

Fair Operating Practices: An Essential Component Of Corporate Behavior

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ABSTRACT:

As organizations understood that a culture of social responsibility should be immersed in the development of their activities, it became necessary to implement a standard model such as ISO 26000, which contemplates seven fundamental matters that a company should assume in its operational performance to positively impact its stakeholders, one of which focuses on fair operating practices, which seek ethical conduct among organizations and people with whom they establish links in their transactions. This research aims to analyze and validate the adoption of Corporate Social Responsibility practices in the dimension of fair operating practices in the tertiary sector. The study adopted a descriptive quantitative research approach without manipulation of study variables, under a non-experimental cross-sectional design, which allows the collection of data at a single instant in time, from a population sample of 117 business units. The results indicate that the companies under study have implemented fair operating practices in aspects such as no corruption and bribery at any level, social responsibility in the value chain and fair competition, however, there remains a gap that does not respond positively to these good practices.

Keywords: Fair competition, value chain, ethics, corruption, social responsibility.

1. INTRODUCCIÓN

As organizations understood the relevance of Social Responsibility (SR) in the development of their activities, it became necessary to implement a standard model that would have a positive impact on the communities and environment that are part of their sphere of influence. From this point of view, it became necessary to characterize the fundamental aspects of SR that could be adopted as part of a sustainable development policy and on which the seven fundamental matters fall. Corporate Social Responsibility must be approached from a holistic perspective, which makes it possible to determine the degree of an organization's commitment to society's expectations.

ISO 26000 defines the concept of Corporate Social Responsibility as follows: "The responsibility of each organization towards society and the environment is acquired by the

impact of its decisions and activities (including products, services or processes). It is exercised with ethical and transparent conduct that contributes to the sustainable development of the health and well-being of society".

In the process of implementing this policy, companies should not only generate actions outwardly, but should also promote practices that allow them to demonstrate to the community their interest in benefiting them, based on ethics and respect. Thus, SR actions must be comprehensive, involving the different needs and expectations of its stakeholders with the economic, internal social, and ecological dimensions (Canchanya, 2017).

Sarmiento (2011), in turn, refers to Bestratén and Pujol (2004), when considering that CSR is present in companies when they take into account the offer of services and products that respond to a specific consumer need, generating a positive impact on their welfare; also when demonstrating a transparent conduct, while providing a healthy and optimal working environment for all its workers, offering strict respect for the internal and external environment; giving compliance beyond the standards established by the control entities. The approach and performance of organizations today should not be governed solely by obtaining economic benefits, on the contrary, they must take into account social and environmental aspects, which serve as a precedent for future operations. Private companies should be aware that applying CSR is a trigger that will enable them to achieve better positioning and greater benefits in today's market.

For its part, the National Association of Industrialists (ANDI) defines the concept as the commitment acquired by companies in terms of "development, well-being and improvement of the quality of life of employees, their families and the community in general". Likewise, Román et al (2008) agree with this statement, stating that CSR is an organization's response to the expectations of the sectors over which it has influence, and from which it has developed, as well as those of its employees and the community.

A key aspect of social responsibility is that it is not purely individual, but the set of actions that each member of an organization performs, which are previously delineated by the institution and allow highlighting the values of the same. However, the development of this within companies will depend on the conditions and characteristics of the environment in which it carries out its activities, varying from one company to another. Sarmiento (2011, p. 9) states the following: "In order for the company to grow in the long term, it is essential that it bases its processes and products on ethical standards that it integrates into its management, and that it tries to respond to the demands of the social agents that it affects or that affect it".

In this process of defining CSR, ISO 26000 establishes the existence of seven fundamental issues, namely governance in the organization, human rights, labor practices, consumer affairs, the environment, active participation and community development, and fair operating practices, which together make it possible to "define the scope of social responsibility, identify relevant issues and establish its priorities".

The last matter listed above, Fair operating practices, makes it pertinent for an organization to develop anti-corruption actions, fair competition, respect for property, socially responsible behavior and relationships, and socially responsible participation in the public sphere (Figure 1).



Figure 1. Material components Fair operating practices. Source: Adapted from (Gutiérrez-González, 2020).

Mendoza (2014, p. 29) establishes that a company that complies with fair operating practices: "...It shall ensure ethical behavior both internally and externally. In the same way, an operation must be fair and responsible to the extent that it influences its closest stakeholders to behave in a similar manner."

This matter refers to the duty of an organization to ensure ethical behavior in the relationships established with other institutions in the environment, as well as with each of the actors interested in its activity, i.e. each of its "associates, suppliers, contractors, competitors and associations of which the organizations are members". However, there is one of the areas of application of fair practices that cannot be achieved if organizations in the same environment do not interrelate based on equity, integrity and honesty (WIPO, 2011).

