspect which may modify these positions in favour of the common good.

Close to home in a supranational context, Brexit has shown the difficulty of orientating policies in the same direction. This situation deserves a detailed analysis as the United Kingdom’s decision to abandon the European Union has been criticised owing to the biased information which characterised the process. Even so the decision was maintained and the departure of the United Kingdom has left that country in a po-

sition which the Union has described as selfish and unsupportive; nevertheless this decision was first supported and subsequently observed by the British people. In this sense it becomes impossible to determine which option of the common good should have prevailed, that of the European Union or that of the United Kingdom, the identification of which with the continent has always been a consequence of its geographical proximity rather than any other circumstance as was appreciated by Keynes: “Europe is a world apart. England is not flesh of its flesh or a body of its body” (Keynes, 2017, p. 10).

Although it is therefore unrealistic to think of the future reincorporation of the United Kingdom within the European Union, the objective must now be to seek the points of contact which are most advantageous to both parties. These points are nothing more than the common good.

These difficulties we have expounded find their justification in the complexity of determining which criteria make an asset part of the common good, i.e. qualitative or quantitative criteria. Considering that the common good which should be respected is that of the European Union for quantitative reasons would be paradoxical whenever the idea is in the case of Brexit to impose a state which is capable of identifying itself and to find common objectives with others in the supranational context, although these others do not belong to Europe.

2. Individual awareness and collective awareness in the consideration of the common good

The aforementioned examples involve difficulties which are neither characteristic nor exclusive of international politics but are reproduced as one descends in the structures. State politics meet the same challenges despite the fact that citizens as individuals tend to have a satisfactory appreciation of the value of the common good.

Adela Cortina explains how on a personal level there is a generally clear awareness of the validity of solidarity, of the defence of human rights, etc. and that it is on passing from theory to practice when the difficulties arise (Cortina, 2007, p. 35).

It appears that on an individual level it is complex to materialise these values and therefore to shape each action in favour of the same. A fortiori it will be a true challenge to address the common good as a collectivity

since one must advance along this road avoiding the influence of groups of power which develop unrelated to any kind of good other than their own.

A priori there should be fewer difficulties as one descends in any organised structure within society. At a political level for example it should be simpler to specify and attain the common good in local circles. This policy precisely gives rise to curious electoral results which can only be explained because said circles have a direct and tangible effect on the citizen, who may modify his political preferences by choosing options which he would perhaps never select at a state level.

The sensation is that this proximity of the administration with regard to the citizen means that the impact of decisions is more direct or that this is what is perceived. However, as one ascends in the structures of political organisation the impact of decisions appears to weaken, despite which there is a field in which the citizen definitely perceives the consequences of political decisions: the economic field.

In contrast to other areas such as those of culture, religion, and education, as far as economic matters are concerned the differences in criteria at a theoretical level concerning the determination of the common good should not be antagonistic whenever there is collective agreement in appreciating, for example, the dramatic injustice of the fact that 690 million people go hungry (FAO, 2019)¹. Equally there is general agreement that it is necessary to provide citizens with a series of services to which it is necessary to contribute by means of a tax policy², there is agreement in accepting that it is necessary to break down the inequalities between men and women regarding salaries, there is agreement in determining that companies which harm the environment must be penalised, there is agreement in the elimination of monopolies or in penalising collusive practices, there is agreement in considering energy deficit as the new poverty...

Numerous examples can be found related to economic policy or to an economic policy in which certain situations enjoy general agreement, either to encourage them or avoid them. The reason for this is that although economic matters affect people directly agreement seems to fade away when the public sector has to decide on the measures to take for achieving aims related to the common good. The legislative maze may

confuse both the objective and the path towards it, and in this sense the theory of public choice is not always capable of finding a logical explanation for normative production which may be motivated, influenced, or directly impregnated not by the common good but by the need for attracting or maintaining the electorate, as not infrequently legislation appears to be issued in a capricious and opportunistic manner rather than from the need and the desire to achieve the common good. An example of this is the overwhelming normative production, the precepts of which in many cases are characterised by their idleness rather than their necessity, without forgetting the economic expense of this production which is met by the taxpayer.

The consequence of this legislation, which also involves the loss of the collective objective, is the appearance of differences in matters in which a priori the agreement of citizens should be almost absolute, but in which however it tends to be propaganda and political misinformation which are set on concentrating on an antagonism which at bottom was unthinkable if not non-existent, but which based on non economic fields often ends up having a harmful economic effect. An example which may illustrate this last consideration is that relating to the approval of regulations by the corresponding legislature, whether regional, national, or supranational, achieving not only a majority but unanimity in the case of matters on which there is absolute agreement. In the economic field this agreement has been reached in matters of unquestionable common good, which should lead us to think that when such an agreement exists the proposal should be accepted irrespective of the political party presenting it; however, reality shows us that said agreement may be altered precisely in accordance with the party which presents the proposal, in such a way that the latter may not be approved despite the fact that said approval would have benefitted the common good.

This example again reveals the difficulty of specifying at a practical level what appears to be sufficiently determined at a theoretical level, and this complexity brings disastrous consequences when transferred to those with political responsibility it leads to convoluted debates which infect decisions by contamination from political, pseudopolitical, ideological, and pseudoideological currents when they forget their function. If the slightest discrepancy can be multiplied owing to the influence of

these factors, it is unnecessary to explain how vast divergence would be in matters such as the distribution of expenses or the tax burden.

The problem in this field of legislative production is that there will frequently be a contradiction between ethical principles and what could be denominated political survival. Those who have not known any other occupation than politics will feel the sharp contrast between what it is supposed to be, still taking as optimum criteria for understanding it those expounded by Aristotle, and what they should do to retain the political positions achieved which constitutes their support, the only one they have ever known. This situation means that political decisions may have the aim of either the common good or personal interest, which for example takes the form of maintaining or attracting the electorate even at the cost of unashamedly changing criteria, decisions, and precepts. Attitudes of this kind mean that nowadays it is impossible to accept and even to understand the affirmation of Aristotle by virtue of which “All sciences, all arts, have doing good as an objective; and the first of these objectives must be the supreme purpose of the highest of all sciences; and that science is politics. Good in politics is justice or in other words general use” (Aristóteles, 1962, p. 99).

3.The problem in legislation in the economic field

Economic legislation de facto makes the mistake of avoiding what is common when public matters are referred to. Not everything which legislators consider public ends up corresponding to what is common, and it is clear those deficiencies not only arise in the making of decisions but also in the iter of the same.

The inclusion of values in these procedures may not find a final benefit directly proportional to said inclusion; however the presence of the same during the procedures does provide another series of benefits, which although a priori may be classed as intangible will bring another consideration to the actions carried out in such a way that the latter achieve extra validity which is clearly appreciable.

In legislative matters certain values will lead to the common good and therefore ethics, inclusion, solidarity, or sustainability as part of economic policies will benefit citizens. The opposite path involves the danger of establishing as a common good something which is not one,

so that once it has been set as an objective a procedure can be implemented, embedding in it certain ideas which justify the decision which was previously taken to pre-establish both the conclusions descending from them and the premises.

Values must accompany the procedure and one should not seek in them an adaptation to the decision already taken, as if the latter should turn out to be an error there will be no way of recovering what has been gained. Two problems thus arise; on the one hand the error itself and on the other the impossibility of putting it right. The avoidance of these difficulties involves on the one hand the incorporation of people whose knowledge revolves around ethics and on the other the correct training of those people who will finally have to make the decisions.

In addition to the defects put forward, the greatest challenge arises in relation to the criteria which determine the common good. Although these should be based on ethics, it cannot however be forgotten or even concealed that western society is experiencing a profound crisis driven by the exclusion of the humanism which was the basis of said society, i.e. Christian humanism. In this sense it could be debated whether Aristotle is also in danger.

The matter is an important one as although the basis of many of these principles is forgotten if not ignored, we may well wonder whether a new positivist nominalism has already been consumed at the service of a legislative whim which is capable of asserting itself above sciences such as economics, which should not bow to caprices but to needs. The allusion of Aristotle in relation to those who apply to others what they would never wish for themselves³ is mirrored nowadays by politicians whose populist discourses aim to attract votes and whose rash legislations merely cause uncertainty and suffocation in economic matters, precisely because they forget the cause of good they should be serving. This is a persistent error in which the alternation of parties in states such as Spain has given rise to a party-dominated despotism which is anything but enlightened.

4. Possible paths towards an encounter

The aforementioned analysis of the problem which entails the impossibility of reaching agreements on economic matters starts from a prior

difficulty which is the subject of this article and which is none other than the determination of the common good. On the other hand, although this is the immediate difficulty there is another mediate one which may in its turn be the cause or at least one of the causes of the impossibility of finding agreement, which is the absence in politics and in its structures of people whose philosophical, ethical, and humanistic training can provide the pertinent discernment in order to determine what is the common good and also to justify those decisions which aim to achieve it.

Far from hindering the economic objectives, the inclusion of ethics helps to progress towards a new financial model in which precisely the decisions revolve around the common good which must be protected in the economic field by legislative policies which guarantee that it can be achieved.

Beyond the motivations which lead the individual to assume compliance with the rules, the final result is that respect for the same guarantees coexistence. Discrepancies, agreements, and disagreements certainly occur as to the content of the rules affecting citizens given that political ideology conditions the making of decisions in each subject. However, once again the economic field, far from generating antagonistic positions, should serve to approximate positions around objectives shared by society as a whole. A certain margin of a discretionary nature could be allowed in this matter, but even so the common good in the economic field should be able to escape the ideological polarisation which unfortunately finally confuses this good by presenting as essential aspects which are almost anecdotal yet visceral and which are ultimately those called upon to persuade the electorate to choose one option or another, avoiding the important matters and interests which truly affect the citizen. It would be advisable to establish the difference between what is vital and what is accessory, what is necessary and what is surplus, since discretion when making decisions cannot naturally be the same if the field of the measure which must be taken is that of what is necessary. Aristotle maintained that “There is no doubt that anyone is free to create hypotheses as he wishes, but they should not reach the limits of what is impossible” (Aristóteles, 1962, p. 55).

Ethics is the root from which any intention to find the common good must rise, and these ethics in the economic field must place the person in

the centre of development in such a way that change begins by including his welfare as a measure to assess the economy. Martha C. Nussbaum gives a heartrending example of South Africa under apartheid, the gross domestic product of which made it one of the most highly developed countries (Nussbaum, 2010, p. 35). There is no need to explain where South Africa would have been found in a classification valuing welfare, development in accordance with equal opportunities, etc.. She affirms: “Therefore the production of economic growth is not the equivalent of producing democracy or of generating a healthy, committed, and trained population which has the opportunity of high quality of life at all social levels” (Nussbaum, 2010, 36). Similar current examples to illustrate this criterion can also be found. China’s economic growth makes it a major power despite negative aspects such as the repression suffered by its citizens, for example owing to their faith. In any case this criterion was already expounded by Aristotle: “For a start the most perfect state is evidently that in which each citizen, whoever he may be, can thanks to the laws practise virtue and ensure happiness as much as possible” (Aristóteles, 1962, p.118).

The challenge therefore consists of materialising the content of the word “good” and the word “common”. A priori the understanding of both concepts seems simple in that most people would be able to provide an acceptable definition, but in reality it shows how the conception of the term “common good” begins to reveal discrepancies when it is to be applied to a collective objective, and even more so when one is incapable of explaining the process which has led to the taking of a certain decision.

The level of citizen awareness is crucial in this aspect and is highly diverse depending on the place one is thinking of. A key question for ascertaining this level is the way in which citizens behave regarding what is common. It is regrettable that few countries have made significant progress in this direction. Individuals tend to elevate what is private to the category of common, demanding a protection which cannot always be justified, and the same is true of the good as this epithet is given to what is private. How then can what is common and what is also good be found?

In philosophy the definition of the good which in theory is provided of the values alludes to the reality which has a positive value and is therefore estimable. The latest economic crises have revealed the profound contradiction between what economic models considered good, or the good at which they aimed, and the disastrous consequences of these models. There has been a separation between the good sought and its effects on what is common. The conclusion is that both terms were unconnected: what was considered good did not benefit what is common and the contradiction was so serious that the solution requires a deep and specialised review. However, the solution will not be exclusively found with the help of economic agents or experts in said field; the problem will not be overcome without the inclusion in decision-making of people with the necessary capacity, knowledge, and training to determine with reasonable criteria what is the good and how it is treated at a common level.

Paradoxically it is the private company which has now begun to include on its staff new profiles for those capable of including criteria such as ethics, sustainability, equality, or inclusion. This contribution generates another business positioning to give a new value to economic activities, a value which is appreciated by all those who make up a company. Moreover, the inclusion of these values generates greater welfare for citizens when it is related to economic agents identified with the common good and therefore with social commitment.

To the extent that it dispenses with the necessary elements to be able to determine satisfactorily the common good, legislation in the economic field will be a drift which with more or less success will rather than legislate address difficulties which are almost always provoked, which will justify the taking of measures more in keeping with the political criterion of the moment than with reality.

To return to one of the Keynesian considerations mentioned at the beginning of this article, on many occasions decisions must overcome private interests and claims, as “although well-founded on sentiment or justice, they must submit to public convenience” (Keynes, 2017, p. 65).

If the legislator has sufficient training to assume ethical, caring, and generous policies orientated towards the common good and free from any defect of indulgence to his electorate, this is a matter which given

the current situation would seem to point to a negative response; for this reason it is necessary to include other agents in normative production, at least to the extent that the legislator is not capable of determining the common good in order to understand that “Moreover, the part is to the whole as imperfect is to perfect, and the individual is part of the perfect community. Then it is necessary for the law to take care of his own if common happiness is to be achieved” (Santo Tomás, 1956, 39).

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Notes

1. According with FAO, in 2050, more than 2.000 million people will go hungry.
2. Although there is general agreement as to the need to pay taxes, it is more complex to reach agreement on the way in which they are to be established, i.e. whether they should be progressive, regressive, or proportional, which proceedings should be subject to obligations, which people should be exempt, etc..
3. In this sense Aristotle clearly defined selfish and hypocritical attitudes: “... and what one does not find to be either equitable nor good for oneself one however wishes shamelessly to apply to others; justice is resolutely demanded for oneself and completely forgotten in the case of others” (Aristóteles, 1962, p.119).

Ethical challenges of economics and the company on the 2030 Agenda

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The 2030 Agenda approved by the UN member countries in 2015 constitutes a horizon which far from an unattainable ideal or a simple desideratum must be a reasonable objective. There is no doubt that economics represents an unavoidable dimension in the achieving of these objectives and that the company is a key agent in this undertaking.

The reducing of inequality, the promoting of change and innovation in companies, the uniting of economics to the universal ideals of humanity, and finally the assuming of social responsibility as a matter of justice in the community sense and of prudence in the anthropological sense.

The pandemic and the emergency health situation it has caused may provide momentum to accelerate the change which will be made possible by economics at the service of people and care for the planet. In this intention ethics may become a discipline which invigorates the common effort in this sense.

After the crisis of 2008 and the crisis which we are experiencing as a consequence of the COVID-19 pandemic, Economics is a central element in the public forum. We are all concerned about the situation and it is important for us to reflect on it. One of the aspects on which we should reflect in particular is whether economics is a science that is so independent that it remains divided from socio-political and moral matters. Behind this tendency to resolve matters quickly is concealed the dogma that economics has its own field of rationality and in this sense a field of comprehension isolated from other means of rationality such as morals or politics.

Economists often accuse moralists of not understanding economic matters (Paternot, J. and Veraldi, G., 1991, p. 194)¹ and moralists tend to

reproach economists for two reasons: firstly for not having freed themselves from the inexorability of economic laws and secondly for interfering in ethics/morality by disguising their judgements of a normative nature with supposedly scientific analyses.

It is necessary to avoid prejudice and distinguish the areas of demarcation of the two disciplines. Ethics or Morality is a normative (non descriptive) science which deals with what is good. Its objective is to determine how human behaviour should be (the personal aspect) and how society should be organised (the social aspect) so as to achieve the good aspired to. For its part Economics has been defined as “the science which studies human behaviour as a relation between ends and limited means which have various applications” (Robbins, 1944, p. 39). We must not lose sight of the fact that resources are scarce and that these resources may have alternative uses, which is why we need to decide how to use them. This is where Ethics comes in.

So Ethics must establish the purposes of economic activity. This is one of the most important aspects which we wish to reveal because it is one of the most critical contemporary debates. An economy which disregards politics and ethics generates conflict at a social and personal level. It is for this reason that it is necessary for all agents involved in economic activities (states, companies, and citizens) to be concerned that reflection on the economic phenomenon should be characterised by the interdisciplinary reflection of ethics and politics. It therefore seems clear that politics as the articulation of the common good must involve ethical reflection as a privileged manner of determining the objective of economics as a means of articulating this good effectively.

Once the purpose has been determined, means should be sought to articulate this undertaking. This task corresponds to economic science. The Second Vatican Council pointed in this direction:

“If independently of earthly reality one wishes to declare that created things and society itself enjoy their own laws and values, which man is to discover, use, and order little by little, this demand for independence is totally legitimate. (...) In this regard certain attitudes should be deplored which owing to failure to appreciate the sense of the legitimate independence of science have sometimes occurred among Christians themselves; attitudes which followed by bitter controversies have indu-

ced many to establish an opposition between science and faith”. (Concilio Vaticano II, *Gaudium et spes*, 36b)

There is no doubt that this independence is recognised by moralists but it should not be forgotten that economists should also indicate which specific end proposed by Ethics is unattainable. But what economists never have the right to do is to declare impossible what is only undesirable, because they would then be indicating surreptitiously the purposes of economic activities. To some extent the debate remains given that Economics stands out for its aspirations of rigour and this has led it to use profusely instruments of mathematical and algorithmic analysis, albeit with little success as to influence on the results, in particular as far as financial economics is concerned. The events have refuted this aspiration of apparently scientific rigour.

It is in this breeding ground that a permanent temptation exists for economists: the end justifies the means. Keynes said in 1930: “We must value the ends above the means and prefer what is good to what is useful. (...) But beware! The time for all this has not yet come. For at least another century we and everyone else must pretend that what is fair is bad and what is bad is fair; because what is bad is useful and what is fair is not. Avarice, usury, and caution must still be our gods for a little longer. It is only they who can extricate us from the tunnel of economic necessity and take us to the light of day” (Keynes., 1988, pp-332-333). It seems clear that we cannot renounce the principle that the end does not justify the means because this opens the door to excesses; it is for this reason that economists must propose efficient means of discerning whether they are all legitimate and this is a task for ethics.

In this sense Ethics has to determine the purposes of economic activities. Already in antiquity Aristotle distinguished between “economics” (from the Greek *oikos* “house” and *némō* “to administer”), the objective of which is the satisfactory administration of the house, and “chrematistics”, the aim of which is enrichment. As we can infer with relative ease, although economists have taken the word “economics” to describe their discipline, it has a very different sense to theirs. As is pointed out by Adela Cortina (Cortina, 1994, p. 68), current economics is closer to chrematistics than economics in the Aristotelian sense. In the perspective of Christian humanism and its moral projection, the primary aim of

economic activities is not the unlimited growth of the GDP but the satisfaction of human needs: “The essential purpose of production is not merely an increase in the products or profit or power but rather its service to man, the complete man, taking into account his material needs and his intellectual, moral, spiritual, and religious requirements; of any man or indeed any group of men with no distinction between races or continents” (Concilio Vaticano II, *Gaudium et Spes*, 64).

Although spiritual needs may be very subjective and depend on the nature of the individual, material needs are more objective. Nevertheless the latter are difficult to specify given that from an anthropological viewpoint it is as if man is never satisfied. It seems that according to this affirmation the need for unlimited production is assumed which, as we are apparently becoming clearly aware, is impossible. Given this situation, it would appear to be necessary to distinguish between needs and desires. It is easy to understand that we need food to live and to live in a healthy manner, but as we extend the list of needs it becomes more difficult to explain why these “needs” are really necessary. We know that many things which appear to us to be basic human needs are only so within a certain context of circumstances which would be sufficient to eliminate this “need” (Dyke, 1983, p. 83). In short, a mistaken system of values creates many of our “needs”. For this reason, initiatives such as the 2030 Agenda are an incentive to make us realise that one of the a priori characteristics of our complex consumer societies is their mimetic structure: I want something because others already have it. The needs for leading a decent life are those we have and nothing more. It is for this reason that we should try to ensure that wishes, like needs, are finite; having unlimited desires makes us egocentric and unsatisfied.

There is no doubt that one of the major needs of the human being is that of personal fulfilment. An important part of this field is having a decent and humanising job. This would have surprised the ancients because the Greco-Roman civilisation had scant regard for work. Christianity involved a change in this sense as an extension of the creative work of God, collaboration in the earthly construction of his Kingdom, etc. On the other hand, we should not lose sight of a series of values which are associated with work, which is the most dignified way of obtaining one’s daily bread in addition to providing a privileged opportunity of offe-

ring others goods and services which we are capable of producing. This aspect has been particularly marked during the emergence of the COVID-19 pandemic. Society has realised the importance of certain essential jobs to the common good. This was when we became aware of how a dimension which is apparently singular is of collective importance.

Neither should we forget that work serves to make man. Marx pointed out that “everything that can be called universal history is no more than the production of man as a result of human work” (Marx, 1978, p.387). This is so in a double sense of hominisation and humanisation. In hominisation because men began to be men, if the repetition may be forgiven, when they began to fashion tools to work with. The gradual increase in and perfection of their use expanded the horizon of the transformation of their environment and their capacity of control over nature. In humanisation this is so because work is an essential factor for the growth of humanity. At work man not only aspires to have more, but also above all to be more. The worker projects his being and his personality onto his work. All this should be projected onto the right to work. Nowadays there are a number of difficulties in affirming this possible human development based on work. While work in handicrafts makes this situation possible, in industrial and post-industrial work things are not so clear; it is the machine and the algorithm which express themselves. In our times more and more workers are faced with the choice of “take it or leave it”. This situation means endless working days, progressive wage reduction to subsistence level, and employment flexibility which makes use of workers as if they were machines. Finally, many workers find no sense in their work. In the west we are currently reaching a turning point regarding work owing to many factors: scarcity, unemployment, competitiveness, regulation, flexibility, social protection, exclusion... If there is an element which must be kept in mind when reflecting on any of these aspects it is that of decency. Work should continue to aspire to be the expression of the essential dignity of all men and women: a job freely chosen which in effect associates workers, men and women, with the development of the community. A job which makes workers respected and avoids any discrimination; a job which allows the creation and the maintaining of family life; and a job which allows the development

of human beings from a complete perspective in a spiritual manner and which gives people decency even beyond retirement age.