According to Vélez (2016), a company characterized by fair operating practices, in accordance with what is set forth in the ISO 26000 Standard must:

Anti-corruption: Identify risks associated with corruption, as well as develop, implement or improve policies and actions to mitigate this scourge. Ensure that its leaders, workers and representatives are an example of legality, through motivational actions to eradicate corruption

and bribery. Raise awareness of its employees, ensure legitimate and appropriate remuneration of its employees and establish effective internal control systems.

Responsible political participation: Train employees and representatives on their role in responsible political participation and contribution, avoiding that these imply a control of the actors on decision making and on the other hand, they must prohibit disinformation actions that affect the representation itself.

Fair competition: Work coherently with the rules and regulations on competition and cooperation issues, establishing protection mechanisms against the possibility of engaging in unfair behavior, raising awareness among employees regarding the importance of fair competition and keeping in mind the social context in which their operations are developed, so that they do not take advantage of factors such as poverty to achieve advantages in the market.

Similarly, this matter includes factors associated with the organization's value or supply chain, which involves the formal and informal associations in which it is involved, as well as competing entities or peers in the environment. When analyzing its sphere of influence, a company must exercise due diligence and take into account all stakeholders in its actions. In that sense, the value chain contains a variety of parties, whether they are upstream or downstream, as well as those operating in parallel to the company. "Each organization in its value chain is responsible for complying with applicable laws and regulations and for its impacts on society and the environment" (ISO, 2009).

Finally, Vintro and Comanjuncosa (2009) summarize the operating practices of an organization, emphasizing four main components: information transparency, economic promotion of local communities, safe working methods and regulatory compliance, which are described below (Figure 2).

OPERATIONAL PRACTICES	Information transparency	Reputation enhancement, contribution to ethical and sustainable development
	Economic promotion of local economies	Promotion of the development of the local communities where the company operates.
	Safe working methods	Reduction of occupational accidents, environmental impacts and nonconforming products.
	Regulatory compliance	Reputation enhancement, reduction of penalties, contribution to ethical and sustainable development.

Figure 2. Subject matter compliance factors Fair operating practices. Source: Adapted from Vintro & Comanjuncosa (2009).

Fair operating practices, in particular, seek the development of corporate actions that facilitate the awareness of human resources on the importance of transparency, ethics, policy implementation and compliance with legal requirements, which allow identifying the

organization as a socially responsible institution both internally and externally, so that innovation, efficiency, cost reduction and ensuring that the same opportunities exist for its peer companies are characteristic factors of its activities. Otherwise, there is a risk of affecting one's reputation in the eyes of stakeholders and facing legal problems arising from price manipulation or unfair operating practices (González-Sanz, 2014).

2. METHODOLOGY

The research was oriented under the precepts of a positivist paradigm, which takes into account the quantitative type study, whose objective was to reach a greater understanding and validate the adoption of Corporate Social Responsibility practices in the dimension "Fair operating practices, in the service sector companies of the city of Ocaña, Norte de Santander. The approach taken in the research was transversal-non-experimental, which allows the collection of data in a single instant of time, during which a questionnaire is applied as a data collection instrument. In this way, it is possible to describe the essential characteristics of the phenomenon under investigation, which, when analyzed, facilitates the deepening of the resulting events and an interpretation of the business dynamics in the environment in relation to CSR practices (Hernández et al., 2010).

On the other hand, a sample was determined based on the population of service sector companies provided by the Ocaña Chamber of Commerce, equivalent to 765 business units, as shown in Figure 3.

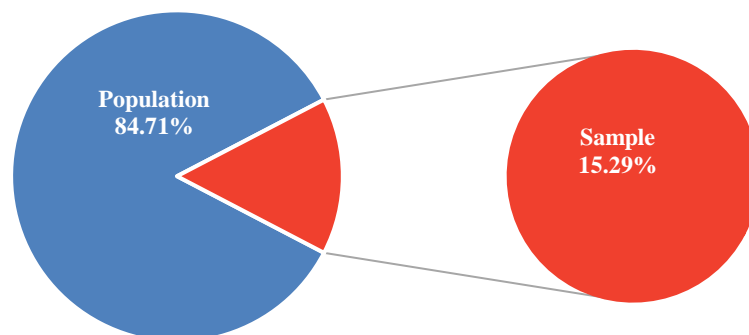


Figure 1. Selected sample of Ocaña service sector companies.

For the analysis process, a documentary review of the research precedents that serve as the basis for this research was carried out, taking into account the theoretical references that support CSR and emphasizing the subject of fair operating practices. Subsequently, in order to understand the context of the adoption of good practices by service sector companies, a questionnaire was designed using a Likert scale (Table 1).