All this may sound utopian and as such the search for an ideal may seem unattainable. But if there is an exercise which may be healthy from the field of thought it is that of avoiding both the utopian radicalism of those who aim to achieve success with recipes of doubtful validity such as the conservative pragmatism of those who adopt a quietist attitude of not changing society as they consider this a wasted effort. One must balance the quest for economic and social justice with the hope of realism. The cultivating of “ethics of responsibility” following Max Weber (Weber, 1984, p. 212) may be a solution. These ethics take into account the analysis of the social situation in order to rise to the challenges of the defence of people’s dignity and the search for the common good as key elements to declare economics as being at the service of people.

This is a complex task because ideas are somewhat lacking. It appears that since the fall of the Berlin Wall and the collapse of the communist system thirty years ago there has been no alternative to capitalism. Since the 1970s this capitalism has been spiralling out of control, which has had disastrous effects on the welfare of societies and on people’s lives. In effect there have been attempts to approach, correct, and overcome the situation but none of them have had any effect. Triumphant capitalism mutates in the midst of crisis cycles, in different political environments, and in the midst of technological change. There have been some corrective proposals such as the third way of Tony Blair (Giddens, 2003) or that of Schweickart (Schweickart, 1997) of a market socialism managed by the workers. Like all economic systems which were important in the past, capitalism will not last forever. The search for a “fair system” to overcome the contradictions of the current one and include those positive aspects is still under discussion. Benedict XVI (*Caritas in veritate*, 53b) said that nowadays “the world is devoid of ideas”. This should not be an invitation to resignation and defeatism. The German Pope was referring to Paul VI who continued thus: “We are not calling on thinkers and wise men, Catholics, Christians, those who love God, those avid for the absolute, for justice, and for truth: but on all men of good will. Following the example of Christ, we make so bold as to beseech insistently of you: - Search and ye shall find (Luke 11,9), take the roads which lead

through collaboration, through the deepening of knowledge, through the openness of the heart, to a more fraternal life in a truly universal human community” (Pablo VI, *Populorum progressio*, 85).

It appears that there is currently no alternative to capitalism: a model of capitalism with regulations (represented by the social market economy) and capitalism without regulations (represented by neo-liberalism). The ethical preponderance of the former over the latter seems clear. It is also absolutely clear that any attempt at change must be approached in an international context. The economic disparities which existed in the last century were overcome thanks to the redistributive and protective action of the tax systems and the Social Security. In this aspect it is vital for the European Union to assert its role as a privileged agent given the pending reformulation of the social contract which has arisen after the Second World War. This contract must go beyond an agreement between workers and the unemployed, the elderly and young people in a country...it must go further and include an agreement between industrialised and developing countries. Economic globalisation is a reality; what still remains to be done is the drawing up of this new social contract to regulate its effects and to allow its advantages to reach everyone. The 2030 Agenda is a good opportunity for this undertaking.

As we pointed out at the beginning, we know that it is not up to Ethics/Morality but to economic science to determine which measures should be taken. There have been alternative attempts in this sense². But each proposal in one or another direction has had its supporters and its detractors. What seems clear is that science must make an interdisciplinary effort in this sense. Economic science thus has to progress alongside sociology and politics against a backdrop of ethical reflection.

Another matter which we should bear in mind has to do with an aspect as important in the reflection of political philosophy as power. One cannot think of introducing changes into an economic dynamic with a clear global component if the balance of power in our world is not taken into account. In this sense difficulties are also encountered because on the one hand nation states have become too small and on the other the major international institutions (UN; IMF, WB, EU) have become in a way obsolete as to their operation and incapable of responding to the situation we are experiencing. Nation states have become too small for

many reasons: the phenomenon of economic globalisation, monetary policy, pollution, climatic change, communications, internal and external security, drug trafficking, and pandemics, as coronavirus has shown. The interdependence which exists between different countries is evident in many fields: culture, science, economics...

As each nation took the form of a modern state so as to reconcile the conflicting interests of the various social groups, something similar should occur on a supranational level in order to balance and reconcile the interests of the various nation states. In this sense the experience of the European Union is paradigmatic. Some thirty states have pooled their sovereignty interests in a larger entity which serves to articulate the common good with human rights as an essential basis. Although we have a long way to go we can clearly affirm that the last seventy years have constituted the longest consolidated period of peace in the history of the continent. The secret of this has been trust, cooperation, and a common project built by nations which had experienced recurrent conflicts in recent centuries. The United Nations, the International Monetary Fund, and the World Bank are in a more difficult situation. Today they are white elephants which are seriously out of step with a geopolitical context which is no longer that of the postwar period. The veto capacity of the winners of the Second World War at the UN Security Council and an operation hampered by red tape means that there is an urgent need for reform. This is also the case with the IMF and the WBI, the role of which in the latest crises has been highly debatable, on the one hand due to their forecasting the outcome and on the other to their solutions to the problems. What is needed is that beyond the technician and the ministers of finance and the economy all agents taking part in the deliberations on a subject which affects us all should be involved. Nor should we forget the role of major corporations and that the world is very different now to what it was at the beginning of the century. Major energy companies are no longer those with the greatest value regarding their capitalisation; the top positions are now occupied by technological companies. Furthermore, their emergence has meant a change in relations (social networks), trade (the purchase of goods and services), and work (computing and technology); it can be said that the world is not what it was. Moreover, they are transnational in nature and have the capacity

of minimising taxes and keeping national treasuries in check when negotiating subsidies and silencing the voices which aim to regulate their action through politics.

Given this situation it is necessary to encourage a divided political authority which is to act on various levels. The articulation of political authority in a local, national, or international context is one of the channels for orientating economic globalisation. Challenges are no longer local as almost all of them are global: unemployment, inequality, and chronic poverty. Technological changes and international competition are causing great upheavals on the labour markets of industrialised countries. Furthermore, precisely now when the intervention of the nation state is most needed it looks the other way. It is this failure of politics to face up to the major challenges of globalisation which is generating a legitimisation crisis of political institutions all over the world.

For this reason and with the orientation of the Sustainable Development Objectives set out in the 2030 Agenda, it is necessary to put forward a series of alternatives which are viable in the environment in which we live and which above all serve to face a situation which requires effort on many levels and as we have seen from many agents. These alternatives could include: the Ethical Bank, ethical investment funds, cooperatives, fair trade, and the civil economy.

Conventional financial institutions have been ruled by technical criteria; they seek the minimum risk and the maximum return for the bank and its shareholders. Frequently the ethically dubious origin of certain deposits has not been taken into account and there has been no objection to operating in the so-called tax havens. In contrast the action of the Ethical Bank is subject to social criteria. Its shareholders are prepared to earn less if their money plays a social or caring role. A forerunner in Spain was that of the Savings Banks which carried out this task over a long period. This line of action also includes microcredits (Spiegel, 2007) which allow access to financing for people who would be barred under normal conditions. This system generates employment, new businesses, the purchase of housing, and all which in short will dignify the life of those who up to now had been excluded from the credit system.

Ethical Investment Funds are another privileged tool in the generating of a new system. These funds introduce explicit pre-selection crite-

ria for investments based on ethical values of social and environmental responsibility. There may be positive criteria for investment (companies which behave commendably from a social point of view) or negative criteria (companies which behave reprehensively in certain ways). Ethical Investment Funds have a control body which is generally an ethical commission. They are an example of how financial economics can be guided by ethical criteria which are not at variance with the generating of profit.

Another form of business organisation which may be satisfactory is the cooperative. The International Co-operative Alliance (ICA) defines it as “an independent association of people who have joined together voluntarily to face their common economic, social, and cultural needs and aspirations by means of a jointly owned and democratically controlled company” (ACI, 1995). Cooperative activity is nothing new as examples can be found from nearly two centuries ago in the United Kingdom and the Corporación Mondragón in Spain was founded in the mid-20th century in Guipúzcoa. Merely because they eliminate the antagonism between capital and labour, cooperatives show ethical preferences. It is logical that they are not numerous because workers often lack the necessary capital and also because they have to act in an economic setting which is not a priori the most favourable as it has a logical dynamism and inertia which may unsettle them.

In a similar way to the traceability of money in certain investments, the traceability of some products we buy in most stores may be dubious. Without knowing it or being aware of it we may be accomplices to a system which does not pay its producers fairly, exploits children, or degrades the environment. Fair Trade arose to address this situation. The movement was born in the Netherlands over forty years ago and aims to ensure that products are purchased at a fair price and thus help producers. They have frequently organised themselves in cooperatives which devote their profits to the basic needs of communities.

Another interesting alternative is the so-called Civil Economy, a generic term given by Professor Stefano Zamagni of the University of Bologna to the initiatives which aim to generate added value and wealth without excluding the weaker elements of society because its objective is not to maximise profits.

In the chapter of ecological transition it is necessary to tackle decisively the changes in the thermal renovation of energy devoted to construction, the first bottomless pit regarding energy of our economies; secondly to face the mobility challenge of the consumption of fossil fuels (planes, cars, and trains); and thirdly to address the manner of energy production in the attempt to reduce progressively and in a sustained way the amount of carbon which we generate by investing in cleaner sources of energy. All this will need strong political decisions to implement the necessary measures. The pandemic may represent an opportunity to face this matter firmly and above all to finance it. In this sense citizen awareness of the fact that we cannot repeat the errors of the past and the drive of civil society, in particular of companies, will be key factors to achieve the sustainability objectives.

All these alternatives are defended in the encyclical *Caritas in veritate* of Benedict XVI. In it the German pope stresses that it is not a case of allocating the production of wealth to the economy and its distribution to politics. One can genuinely experience human relationships of friendship and sociability and of solidarity and reciprocity as part of economic activities (Benedicto XVI, *Caritas in veritate*, 36c). The distinction between companies devoted to achieving profit and non-profit-making organisations has therefore become obsolete. In recent years organisations have arisen which fall between the two types of company. This intermediate area consists of companies which sign agreements to aid countries which are lagging behind, of foundations promoted by specific firms, and of groups of companies with objectives of social usefulness. This is a new situation which involves both public and private initiative and does not exclude profit but rather considers it a tool for human and social objectives (Benedicto XVI, *Caritas in veritate*, 46). For these initiatives to be successful one must act with something which like everything in life has to do with intelligent love: “Honourable intentions, transparency, and the quest for good results are compatible and should never be separated. If love is intelligent it will also know how to find ways of acting in accordance with foreseeable and fair convenience, as is clearly shown by many experiences in the field of cooperative credit”³. Governments must legislate to ensure the satisfactory outcome of these initiatives, which although small must be worked on with deter-

mination and straightforwardness in an environment which is far from easy. This must be done with the certainty that major change is possible. From individual responsibility, from the small units which make up society (families, small and medium-sized enterprises, civil associations), and from major corporations to states and international organisations, in short all agents must realise that we have to sow in a simple manner, in line with what the gospel teaches us, a seed which like the mustard seed (Matthew 13, 31-32) is small but will grow and bear fruit. Economics and ethics must collaborate in this undertaking. A decent future for future generations depends on it.

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Notes

1. See the criticisms which Paternot and Veraldi voiced at the time of the *Sollicitudo rei socialis* of John Paul II: “For his encyclical *Sollici-*

tudo rei socialis to serve the common good it must be based on a sapientia rei economicae which it currently lacks”.

2. Initiatives such as the so-called Tobin tax, which involved the introduction of a 1% levy on all currency transactions destined for UN development programmes, or the establishing of international taxes allowing a certain redistribution of income between rich and poor countries, are along these lines.

3. Cfr. *Ibid.*, 65.

Human rights as a guide to action for public policy and the private sector

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Initial considerations.

The key question to be addressed in this context is to what extent a given public policy and a given private sector activity contributes to the realisation of human rights. Those who wish to proceed from this premise and make human rights their guide for action must consider the body of international human rights standards and methodologies for introducing human rights into legislative, administrative, judicial, and social decision-making. Human Rights are now affirmed as the benchmark of universal justice for both legal and political systems. Two dimensions of human rights can be distinguished: extent and intensity. Human rights have the quality of providing indicators by which the intensity with which a given right is enjoyed can be measured. On the other hand, human rights operate both vertically and horizontally. This means that human rights operate vis-à-vis the state and were originally conceived as such. But human rights are also used vis-à-vis possible cases of violation that may come from other rights holders or other duty bearers.

This means that the main objective of this paper is to highlight, insist and remind that the normative value of international human rights law must be taken into account in the elaboration of public policies, but also in the design of actions within the framework of private sector activity, since the private sector is one of the responsibility holders for the realisation of human rights.

SDGs and Human Rights, their interrelationship

The frame of reference must necessarily be the Sustainable Development Goals (SDGs) set out in the 2030 Agenda. However, we cannot lose sight of the fact that the SDGs lack the normative force of international

human rights law, which is why the SDGs must be seen in light of their linkage with the set of conventionally recognised human rights (SDGs) in order to use their normative character and, therefore, mandatory for the duty bearers, States parties, as a reinforcement or, if you will, as a guarantee that the SDGs have a better chance of becoming a reality under the protection of this interrelationship. In short, if the human rights linked to each of the SDGs are fulfilled, then it can be stated that the SDGs have also been realised.

Figure 1. “SDG and human rights”. “Source: Own elaboration”



As an example, and given that SDG 8 is referred to throughout this paper, the correlation between (Danish Institute for Human Rights) the definition of this goal and the set of rights involved can be observed, and, particularly, is of special interest for this paper the United Nations programme for human rights and business (United Nations programme for human rights and business) (Table 1).

	<ul style="list-style-type: none"> -Right to work and to just and favourable conditions of work [UDHR art. 23; ICESCR arts. 6, 7, 10; CRPD art. 27; ILO core labour conventions and ILO Declaration on Fundamental Principles and Rights at Work]. -Prohibition of slavery, forced labour and human trafficking [UDHR art. 4; ICCPR art.8; CEDAW art. 6; CRC arts. 34-36]. -Equal rights of women in relation to employment [CEDAW Art. 11; ILO Conventions Nos. 100 and 111]. -Prohibition of child labour [CRC art. 32; ILO Convention No. 182]. -Equal labour rights for migrant workers [CMW art. 25].
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Table 1

Drawing near to a Human Rights-Based Approach

In this context, the Human Rights Based Approach (HRBA) takes on special importance as a methodology that articulates, based on international human rights law (Strengthening engagement with the international human rights machinery), the implementation of both public policies and actions conducted by the private sector.

International human rights norms, the pronouncements of expert bodies (General Comments, concluding observations, etc.), special procedures, the Universal Periodic Review and the jurisprudence of the courts converge to formalise international human rights standards. With these standards, the rights' indicators and through the different phases of the HRBA, we proceed to analyse a specific context and measure the degree of enjoyment or violation of rights, highlighting the areas of action of both public and private agents. In short, knowing what and which human rights are allows us to detect capacity gaps and courses of action.

The HRBA is referred to in the *Report of the Office of the United Nations High Commissioner for Human Rights: Summary of the Intersessional meeting for dialogue and cooperation on human rights and the 2030 Agenda for Sustainable Development*. (A/HRC/40/34 of 5/3/2019) in which the High Commissioner states that “the human rights-based approach led to more robust, more sustainable, and more effective development because it promoted empowerment, inclusion, and equal opportunities for all”, because: “18. (...) implementation strategies for the Sustainable Development Goals must be consistent with States' obligations under international human rights law”.

As for the Council of Europe's Commissioner for Human Rights, she has expressed herself in the same terms, stating that 9...:

“Declarations can set roadmaps, but they do not solve human rights problems on their own. We need a human rights-based approach: emphasising that they are treaty-based and universal; that they apply regardless of culture, religion, or political systems; that they belong to everyone without exception. For this to happen, governments, parliaments and the judiciary must improve in incorporating human rights standards and the Court's juris-

prudence into their work. If the member States of the Council of Europe do not do so, who will?

As an organisation that promotes human rights, democracy and the rule of law, we have a particular responsibility to ensure that this happens”.

The HRBA (HRBA Portal) differs from the needs-based approach in that it starts with a factual issue such as a need, but no obligations, except moral ones, are derived from the facts. The normative quality of human rights, however, implies that the duty bearers, the States parties, will have internal and external legal obligations deriving from the framework of international human rights law.

The methodological perspective that the HRBA represents allows for a comprehensive vision of the area in which action is to be taken, as can be seen in the different phases in which it can be structured: 1- Study of the general context and specific context, in order to carry out a diagnosis on the situation of rights, relying, among other data, on those provided by the Universal Periodic Review of each country; 2- Analysis of the causes, (immediate, underlying, structural) that have an impact on the possible violation of human rights; 3- Analysis of the role they have been playing in the enjoyment or not of human rights, the rights holders, the holders of responsibility and the duty bearers; 5- Analysis of capacity gaps, i.e., determining the space and scope in which the capacity of the various rights holders prevents the realisation of human rights; 6- Finally, carrying out proposals of action to cover those dimensions of human rights that have yet to be conducted.

In short, it can be said that human rights, in this sense, are both a normative principle and an end. Principle because the set of international human rights standards are fixed in advance and are therefore an objectified referent. They are normative because their content guides public and private action in the direction determined by each of the rights. Finally, they are an end because human rights are the objective to be achieved, but at the same time they are the instruments for evaluating the results obtained by each of the actions carried out.

Human rights and business

After a brief description of the context and tools available for applying a HRBA, it is now time to observe how it could be used in the performance of an activity such as business (García Medina, 2015; Solanes Corella, 2018). The United Nations Global Compact, which was born out of the framework established by UN resolution A/54/2000 of 27 March 2000, entitled *We the peoples: the role of the United Nations in the 21st century*, anticipated the challenges and the role expected of business. It set out ten principles that are still present today in the development of the Global Compact (Table 2).

Human Rights	<ol style="list-style-type: none"> 1. Businesses should support and respect the protection of internationally proclaimed human rights and fundamental freedoms. 2. Businesses should make sure that they are not complicit in human rights abuses.
Labour Standards	<ol style="list-style-type: none"> 3. Businesses should respect the freedom of association and the effective recognition of the right to collective bargaining. 4. Businesses should eliminate all forms of forced or compulsory labour. 5. Businesses should effectively abolish child labour and 6. Businesses should eliminate discrimination in regard to employment and occupation.
Environment	<ol style="list-style-type: none"> 7. Businesses should support preventive approaches to environmental problems. 8. Businesses should take initiatives to promote greater environmental responsibility and 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.
Fight against corruption	<ol style="list-style-type: none"> 10. Businesses should work against corruption in all its forms, including extortion and bribery.

Table 2

Principles that must be complied within the medium and long term, given that there are different factors that can affect their implementation, as they must be integrated and assumed by companies, that United Nations points out:

- The treatment of the principles not as a supplementary element but as an integral part of business strategy and operations.

- Strong commitments from the organisation’s leadership.
- Communicating commitment to the Covenant throughout the organisation: from senior management to employees, to ensure broad support for the principles.
 - A business environment favourable to new ideas and business innovation.
 - Measurable targets and a transparent system for reporting progress.
 - Willingness and willingness to learn and adapt.
 - Dedication to one-off activities around the ten principles.
 - Openness and dialogue with the organisation’s stakeholders.

With these 10 principles at its core, the UN Global Compact Strategy 2021-2023 (GCSNU) articulates five strategic shifts:

1. **RESPONSIBLE COMPANIES:** The aim is to demonstrate that participating companies achieve corporate sustainability progress faster and more effectively by complying with the Ten Principles, making a substantial contribution to the SDGs compared to those companies that are not part of the UN Global Compact.

2. **BALANCED GROWTH OF LOCAL AND REGIONAL NETWORKS FOR GLOBAL COVERAGE:** The aim is to strengthen each of the 69 existing Global Compact Local Networks by increasing engagement with companies in other countries, particularly in the Global South. This is a central objective, which will be achieved through the establishment of new Local Networks, regional networks, and wider geographic coverage of existing Local Networks.

3. **MEASURABLE IMPACT IN PRIORITY AREAS:** From the areas covered in the Ten Principles, the strategy prioritises five problem areas that the Global Compact will seek to address and shape: Gender Equality (SDG5), Decent Work and Economic Growth (SDG 8), Climate Action (SDG 13), Peace, Justice and Strong Institutions (SDG 16) and Partnerships to Achieve the Goals (SDG 17).

4. **TO TAKE ADVANTAGE OF SME COLLECTIVE ACTION:** Given that more than half of Global Compact participants come from this segment, a specific focus of the strategy is to enhance SME engagement and action through the establishment of a dedicated, cross-cutting SME

programme that leverages digital tools and value chains to scale up outreach, with a special focus on women and youth.

5. **SOLID AND ACTIVE ENGAGEMENT WITH THE UN:** This strategy requires deeper collaboration at a global and national level, particularly on common UN country analysis and private sector engagement processes to unleash the collective strength of the UN in advancing corporate sustainability and responsible business practice globally.

If the focus is on the priority area of Decent Work and Economic Growth (SDG 8), the question to be answered is what is to be considered Decent Work(ILO), what the right to work consists of, and what is to be understood by economic growth in accordance with international human rights standards. In other words, what is to be guaranteed as work under the conditions described at the beginning of this paper when linking SDG 8 with the corresponding rights. However, all this is at least as much based on international human rights standards as on General Comment No. 18, which provides clarification of Article 6 of the International Covenant on Economic, Social and Cultural Rights, which, in summary, indicates both the normative content and the essential dimensions of the right to work:

6. The right to work is an individual right that belongs to each person and is at the same time a collective right. It encompasses all forms of work, whether independent work or dependent wage-paid work. The right to work should not be understood as an absolute and unconditional right to obtain employment. Article 6, paragraph 1, contains a definition of the right to work and paragraph 2 cites, by way of illustration and in a non-exhaustive manner, examples of obligations incumbent upon States parties. It includes the right of every human being to decide freely to accept or choose work. This implies not being forced in any way whatsoever to exercise or engage in employment and the right of access to a system of protection guaranteeing each worker access to employment. It also implies the right not to be unfairly deprived of employment.