Table 1. Likert rating scale.

Level	Numeric Value	Nominal Value
Never	1	Unimportant
Almost Never	2	Not Important

Sometimes	3	Somewhat Important
Almost Always	4	Important
Always	5	Very Important

The information collected as a result of the application of surveys to companies in the service sector was tabulated according to the frequency of each response option, and then analyzed using SPSS statistical software and an analysis of variance (ANOVA), which highlights the importance of each of the variables under study. Thus, a diagnosis was issued that facilitated the identification of the components, development and consolidation of fair operating practices in each of the companies investigated, as shown in Figure 4.

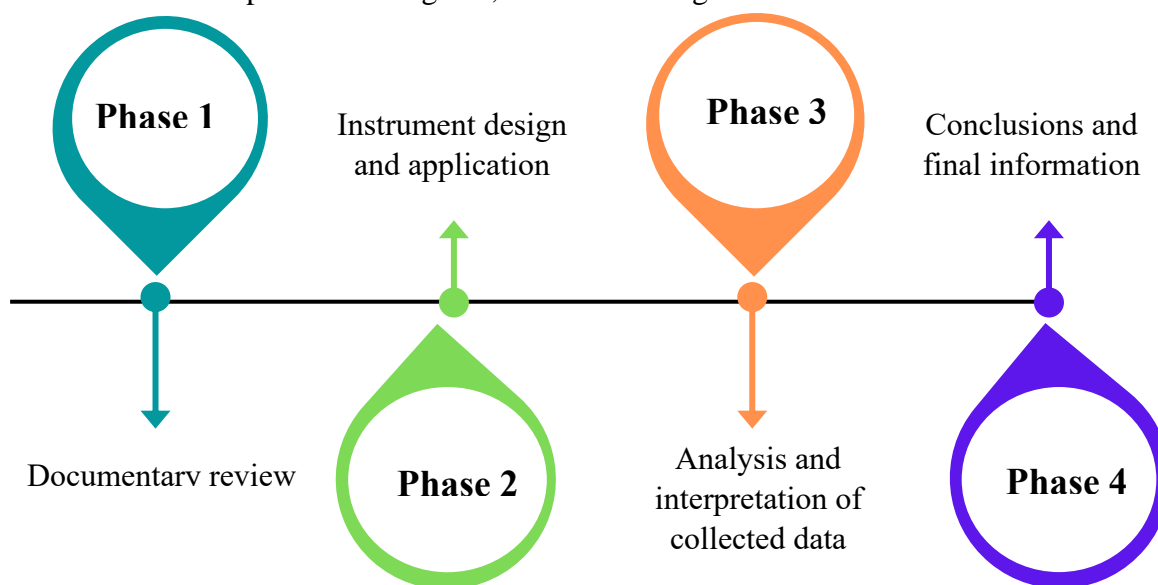


Figure 2. Procedure for data analysis.

Finally, it is important to point out that the instrument was validated, thanks to the analysis and approval of an expert in the area, which made it possible to establish the degree of concordance of the selected questions.

3. RESULTS

The ISO 26000 standard contemplates 7 fundamental matters that a company must assume in its operational activity to achieve positive impacts of its actions towards its stakeholders, one of which is to focus on fair operating practices, which seek ethical conduct among organizations and people with whom they establish links in their transactions.

In the companies under study, fair operating practices were analyzed in critical issues such as fair competition, social responsibility in the value chain, anti-corruption, responsible political participation with suppliers, which allowed diagnosing the development and implementation of these practices in the organizations, carrying out an analysis of the statistical results of the SPSS software, in which the answers provided by the managers of the companies under study were studied. These results are presented below (Figure 5).