7. Work as specified in article 6 of the Covenant must be decent work. This is work that respects the fundamental rights of the human person as well as the rights of workers in terms of condi-

tions of work safety and remuneration. It also provides an income allowing workers to support themselves and their families as highlighted in article 7 of the Covenant. These fundamental rights also include respect for the physical and mental integrity of the worker in the exercise of his/her employment. (E/C.12/GC/18, p.3)

This General Comment adds that “the exercise of work in all its forms and at all levels presupposes the existence of the following interdependent and essential elements, the implementation of which will depend on the conditions existing in each State Party:

(a) **Availability.** States parties should have in place specialized services whose function is to assist and support individuals to enable them to identify and access available employment.

(b) **Accessibility.** The labour market must be accessible to everyone within the jurisdiction of States parties. Accessibility has three dimensions:

(i) Under article 2, paragraph 2, as well as article 3, the Covenant proscribes any discrimination in access to and retention of employment on the grounds of race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth, physical or mental disability, health status (including HIV/AIDS), sexual orientation, marital, political, social or other status, which has the intention or effect of opposing the exercise of the right to work on an equal basis, or of rendering it impossible.

(ii) Physical accessibility is one of the dimensions of accessibility to work, as stated in paragraph 22 of General Comment No. 5 on persons with disabilities.

(iii) Accessibility includes the right to seek, obtain and disseminate information on means of gaining access to employment through the establishment of labour market information networks at the local, regional, national, and international levels.

(c) **Acceptability and quality.** The protection of the right to work has several dimensions, notably the right of the worker to just and favourable conditions of work, particularly, safe working conditions, also the right to form trade unions and the right to freely choose and accept employment (E/C.12/GC/18, pp.4-5).

Based on the established premises and in an essential and basic way, the definition of decent work can be projected in any local, national, and international context, and through the corresponding indicators that the right to work implies, the degree of fulfilment or non-fulfilment of this right could be determined. The ILO has developed a set of indicators by which decent work (Revised Office proposal for measuring decent work: indicators) can be measured covering ten substantive elements, corresponding to the four strategic pillars of the Decent Work Agenda (Decent Work Programme) (full and productive employment, labour rights, social protection, and promotion of social dialogue):

1. employment opportunities
2. adequate income and productive work
3. decent working time
4. reconciliation of work, family, and personal life
5. work that should be abolished
6. job stability and security
7. equal opportunities and equal treatment in employment
8. safe working environment
9. social security
10. social dialogue, representation of employers and workers

Closely related to this is the document *Human Rights Indicators. A guide for measurement and implementation* issued by the United Nations, which includes a set of indicators specific to labour law, articulated in structural, process and outcome indicators applied to access to decent and productive work; fair and safe working conditions; training, skill upgrading and professional development; protection against forced labour and unemployment.

Once the key concepts have been summarised, the obvious challenge is how to translate these principles into practice. There are many and diverse tools offered by the United Nations and by different entities, with the aim of illustrating this work. One example, among others, is the *HUMAN RIGHTS TRANSLATED 2.0. A Business Reference Guide (HRT2.0)*, by the Castan Centre for Human Rights Law (CCHRL), which sets out the decision-making process for companies in line with the *Guiding Principles on Business and Human Rights* (OHCHR and business and human rights) and is structured around the key actions to: “develop a human

rights policy, conduct human rights due diligence and provide for, or cooperate in, restorative processes if the company has caused or contributed to a negative impact” (Figure 2).

Corporate responsibility to respect human rights		
<p>Engagement Policy Adopt and implement a human rights policy and commit the company to respect human rights.</p>	<p>Human rights due diligence.</p> <ul style="list-style-type: none"> - Assess the actual or potential human rights impact situation. - Integrate findings and take actions to prevent or mitigate potential impacts. - Monitoring the performance of actions. - Communicate results to stakeholders 	<p>Remedy Establish or cooperate in legitimate processes to provide or enable remedy to aggrieved individuals if the company has caused or contributed to a negative impact.</p>

Figure 2: “Corporate responsibility and human rights”. “Source: HUMAN RIGHTS TRANSLATED 2.0. A Business Reference Guide”

The Commitment Policy is oriented in accordance with Guiding Principle 16 in such a way that it permeates all organisational and functional levels, either independently or within the framework of a comprehensive corporate policy or already in a code of conduct. In any case, it ought to be explicit and known internally and externally. As for essential content the policy should: address the essential core of human rights; target, where appropriate, specific individuals or groups that may be affected by a company’s activities or business relationships, or groups to which the company pays greater attention; publicly disseminate the commitment, which means making it accessible to entities with which the company has a relationship (business partners, suppliers, organisations in the value chain) and above all, to the company’s employees.

When tackling Human rights due diligence, it should be considered Guiding Principle 17 in relation to Guiding Principles 18-21, as it is a matter of determining what proactive and preventive measures a company should take to address the human rights risks associated with its operations and, at the same time, understand and demonstrate the extent to which it respects human rights. It should be an ongoing process of assessment, as risks may change in combination with changes in opera-

tions, timing, and context. Due diligence analysis therefore permeates all business actions from the outset, even when operating in states that are unable or unwilling to comply with the obligation to ensure the human rights of their citizens. Ultimately, as stated in Guiding Principle 17, due diligence on human rights: a) Should cover adverse human rights impacts that the enterprise has caused or contributed to through its own activities, or that are directly related to its operations, products or services provided through its business relationships; b) Will vary in complexity depending on the size of the enterprise, the risk of serious adverse human rights impacts, and the nature and context of its operations; c) Should be an ongoing process, as human rights risks may change over time, depending on the evolution of the enterprise's operations and operational context.

Companies with particularly large value chains may find it difficult to conduct due diligence on all adverse human rights impacts in their operations and value chain, and should therefore prioritise their most salient human rights risks, i.e., those whose potential negative impacts would be the most severe according to the following criteria:

- Serious impact in scale, scope, and remedy:
 - Scale: severity of human rights impact; and/or
 - Scope: the number of people who are or could be affected; and/or
 - Remedy: the ability to restore the affected right (to the same level as before the impact).
- Potential impact: which have some likelihood of occurring in the future.
- Negative human rights impacts: focusing on the risks to people's rights, rather than on the company.

The process would consist of:

1- identifying and assessing risks and impacts: it is up to the company to proactively investigate impacts on people or on to who contributes through their own activities, or may be directly linked to their operations, products or services through their business relationships, which are closely related to other processes, such as risk assessments or environmental and social impact assessments. Of primary interest is the perspective of risk to the individuals or peoples who experience the adverse impact, i.e., the rights-holders. When assessing human rights im-

pacts, all internationally recognised human rights should be taken into account, as a company can potentially affect any of these rights.

Human rights impact assessments can take many forms (for example, they can be sector-wide impact assessments, or stand-alone impact assessments, such as company-led, community-led, issue-based, or product-based) but at a minimum, the impact assessment should:

- Be informed by independent internal and/or external human rights experts; and
- Engage in meaningful consultation with potentially affected stakeholders, depending on the size of the company and the nature and context of its operations. When engaging in dialogue with communities, it is important to consider the appropriate languages; potential barriers to effective participation; how to engage groups that may be at greater risk of vulnerability or marginalisation; and the different risks that men and women may face.

Sometimes, direct consultation with potentially affected stakeholders may not be possible; in these circumstances, the second-best alternative is to consult independent experts, such as human rights defenders and civil society organisations that know the context well.

Within the organisational chart of the company, different sections can play a key role in helping to identify and assess risks and impacts. For example:

- CSR/Sustainability department: Provide human rights expertise; collaborate with operations; lead human rights impact assessment activity.
- Legal: Assessing risks and providing information on the challenges of operating in different national contexts.
- Risk management: Provide input to human rights risk mapping; integrate human rights into the mainstream risk management process.
- Stakeholder and community relations: Interact with external stakeholders when an impact assessment involves consultation with neighbours, communities, and others.
- Functions/operations particularly exposed to human rights: Participate in risk assessment and prioritisation of actions (e.g., security, supply chain management and human resources management).

2- Integrate and act on impact assessments.

Once the company has identified potential or actual human rights impacts, it is essential that the findings are integrated into all relevant functions and processes of the company and mapped to the appropriate level, so that internal decision-making processes, budget allocations and monitoring processes enable an effective response to those impacts.

Action on the findings of the impact assessment depends on whether the impacts are potential or actual, i.e. whether they have already occurred. Potential human rights impacts should be prevented or mitigated by integrating these findings throughout the company's operations. Actual human rights impacts should be remedied.

How a company should act also depends on the company's relationship to the impact, as set out in UN Guiding Principle 19. That is, a company may cause, contribute to, or be directly linked to a human rights impact through its business relationships.

- If a company has *caused or is likely to cause* an adverse human rights impact, it should cease and remedy the impact or prevent it.
- If a company has *contributed or may contribute* to an adverse human rights impact, it should cease and remedy the impact or prevent it. It should also use its influence over other contributors to mitigate the impact to the possible extent.
- If the adverse human rights impact is *directly linked* to an enterprise's operations, products or services through a business relationship, the appropriate action depends on whether the entity can be influenced, the severity of the abuse and the significance of the relationship.

A company is considered to have leverage over an entity engaged in a human rights impact if it has the ability to bring about a change in the entity's practices. A company could increase its leverage by offering capacity building, incentives to end impacts, an opportunity to take an alternative course, or by collaborating with other actors to leverage collective influence.

If the entity can be influenced, then the firm must use its influence to mitigate any remaining negative impact. If no effect can be exerted on the entity, then the firm must determine whether it can sufficiently increase its influence over the entity.

- If the company *can* increase its leverage, it should use it to mitigate the impact as much as possible.

- If the company cannot sufficiently increase its leverage, it must determine whether the relationship with the entity is crucial to its business.

- If the entity is not critical to the company, then the company should consider terminating the relationship, taking into account the potential negative human rights implications of such a decision.

- If the entity is crucial to the company, the company should consider the severity of the impact. The more serious the impact, the more important it is to quickly see the change in the entity before deciding whether to terminate the relationship.

- If the company continues to maintain a relationship with the entity, then the company should consider whether ongoing efforts will be made to mitigate negative impacts and whether the company is prepared to accept any financial, reputational or legal implications as a result of continuing to engage with the entity.

In some situations, it will be relatively straightforward to avoid or mitigate the adverse impact. But other situations may be complex, with no easy or straightforward solution. When a situation is complex, it is often necessary to involve senior management in deciding on appropriate action, with the participation of all internal subject matter experts. In many cases, it may also be useful to obtain advice from external experts.

3- Monitoring the effectiveness of the response;

Monitoring and auditing processes enable the company to track developments and are essential for the company to know and demonstrate that it is, in fact, respecting human rights. In practice, monitoring methods may vary from sector to sector and even from department to department within the company, but a regular review of human rights impacts and the effectiveness of responses to those impacts are crucial. Companies should particularly seek to monitor the effectiveness of their responses to impacts on vulnerable or marginalised groups. Operational-level grievance mechanisms can also be an important source of information, as can employee grievance mechanisms and confidential means of reporting non-compliance, such as hotlines.

The monitoring system should be appropriate to the company and its impacts. For small companies with limited impacts, a phone number and email address for reporting non-compliance may be sufficient.

However, larger companies with potentially significant human rights impacts will need more extensive reporting and monitoring systems.

4- Communicate how the company addresses human rights impacts.

Communicating on human rights performance demonstrates transparency and accountability and is also vital to demonstrate that a company respects human rights in practice. How often and in what way a company should communicate about human rights risks can vary. This may be a formal public reporting or informal communications, such as face-to-face meetings, online dialogues or stakeholder consultations.

Companies whose particular sectors or operating contexts pose risks of serious human rights impacts should formally report on how the company addresses these risks and provide regular updates on its performance. These communications should:

- Be in a form and frequency that reflects the company's human rights impacts and is accessible to its stakeholders;
- Provide sufficient information to enable stakeholders to assess the appropriateness of the company's response to the specific human rights impact in question; and
- does not pose risks to stakeholders, staff or legitimate commercial confidentiality requirements.

5- Repairs

A company fails in its responsibility to respect human rights if it identifies that it has caused or contributed to an adverse human rights impact and then fails to enable remediation. The company may discover that it has caused or contributed to an adverse impact through its own human rights due diligence process, or the impact may be noted by other sources and confirmed by its own investigations. The company should provide or cooperate in the remediation of the impact through legitimate processes under UN Guiding Principle 22.

Operational-level grievance mechanisms for those potentially affected by the company's activities are one way to enable remediation, provided that the mechanism meets the criteria for effectiveness outlined in UN Guiding Principle 31.

Final considerations

After what has been displayed, it can be affirmed that it exists a frame and extremely precise tool ensemble for the integration of Human Rights as action guideline in public and private activity, however, the incorporation of human rights in these sectors is hindered by the lack of both a National Human Rights Plan and a National Business and Human Rights Plan, which means that companies lack a clear and committed reference point from their State. Such plans should contain specific, measurable, feasible, relevant, and time-bound measures that can be monitored through reporting and progressive evaluations.

This would be a dynamic plan that requires constant updating and revision mechanisms. In any case, mechanisms for redress and accountability must be put in place.

A number of actions in line with the Working Group on the issue of human rights and transnational corporations and other business enterprises²⁶ must be pursued if the Guiding Principles are to be truly complied, with greater political leadership and commitment by States, generating clear policy guidelines and funding; cross-cutting presence and understanding of the Guiding Principles in different Ministries, with specific mention to the risks faced by human rights defenders, in relation to business activities and including gender equality; mandatory training and capacity building processes focused on the principles on human rights and business; promoting good

practice materials, codes of conduct; the State must be able to help companies understand how to adopt responsible business practices.

It would be particularly important to adopt mechanisms that both encourage and discourage companies, such as requiring companies to declare their adherence to the Guiding Principles as a necessary step if they wish to receive state aid or participate in trade and trade promotion missions. Along the same line, human rights must be a real and not a formal part of public procurement processes and in the criteria for awarding contracts.

Ultimately, to enable coordination and complementarity of efforts and to align the implementation of national action plans with the Sustainable Development Goals.

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Adequated dispute resolution as a form of sustainable justice

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Introduction

The global and globalized society in which we live is constantly evolving, which implies a constant recognition of rights that imply that our entire life is subject to more rules that regulate our daily work. However, this regulation that protects us and gives us security also limits us.

Faced with the traditional belief that justice belongs to the judges, and to all the legal operators that accompany them, when the court is judged and executed, it is indisputable that it is the citizens who demand the exercise of that function. At the present time, with or without a pandemic, few consider that the jurisdictional order effectively solves their problems. The idea that the administration of justice sometimes does not administer “good justice” is becoming more and more entrenched because judicial decisions either do not satisfy the applicants of the same or arrive late. The answer to this statement is simple: when problems arise with others, be they people or institutions, that abundance of normative regulation forces us to seek solutions and those, in most cases, are only found in the traditional justice system that we all know. It is proven that today’s society is accumulating more and more human conflicts, which is causing a greater judicialization of all areas of our daily life. This excess of regulation and over-judicialization, far from assuming a social advance, is causing an ever-increasing fracture between individuals and society, who see how the institutional response to their conflict, through the jurisdictional order, far from solving it, maintains and even aggravates it. A judicial procedure that is delayed in time and that can take months, or even years, to resolve, generates an unhelpful and unsatisfactory response to the past conflict, which in many cases continues to be maintained and worsens, despite the judicial response.

This fracture between the concept of justice and its practical application has caused changes that had already been requested in the ad-

ministration of justice, but that the pandemic has worsened by highlighting the crisis that was being experienced in this sector. The judicial hibernation, caused by the closure of the Courts and Tribunals, has led to the suspension of thousands of trials and procedural acts and has caused the collapse of many of them by resuming their daily activities and receiving innumerable lawsuits, complaints, complaints, still pending. be admitted for processing, and many other matters that cannot be resolved because the hearings continue to be suspended for different reasons. The traditional notion of justice has hit rock bottom and, the presence and constant threat of the disease, has been a turning point for legal operators to realize that a radical change is necessary in the way they go to it. The changes suffered when entering the “new normal” are allowing us to understand that the slowdown in justice, caused not only by the pandemic, needs responses that are different from those it has always had and which are clearly insufficient.

The latest Report prepared by the European Commission in 2020 on the situation of Justice in the 27 countries of the Union (The 2020 EU Justice Scoreboard) provides, in the case of Spain, data that helps to understand this mismatch between what our administration justice really is and the image that tends to predominate in our society. One of them is the slowness in the resolution of matters, among other reasons, due to the deficient provision of personal and material resources by the Government (Toharia Cortés, 2021). All this without losing sight of the fact that, although in Spain, procedural reforms in the jurisdictional sphere have provided partial solutions to streamline the jurisdiction, it is necessary to complement them with other alternative systems that guarantee social coexistence, attracting much of the litigation. Jurisdiction should be reduced only to the resolution of controversies that cannot be solved by other mechanisms, when dealing with matters whose subject matter is not freely available, or when self-compositing systems have failed (San Cristóbal Reales, 2013, p.41).

Despite spending years immersed in a period of transition towards a new conception of justice, the time has come to climb a new step and recognize comprehensive justice, or a right to justice (Martín Diz, 2019, p.29), understood as an evolution of the constitutional right to effective judicial protection that legitimizes resorting not only to the jurisdiction,

but to other solution mechanisms. It is time to give way to ways of resolving conflicts that are not the conventional ones, but with the same effectiveness. It is time to recognize and legitimize once in our internal law, following the European and international trail, the ADR as a form of administration of justice personalized by adapting to the specific needs of its plaintiffs.

Normative

The right to justice is a fundamental right enshrined in universal international law, in article 10 of the UN Universal Declaration of Human Rights of December 10, 1948 and also in European regional regulations, both in article 6 of the European Convention for the Protection of Human Rights and Fundamental Freedoms of November 4, 1950, as in article 47 of the Charter of Fundamental Rights of the European Union of December 12, 2007.

From the United Nations Charter from June 26, 1945 to the present in the international arena, both at the universal level and at the European regional level (in the Council of Europe and in the European Union, since the early eighties) as well as in countries of our In the environment, there has been a significant growth in ADR regulation initiatives, as they imply a reduction in temporary, material and emotional costs for citizens, etc., and ultimately, because it is an effective way to contribute to social peace.

There is a lot of supranational regulation that can be cited. Within the universal international sphere, the most important is the United Nations Charter. It is the first norm that recognizes ADRs, expressly referring to mediation and other peaceful means of dispute resolution in Article 34. The Resolution of the General Assembly of United Nations 40/34 of November 29, 1985, drafted the Declaration on the Fundamental Principles of Justice for Victims of Crime and Abuse of Power, in which States were urged to apply “informal mechanisms for the resolution of disputes, including mediation, arbitration, and customary or indigenous justice practices, in order to facilitate conciliation and reparation in favor of victims”. More recently, one can cite the United Nations Guidelines for effective mediation of June 25, 2012, published as an Annex to the Report of the UN Secretary-General on strengthening the role of media-

tion in the peaceful settlement of disputes, prevention conflict and its solution.

With regard to European regional regulations, the Union has been indicating to its Member States, on the one hand, that access to justice is a fundamental right, having to facilitate access by promoting ADR and, on the other, that it is necessary to create suitable instruments to make them a reality. In the Council of Europe, in 1986, Recommendation R (86) 12 of the Committee of Ministers was drawn up, which advocated the amicable resolution of disputes, whatever the jurisdictional order, could occur before or during judicial proceedings. In 1994, Recommendation R (94) 8, on the independence, effectiveness and role of Judges, established, as a judicial obligation, the encouragement of the parties to obtain an amicable settlement of the conflict. For its part, on May 23, 1999, the European Commission presented a Communication to the Council, the Parliament and the Economic and Social Council, on the victims of crimes, dealing with their protection and the advantages of criminal mediation as an alternative to criminal proceedings. In 2001, the Framework Decision 2001/220 / JAI of the Council of Europe of March 15, approved the Statute of the Victim in the criminal process, raising the need to incorporate criminal mediation (Article 10) for adults into national legislation. This Directive was replaced by Directive 2012/29 / EU of the European Parliament and of the Council of the European Union of October 25, establishing minimum standards on the rights, support and protection of crime victims. For the first time, the term “restorative justice” is mentioned in an instrument of Community Law that has binding force and, therefore, the Member States had to transpose it to their national legal systems. On April 19, 2002, the European Commission published the Green Paper on alternative dispute resolution modalities in the field of civil and commercial law (COM (2002) 196), where the 10th recommendation emphasized the role of ADRs. as instruments at the service of social peace. On July 2, 2004, under the sponsorship of the European Commission, the European Code of Conduct for Mediators was published. Also noteworthy, Directive 2008/52 / EC of the European Parliament and of the Council, of May 21, 2008, on certain aspects of mediation in civil and commercial matters, was transposed into our internal law as Law 5/2012 of 6 July, mediation in

civil and commercial matters. More recently, Recommendation CM / Rec (2018) 8 of October 3, of the Committee of Ministers to the Member States in matters of criminal restorative justice, establishes and updates, very rightly, a series of guidelines on the legal framework in which it must develop any current restorative justice practice in Europe.

At the national level, our Spanish Constitution (hereinafter CE), recognizes justice as a constitutional principle (article 1.1). The public Administration must act in full compliance with the law and the law (Article 103.1 CE), and therefore, has the obligation to meet the needs of citizens, in such a way that it must guarantee, among other rights, access to justice. Article 24 also expressly establishes the right to justice, specifically, the exercise of effective judicial protection with all guarantees. However, it does not say anything about the use of other ways of solving conflicts. In 2009, Juan Francisco Mejías Gómez (2009, p.66), It already pointed out that “de lege ferenda, it would have been more correct, from a theoretical perspective, to include in the current article 24 of our CE a first number that would be dedicated to the protection of fundamental rights and freedoms, in general, and in particular referring to all the Public Administrations and the institutes destined to the resolution of conflicts by means of alternative ways to the jurisdiction”. In this regard, Fernando Martín Diz (2019, p.16) considers that: “the excellent legal results of the right to effective judicial protection, both in the abstract and in its jurisprudential development, are not an obstacle to removing the procedural constitutional model based on the right to effective judicial protection towards a fundamental right to justice, broader, more inclusive and in line with the current strength, and the foreseeable future roots, of litigation solutions and protection of rights in extra-procedural and extra-jurisdictional spheres”. And Verónica López Yagües (2019, p.9) understands that “a change in the Justice paradigm is required in order, from the perspective that offers a broad conception of the right to effective judicial protection, to give life to a new integrated Justice model in which Jurisdiction and ADR coexist as complementary mechanisms of guardianship”.

In January 2019, the Draft Law for the Promotion of Mediation in civil matters was published which, although it did not prosper, considered that the use of this type of alternative conflict resolution systems would

act as a contributing expectation to reduce the high levels of litigation. of Spain, helping to conceive the bodies of the Administration of Justice as a subsidiary resource for the resolution of disputes. In February 2020, Juan Carlos Campo Moreno (Minister of Justice), during his appearance at the Justice Commission to explain the general lines of the 2030 Justice Plan, announced, among the measures to be adopted, the strengthening of extrajudicial solutions for the resolution of controversies and the promotion of the next reform of the Criminal Procedure Law (hereinafter LECr) before the end of 2020 in order to adapt our criminal prosecution system to the new times, giving prominence to mediation and conflict resolution . In November of that year, the Draft LECr was published, following the line of the 2018 Recommendation, introducing restorative justice, but focusing only on one tool (criminal mediation), ignoring the rest. For this reason, it can be said that, even before its birth, this regulation may be lacking in content, since in territories such as the Basque Country, -which have been doing criminal mediation for so many years-, Restorative Justice Services already operate with a multi-door system directing citizens to the restorative justice tool that best suits their needs.

Also as a consequence of the coronavirus pandemic, on April 24, 2020, from different State institutions, proposals were made to the Government to promote the streamlining of justice and face its effects on the Administration (of Justice).

Among the 60 measures that the State Attorney General's Office proposed, he urged to favor mediation. Along the same lines was the proposal of the General Council of Spanish Lawyers that recognized the promotion of intrajudicial mediation during the state of alarm. However, Royal Decree-Law 16/2020, of April 28, on procedural and organizational measures to deal with COVID-19 in the field of the Administration of Justice, which followed these proposals, completely forgot to recognize the validity mediation or any other adequate dispute resolution, as an incentive to expedite conflict resolution.

On the other hand, from June 8 to 26, 2020, a public consultation was open on the website of the Ministry of Justice on the Draft Law on Procedural and Technological Measures and the Implementation of Dispute Resolution Means, with the aim of focusing on reforms whose

common link was to address the problem of slowing down procedures from various perspectives, ..., by promoting mediation in all its forms... and the introduction of other mechanisms with proven experience in comparative law ”; proposing the reform, among other norms, of the civil and criminal procedural law, as indicated in section B) of the public consultation document. In the same section, he stated “that the public justice service must be able to offer citizens the most appropriate way to manage their problems. In some cases it will be the exclusively judicial route, but in many others it may be the consensual route that offers the best option. Choosing the most appropriate means of dispute settlement will provide quality to Justice and satisfaction to the citizen”. Well, on December 15, 2020, the Draft Law on Procedural Efficiency Measures of the Public Justice Service was published, promoting the reform of different procedural laws of all jurisdictional orders, to promote ADR in civil and commercial matters, without prejudice that in the future it can be extended to other areas. Although the possibility of resorting to mediation, conciliation, neutral opinion of an independent expert, binding offer or business activity carried out by lawyers is legally recognized, in reality, it does not contribute anything new because they are already used and because it is another regulation little novel, that does not imply any real recourse to extrajudicial adequate dispute resolution or the institutionalization of intrajudicial mediation.

Concepts

Throughout history philosophers such as Aristotle, Plato, Thomas Aquinas, or Hobbes among others; or jurists like Ulpiano or Cicero, and more recently, Hans Kelsen or Norberto Bobbio, have tried to define justice. It is not an easy task. The Dictionary of the Royal Spanish Academy of the Language (hereinafter RAE) defines justice as “a moral principle that leads to giving each one what corresponds or belongs to him”; administering justice means “applying the laws with civil or criminal trials, and enforcing sentences”, and doing justice to someone implies “acting by reason with him or treating him according to his merit, without attending to another motive, especially when there is competition or dispute”. Faced with this general concept, justice can also be defined in legal,

humanitarian terms or economic terms. It is precisely these concepts of a legal nature that are most interesting for the purposes of this work.

Faced with the way of conceiving conventional justice of a legal and institutional and purely adversarial nature, based on the intervention of a third party, the judge, who decides according to law in civil, commercial, labor, or administrative matters and, against retributive or vindictive justice that involves the implementation of the *ius puniendi* of the State and that is based on punishment and conviction; Restorative justice arises as a philosophy that proposes, as a priority, the effective satisfaction of the victim achieved with the reparation, and obtained thanks to the responsibility of the offender that will allow re-education and social reintegration free of stigmas for the crime committed. Along with it, therapeutic justice, which studies how law can be a therapeutic agent by analyzing the impact that a certain law, norm or process causes on the emotional life and psychological well-being of the people affected by its application (Pillado González, 2019, p.14). Along with these and in the judicial sphere, negotiated justice (Mateos Rodríguez-Arias, 2019 y Gómez Colomer 2012), introduced in our internal law through the institution of conformity, -regulated in articles 655, 688.2 to 700, 784.3, 787 and 801 of the LECr-, among others, implies, after the acknowledgment of the facts by the author, an agreed agreement between the Public Prosecutor, as the head of the public action and the defense attorney and private prosecution, when applicable, to agree on a possible change in the legal classification of the crime and its criminal consequences. This agreement can be made in writing, in accordance with article 784.3 of the LECr prior to the holding of the oral hearing, or made verbally before the start of the same, presenting it to the Judge to approve it, issuing a judgment of conformity.

Along with all of them, a new meaning of justice has recently emerged, sustainable justice, which combines tradition and progress and which is analyzed in the next section.

With regard to ADR, before defining them, we must make a brief historical reference. At the beginning of the 20th century, a philosophical-legal trend, known as critical legal studies, emerged at Harvard University (United States), which sought alternative channels to the judiciary. In 1906 Roscoe Pound, Chancellor of Nebraska University (after

Harvard), inaugurated the American Bar Congress with a speech entitled "The Causes of Popular Dissatisfaction with Justice." However, it was not until 1976, with the celebration of the National Conference on the Causes of Popular Dissatisfaction with Justice or Pound Conference, when possible solutions to the inefficiencies of the American judicial system were examined and discussed and when the possibility of complete it with other mechanisms individually or in combination. Its director, Judge Burger, President of the US Supreme Court at that time, anticipated that there were other mechanisms better adapted and more flexible than the jurisdictional order to satisfy the needs of individuals (such as arbitration). However, it was Frank Sander, a professor of law at Harvard, who proposed the inclusion of ADR in the field of Courts, and who described the model of justice that has become the paradigm of the 21st century in advanced countries: multi-door courthouse or multi-rooms Justice System (Soletto Muñoz, 2017). The ADR and the Jurisdiction exist as complementary models for the protection of citizens and therefore, their standard works with a prior diagnosis of the controversy (nature of the conflict, relationship between the people in dispute, amount of the matter, speed or cost), to determine what type of conflict exists and what is the best means to deal with it, and there may be several ways of solution, out of Court or in Court, (the most representative is intrajudicial mediation (Barona Vilar, 2014, p.6). Although in the 21st century this proposal has been assumed internationally as a model to be developed, with an absolute leading role in the United States, Canada and Anglo-Saxon countries, where it is a consolidated system rooted in its legal and social culture, the truth is that More conservative systems, such as the Spanish, follow the strategy of normative posture, or what is the same, modify laws that have involved the recognition of arbitration and mediation, but without modifying practices, that is, the real and effective remedy to them, through their institutionalization.

Returning to the definition, we must say that there is no unitary concept, although we can point out that they are tools based on the culture of peace and dialogue to which, voluntarily, citizens can turn to for the peaceful solution of their controversies, being able to do so, either outside the jurisdictional order (extrajudicially) or within the judicial process itself (intraprocessively), and where its identifying signs are

flexibility, speed, confidentiality and the handling of the conflict by the affected parties who intervene with full autonomy of their will.

Over the last few years the doctrine has adjectives them differently. It began by considering them as alternatives, then as complementary and, currently, they are considered as adequate, from the moment in which the ADR that can best respond to the resolution of the controversy is consulted. They can be autocompositive or heterocompositive depending on the intervention or not of a professional, independent, neutral and impartial third party (judge, arbitrator, facilitator or mediator). Among the former, and better known, negotiation, conciliation, mediation, and among the latter, arbitration. However, along with all these, we can cite others in the civil and commercial sphere such as: Med.-Arb., Arb.-Med. o Arb.-Med-Arb (Lalaguna Holzwarth, 2020), neutral evaluation (Macho Gómez, 2013, p.409), fact-finding (Macho Gómez, 2013, p.411), mini-trial (Rodríguez Robledo, 2017, p.827), adjudication (Macho Gómez, 2013, p.412), facilitation (Rodríguez Robledo, 2017, p.816), multistep (Vázquez Gómez-Escalonilla, 2016, p.13), etc. In the criminal field there is room for recourse to restorative justice and any of its tools (Miguel Barrio, 2019, pp.159-188) such as criminal mediation, family conferences, restorative sentencing, healing or support circles, etc.

Sustainable justice and adequated dispute resolution

David Ordóñez Solís, Magistrate and Doctor of Law (2018, p.2), considers that legal research is little given to experiment, so he is missing the opportunity to adopt new perspectives that allow understanding the revolution that is taking place in the way that justice is being done right now and that, in reality, the judicial paradigm itself is almost imperceptibly changing.

Although, the RAE Dictionary defines sustainable as that “that can be sustained” and sustaining means “maintaining, providing support, giving encouragement or assistance”, the well-known meaning of sustainable justice is inspired by the Brundtland Report of the UN of 1987. David Ordóñez Solís (2018, p.3), understands it as one that is administered “in a peaceful environment, with fundamental rights and impartial judges”, thanks to the design or adaptation of the institutions in order to contribute to the human and peaceful development of the countries

and, in particular, of its citizens. Therefore, it is based on the protection of human rights by independent and impartial judicial institutions, at the service of citizens. In 2015, the UN launched the 2030 Agenda, with the aim of “promoting peaceful and inclusive societies for sustainable development, facilitating access to justice for all, and building effective and accountable inclusive institutions at all levels” (objective 16). In this context, since the second half of the 20th century, a supranational justice has developed, both in Europe and America, and more recently in Africa, whose objective is to strengthen the process of universalization of human rights and improve the protection of human rights. of the rights of citizens. According to the cited author (2018, p.8), a characteristic note of this justice should be the advance towards a judicial cosmopolitanism, in which a transnational and supranational justice is increasingly necessary. The European Courts and the Inter-American Court of Human Rights are a good example of judicial dialogue. In this way, the contribution of justice, as an institution, constitutes one of the axes of sustainable development in a world in rapid change.

Taking into account the concepts provided on justice, and specifically, on the right to justice or comprehensive access to it, we must also define it as sustainable, from the moment in which this conception of justice, which seeks daily access to it by citizens and the protection of rights, it can not only be done through the courts but also through ADR. Therefore, putting into relation the definitions and the verbal expressions set forth, sustainable justice must be that which is applied before, during and after the conclusion of a judicial procedure and whose objective is to protect the fundamental rights of people, satisfying and attending to their specific needs, using ADR that best responds to the protection of that specific right. Definition that would take us to go one step further, by implicitly legitimizing the multi-door system as a system of access to justice that will allow us to choose the best option for each specific conflict, thus turning the administration of justice into an effective system that will focus on controversies, both from the legal point of view, and from the human point of view, taking into account the real needs of people.

Although it is not possible to resort to ADR for economic reasons, the truth is that the use of the most appropriate tool for the specific case

will entail, not only an increase in citizen satisfaction and social pacification, but also a notable savings for the administration of justice and the parties. Temporary savings due to reduction of time in the solution of the controversy; material or financial savings for those affected and for the administration itself (many judicial procedures will not be necessary), and emotional savings for those affected who see the degree of confrontation reduced by resorting to more peaceful solutions that bring almost immediate benefits, especially, when the parties involved must continue to maintain relationships (family, work, neighborhood...) in the future. Therefore, the consequences that derive from going to one ADR or another, humanization and cost savings at all the indicated levels, is what allows justice to become sustainable.

Conclusion

For all these reasons, it can be said that it is urgent to recognize and effectively integrate, in our legal system, new conceptions of justice, such as therapeutic justice, restorative justice or sustainable justice. It is time to implement a multi-door system, as the last expression of recognition of comprehensive justice, which allows to recognize and legitimize, together with conventional justice and negotiated justice, ADR. Therefore, the application of a sustainable justice with the effective recourse to ADR, as a mechanism, sometimes alternative, others complementary to the jurisdiction, will serve to solve disputes in a real way and will be characterized by the flexibility of its procedures, the procedural agility and the reduction of economic and personal costs for the interested parties.

However, in Spain, despite the fact that the procedural normative proposals want to be a boost, it is necessary for Public Institutions to work conscientiously to achieve social awareness, not only of citizens, but also of all legal operators that they put constant obstacles to its use. And that awareness can only be achieved with training at all levels because, given the limited successes obtained so far, it would not be enough to focus only on the actors involved in real time. It is essential that, from the institutions, training programs are launched, aimed at those who will make up the society of the future (minors) in order to educate in the value of justice, understood in a broad sense, by including recourse to various peaceful forms of deal with human conflicts.

Only when the use of ADR is incorporated naturally into our social culture, will it be possible as a form of effective long-term solution, achieving sustainable justice. And with this affirmation it is not a question of moralizing on the value of justice, nor of proclaiming the goodness of ADR, nor that recourse to them is the panacea, it is about opening our eyes to new forms of intervention in controversies promoted by the own affected, as protagonists and last headlines of their conflicts. Ultimately, it is about humanizing justice and making it more sustainable, allowing citizens to participate actively and proactively in solving their differences with the mechanism that best suits their needs, since the main consequence will be the effectiveness of the agreements reached with the chosen method and, therefore, intrapersonal, interpersonal and supra-personal satisfaction achieved.

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Notes

1. Article 1, Spanish Constitution (CE)
2. ADR: Acronym of the English expression de Alternative Dispute Resolution, today also known as Adequated Dispute Resolution.
3. Information available on the UN website: www.un.org/es/ga/
4. UN regulations available: www.un.org/es/ga/

5. Number 7 under the rubric “access to Justice and fair treatment.”
6. Regulations available on the European Union website: www.europa.eu
7. In Spain, Law 4/2015, of April 27, on the Statute of the Crime Victim was enacted.
8. <?> Guided by the Interinstitutional Coordination Protocol for the Euskadi Restorative Justice Service (criminal jurisdiction), of 2019. Available at www.justicia.eus.
9. Proposal of 60 measures for the De-escalation Plan in the Administration of Justice after the Covid-19 coronavirus pandemic, of April 24, 2020. The usefulness of restorative justice and intra-procedural criminal mediation is expressly recognized, although only in crimes mild. Available at: www.fiscal.es.
10. According to rule 3, “the necessary mechanisms will be arbitrated to enhance the capacity of Judges and Magistrates to refer to intrajudicial mediation all those cases in which there is legal criterion to be able to use an alternative dispute resolution. Furthermore, said mediation service will be provided as a priority by those Associations and Associations that are adhered to the Agreement of the Autonomous Communities with the CGPJ, always indicating the use of telematic means as a primary objective”. In the overall wording of the proposal it is not clear whether this encouragement should also continue when the state of alarm ended, since it says nothing about it.
11. According to section A) of the public consultation document: “the legal reform that opens to the prior consultation period does not respond to a single problem, but, with the modification of various core rules of the procedural legal system, seeks to solve a catalog of dysfunctions observed in recent years and that, foreseeably, will be increased as a consequence of the economic and social situation that has generated and that will generate the coronavirus pandemic in Spain”.
12. The term comes from the Latin “iustitia”, which in turn has its origin in “ius” or right and means “just”.
13. Inclusive Justice we understand that which promotes the integration of population groups in vulnerable situations through the protection and dissemination of their rights. Inclusive Justice, Eurosocial, Program for social cohesion in Latin America, June 2019, p.1. In: www.

eurosocial.eu Or it can also be defined as guidelines to respond to the challenges faced by people with disabilities to have access to justice on equal terms with others. Vine. International Principles and Guidelines on Access to Justice for Persons with Disabilities, UN, Geneva, August 2020, p.6. At: www.un.org. Transitional Justice (Montoya Melgar, 2016, p.668) involves the set of judicial measures (criminal actions) and policies (truth commissions, reparation programs, institutional reforms) that are adopted after a situation of conflict or repression in which massive human rights violations have occurred, in order to promote reconciliation and democracy.

14. Distributive justice (equal distribution of goods in society) or social justice (promotion of equal respect for the rights and obligations of each person in society).

15. It is applied taking into account the Action Protocol for Compliance Lawsuits signed between the FGE and the CGAE on April 1, 2009.

16. <?> Compliance with the indictment before the Judge on Duty (art.801). Compliance in the abbreviated procedure before the Investigating Judge (art.779.1.5^a). Compliance at the beginning of the oral trial (art. 688.2 and 787.1). Compliance only before the Jury Court in the final conclusions (art. 50 Organic Law of the Jury Court).

17. The institution of conformity, when it is not at the service of the homologation of the reparatory agreement reached in criminal mediation, is not a figure that approaches the result of this, because it is not the result of the dialogue between the offender and offended by the crime. The institution, as conceived by the LECr, is a negotiation in legal terms, between the intervening legal operators, which has nothing to do with restorative justice.

18. From a linguistic point of view, alternative and complementary adjectives, in Spanish language they are terms that, colloquially, are used as synonyms and it is usual that they are used interchangeably, however, according to the Dictionary of the RAE they are different concepts because “complementary” is an adjective that serves to complete or perfect something, and “alternative” is an adjective referring to the ability to alternate with the same or similar function. Having said this, it is clear that alternative will be applied whenever the recourse to ADR is extrajudicial regardless of the subsequent intervention, or of a judge

for the approval of the agreement or of a notary as notary public; while complementary will imply the coexistence and integration of that ADR within the judicial process. In this way, they become an instrument at the service of justice and another tool to turn to to complement the right to effective judicial protection that is recognized for every citizen.

19. Third, generally a retired judge, an expert lawyer in the matter, or a person of recognized prestige in the sector where the dispute occurs, who will be in charge of assisting the parties in conflict through an objective evaluation of the same. He helps clarify issues, identify the strengths and weaknesses of both positions, and will conduct a non-binding assessment orally or in writing.

20. The expert prepares a report where he clarifies facts and technical aspects that gave rise to the problem. It can be used as a previous step to another ADR, especially, mediation and mini-trial, and also for arbitrations, and even judicial processes.

21. It is a private and consensual process in which the lawyers of each party make a brief presentation of the case as in a trial. Presentations are observed by a neutral advisor and by representatives from each side who have the authority to resolve the dispute. At the end of the presentations, an attempt is made to resolve the conflict and if they are not successful, the neutral advisor, at the request of the parties, may act as a mediator or may issue a non-binding opinion on the likely outcome in a court or tribunal. A third party, an expert in the field, listens to the parties, and after inquiring into the aspects that it deems necessary, makes a binding decision, although said pronouncement, of a contractual nature, is provisional, so they may subsequently go to arbitration or judicial process.

22. An expert in the field, listens to the parties, and after inquiring into the aspects that it deems necessary, makes a binding decision, although said pronouncement, of a contractual nature, is provisional, so they may subsequently go to arbitration or judicial process.

23. A neutral and expert third party helps a group of people to share their opinions and interests and to work towards the objective of reaching common goals.

24. Staggered use of various dispute resolution instruments: negotiation, mediation, arbitration or jurisdiction.

25. Winner, in 2017, of the Unesco International Essay Contest “Transforming our world: the 2030 Agenda for Sustainable Development”, convened by UNESCO and the Ibero-American Network of Judicial Schools (RIA EJ), with the support of the Government of Sweden, with his essay “For sustainable justice in a changing world”. Available at: www.unesco.org.

26. In 1987 the UN World Commission on the Environment published the Report Our Common Future, A / 42/427, New York, August 4, 1987 or the Brundtland Report where the concept of Sustainable Development appears for the first time (section 27): “It is in the hands of humanity to make development sustainable, lasting, that is, to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own”, examines the causes of environmental degradation and tried to understand the relationship between social equality, economic growth and environmental problems.

27. Let us remember that supranational law urges all States to establish the necessary mechanisms so that citizens can resort to ADR as a way of solving their conflicts.

Care for the Common Home: Environmental Sustainability and Global Citizenship in Jesuit Educationa

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Cardinal Jorge Bergoglio was elected Holy Roman Pontiff on March 13, 2013, after the resignation of Pope Benedict XVI. He adopted the name Francis and became the first Jesuit Pope in history. What distinguishes his eight-year pontificate so far are his efforts to change the hidebound structures of the Roman Curia, his preference for the poorest of the poor, and in particular, his apostolic message about integral ecology and the care of the environment.

In the third year of his pontificate, on May 24, 2015, to be precise, Pope Francis published his second encyclical, *Laudato Si'* (Francis, 2015) which will be referred to from now on as *LS*. Its subtitle “On Care for our Common Home”, is nothing less than a full declaration of intent.

Somewhat less surprising is the almost identical process which the Society of Jesus has gone through in exactly the same time period, both in regard to naming the new Father General and in its commitment to the environment and global citizenship. On October 14, 2016, during the XXXVI General Congregation of the Society of Jesus in Rome, Fr. Arturo Sosa SJ was elected the Society’s new Superior General, following the resignation of the Spaniard, Fr. Adolfo Nicolás SJ.

In the third year of his term as General on February 19, 2019, to be precise, Fr. Arturo Sosa SJ promulgated the *Universal Apostolic Preferences of the Society of Jesus for the period 2019-2029* (Sosa, 2019). The result of a nearly two-year discernment process involving both Jesuits and lay Catholics, the Preferences are the Society of Jesus’s strategic plan for the next 10 years. The fourth preference, reflecting the encyclical *LS* is called “Caring for our Common Home”.

The similarities are obvious. Both Pope Francis and Fr. Arturo Sosa SJ were elected following the resignations of their predecessors. Both are Jesuits and Latin Americans (one being Argentinian and the other, Venezuelan). By chance, in the third year of their respective mandates, both published documents exploring the vital need to care for the Common Home and raise awareness of Global Citizenship.