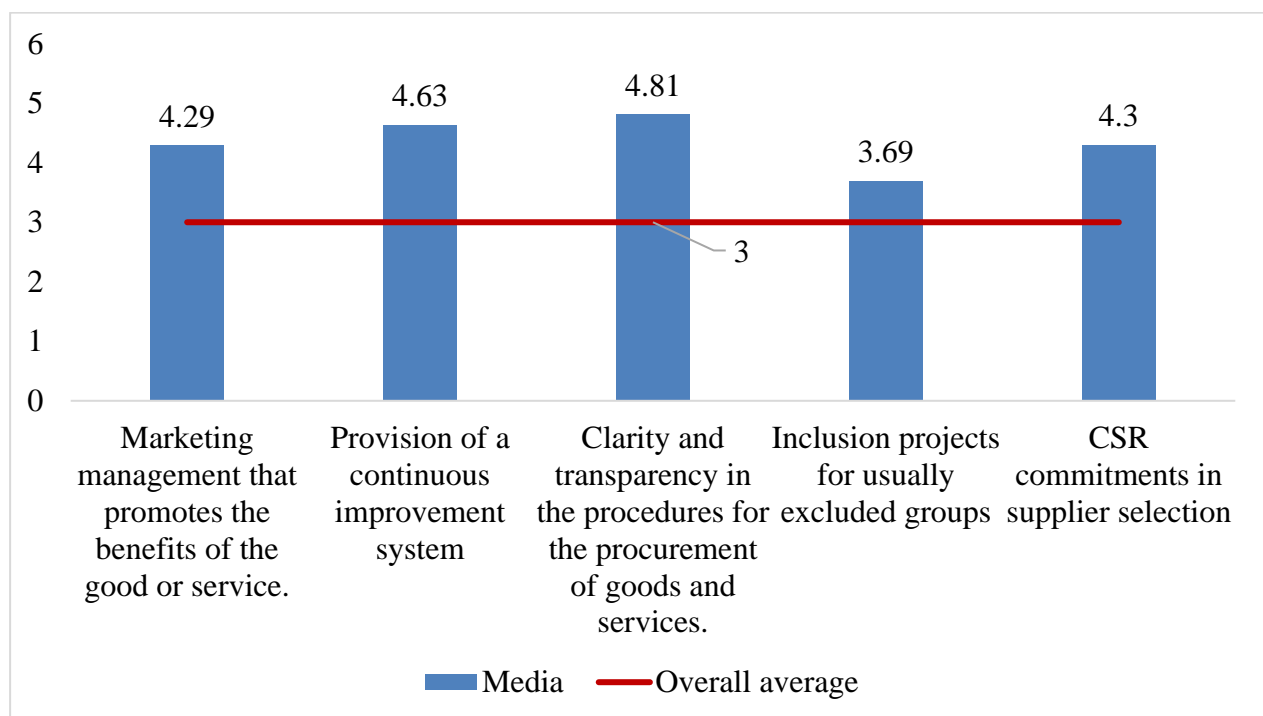


Figure 5. Statistical averages in the Fair Operating Practices Dimension.

The companies manage their advertising and the way they communicate their messages to the community or clients well, with an average score of 4.29. The honesty in the companies generates credibility in them and therefore permanence in time, the lack of honesty in the communicated apart from being a crime is immoral and directly affects the community. Therefore, it is important to ensure that the remaining service companies enter into the dynamics of playing fair, seeking benefits not only for the company but for all stakeholders, requiring leaders with a holistic strategy that includes elements such as ethics, social responsibility and teamwork. (Coronel-Nuñez et al., 2019; González-Castro et al., 2021; Manzano-Durán et al., 2021; Pineda-López & Manzano-Sanguino, 2018; Zambrano-Mercado et al., 2020)

The average obtained of 4.63 shows the strengths of the companies in the quality and productivity improvement system, this aspect is directly related to the growth of the company since it is recognized in the market for its excellent services. These characteristics are reflected in fewer defects, fewer delays and consequently lower costs, which translates into increased customer and employee satisfaction.

The companies have clear procedures at the time of making any acquisition, as demonstrated by the average obtained of 4.81. More than a structured policy, these processes are focused on obtaining better dividends and results, since this helps to standardize processes and therefore to reduce errors.

According to the average data obtained of 3.69, it is considered that the companies include companies from the region among their suppliers, although a large number of them do not do

so, this does not mean that they do not contribute to the economic development of the area of influence. Therefore, it is essential to make the entire sector aware that the growth and sustainability of the companies will depend to a great extent on the union that is generated among them.

The average of 4.3 shows that the companies surveyed are looking for socially responsible suppliers, from the economic, social and environmental point of view, which means that the companies are concerned about the impact that these suppliers have on the activities of an organization. The choice of suppliers should not only be conceived from the point of view of the benefit for the contracting company, but also how these suppliers can contribute to the socially responsible performance in the community where the company is located. The search for allies contributes to the improvement of social performance, hence the imperative from the directives or managers to assume the challenge and reduce the impact of their operational performance through the implementation of clean energy, use of biodegradable materials and reuse of resources.

4. CONCLUSIONES

The development and implementation of fair operating practices in the companies under study led to the conclusion that the companies have made progress in these practices, with concrete actions in areas such as: no corruption and bribery at any level, social responsibility in the value chain and fair competition. However, there remains a gap that does not respond positively to these good practices, which requires the incorporation of communication strategies on issues of fair practices that facilitate the involvement of the business sector and the recognition of the benefits of CSR.

Another relevant point in the research is that the companies under study should establish a closer relationship with suppliers in the region, strengthening business relations, with the aim of increasing their commitment to CSR by promoting responsible practices with their suppliers.

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