Bringing both subjects into the sphere of education, UNESCO in partnership with Education International has conducted a global online survey for teachers, to find out how they are integrating Education for Sustainable Development (ESD) and Education for Global Citizenship (GCED) into their teaching (UNESCO, 2021). The results of this global survey will be presented to policymakers, civil society and experts and practitioners during the fifth and forthcoming UNESCO World Forum on ESD and GCED. This will be held in the Republic of Korea in September 2021.

This study will help to assess the extent to which the learning objectives, topics and pedagogical approaches promoted by ESD and GCED are being mainstreamed in education systems and how they can help to build resilience going forward. The survey is being conducted as a part of the monitoring of Sustainable Development Goal 4 Target 7 of the Agenda 2030 for Sustainable Development, which strives for all learners to acquire knowledge and skills needed to promote sustainable development (United Nations, 2015).

A Brief Analysis of the Encyclical *Laudato Si'*

A study of *LS* is obviously not the purpose of this chapter. Yet before delving into the history of environmental education and global citizenship in Jesuit education, a brief analysis of the key points pertaining to both subjects in the encyclical is necessary.

The structure of *LS* comprises an introduction and six chapters consisting of a total of 246 numbered points and 172 footnotes. Particular attention should be paid to points 17-61 of Chapter 1, “What is Happening to Our Common Home”, which offer a detailed exploration of the current ecological crisis. Equally worthy of note are points 137-162 of Chapter IV setting out the concept of “Integral Ecology”; points 163-201 of Chapter V, which, under the heading “Lines of Approach and Action”,

explore what countries, societies and citizens should do; and finally, points 201-246 of Chapter VI, which explore “Ecological Education and Spirituality”.

According to point 16 of LS:

Although each chapter will have its own subject and specific approach, it will also take up and re-examine important questions previously dealt with. This is particularly the case with a number of themes which will reappear as the Encyclical unfolds. As examples, I will point to the intimate relationship between the poor and the fragility of the planet, the conviction that everything in the world is connected, the critique of new paradigms and forms of power derived from technology, the call to seek other ways of understanding the economy and progress, the value proper to each creature, the human meaning of ecology, the need for forthright and honest debate, the serious responsibility of international and local policy, the throwaway culture and the proposal of a new lifestyle.

To give a highly succinct summary of LS, it could be said that the encyclical shows us that the current crisis is both social and environmental. This does not involve a social crisis and a separate, quite unrelated, environmental crisis. It also says that dialogue is the engine and heart of social change and personal conversion, although all of this is really nothing new within Catholic social teaching (Boff, 2013).

However, Pope Francis is demanding an almost immediate global consensus on some areas, including energy efficiency, the management of forests and marine resources, access to clean drinking water. He indicates that via the basic mechanism of dialogue, decision-making and social participation should be encouraged at national and local level.

Thus, he states in LS point 3, “In this Encyclical, I would like to enter into dialogue with all people about our common home,” while in point 14 he adds, “I urgently appeal, then, for a new dialogue about how we are shaping the future of our planet.” In point 182 of LS he observes that, “An assessment of the environmental impact of business ventures and projects demands transparent political processes involving a free exchange of views.” Finally, in point 188 of LS he emphasises that, “the Church does not presume to settle scientific questions or to replace poli-

tics. But I am concerned to encourage an honest and open debate so that particular interests or ideologies will not prejudice the common good.”

June 18, 2015, the day of the official presentation of the encyclical *LS* in the Vatican, truly exemplified this long-desired multicultural and interdisciplinary dialogue: those present ranged from an African Cardinal to a scientist expert on sustainable development from the University of Columbia, a German climatology expert and a specialist in peace and inter-religious dialogue.

Pope Francis places particular emphasis how this “social and environmental” crisis especially affects the most vulnerable people on the planet (*LS* 48). He condemns the injustice of inequality, demands just restitution and an equitable distribution of goods that takes the poorest and most disadvantaged very much into consideration.

In point 158 of *LS* the Pope observes the following:

In the present condition of global society, where injustices abound and growing numbers of people are deprived of basic human rights and considered expendable, *the principle of the common good* immediately becomes, logically and inevitably, a summons to solidarity and a *preferential option for the poorest of our brothers and sisters*.

It is vital that this principle of the common good with a preferential option for the poor should not only apply in our present time but also be taken into account for future generations. This question of inter-generational justice is developed in points 159 to 175 of *LS*.

Thus point 159 of *LS* states that, “The notion of the common good also extends to future generations... We can no longer speak of sustainable development apart from intergenerational solidarity... the world is a gift which we have freely received and must share with others,” while point 160 adds, “What kind of world do we want to leave to those who come after us, to children who are now growing up?”

According to Julio Luis Martínez SJ, Professor of Moral Theology and the Rector of the University of Comillas in Madrid, “*LS* endorses an understanding of sustainable development that while looking towards future generations is focussed on those who are poor in the here and now,” and “therefore, sustainable development needs to be rounded out with development focused on ecological solidarity” (Martínez, 2015, p. 36).

To conclude this brief run-through of LS, it should be noted that the focus of its sixth and final chapter is “Ecological Education and Spirituality”. Such an education is necessary if this sought-for “ecological conversion,” is to be achieved by modifying our lifestyle habits.

In point 15, the Pope says, “Finally, convinced as I am that change is impossible without motivation and a process of education, I will offer some inspired guidelines for human development to be found in the treasure of Christian spiritual experience.” Point 210 of LS states that, “Environmental education has broadened its goals”. Yet this education, a call to create ecological citizenship, is all too often limited to supplying information rather than really managing to instill new habits.

In this regard, point 211 of LS highlights the need for a profound and ecological form of spirituality, stating the following: “Only by cultivating sound virtues will people be able to make a selfless ecological commitment.” It then adds:

There is a nobility in the duty to care for creation through little daily actions, and it is wonderful how education can bring about real changes in lifestyle. Education in environmental responsibility can encourage ways of acting which directly and significantly affect the world around us, such as avoiding the use of plastic and paper, reducing water consumption, separating refuse, cooking only what can reasonably be consumed, showing care for other living beings, using public transport or car-pooling, planting trees, turning off unnecessary lights, or any number of other practices. All of these reflect a generous and worthy creativity which brings out the best in human beings.

Finally, point 213 of LS highlights the importance of education in a variety of settings (at school, in the family, the media, during catechesis, etc), pointing out that: “Good education plants seeds when we are young, and these continue to bear fruit throughout life,” although Pope Francis highlights, above all, the central importance of the family.

According to Julio Luis Martínez SJ, “There is no doubt that Franciscan spirituality is central to LS but neither is the encyclical in any way incompatible with the Ignatian spirituality ingrained in the character and practices of the Jesuit Pope Francis.” He adds:

Thus, an emphasis in seeking everything for the greater Glory of God (*ad maiorem Dei gloriam*) and for the greater service of humanity, is found at the heart of Ignatian Spirituality. The term “more” (*Magis*) does not mean more in terms of more power, prestige, or wealth. It means “more” as in “more or greater service” (Martínez, 2015, pp. 45; 48-9).

In this, he is following St. Ignatius of Loyola’s maxim, “*Non coerceri a máximo, sed contineri minimo divinum est,*” which means “To suffer no restriction from anything however great, and yet to be contained in the tiniest of things, that is divine,” or in the words of Pope Francis, “You can think big yet fulfil your plans by doing small things.”

Goals to Attain in Jesuit Schools

During the course of its nearly 500-year existence, the Society of Jesus has won international renown among other things for its network of schools which educate thousands of pupils in more than 60 countries. Jesuit education from its origins has been a champion of humanism committed to serving the faith and fostering justice. Its primary goal is to form men and women who live for and alongside others, as the Superior General Fr. Arrupe SJ said on August 1, 1973 in a historic speech delivered in Valencia in Spain to the alumni of Jesuit schools in Europe (Arrupe, 1973). Yet the Society of Jesus has not only ratified Fr. Arrupe’s initial proposal but intends to go further, aiming to instill pupils at its schools with “human” rather than purely academic “excellence,” by forming them as individuals of Competence, Conscience, Compassion, and Commitment.

Over the last 25 years, the famous four “Cs” of Jesuit education have inspired a complete educational renewal in Jesuit schools. This was sanctioned by the Superior General Peter Hans Kolvenbach in 1993 with the publication of his paper, *Ignatian Pedagogy: A Practical Approach* (Kolvenbach, 1993b).

In the introductory letter that Fr. Kolvenbach wrote to all the Major Superiors, he said, “I pray that it will be another important step towards achieving our goal as educators to form men and women of competence, conscience, and compassionate commitment” (Kolvenbach, 1993b).

Likewise, in a speech given in Medellin, Colombia in 2013 to alumni of the Society of Jesus titled, *The Quest for a Better Future for Humanity. What Does it Mean to be a Believer Today?*, Fr. General Adolfo Nicolás SJ, tried to explain the meaning of each “C” as follows:

These four adjectives express the “human excellence” that the Society of Jesus wants for the youth who society has entrusted to us: *Competent*, professionally speaking, because they have an academic background that exposes them to advances in science and technology; of *Conscience*, because in addition to knowing themselves, thanks to developing their ability to internalize and cultivate a spiritual life, they have a consistent knowledge and experience of society and its imbalances; *compassionate*, because they are able to open their hearts to be in solidarity with and assume the suffering of others; and *Committed*, because, being *Compassionate*, they honestly strive toward faith, and through peaceful means, work for social and political transformation of their countries and social structures to achieve justice (Nicolás, 2013).

SIPEI (The International Seminar on Ignatian Pedagogy and Spirituality) subsequently held in 2014 in Manresa, Spain, focused on the four “Cs” as the pillars and background of Jesuit education. In the wake of its conclusions, the participants decided to write *Human Excellence: Men and Women of Conscience, Competence, Compassion and Commitment*, which was published in February 2015. It explores in depth the goal the schools aim to achieve, and observes that, “These four adjectives express the ‘human excellence’ that the Society of Jesus wants for the youth who society has entrusted to us” (ICAJE, 2015).

Key Papers from International Congresses and pertaining to Jesuit Education

Several key documents have influenced Jesuit education over the centuries. Of these, there is no doubt that *Ratio Studiorum*, promulgated in 1586, was the first. This attempt to harmonise ancient forms of thought with the new mindset of Renaissance Humanism, sought to ensure that anyone who came to the Society could ably defend the faith. The Ratio set out the educational model which guided Jesuit schools, creating a sense of unity based on a shared curriculum and structure.

To focus on the more immediate present, particularly the past 35 years, on December 8, 1986, Fr. General Peter-Hans Kolvenbach SJ, promulgated a paper marking the 400th anniversary of Ratio Studiorum. The Characteristics of Jesuit Education (Kolvenbach 1986b) listed 28 characteristics of the education offered by the Society of Jesus. These characteristics were divided into nine sections. In a letter which Fr. Kolvenbach sent to all the Major Superiors, he described the paper's purpose as follows:

The Characteristics can assist all those working in Jesuit education to “exercise” this essential task of apostolic discernment. It can be the basis for renewed reflection on the experience of the educational apostolate and, in light of that reflection, for evaluation of school policies and practices: not only negatively (“What are we doing wrong?”), but especially positively (“How can we do better?”). This must take account of “continually changing” local circumstances: individual countries or regions should reflect on the meaning and implications of the characteristics for their own local situations, and should then develop supplementary documents that apply this present universal document to their own concrete and specific needs (Kolvenbach, 1986a).

Seven years later, on July 31, 1993, Fr. General Kolvenbach SJ promulgated the previously cited Ignatian Pedagogy: A Practical Approach. Better known as the Ignatian Pedagogical Paradigm, this sought to complement and build upon the Characteristics paper by providing a style of pedagogy suitable for the classroom. In the last few decades, this has proved an essential guide to introducing the four “Cs”. Acknowledging the diverse range of scenarios in Jesuit schools, Ignatian Pedagogy put forward a flexible approach based on the broad principles of the Spiritual Exercises.

In November 2019, The International Commission on the Apostolate of Jesuit Education (ICAJE), published Jesuit Schools: A Living Tradition in the XXI Century (ICAJE, 2019), which it had been preparing since 2011. A Living Tradition does not replace Characteristics and Ignatian Pedagogy. It is rather a continuous exercise in discernment which serves to complement and update them.

These three documents (Characteristics, Ignatian Pedagogy and A Living Tradition) form the contemporary framework of Jesuit education so that “the education of men and women for and with others,” can continue within the context of human excellence. This is the hallmark of the Society of Jesus’s humanist tradition, equipping students to be agents of change at the service of the common good.

In this highly interconnected world, global identifiers should be part of every Jesuit school, regardless of local conditions or context. A Living Tradition provides 10 key identifiers or commitments which currently define a Jesuit school, whose identity at all times involves serving the mission for reconciliation and justice. The 10 identifiers are as follows:

1. Jesuit Schools are committed to being Catholic and to offer in-depth faith formation in dialogue with other religions and world-views.
2. Jesuit Schools are committed to creating a Safe and Healthy Environment for all.
3. Jesuit Schools are committed to Global Citizenship.
4. Jesuit Schools are committed to the Care of all Creation.
5. Jesuit Schools are committed to Justice.
6. Jesuit Schools are committed to being Accessible for All.
7. Jesuit Schools are committed to Interculturality.
8. Jesuit Schools are committed to being a Global Network at the service of the Mission.
9. Jesuit Schools are committed to Human Excellence.
10. Jesuit Schools are committed to Life-Long learning.

A Living Tradition was presented as part of the process of incarnating the Universal Apostolic Preferences 2019-2029 because schools are privileged spaces for fulfilling the mission of the Society of Jesus in walking with the poor, the outcasts of the world whose dignity has been violated, in a mission of reconciliation and justice (Preference no. 2), journeying with youth in the creation of a hope-filled future (Preference no. 3) and collaborating in the care of the Common Home (Preference no.4).

It should be emphasised in conclusion that in the past decade (2010-2020), the Society of Jesus has held several significant world meetings and congresses about Jesuit education and its educational apostolate, namely:

1. The Colloquium in Boston in 2012.
2. The International Seminar on Ignatian Pedagogy and Spirituality (SIPEI) in Manresa, Spain, in 2014. The previously cited paper *Men and Women of Conscience, Competence, Compassion and Commitment* was published as a result in 2015. This summarises the discussions and discernment during the SIPEI, using the four “Cs” (Conscience, Competence, Compassion and Commitment) to identify the core elements defining the holistic education of the individual within Jesuit tradition
3. The First International Congress for Jesuit Education Delegates (JESEDU) held in Rio de Janeiro, Brazil, from October 15-20, 2017. This congress, convened by the Secretariat for Education of the Society of Jesus, was attended by education delegates from the Society’s six global regions (Africa and Madagascar, Asia-Pacific, Europe, Latin America, North America and South Asia) and other leaders from the Jesuit Apostolate for Education. This set out a global agenda for Jesuit schools with the goal of ensuring they “act as a universal body with a universal mission.”
4. This process should have continued with a Second Colluquium held in 2020 in Yogyakarta, Indonesia, within the framework of the Universal Apostolic Preferences 2019-2029. Obviously, due to the COVID-19 pandemic the colloquium could not take place. However, it will now take place online from June 28 – July 2, 2021 (JESEDU-GLOBAL2021).

Teaching on the Environment and the Care of the Common Home in Jesuit Schools

This chapter has already explained how Pope Francis, by publishing the encyclical *LS*, intends to encourage dialogue concerning our Common Home, afflicted as it is by serious degradation due to apathy and human ambition. This dialogue is to include a preferential option for the poor and needy. For the Bishop of Rome, the ecological crisis is a call to a profound interior conversion because everyone should care for and protect “the wonders of God’s creation.”

The implications of *LS*, combined with the Universal Apostolic Preferences of the Society of Jesus itself, have been a game-changer for Jesuit schools which should prepare their students and their families to identi-

fy with and feel co-responsible for the whole of creation. The Education Delegates of the Society of Jesus at their congress in Rio de Janeiro in 2017, included the care of the *Common Home* in their final action statements when they wrote, “The Delegates commit to promoting an environmental and social policy for each of our schools and to proposing ways regional networks can clearly integrate justice, faith, and care for the environment within the curricula of the schools” (JESSEDU, 2017b).

The fourth Universal Apostolic Preference of the Society of Jesus 2019-2029 analyses partnerships in the care of the *Common Home*. It explicitly states the following:

The preservation over time of the conditions of life on our planet is a human responsibility of immense ethical and spiritual importance. Our collaboration should include both participating in efforts to analyse problems in depth and promoting reflection and discernment that will guide us in making decisions that help to heal the wounds already inflicted on the delicate ecological balance. We are especially concerned about areas that are so crucial for maintaining the natural equilibrium that makes life possible, such as the Amazon region; the river basins of the Congo, India, and Indonesia; and the great extensions of the open sea. Caring for nature in this way is a form of genuinely worshipping the creative work of God. Bold decisions are required to avoid further damage and to bring about lifestyle changes so that the goods of creation are used for the benefit of all. We want to be actively present in this process (Sosa, 2019).

In accordance with the aforementioned Apostolic Preference, the Society of Jesus wants to be actively involved in all kinds of processes that affect the *Common Home*. One clear example of this concerns the next United Nations Summit on Climate Change (COP 26) which is due to be held in Glasgow in November 2021.

The Spanish Province of the Society of Jesus, via the Ecojesuit Network GIAN and with the Xavier Network, the Secretariat of Social Justice and Ecology and their delegates, have prepared a statement regarding the Internal Ignatian Commitment to Climate Justice. This is one way of affirming the commitment of the Society of Jesus and the whole

“Ignatian family” to the Universal Apostolic Preference about “Caring for the Common Home” (Spanish Province of the Society of Jesus, 2021).

This commitment is finding expression in scientifically rigorous educational curricula which provide students with a well-informed understanding of subjects such as global warming. +This is quite important at a time when some would deny that human activity is the cause of current climate conditions.

To successfully achieve this goal, education about the environment should form part of the academic curriculum. Jesuit schools are including ecological ethics in their science and humanities courses. They are also developing a system of twinning schools all over the world that is orientated towards the care of creation.

Finally, the curricula also include programmes of service and community advocacy where students tackle the reality of air and water pollution and the loss of habitat that has led various life forms to the verge of extinction.

Likewise, schools must make every possible effort to become environmentally sustainable by reducing their carbon footprint and buying sustainably produced products which can be appropriately recycled. Naturally, Jesuit educational establishments will not contract the services of businesses that fail to follow good environmental practice.

Environmental teaching is also being conveyed through Ignatian spirituality, as mentioned in another part of this chapter (“You can think big yet fulfil your plans by doing small things”). +This contributes to raise pupils’ awareness of those tiny changes in daily habits that all together add up to a great deal of care for our Common Home.

Global Citizenship in Jesuit Education

On October 20, 2017, Fr. General Arturo Sosa SJ said in his allocution to the Education Delegates of the Society of Jesus at the International Congress held in Rio de Janeiro, Brazil, “We have enormous capacity to awaken hope in our world, contributing to the formation of men and women who are just, true global citizens, capable of generating dialogue and reconciliation among peoples and with creation” (Sosa, 2017).

The term “Global Citizenship” may be relatively new, but it is increasingly used in Jesuit education. A little reflection on our part will clarify

the fact that the Society of Jesus, right from its origins, has always been a religious congregation of international scope. The first Jesuits, particularly St. Francis Xavier, did not hesitate to travel the world, encountering different cultures and peoples.

This apostolic mission has always existed in the Society of Jesus, as can be clearly seen during the various General Congregations (GC). +Directly or indirectly over the years, the issue of global citizenship has been constantly present in reflections and documents produced by these assemblies of Jesuit representatives from all parts of the world.

There is no doubt that GC XXXII held in 1975 and in particular, its decree “Our Mission Today” provided the basis for the concept of global citizenship we are now familiar with. One of the meetings which had the greatest impact on Jesuits in the 20th Century, it expanded the mission for the service of faith and promotion of justice to include searching for global answers to problems arising all over the world. Father General Pedro Arrupe SJ and the origin of the Jesuit Refugee Service (JRS) have been perhaps the prime examples of this kind of global citizenship.

The current Fr. General Arturo Sosa advocated education in global citizenship in 2017 (42 years after GC XXXII) in his speech to the Congress of Jesuit Education Delegates (JESSEDU) in Rio de Janeiro in 2017. He spoke of the need to offer educational proposals for an intercultural view of the world, in which all human beings and their peoples possess a “global citizenship”, where rights and duties are connected. This is beyond culture itself, nationalism or political or cultural fanaticism, which prevent the recognition of our radical brotherhood (Sosa, 2017).

As transpired with the care of the Common Home, formation in Global Citizenship was also included in the actions that the Education Delegates of JESSEDU-Rio2017 included in their final action statement, saying, “The delegates further commit to working with the schools’ leadership to oblige all faculty and staff to be formed in global citizenship so that they can help students understand their future as global citizens” (JESSEDU, 2017c).

But what does it mean to be a global citizen in terms of Jesuit education? The education branch of the Spanish province of the Jesuits (EDUCSI), reflecting the challenges laid down at JESSEDU Rio de Janeiro

2017, *A Living Tradition* (2019) and the study *Global Citizenship: an Ignatian Perspective* (ICAJE), formulated the following definition:

A global citizen is someone who is able to understand in depth the web of interdependencies that make up our world and take his or her own place in this global reality. One feels part of and co-responsible for the human family and the ecosystem of our planet. Through an attitude of continuous discernment, one seeks to be an agent of change and transformation through commitment to one's local environment. Its actions are based on the deep desire to build a more just and equitable world, in solidarity and collaboration with others, promoting human and sustainable development in its daily work, both personally and institutionally (EDUC-SI, 2010).

Ultimately, Jesuit teaching on global citizenship is united to the long tradition of service, faith and justice, dialogue, reconciliation and crossing frontiers that aims to make Jesuit schools places for the formation of men and women for others. This had already been indicated by Fr. General Arrupe SJ when Fr. General Kolvenbach subsequently set out the detail of the famous 4 "Cs" (men and women of competence, conscience, committed to compassion).

If the core and essence of global citizenship is achieving the common good (the same common good which Pope Francis teaches us about in LS) it is obvious that the best tool to attain this is education. Furthermore, Jesuit schools in Spain also have the invaluable help of the NGOs of the Society of Jesus including Alboan and Entreculturas which for years have provided teachers and pupils with formation in this subject.

Meanwhile on the international front, the 2030 Agenda of UN should not be forgotten. Goal 4.7 expressly states the following:

By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development (United Nations, 2015).

That is why commitment to Global Citizenship was included in identifier number three of the 10 Global Identifiers in *A Living Tradition*. This means preparing students and their families to identify themselves first and foremost as members of the human race who share responsibility for the whole world, rather than simply as belonging to a particular group or nation.

Jesuit education has been multi-national for the best part of its history. Due to this, global citizenship cannot be just a simple add-on but should be included in the academic curriculum.

This should lead to a pedagogy and school programming that prepares students to understand and respect world cultures so they may understand and value diversity, be open to the experiences, customs and cultures of countries unlike their own, and take a global perspective on social injustice. That is the reason why an ability to speak foreign languages is required in Jesuit schools. Also important are partnerships between schools around the world and joint programmes where schools join forces to study global problems and initiate shared projects.

These goals can be achieved via cultural immersion trips and exchange programmes based on academe and technology as well as via seminars and courses. And neither should we forget the Spiritual Exercises, multicultural community service programmes or liturgies that reflect the diversity of our global Church.

Within the framework of Global Citizenship, the concept of *Interculturality* is another fundamental aspect of Jesuit education. The Society of Jesus recognises inculturation and inter-religious dialogue on a global level as essential components of its mission to promote faith and justice. Jesuit schools should be places which encourage efforts to show and implement solidarity.

In his allocution to Jesuit Education Delegates at the Rio de Janeiro Congress in 2017, Fr. General Arturo Sosa SJ summarised what should be the focus of Jesuit education when he affirmed what is universal within an inter-cultural world in the following words:

To describe the idea of universality we are seeking in the globalization process, it might be useful to remember the original meaning of the concept of catholic, which referred to the universal

nature of the Church, including a broad diversity of different situations (Sosa, 2017).

However, Pope Francis prefers to use the image of a polyhedron to highlight this interculturality when he states,

Here our model is not the sphere, which is no greater than its parts, where every point is equidistant from the centre, and there are no differences between them. Instead, it is the polyhedron, which reflects the convergence of all its parts, each of which preserves its distinctiveness. Pastoral and political activity alike seek to gather in this polyhedron the best of each. There is a place for the poor and their culture, their aspirations and their potential. Even people who can be considered dubious on account of their errors have something to offer which must not be overlooked. It is the convergence of peoples who, within the universal order, maintain their own individuality; it is the sum total of persons within a society which pursues the common good, which truly has a place for everyone (Francis, 2013, no. 236).

Thus, in this “social polyhedron” it is quite possible to bring out the best of each person, smooth off the rough edges, and build Peace together. +This should broaden our vision to recognise the greater good which benefits us all, especially those who are most neglected.

Likewise, Jesuit schools are committed to being a global network at the service of mission. Technological advances provide new opportunities to make this call to universality actually happen.

In a special way, Jesuit schools are forming networks with one another at every level. As a result, the Society of Jesus has created www.educatemagis.org which provides a forum for distributing documents and stimulating learning and dialogue about the schools. The key for this important resource to work is for educators and Jesuits across the world to join forces and use it.

It is worth reflecting once more on the action statements of JESE-DU-Rio in 2017. Regional delegates committed, during their school visits and reviews,

to assessing and developing the level of regional and global networking cooperation that already exists; to including in a new faculty and staff training programmes an understanding that faculty and staff are

joining a global network and that they have a role to play in animating it; to working with the schools' leadership to oblige all faculty and staff to be formed in global citizenship so that they can help students understand their future as global citizens+; and to making Educate Magis an integral tool and resource in schools to help animate their global dimension (JESSEDU, 2017a).

Conclusion

Jesuit schools have chosen to act as responsible educational establishments with regard to economic and environmental sustainability. They are engaged in promoting alternative systems of production and environmentally friendly consumerism. And they have chosen to make human and sustainable development part of their culture. Environmental education and teaching in global citizenship form part of pupils' academic curriculum, serving as the cornerstone for sustainable global development. There can be no better way to conclude than by reproducing a few words of Fr. General Arturo Sosa which summarise in masterly fashion everything that has been analysed in this chapter:

We resolve, considering who we are and the means that we have, to collaborate with others in the construction of alternative models of life that are based on respect for creation and on a sustainable development capable of producing goods that, when justly distributed, ensure a decent life for all human beings on our planet (Sosa, 2019).

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Towards a sustainable economic model for Religious Communities with a high average age among its members: the complement to the retirement pension for monks as an alternative social security system

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“In a way we want to make visible what is invisible...but in a way we know that we have original sin”¹

Introduction

A very habitual practice in the Spanish church consists of establishing an economic payment as a complement to the retirement pension of priests so that they can maintain their purchasing power once they are no longer active as priests and become pensioners.

As there is no longer an employment relationship but rather a canonical one, no obligation exists to reveal this payment. In other words, the bishopric which undertakes to pay the retired priest this complementary income every month is not obliged to withdraw assets from its balance sheet and therefore to contract an external instrument (insurance policy, pension plan, or mixed formula) to guarantee the payment of this obligation contracted with the private parties in the event of the insolvency of the payer².

It is therefore a mere liberality and a commitment it acquires unilaterally with the retired priest.

As we know, the increase in life expectancy has jeopardised the Spanish pension system. In another article which was published in the Spanish Journal of Canon Law³ I attempted to put forward some solutions

to the problem of the voluntary complements added to priests' pensions by Spanish bishoprics. This is a generous practice on their part which is however beginning to burden their general accounts in the same way as the general Spanish pension fund is beginning to show a loss which makes it unsustainable in the middle term...

These specific matters of the complements to retirement pensions for diocesan priests are dealt with in that study and we invite anyone who wishes to assess the solutions given to consult it. We will not repeat here the models detailed there such as the evolution of ordinary and early retirement age or the limits of Canon Law to the actions of extraordinary administration on the temporal assets of the Church (included from the Instruction on administrative matters of the Italian Episcopal Conference, and with the criteria anticipated in the Decree of the Spanish Episcopal Conference approved by the Bishops' Congregation of 7th February 2007).

There it was shown that it is much more profitable, dynamic, and interesting to reveal this commitment, although as it is not strictly a pension commitment there is no normative obligation to do so, than to take out of the current fund annual payments which will increase exponentially as life expectancy increases.

This is what is happening in the Spanish bishoprics, i.e. in those referring to the diocesan Church.

In religious orders this circumstance does not occur as when living in a community it is the common fund of the latter which bears the expenses of all its members. It is true that the problem will show itself from another perspective because on the retirement of one of its members this common fund of the establishment will feel the effect of the fall in income and will begin to start to meet the expenses generated by caring for that elderly person. As if it were a family, in this case the religious community, either to maintain the elderly person in the physical structure of the house of common cohabitation or to place him in a home (historically known as "infirmarium" in monks' slang), will find that the retirement pension received by the retired monk is insufficient to pay his care and upkeep. As in the remainder of Spanish society and as in the case we expounded for Spanish priests, this problem has not shown itself until the tendency of the age pyramid has begun to be reversed.

To this situation must be added the fact that it is usually the members of the community who pay directly the general expenses of caring for the elderly, owing to which in many cases genuine residential homes exist which are known internally as communities with infirmaries, with the whole of their personnel at the service of these groups.

In Spain religious congregations and religious orders are voluntarily associated with the Spanish Confederation of Monks (*Confederación Española de Religiosos*, CONFER). The CONFER is a “body of pontifical right made up of the Religious Institutions and Societies of Religious Life which freely join the same”⁴. The objectives of the CONFER include the addressing of the matters of common interest of the various religious institutions, in particular the promotion and encouragement of Religious Life and of the Societies of Apostolic Life within the ecclesiastic mission. In order to pursue this objective thought must be given to both the purpose of each institution and its own character and spirit. Moreover, the CONFER seeks to determine and promote the appropriate coordination and cooperation with the Episcopal Conference. Furthermore, with each of the bishops in particular in those matters affecting the common interest for greater service to the Church it also aims to encourage and protect religious life, in particular apostolic religious life, and to address it appropriately in accordance with its characteristic features⁵.

As in the remainder of Spanish society, there is a problem in religious congregations as to the viability of the maintenance of the quality of life of the elderly: geographical dispersal, a contribution scheme, infirmaries unviable in volume....and we will try to find a solution through alternative social security systems which the legal system allows us to set in motion.

In the first place we must be familiar with the legal system which determines the retirement pensions of monks. This is the group that is the subject of this study. People who live in a community of faith associated under a system of vows which they assume voluntarily and which involve their belonging legally and physically to a religious institution of apostolic life⁶.

The monks and nuns of the Catholic Church in Spain joined the Social Security system as a result of the coming into force of Royal Decree

3325/1981, of 29th December, on 1st March 1982⁷. They do so obligatorily⁸ within the system of workers for an employer or self-employed workers (RETA). This contribution system will therefore include the members of “Monasteries, Orders, Congregations, Institutions, and Societies of Communal Life, of Pontifical Right, inscribed on the Register of Religious Bodies of the Ministry of Justice and which reside and normally carry out their activities within the territory of Spain exclusively under the orders of their respective superiors and for the Religious Community to which they belong.”⁹

Nevertheless, those monks carrying out professional activities included in any of the sections of the Social Security systems are not included in the RETA (as self-employed workers) but rather in the section which corresponds to them according to that activity, as is indicated in the second paragraph of the aforementioned Article One of the Decree.

Therefore and by law, in general monks contribute as self-employed workers and as we can see they do so at the minimum rate, since in this contribution system the amount of the income will not be affected as does however occur in the general system of contribution to the Social Security. It is logical that if we contribute at the minimum rate for self-employed workers the corresponding pension will also be the minimum of this system...

II. A Method for calculating the cost of the care of elderly monks in an old people’s home¹⁰

The conference held in June 2011 at the CONFER¹¹ included a discussion of the problem of the sustainability and financial viability of the so-called infirmary communities, the traditional name for homes for monks which are maintained by many congregations in almost every religious province¹². In many cases these are evolutions of former communities which owing to the advanced age of its members have become genuine infirmaries or old people’s homes.

The development and the solutions which were proposed at this conference of the CONFER seem to us to be so appropriate that we mention them in this article to give them maximum visibility. They may be useful to society as a whole to provide an idea of the problem and also to shed light on future solutions to similar problems.

The development below tries to faithfully follow the pattern established at this conference of the CONFER, which has given in detail the steps for calculating the cost of the future financing of the expenses of these old peoples' homes for the group in question.

II. A. The first step consists of determining the group which will be the subject of study by drawing up a list of those of its members for whom the calculations will be made.

In order to eliminate variables which are hard to control, it is advisable for the group under study to be homogeneous. In other words, we should not take as a subject of study a group including members who have come from other countries because this would alter the traditional variables of calculation as the latter would be influenced by factors such as the early age of entering the order; this fact is highly characteristic of congregations in other countries (Latin America...) but not in Spain. It is therefore important not to take a database in the dark but rather to refer to one that has already been perfected and is as a result paradigmatic of the model which concerns us here as we wish to analyse a case which will serve us as a model for its extrapolation.

- The age is calculated in a certain year from the date of birth provided.

Table 1. Calculation of age from date of birth

1/1/19	F. nacimiento	Nombres	Edad: nº años	Años enteros
	18/11/80	Aaaaa	38,12	38
	13/8/64	Bbbbbbbb	54,38	54
	31/3/91	Ccccc	27,76	28
	21/5/40	Ddddd	78,61	79
	2/9/31	Eeeee	87,33	87

Conference at CONFER, June 2011

- As from the column of ages the table can be organised from greater to lesser age.

Table 2. Precedence of ages on a decreasing scale

F. nacimiento	Nombres	Edad: nº años	Años enteros
2/9/31	Eeeee	87,33	87
21/5/40	Dddddd	78,61	79
13/8/64	Bbbbbbbb	54,38	54
18/11/80	Aaaaa	38,12	38
31/3/91	Ccccc	27,76	27

Conference at CONFER, June 2011

- A table is drawn up with the following references

- Column 1: Numeration of the whole of the group by ages and years of birth. 20 are given in the example but it is advisable for the figure to be higher (in an actual case the detail of years would be much longer)

- Column 2: Name or identifying code for each member

- Column 3: Year of birth calculated as indicated above

- Column 4: Age of each member in full years

- Column 5 and the following: They add a year to each age calculated (as the years pass age increases)

Colour the boxes containing the ages in accordance with the age stages established for the study:

In this example we have coloured the areas with:

Table 3. Monks ordered by ages. Projection by years.

edad<65		65<edad<80				80<edad<90				edad>90														
1	2	3	4...																					
	LISTA RELIG.	Año Naci.	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
	1/1/19																							
1	333333116	1928	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112
2	333333117	1929	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111
3	333333118	1931	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109
4	333333119	1933	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107
5	333333120	1933	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107
6	333333121	1936	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104
7	333333122	1937	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103
8	333333123	1938	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102
9	333333124	1940	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
10	333333125	1945	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95
11	333333126	1949	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91
12	333333127	1953	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87
13	333333128	1953	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87
14	333333129	1954	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86
15	333333130	1955	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85
16	333333131	1956	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84
17	333333132	1963	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77
18	333333133	1966	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74
19	333333134	1970	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70
20	333333135	1972	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68
Edad Media		72																						

Conference at CONFER, June 2011

Calculating and establishing some necessary variables:

- The life expectancy in Spain for both men and women in the year of reference¹³.
- Average age of the 30 latest deaths in the community group studied.
- In accordance with this prior information the following variables were established:
 - The life expectancy for this group is 90 years of age.
 - The age of access to the home or infirmary is 80.

II. A. 1. Determination of the following data-

- Total number of members of the group under study: 20 people.
- Average age obtained in the table above: 72.
- Age at which we establish the life expectancy, henceforth “Ev”: 90.
- Age at which we establish admission to the home or infirmary of the religious community, henceforth “Ef “: 80.
- Age at which we establish the “theoretical retirement age”, henceforth “Ej”: 65.
- Number of members whose ages exceed the Ev: 2 people.

- Number of members whose ages are lower than the Ev and higher than the Ef: 6 people.
- Number of members whose ages are lower than the Ef and higher than the Ej: 6 people.
- Number of members whose ages are lower than the Ej: 6 people.
- Geriatric expenses: average estimated monthly cost per person: 1,500 € / month.
- Index of the estimated cost of living: 2% / year
- Average monthly estimated income from pensions: 800 € / month
- Estimated annual increase of the pensions : 2% / year

Table 4. Variables used in the simulation

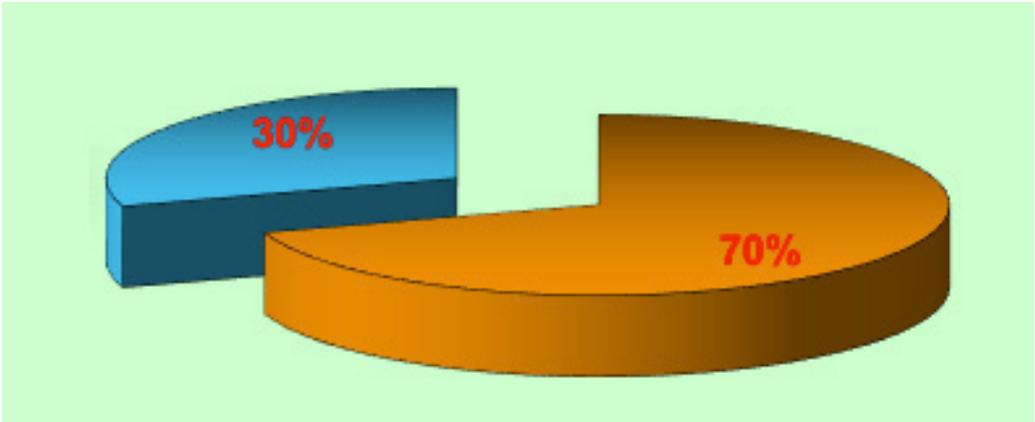
20									
72	años	} <i>Estos datos son variables, en función de los datos obtenidos o decididos...</i>							
90	años								
80	años								
65	años								
2		} <i>Estos datos son variables, en función del estudio que hacemos...</i>							
6									
6									
6									
1.500,00									
2,0%									
800,00									
2,00%									

Conference at CONFER, June 2011

From the data gathered, in order to obtain a fuller description the following graphs can be prepared:

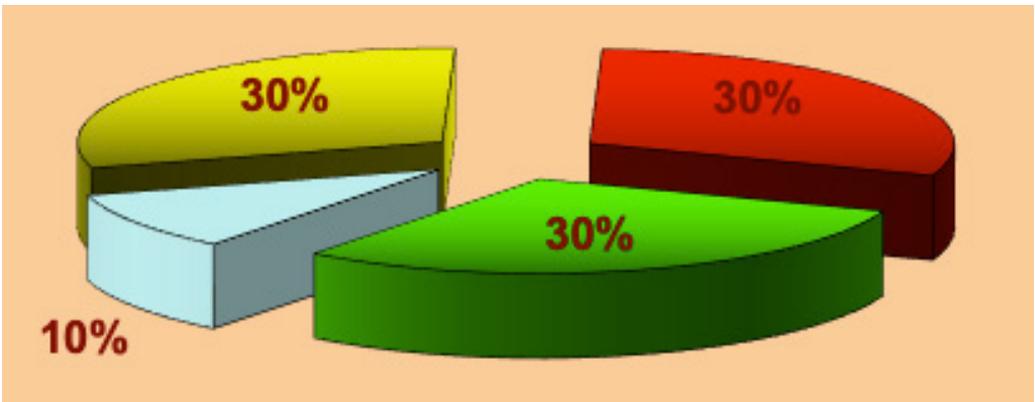
Graph 1. Percentage of people retired

- Above retirement age: 70%
- Below retirement age: 30%



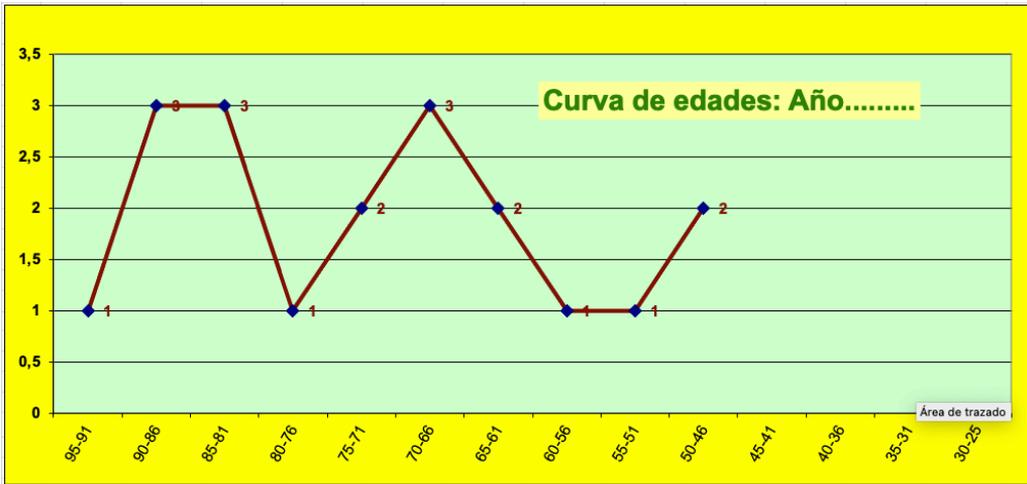
Graph 2. Analysis of different groups by age

- Aged over 90: 10%
- Aged over 80: 30%
- Aged over 65: 30%
- Aged under 65: 30%



Conference at CONFER, June 2011

Graph 3. Age curve of the year of reference



Conference at CONFER, June 2011

Table 5. Years of age and number of members used in Graph 3

1	3	3	1	2	3	2	1	1	2	0	0	0	0
95-91	90-86	85-81	80-76	75-71	70-66	65-61	60-56	55-51	50-46	45-41	40-36	35-31	30-25

Años de edad	Nº de miembros
95-91	1
90-86	3
85-81	3
80-76	1
75-71	2
70-66	3
65-61	2
60-56	1
55-51	1
50-46	2
45-41	
40-36	
35-31	
30-25	

Conference at CONFER, June 2011

**II. A. 2. From the “TOTAL LIST”, fill in manually the following table:
Evolution of the group over the next 22 years**

Table 6. Evolution of the group over the next 22 years

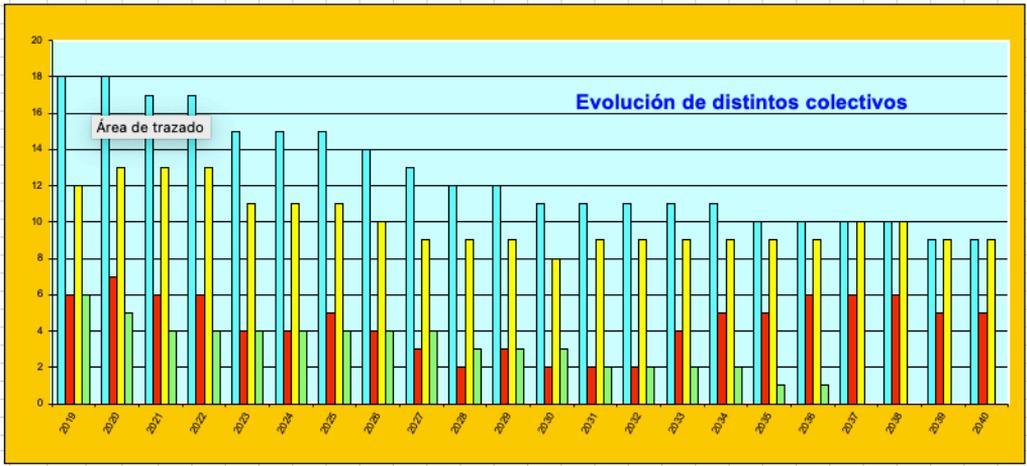
EVOLUCIÓN DEL COLECTIVO DURANTE PRÓXIMOS 22 AÑOS							
AÑO	R>Enfer a.	R>EdV a.	R Atend.	Jubil.<80 a	R. Activos	R Pensio.	Total R
2019	8	2	6	6	6	12	18
2020	9	2	7	6	5	13	18
2021	9	3	6	7	4	13	17
2022	9	3	6	7	4	13	17
2023	9	5	4	7	4	11	15
2024	9	5	4	7	4	11	15
2025	10	5	5	6	4	11	15
2026	10	6	4	6	4	10	14
2027	10	7	3	6	4	9	13
2028	10	8	2	7	3	9	12
2029	11	8	3	6	3	9	12
2030	11	9	2	6	3	8	11
2031	11	9	2	7	2	9	11
2032	11	9	2	7	2	9	11
2033	13	9	4	5	2	9	11
2034	14	9	5	4	2	9	11
2035	15	10	5	4	1	9	10
2036	16	10	6	3	1	9	10
2037	16	10	6	4	0	10	10
2038	16	10	6	4	0	10	10
2039	16	11	5	4	0	9	9
2040	16	11	5	4	0	9	9

We need to count in each “row” of the “TOTAL LIST” those corresponding to each colour...

En	R>Enfer a.	Anotaremos todos los miembros que tienen edad superior a la fijada para "entrar en la ENFERMERÍA" ...
En	R>EdV a.	Anotaremos los miembros con edad mayor a la establecida como "esperanza de vida" ...
En	R Atend.	Este dato resultará automáticamente... (ver fórmula en la celda)
En	Jubil.<Enfer a	Anotaremos los miembros de entre la de jubilación, (65 años), y la de "entrar en la Enfermería"...
En	R. Activos	Anotaremos los miembros de edad menor a la de jubilación, (65 años)...
En	R Pensio.	Este dato resultará automáticamente... (ver fórmula en la celda)
En	Total R	Este dato resultará automáticamente... (ver fórmula en la celda)

Conference at CONFER, June 2011

Graph 4. Evolution of the various groups



Conference at CONFER, June 2011

Table 7. Data applied in Graph 4

	Total R	R Atend.	R Pensio.	R. Activos
2019	18	6	12	6
2020	18	7	13	5
2021	17	6	13	4
2022	17	6	13	4
2023	15	4	11	4
2024	15	4	11	4
2025	15	5	11	4
2026	14	4	10	4
2027	13	3	9	4
2028	12	2	9	3
2029	12	3	9	3
2030	11	2	8	3
2031	11	2	9	2
2032	11	2	9	2
2033	11	4	9	2
2034	11	5	9	2
2035	10	5	9	1
2036	10	6	9	1
2037	10	6	10	0
2038	10	6	10	0
2039	9	5	9	0
2040	9	5	9	0

Conference at CONFER, June 2011

II.B. From the evolution table this table of “GERIATRIC EXPENSES” is obtained:

Table 8. Table of geriatric expenses

AÑO	R>80 a.	R>90 a.	R Atend.	Coste/MyR	Coste/Año	Coste/año
2019	8	2	6	1.500	18.000	108.000
2020	9	2	7	1.530	18.360	128.520
2021	9	3	6	1.561	18.727	112.363
2022	9	3	6	1.592	19.102	114.610
2023	9	5	4	1.624	19.484	77.935
2024	9	5	4	1.656	19.873	79.494
2025	10	5	5	1.689	20.271	101.355
2026	10	6	4	1.723	20.676	82.705
2027	10	7	3	1.757	21.090	63.270
2028	10	8	2	1.793	21.512	43.023
2029	11	8	3	1.828	21.942	65.826
2030	11	9	2	1.865	22.381	44.761
2031	11	9	2	1.902	22.828	45.657
2032	11	9	2	1.940	23.285	46.570
2033	13	9	4	1.979	23.751	95.002
2034	14	9	5	2.019	24.226	121.128
2035	15	10	5	2.059	24.710	123.551
2036	16	10	6	2.100	25.204	151.226
2037	16	10	6	2.142	25.708	154.251
2038	16	10	6	2.185	26.223	157.336
2039	16	11	5	2.229	26.747	133.735
2040	16	11	5	2.273	27.282	136.410
Desembolso total al final de período:						2.186.728

Conference at CONFER, June 2011

These four columns which we indicate below are a copy of that we have obtained in the table of “Evolution of the group”...

Table 9. Evolution of the group

Total R	Jubil.	R. Activos	R Pensio.
18	6	6	12
18	6	5	13
17	7	4	13
17	7	4	13
15	7	4	11
15	7	4	11
15	6	4	11
14	6	4	10
13	6	4	9
12	7	3	9
12	6	3	9
11	6	3	8
11	7	2	9
11	7	2	9
11	5	2	9
11	4	2	9
10	4	1	9
10	3	1	9
10	4	0	10
10	4	0	10
9	4	0	9
9	4	0	9

Conference at CONFER, June 2011

Graph 5. Curve of financing needs



II.C. The Table of “GERIATRIC EXPENSES” may be completed with the INCOME coming from the pensions of the members.

The actual expenses to cover and on which a future prediction can be made will be obtained.

Table 10. Differences between geriatric expenses and income from retirement pensions

AÑO	R Atend.	Coste/año	Total R	R Pensio.	Pen. Mes	Ingre. Pensi.	R. Activos	Diferencias
2019	6	108.000	18	12	800	57.600	6	-50.400
2020	7	128.520	18	13	816	68.544	5	-59.976
2021	6	112.363	17	13	832	59.927	4	-52.436
2022	6	114.610	17	13	849	61.126	4	-53.485
2023	4	77.935	15	11	866	41.565	4	-36.370
2024	4	79.494	15	11	883	42.397	4	-37.097
2025	5	101.355	15	11	901	54.056	4	-47.299
2026	4	82.705	14	10	919	44.110	4	-38.596
2027	3	63.270	13	9	937	33.744	4	-29.526
2028	2	43.023	12	9	956	22.946	3	-20.078
2029	3	65.826	12	9	975	35.107	3	-30.719
2030	2	44.761	11	8	995	23.873	3	-20.889
2031	2	45.657	11	9	1015	24.350	2	-21.306
2032	2	46.570	11	9	1035	24.837	2	-21.733
2033	4	95.002	11	9	1056	50.668	2	-44.334
2034	5	121.128	11	9	1077	64.602	2	-56.526
2035	5	123.551	10	9	1098	65.894	1	-57.657
2036	6	151.226	10	9	1120	80.654	1	-70.572
2037	6	154.251	10	10	1143	82.267	0	-71.984
2038	6	157.336	10	10	1165	83.912	0	-73.423
2039	5	133.735	9	9	1189	71.325	0	-62.410
2040	5	136.410	9	9	1213	72.752	0	-63.658
		Costes				Ingresos		Diferencias
TOTALES		2.186.728				1.166.255		-1.020.473

Graph 6. Evolution of expenses, income, and resultant balances.



Conference at CONFER, June 2011

Total geriatric expenses: 2,186,728 €

Total income: 1,166,255 €

Total difference: 1,020.473 €

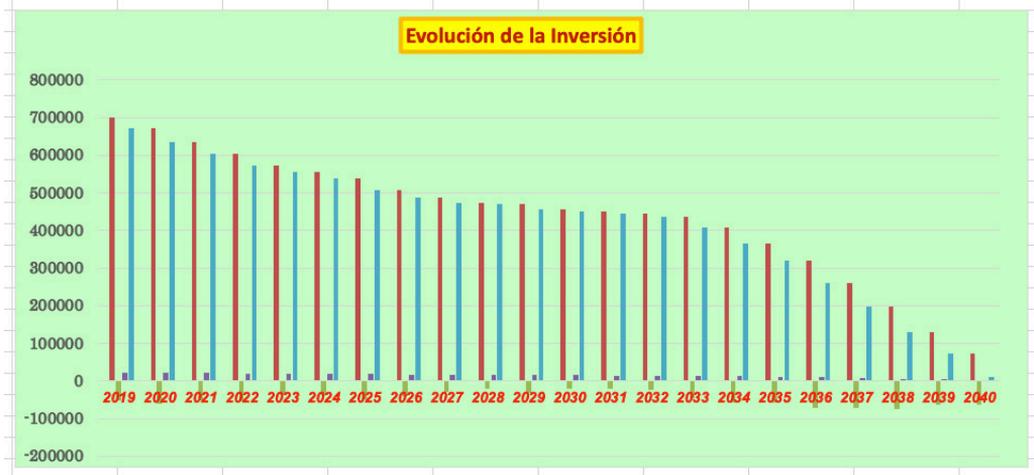
Table 12. Economic value necessary to cover the differences between geriatric expenses and expected income from retirement pensions

Año	F de M	Saldo Pen.	Plusvalías	Saldo anual
2019	700.000	-50.400	23.800	673.400
2020	673.400	-59.976	22.896	636.320
2021	636.320	-52.436	21.635	605.518
2022	605.518	-53.485	20.588	572.621
2023	572.621	-36.370	19.469	555.720
2024	555.720	-37.097	18.894	537.518
2025	537.518	-47.299	18.276	508.495
2026	508.495	-38.596	17.289	487.188
2027	487.188	-29.526	16.564	474.226
2028	474.226	-20.078	16.124	470.272
2029	470.272	-30.719	15.989	455.543
2030	455.543	-20.889	15.488	450.143
2031	450.143	-21.306	15.305	444.141
2032	444.141	-21.733	15.101	437.509
2033	437.509	-44.334	14.875	408.050
2034	408.050	-56.526	13.874	365.397
2035	365.397	-57.657	12.424	320.164
2036	320.164	-70.572	10.886	260.477
2037	260.477	-71.984	8.856	197.350
2038	197.350	-73.423	6.710	130.636
2039	130.636	-62.410	4.442	72.668
2040	72.668	-63.658	2.471	11.481

Conference at CONFER, June 2011

Table for calculating an economic value at a discount (“Fund for the Elderly”) invested at an annual interest rate of 3.4% to cover the differences between the expected income and the expenses.

Graph 7. Evolution of the necessary investment



Conference at CONFER, June 2011

Conclusions

As has been made clear throughout the case which has been examined in detail, the increase in life expectancy is causing a problem in religious communities. As a result the minimum pensions their members receive as self-employed workers cannot legally sustain these communities, whether they are converted into infirmaries or old peoples’ homes. It is therefore the common fund of the religious congregation which will have to assume this difference between income and expenses which is becoming greater as time goes on.

In the example given in the conference of the CONFER and used in this article, it can be concluded that a financial endowment of 700,000 € invested at an annual rate of 3.4% would be sufficient to cover the payment of the geriatric expenses of the group under study.

To leave this example and the specific case of a religious community, we can conclude that it may seem hackneyed to speak of the consequences of the ageing of the population on the unfeasibility of the pension

system, which have already been discussed in the study mentioned on the complement to priests' income¹⁴, but we are all perhaps less aware of the set of financial solutions which are totally viable and can potentially be proposed and implemented. As we have seen in the example it is by no means preposterous to determine calculation variables in a certain group and to analyse the future cost of complementing retirement pensions which allow the maintaining of a suitable quality of life.

It is true that this will mean devoting part of the saving to the future maintenance of part of our purchasing power, but it is no less true that the sooner we address the task the lesser the effort will be. The situation is the same here as on a strictly academic footing: the sooner we begin the task of studying, the less effort will be needed to achieve our goal.

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7. Final Precept of Royal Decree 3325/1981 of 29th December
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Social doctrine of the church: update to 21st century

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“The social message of the Gospel must not be considered a theory, but above all else a basis and a motivation for action.”

—John Paul II, *Centesimus Annus*, §57i

1.- The Social Doctrine of the Church’s name in its historic development

On May 1, 1991, the former Supreme Pontiff and the today’s Saint John Paul II rubrics the encyclical letter *Centesimus annus* to commemorate the centenary of the publishing of the encyclical *Rerum Novarum* by the Pope Leo XIII.

It is indeed a symbolic date and evidently sought to commemorate the centenary of this encyclical reference which has become one of the most studied and cited documents of the Catholic Church and with which begins the educational practice of the so-called Social Doctrine of the Church.

The Pontificy of John Paul II was extensive and providential in many aspects and one of them was his contribution to the Social Doctrine of the Church, even in the own usage of the term ‘Social Doctrine of the Church’.

Even if we can say that the devising of the term ‘Social Doctrine’ was clearly stated by the Pope Pius XI on which he will refer to in his encyclical *Quadragesimo Anno*¹, and was also used by his successor Pius XII in his radio-broadcasted speeches², the truth is that it was Saint John Paul II who would use the term with even greater intensity and theological depth.

It is interesting to pay attention to an event that happened barely after the pontifices’ John Paul II arrival and which is an indicative of the importance of the usage that the term ‘Social Doctrine’ has for the Holy Father.

In his inaugural speech of the Third General Conference of the Latin American Episcopate held in Puebla de los Ángeles, Mexico, on January 28, 1979, barely four months after arriving to the Chair of Saint Peter, John Paul II told the bishops who were assembled there:

“What we have already recalled constitutes a rich and complex heritage, which *Evangelii Nuntiandi* calls the Social Doctrine or Social Teaching of the Church. This teaching comes into being, in the light of the Word of God and the authentic Magisterium, from the presence of Christians in the midst of the changing situations of the world, in contact with the challenges that result from those situations. This social doctrine involves therefore both principles for reflection and also norms for judgment and guidelines for action.

Placing responsible confidence in this social doctrine— even though some people seek to sow doubts and lack of confidence in it— to give it serious study, to try to apply it, to teach it, to be faithful to it: all this is the guarantee, in a member of the Church, of his commitment in the delicate and demanding social tasks, and of his efforts in favour of the liberation or advancement of his brothers and sisters.”

From this initial declaration of intentions forward, John Paul II will use the expression ‘Social Doctrine of the Church’ in countless writings and speeches, providing it with theological content and depth and self-moral. By doing so, it was made the keystone of his most important encyclicals and, furthermore, it plays a fundamental part in the Social Educational Practice: “*Laborem excernis*” (1981), “*Solicitudo Rei Socialis*” (1987) and the essential “*Centisimus Annus*” (1991).

2.- Concept and Nature of the Social Doctrine of the Church

However, and in spite of it being a mainly accepted and profusely used term, an unambiguous definition of the concept ‘Social Doctrine of the Church’ does not exist. It could be also due to the fact that there is not a stable object of the doctrine that we can identify as such, since the Social Doctrine of the Church refers to the combination of teachings of the Catholic Church about the social, economic, cultural and political realities and problems that affect humankind³.

The Compendium of the Social Doctrine of the Church by the Pontifical Council for Justice and Peace alludes to it as a doctrinal corpus related to themes of living social relevance which is developed through the communion of the Magisterium of the Popes and Bishops⁴.

It might be due to the lack of precision and doctrinal stability, that the term SDC was not widely accepted in that Magisterium, as there was no willing to define as Doctrine a combination of ever changing teachings. And, therefore, the term SDC coexists with other similar expressions such as Social Magisterium and Principles of Justice and Equality.

It is John Paul II who defines SDC in his encyclical *Sollicitudo Rei Socialis* as the “the accurate formulation of the results of a careful reflection on the complex realities of human existence, in society and in the international order, in the light of faith and of the Church’s tradition”⁵.

And taking a further step, it defines the nature of this SDC establishing that it does not belong to the ideology scope, however it does to the theology and specially the moral theology scope. Which, therefore, its objective will be to interpret the realities by examining their conformity or differences with what the Gospel teaches about the humankind and their earthly vocation, and, at the same time, transcendental to guide accordingly in the Christian conduct⁶.

This Doctrinal Corpus of the Magisterium is considered to have its starting point in Leo XIII’s encyclical *Rerum Novarum* in 1892, and lives on with Francis’ *Fratelli Tutti* in 2020. It does not mean that the concern about the social problems did not exist prior to this, quite the opposite. This Magisterium has an initial source in the Biblical Revelation and in the Church’s Tradition, but it is through the Magisterium of the Popes how the SDC has been actualizing in each and every historical moment.

Having defined and established the SDC and its nature inside the moral theology field, a clear interdisciplinary scope should be mentioned, as this contribution is opened to all sciences.

John Paul II speaks clearly about the contribution that social sciences make to the SDC to provide it with concision and current affairs⁷ in a way that the Church is able to talk to a man of her time.

An important landmark for this contributions is the creation of the Pontifical Academy of Social Sciences through John Paul II’s Apostolic Letter *Motu Proprio Socialium Scientiarum*.

In it, the Holy Father covers the hundred years of history of the SDC to clearly conclude that the Church has accomplished to build the rich heritage of the social catholic doctrine thanks to the narrow collaboration with catholic social movements and experts in social sciences.

And finishes the *Motu Proprio* stating that “before all the great tasks that are awaiting in the future, this interdisciplinary dialogue, which has already been carried out in the past, must rekindle now. To do so, I am making a reality what I have announced in my speech on December 23, 1991, I erect today the Pontifical Academy of Social Sciences based in the Vatican City. As its Statutes claim, this Academy is put in place ‘as the means of study and progress of social, economic, political and legal sciences in the light of the Church’s social doctrine’”⁸.

3.- The Magisterium of the Social Doctrine of the Church

Therefore, the SDC is not a steady doctrinal body but it is rather a building under construction which is constantly updating with the Magisterium of the Church.

However, this does not mean that it is not constituted on a stable basis. In fact, to the contrary, the SDC finds its foundation in the Biblical Revelation, in the Word of God and in the Church’s Tradition and it is through them that the Magisterium updates about the concerns about the social issues in every historical moment.

John Paul II refers to this in the celebration of the *Rerum Novarum*’s centenary claiming that not only will it be a permanent value of those teachings, but also it will be manifesting in the true sense of the Church’s Tradition, of which, always alive and vital, is built upon the foundations of our Fathers in the Faith and especially upon the transmitted message by the Apostles of the Church, in the name of Jesus Christ. A foundation that cannot be substituted.

This treasure is the wide trend of the Church’s Tradition that contains the “old things”, which have always been received and transmitted, but it also allows to discover the “new things”. And, in the middle of them, the life of the Church and the life of the world go on⁹.

The main documents upon which that building, which we call SDC, is being formed are the encyclical letters of the consecutive Popes. In them, an update in this doctrine is made to bring it into the reality and

the actual situation of every given moment of which they exert their Magisterium.

There are several other documents, in the form of *Motu Proprio*, declarations, speeches and other interventions which refer to the SDC and that they integrate into it. However, due to their importance and both canonical or moral transcendence, let us peruse about the encyclical letters through which the Magisterium of the Church has been substantiating the SDC.

3.1.- RERUM NOVARUM, Leo XIII, May 15, 1891.

This is the first encyclical letter of the SDC. By its importance, it can be claimed that the essential principles of the whole SDC are found within and all the other contributions made from Leo XIII's successors are nothing but updates or insights of those principles.

Rerum Novarum is one of the most quoted documents and is one that has settled the base for an even greater number of studies and writings ever since its publishing.

This Encyclical letter is written in a historical moment where the malign effects of the Industrial Revolution are lived. Where the vast majority of workers were living in poverty and were subjected to extreme working conditions. In the midst of the first labour movements, Leo XII signs this encyclical letter dedicated to tackle this labour issue.

Rerum Novarum addresses the establishment of a just social order. The Church is not to be excluded from this "social matter", on the grounds that it is not aloof to the most in need. The letter also called the State for action and intervention in the economic matters to ensure the private and public rights.

In his encyclical letter, Leo XIII talks about the rights and obligations, which afterwards would appear in the civil legislations of the states. As well as that, in it he establishes several social doctrines involving: a labour doctrine, a right of ownership which must provide a social function, the dignity of the poor, a right of labour association, a right of the universal goods and, also, a doctrine over the obligations of the rich.

The leonine text finishes with the Church's commitment in this task of achieving a fairer social order, by clearly stating: "In regard to the Church, her cooperation will never be found lacking, be the time or the

occasion what it may; and she will intervene with all the greater effect in proportion as her liberty of action is the more unfettered.”¹⁰.

3.2.- QUADRAGESIMO ANNO, Pius XI, May 15, 1931.

Pius XI’s encyclical letter was dictated to commemorate the fortieth anniversary of Leo XIII’s text.

This encyclical letter is placed in a marked historical moment by the social tensions and problems.

It is written in the inter-war period, in the 1929 crisis. The birth and origin of Totalitarian regimes in Europe, the Communism and the class-struggle.

In this context, Pius XI updates Leo XIII’s message. In this letter, he refers again to the need of a reconstruction of a just social order that has been broken by war and economic crisis. He states that a fair salary is the one that is enough to cover the worker and his family’s needs and restates that the value of private ownership and its social function. Furthermore, he establishes that the relationship between the capital and labour must be done under a cooperative principle. Moreover, he expresses that social conflicts must be resolved by applying the principles of solidarity and collaboration. And, as well as that, he affirms that the State must be guided by the principle of subsidiarity.

Pius XII, Pope Pacelli, is the successor in the Chair of Saint Peter to Pius XI. He was the head of the Church during this terrible period which is World War II and the subsequent Reconstruction era.

Pius XII did not publish an encyclical letter about the SDC. But he did, however, voice his opinion over several social matters. One of them, being a radio-broadcasted message on June 1, 1941, dedicated to commemorate the fiftieth anniversary of the *Rerum Novarum*. In it, he refers to the use of material goods and admits the right to ownership and the right to trade, however, both subordinated to the good’s natural purpose. He also states that the right to work and the right of the State to intervene in this field, should the common good requires it. And, lastly, he speaks about family and its relation to private ownership, emphasizing in land ownership.

3.3.- MATER ET MAGISTRA, John XXIII, May 15, 1961.

On the seventieth anniversary of the *Rerum Novarum*, John XXIII makes a revision of the encyclical letters of his predecessors and justifies his encyclical letter by stating: “Our purpose, therefore, is not merely to commemorate in a fitting manner the Leonine encyclical [*Rerum novarum*], but also to confirm and make more specific the teaching of Our predecessors, and to determine clearly the mind of the Church on the new and important problems of the day.”¹¹.

Therefore, with regard to his predecessor teachings, he updates them by talking about the relationship between the private initiative and the public authorities, which are subdued to the principle of subsidiarity. He also speaks about the socialization and the just and much needed remuneration of labour, relating it with the company’s benefits but subdued to the common good’s requests. As well as that, he establishes that the economic structures must adjust human dignity, private ownership and it is linked to the natural and necessary right for a right to freedom to exist.

Lastly, he alludes to the new and important problems of the time, involving the relations between the different economy sectors, the inequalities in the development in one country and between them. Moreover, he introduces the relation between the demographical increase, the economic growth and the need of a world-wide collaboration.

3.4.- PACEM IN TERRIS, John XXIII, April 11, 1963.

This is the first encyclical letter in history in which a Pope not only addresses the Bishops and members of the Faithful around the world, but also all men of good faith, independently of their religion, Catholic or otherwise.

The historical moment, in which this letter is written, is marked with a world divided in two sides symbolized by: Berlin’s Wall, the Cold War, the Arms Race and the Cuban Missile Crisis.

In this historical context, John XXIII’s encyclical letter speaks about peace and about a just relationship between the States based on truth, justice and solidarity.

In four sections, it is referred to relations: to civil relations, which signifies a first reflection on Human Rights, to political relations, which

are led by the common good, to international relations, which must be governed by moral, truth, justice, solidarity and freedom, and lastly, to global relations and here he clearly acknowledges the role of the United Nations.

To conclude the encyclical, he mentions the rules that must regulate the Christian conduct.

3.5.- GAUDIUM ET SPES, Second Vatican Council, December 7, 1965.

Gaudium et Spes is not an encyclical letter, but a Pastoral Constitution that originates from the Second Vatican Council.

We are now in an era of hope for the Church. The Council was summoned by John XXII, who unfortunately wouldn't be able to conclude it. It is celebrated in an open environment of future and wishful thinking of the pastoral renewal.

In this context, the Pastoral Constitution tackles subjects related with culture, family, marriage, the community of the people, the role of the Church and, also, the economic and social living. All of these varied subjects revolve around the concept of personhood, the only creature on Earth which God Himself has loved¹².

3.6.- DIGNITATIS HUMANAЕ, Second Vatican Council, December 7, 1965.

This document is a Declaration that originates in the Council of Religious Freedom.

In the first chapter, the general notion of 'Religious Freedom' is addressed. It has its foundation in the dignity of the human person. This freedom must be provided not only for the individuals but also for the families and communities. However, it needs to be recognized that it has its limitations when they are affecting other people's rights.

3.7.- POPULORUM PROGRESSIO, Paul VI, March 26, 1967.

This encyclical letter is placed in the midst of the postconciliar era. The Pope John XXIII could only attend the first of the four sessions of the Second Vatican Council that he had summoned. The three next sessions up to the conclusion in December, 1965, were led by Paul VI.

This Council form, the encyclical *Populorum Progressio* is directly linked to *Gaudium et Spes* Constitution, which is a continuation of its economic and social field.

In the first part of the encyclical, it is talked about the comprehensive development for the humankind. In it, it mentions the decolonisation problems, the economic imbalance between rich and poor countries and the clash of civilizations. Furthermore, it clearly specifies the role of the Church in this scenario, the labour of the missionaries and the Christian vision for the development, which is understood as much more than only economic development.

In the second part of the encyclical, supportive development of humankind is addressed, alluding to the assistance of the weak, to justice in trade relations and universal charity.

3.8.- OCTOGESIMA ADVENIENS, Paul VI, May 14, 1971.

Octogesima Adveniens is an Apostolic Letter from Paul VI to Cardinal Maurice Roy with the occasion of the eightieth anniversary of *Rerum Novarum*'s publishing.

It means evoking the first encyclical letter of the SDC to update its message and to appeal all Christians.

In it, it deals with the new arising problems, such as urbanization which has destroyed the agricultural society, the role of the youth and women in equal rights with men, discrimination and the rights of the immigrant people. It also addresses the new reality of the media and its influence. As well as, the environmental issues.

Paul VI also inspects the ideological crisis, ranging from historical movements to Socialism, Marxism and Liberalism.

He concludes it by appealing the Church in the social issues. The Church has always wanted to conduct a double duty: enlighten the minds to help us discover the Truth and distinguish the path among the different doctrines that are seeking us, and to consecrate in the dissemination of the power of the Gospel, with the truthful desire to serve humankind efficiently¹³.

3.9.- LABOREM EXERCENS, Saint John Paul II, September 14, 1981.

This encyclical letter about human labour is published with the occasion of the ninetieth anniversary of the *Rerum Novarum*.

The encyclical is an update of the vision of the philosophical and theological labour, based on human dignity and with a personal and familiar scope. This way, John Paul II affirms the personal scope of human labour which must reach a second field that is the morality scope, which is necessarily attached to it. Labour is the foundation upon which family-run life is formed and it is a natural right and a human vocation. These two moral fields— one related with work and another one related with the family-run human life consequently— must join together correctly and understand each other¹⁴.

In the conflict between labour and capital, is the former which must prevail as it is a basic principle of the SDC and, consequently, defends with it the right to work, to income and social benefits. Furthermore, it also defends the right to association in a clear reference to unions.

The Catholic Social Doctrine does not consider that unions solely constitute a reflection of the structure of social “class” and that they are the exponent of the class struggle that inevitably rules our social life¹⁵.

Labour is considered as the involvement of men in the Creator’s work. This conscience must compromise even “the most ordinary everyday activities. For, while providing the substance of life for themselves and their families, men and women are performing their activities in a way which appropriately benefits society. They can justly consider that by their labour they are unfolding the Creator’s work, consulting the advantages of their brothers and sisters, and contributing by their personal industry to the realization in history of the divine plan”¹⁶.

3.10.- SOLLICITUDO REI SOCIALIS, Saint John Paul II, December 30, 1987.

This encyclical letter is published on the twentieth anniversary of the *Populorum Progressio*. In which John Paul II presents with a new outlook the development issues, stating a clear difference between progress and development, as the real development of men must not consist only in multiplying services and goods, but also it must be conducted in all of its scopes, including the spiritual scope.

In a historical context where the ideology crisis is deepened and the open confrontation between Liberalism and Marxism is occurring, John Paul II claims that the SDC is not a third path in between them. Moreover, he establishes the true definition of the SDC by stating the carefully-made wording result of an attentive reflection about the complex realities of men's lives in this society and this international context in the light of Faith and Ecclesiastic Tradition. Its main objective is to interpret those realities and examine its conformity or difference from the predicament of that the Gospel teaches about men and their earthly vocation, and at the same time, the transcendence to guide in consequence to Christian conduct. Therefore, it does not belong to the ideology scope, but to theology, and, more specially, to moral theology¹⁷.

It settles the nature of the SDC, not being only a concept. This would be a transcendental contribution to the Magisterium of the Church in the elaboration of the SDC.

3.11.- CENTESSIMUS ANNUS, Saint John Paul II, May 1, 1991.

This encyclical letter is written to commemorate the centenary of *Rerum Novarum*, which is placed in a rapidly changing historical moment. Berlin's wall has fallen and the communist regimes of the Iron Curtain are dissolving. The Cold War is over and the race that we are living is the disarming race.

In this context, John Paul II updates and reclaims the *Rerum Novarum*'s message, establishing a continuous line of the SDC for the last hundred years.

He exhaustively peruses the leonine work, remembering his teachings to form a base and connect them to today's new issues.

In chapters II and III of this encyclical letter, John Paul II inspects the new issues of today with an extensive reference to the Fall of Berlin's Wall and the Totalitarian Regimes in Hispanic America, Africa and Eastern Europe.

In the chapter IV, the formulation of the right of private ownership and universal destination principle of goods which from the leonine text we know are linked together. This present contribution broadens the concept of private ownership to not only goods but knowledge, techni-

que and know-how. This type of ownership is based on the richness of developed countries.

A declaration is made and states that the democratic system is in a way that ensures the citizen participation. Even though, a real democracy is only possible on the truthful conception of the human being.

The State's role in the economic field is a guarantee of safety, as the economy cannot be unfolded in an institutional, judicial and political void. In these last years, this States intervention in the economy has created the so-called well-fare state, in which its development can lead to an assistance state and this causes a loss in the human energies. The Pope circles back to the principle of subsidiarity as the ideal to enlighten the State's role.

He concludes the encyclical appealing to the commitment of all Christians and the Church herself, as the SDC cannot be only considered a theory but a foundation and an incentive for taking action, which only by the testimony of the earlier works would only be credible, not for its coherence and internal logic¹⁸.

“In addition, the Church's social teaching has an important interdisciplinary dimension. In order better to incarnate the one truth about man in different and constantly changing social, economic and political contexts, this teaching enters into dialogue with the various disciplines concerned with man. It assimilates what these disciplines have to contribute, and helps them to open themselves to a broader horizon, aimed at serving the individual person who is acknowledged and loved in the fullness of his or her vocation”¹⁹.

This is a fundamental text in the Social Magisterium of the Church, and it is not only because of the importance of the centenary but also because the update of the teachings and contributions that appear in this encyclical text are providential and illuminating for a better comprehension of the SDC and its nature.

The Update of the Social Doctrine of the Church in the XXI Century.

The death of John Paul II marks not only the end of an exceptional papacy owing to its extension, its intensity and profoundness, but also

the start of a new century and a new scenario for the Church that will not be the same as in the previous century.

The Magisterium of the Church addresses new problems and issues in the social field but never breaking with the rich tradition upon which it is settled, and because of this, we shall continue with the pre-established order of documents aforementioned.

3.12.- DEUS CARITAS EST, Benedict XVI, December 25, 2005.

This is an encyclical that is at the same philosophical and theological level as its author. It is a continuation of the John Paul II's work, which in his last stage, he started reflecting about love, however he left it incomplete. Benedict XVI refers to him as his "great predecessor".

The encyclical is clearly divided in two parts: the first part is a philosophical reflection on the Christian love.

The second part tackles the exercise of love by the Church and Charity. This is the most interesting thing of this review.

Benedict XVI addresses three essential fields of action for the Church: the proclamation of the Word of God, the administration of the sacraments and the exercise of charity.

It is in this exercise of charity where the relationship between charity and justice is contemplated, which is one of the Marxist criticism that the Church suffered as it said that the poor do not need charity but justice. The Pope firmly answers to this identifying the argumentative error by making a tour from the Church's activity, to the Social Magisterium of his predecessors, until finishing by claiming that the relationship between justice and charity, both must consider two facts:

Firstly, the just order of society is a principal task for politics and "the Church cannot and must not take upon herself the political battle to bring about the most just society possible. She cannot and must not replace the State. Yet at the same time she cannot and must not remain on the sidelines in the fight for justice. She has to play her part through rational argument and she has to reawaken the spiritual energy without which justice, which always demands sacrifice, cannot prevail and prosper."²⁰

Secondly, no matter how just a society is, love will always be necessary.

With these forms, the Pope addresses the role of the Church in the exercising of charity and collaboration between the charity organizations of the Church and other secular organizations with the same goal.

3.13.- CARITAS IN VERITATE, Benedict XVI, June 29, 2009.

This is an encyclical letter that aligns with the previous one and it continues with the already begun reflection about charity. Furthermore, it also resumes the rich tradition of the Social Magisterium of the Church.

Benedict XVI updates the message of the SDC by starting with the *Populorum Progressio* in relation to the Second Vatican Council and by clarifying that a pre-council SDC does not exist and neither does a post-council SDC, but a sole teaching does which is ever new.

In this encyclical the question of human development is addressed through the articulated vision that Paul VI had about it. It is not enough to progress in an economical or technical manner but the development must be comprehensive.

Moreover, the development is not unambiguous, but it is related to life, religious freedom and globalization.

With regard to life, this is intimately linked to the development of peoples, as a society that does not embrace life loses its sensitivity and motivation to make an effort for the common good.

At the same manner, if the relationship between development and the right of religious freedom is not recognised, men is deprived of his transcendental self. Therefore, we could mention his progress or his growth but not his development.

Human development is followed by a reflection based on the economic development and the market functioning. The SDC has unceasingly highlighted the importance of distributive justice and social justice for the market economy, not only because it belongs within a broader social and political context, but also because of the wider network of relations within which it operates. In fact, if the market is governed solely by the principle of the equivalence in value of exchanged goods, it cannot produce the social cohesion that it requires in order to function well. Without internal forms of solidarity and mutual trust, the market cannot completely fulfil its proper economic function²¹.

Therefore, justice must affect all the phases of the economic activity. The former affirmation was stated by the Pope who has always supported that the SDC as every economic decision has moral consequences.

He also concentrates a section on the development of the peoples, relating the concept with the demographical growth and the natural environment.

The Pope appeals to collaboration to the human family in this development objective by addressing the loneliness as one of the deepest scarcities of our time. He also tackles that the development of the peoples depends on recognizing humans as one sole family. Therefore, he binds together development and international cooperation, which must be understood as an instrument of wealth creation for all.

He concludes the encyclical reflecting about technological development and its ever-growing influence in the media.

3.14.- LUMEN FIDEI, Francis, June 29, 2013.

Lumen Fidei is the first encyclical of Francis. Even though it is not entirely his work, as Benedict XVI was who started this writing in the Year of Faith to commemorate the fiftieth anniversary of the Second Vatican Council, it was Francis who finally signed it.

This encyclical dedicated to Faith was made to close the cycle of theological virtues, as well as, the two previous ones of Benedict devoted to Hope and Charity. It is in the fourth chapter in which he mentions the common good, the organizing method of society based on the criteria of faith. And it is from this angle of faith, the family situation and society life is addressed.

3.15.- LAUDATO SI, Francis, May 24, 2015.

Laudato's encyclical letter is concentrated on the care for our common home. In it, Francis addresses not only all men of goodwill, but all the inhabitants of the planet Earth.

Thus, it connects with Paul VI's *Pacem in Terris* which was addressed to all men of goodwill, and it resumes the ecological and environmental concern of all his predecessors. However, to all this, he adds that this consternation does not only exist in the Church or in the scientific world, but some other churches have contributed with enriching re-

flections about the natural resources exploitation and the care for the environment as our common home. Moreover, he expressly mentions the contribution of whom he calls “the beloved Ecumenical Patriarch Bartholomew”.

After this introduction, the encyclical analyses what is happening in our common home.

Francis speaks about the contamination and the climate change, the waste and the culture of disposability that is affecting things and excluded people in such a great manner, and it all becomes rapidly into worthless waste.

He also exposes the concern for the natural resources depletion, specially water, and the loss of biodiversity provoked by an “immediate manner” understanding of economy and productive activity.

This situation is leading us to the concept of “ecological debt” which is related to global inequality and unequal exploitation of natural resources between the global north and the south. Written to face the striking lack of international response that cannot obey any other cause but the massive individual interest that are imposed to the common good.

The Gospel of Creation is tackled by a narration of the Christian beliefs from the Judeo-Christian tradition of nature and environment. It remarks the principle of the subordination of private property to the universal destination of goods as a “golden rule” of the social conduct and “the first principle of the whole ethical and social order”²² so that the right of ownership appears subdued to the common good.

It addresses the human roots of the ecological crisis. Thus, the Pope talks about how technology can produce truly valuable things but it can also bear negative effects. To those who have access to it, it can provide with a power that is not always used for the common good. He criticizes the globalization of the technocratic paradigm, which only values its development according to the revenue overlooking the possible negative effects. He also highlights that the anthropocentrism leads us to practical relativism and to value the Creation according to its usefulness. Moreover, he reiterates the interconnection of all the Creation: the care of Creation, the protection of life and human dignity— specially in regard to abortion and tests in human living embryos.

Francis also makes specific proposals of action to get out of the spiral of self-destruction in which we have immersed: a global dialogue based on interdependency, the need to replace fossil fuels for less contaminating ones, the duty to assess the environmental impact of given projects and works, and a criticism to the so-called carbon credits that can result in a form of speculation instead of reducing the gas emission for which they were created. He also advocates for a change in the model of global development by a responsible reflection in the sense of economy and its purpose²³.

He concludes the encyclical mentioning the ecological education and spirituality by criticising the compulsive consumerism and appealing for a change in the model through environmental education to achieve an ecological transformation.

3.16.- FRATELLI TUTTI, Francis, October 3, 2020.

This encyclical letter is the last one published up to today, and with it closes Francis' contributions to the Social Magisterium of the Church.

Francis' Magisterium has been innovative and enlightening in all his orders. Not only with his words, many of which are prophetic, such as: "outcast", "peripheries" and "common home", but also with his gestures, that are just as important as the word itself. And thus, we shall see Francis signing this encyclical letter about the tomb of Saint Francis which is far away from the usual place of burial, Rome, carrying meaning as a gesture of transcendental value.

In his former encyclical, Francis took Patriarch Bartholomew as a reference. In this one, however, it was the Grand Imam Ahmad Al-Tayyeb who is mentioned and with whom he had a historical encounter in Abu Dhabi.

In this encyclical, Francis remarks some tendencies that do not favour universal fraternity. Among them the so-called "throwaway' world" which entails that parts of humanity can be readily sacrificed in benefit of a select sector of humans that are worthy of living limitless lives. Ultimately, "persons are no longer seen as a paramount value to be cared for and respected, especially when they are poor and disabled, 'not yet useful' – like the unborn, or 'no longer needed' – like the elderly"²⁴.

He also mentions the Covid 19 pandemic to again defend the validity of the common good. “The world was relentlessly moving towards an economy that, thanks to technological progress, sought to reduce “human costs”; there were those who would have had us believe that freedom of the market was sufficient to keep everything secure. Yet the brutal and unforeseen blow of this uncontrolled pandemic forced us to recover our concern for human beings, for everyone, rather than for the benefit of a few”²⁵.

Faithful to his dictionary, Francis speaks about the universal openness in societies that exist in the peripheries that are close to us, in city centres or within our families, and calls them the “hidden exiles”. He restates the old revolutionary motto: “Liberty, equality and fraternity” to highlight the importance of fraternity.

Francis’ Magisterium does not break, as maybe it was said intentionally, with his predecessors and either does exist a SDC before or after Francis.

In this encyclical, he resumes the social role of property by making his John Paul II’s words in the *Centesimus Annus*: “God gave the earth to the whole human race for the sustenance of all its members, without excluding or favouring anyone”.

He criticises Populism and the word appropriation by these movements. Francis adds yet another word to his pastoral dictionary. ‘People’ is not a mystical or angelical category, as the populist pretend. “To be part of a people is to be part of a shared identity arising from social and cultural bonds”.

Yet he also criticises Liberalism by directly attacking the liberal dogma of freedom of the market and saying that the marketplace, by itself, cannot resolve every problem.

In this critical juncture between Populism and Liberalism, he recalls what in his *Laudato Si*’s encyclical said about the politics that are needed with a broad vision, uphold on high principles and that think of the long-term common good.

Francis concludes his encyclical with an appealing, but in this case in a new tone— to all the religions at the service of fraternity in our World, reiterating the appeal for peace, justice and fraternity in the encounter with The Grand Imam in Abu Dhabi.

Conclusions

As stated in the text above, the Social Doctrine of the Church is not a stable teaching corpus that is formulated in a determined moment and does not change over time, or even its not augmented during successive intellectual contributions.

The SDC has its own foundations and it comes from the revealed Word, from the Gospel, from the Apostolic Tradition and from the Churches Magisterium.

The most important contributions come from the interventions of the successive Popes in the shape of encyclicals, *Motu Proprio*, messages and even speeches and radio-broadcastings. But also, they come from the Bishops in the Episcopal Conferences and the council documents.

In this document, the relation of the papal contributions and the Social Magisterium of the Church is made. Due to the origin and transcendence, they are the most relevant.

The Social Doctrine of the Church is the combination of teachings and principles in the social matters of the Catholic Church.

These teachings are not simply ideological or political, they belong to the field of moral theology and have an interdisciplinary scope as they take knowledge from the social science field and the rest of the sciences.

Moreover, its principles are not only informative, but also they are guiding principles, as they are calling for action and their mission is to guide in the individual behaviour.

The Social Doctrine of the Church comes from the Word and the Tradition of the Holy Fathers of the Church. And it reaches us thanks to the Magisterium. There are not diverse doctrines in light of one Pope or another, and there are not different doctrines before or after a council or an encyclical. In just one work, through time, and with transcendental vocation, an instrument of evangelization, and Church and all men's salvation.

Notes

- 1.- Pius XI, (1931) Encyclical Letter *Quadragesimo Anno*, 20 (1931)
- 2.- Pius XII, (1941) radio- broadcasted speech commemorating the 50th anniversary of *Rerum Novarum* (1941)

- 3.- Dr. Ricardo Azael Escobar, (2012) Prolegómenos, Derecho y Valores, vol. XV, núm. 30 (2012) (Original—not translated)
- 4.- Compendium of the Social Doctrine of the Church,(2019) 87.
- 5.- John Paul II, (1987) Encyclical Letter Sollicitudo Rei Socialis, núm.45.
- 6.- John Paul II, (1987) Encyclical Letter Sollicitudo Rei Socialis, núm.41.
- 7.- Compendium of the Social Doctrine of the Church, (2019) pag.39.
- 8.- Apostolic Letter in the form of Motu Proprio Socialium Scientiarum.
- 9.- John Paul II, (1991) Encyclical Letter Centesimus Annus, 3.
- 10.- Leo XIII, (1891) Rerum Novarum, 41.
- 11.- John XXIII, (1963) Pacem in Terris, 50.
- 12.- Vatican Council II, (1965) Gaudium et Spes, 24.
- 13.- Paul VI, (1971) Octogesima Adveniens, 48.
- 14.- John Paul II, (1981) Laborem Exercens, 10.
- 15.- John Paul II, (1981) Laborem Exercens, 20.
- 16.- John Paul II, (1981) Laborem Exercens, 25.
- 17.- John Paul II, (1987) Sollicitudo Rei Socialis, 41.
- 18.- John Paul II, (1991) Centesimus Annus, 57.
- 19.- John Paul II, (1991) Centesimus Annus, 59.
- 20.- Benedict XVI, (2005) Deus Caritas Est, 28.
- 21.- Benedict XVI, (2009) Caritas in Veritate, 35.
- 22.- Francis,(2015) Laudato Si, 93.
- 23.- Francis, (2015) Laudato Si, 194.
- 24.- Francis, (2020) Fratelli Tutti, 18,
- 25.- Francis, (2020) Fratelli Tutti, 33.

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The **UPSA-MAPFRE Chair of Sustainable Finance** has its origins in the historical relationship of collaboration between the Pontifical University of Salamanca and MAPFRE. Both entities share the objective of service to society and, primarily through education, promote initiatives in this sense with a social purpose. In January 2020, both entities signed an agreement under which they created the “Sustainable Finance” Chair.

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