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Full Length Research Paper

Ethics as the foundation of social responsibility in the popular and solidarity financial sector

**Amparito Cecilia León Saltos¹, Luis Fabricio Lascano Perez²,
Luis Leonardo Guerrero Graces³, Danilo Geovanny Fabricio Ríos⁴,
Gabriel Arturo Pazmiño Solys^{5*} and Manuel Roberto Soria Carrillo⁶**

¹Master in Business Administration Research, Master in Business Administration, Engineering in Business Administration, Lecturer at the Technical University of Ambato - Ecuador, Technical University of Ambato - Ecuador.

²Master en Gestión Financiera, Economista, Docente de la Facultad de Ciencias Administrativas de la Universidad Técnica de Ambato, Ambato – Ecuador.

³Master in Costs and Financial Management. Master in Teaching University. Civil Engineer. Professor of the Faculty of Administrative Sciences of the Technical University of Ambato, Ambato - Ecuador.

⁴Magister in Strategic Planning, Business Engineer. Faculty of Administrative Sciences Technical University of Ambato. Technical University of Ambato - Ecuador.

⁵Doctor in Industrial Engineering, Master in Socio Productive Projects, Mechanical Engineer, Business Engineer. Lecturer at the Technical University of Ambato - Ecuador, Technical University of Ambato – Ecuador.

⁶Master in International Trade and Negotiation, Foreign Trade Engineer, Faculty of Administrative Sciences Faculty, Technical University of Ambato - Ecuador.

*Corresponding Author Email: ga.pazmino@uta.edu.ec, gapasrio@gmail.com

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This research articulates the understanding of ethical values and corporate social responsibility in the Savings and Credit Cooperatives that are immersed in the Popular and Solidarity Economy sector, stating that the objective of the study is to relate ethical values as part of the responsibility Social sector in the popular and solidarity sector. We studied the institutions that are active; through a qualitative analysis they detail certain findings regarding the practice and conceptualization of the managers regarding the ethical principles and social responsibility of these organizations. Regarding these aspects, it was determined that the value of individual responsibility is the most outstanding, while punctuality and the practice of respect, are not considered as a priority in behavior as social behavior, while activities implemented to disseminate Ethics as training Oriented to staff and partners, are considered as basic actions within the institutions. The research is descriptive and was applied randomly the instrument of information gathering, there was an objective population of 288 institutions within the sector of Popular and Solidarity Economy of segments 1 to 5 of the population. We obtained in the results specifically two dimensions: The first related to ethics regarding moral conscience and individual behavior and the second related to corporate social responsibility.

Keywords: Ethical leadership, ethical dimensions, values, social responsibility.

INTRODUCTION

The Cooperatives movement, especially in the province of Tungurahua, was supported by the Popular and Solidarity Economy Law. This form of economic organization gives a shift from the purely capitalist system towards a more supportive, inclusive and cooperative vision. Ethical and moral commitment in these organizations is largely responsible.

Relationships with the different sectors of society oblige organizations to have a broad perspective of their role, especially with the practice of values and ethical leadership, because the Savings and Credit Cooperatives operate through formal structures, It is their managers who are at the forefront of social responsibility to safeguard the image and behavior of their collaborators. The practice of ethical and moral values should be part of their ethical culture only in this way society will benefit from their actions.

THEORETICAL FOUNDATION

Ethics and values

Ethics as a discipline refers to the set of values, knowledge and norms, which determines the behavior of human beings, so that they adapt to their environment (Dzialoshinsky, 2014), in this framework, values are the foundation of human behavior and those that precede the norms, therefore ethics as a set of rules, leads us to do good or bad and according to this behavior are considered the right and wrong actions (Sánchez, 2015).

Some authors agree on the criterion that ethics does not occupy a preponderant place in daily practice within organizations, because it is perceived as an imposition (Argandoña, 2014), in this sense Clemenza & Ferrer cited by Nava et al. , (2014) the change of attitude towards ethics is the thought that through the knowledge of this discipline, we can reflect, analyze and direct us in decision making without causing any harm to others, becoming a valuable asset for the whole organization as it is a common good.

Ethics in Business and Ethical Leadership

Mention Calvo (2014) that business ethics was strengthened in the 1980s, driven by the participation of academics in the subject through seminars, congresses and working groups, has a broader context when the activities of the company are based on demonstrate to the society that the business activity is framed in the morality of its acts as well as in its orientation of justice, even more when it is focused that the business ethics is immersed in the civic ethics, the results of the actions or when decisions are made within companies, these have

repercussions on the morality of society in general (Sánchez, 2015).

The companies since they start forming, must also worry about producing wealth and be a contribution to the economy of their sector and their country, tend to generate a logical thinking towards collective well-being, initiating change internally, with its collaborators, this moral behavior will be the link between the company and the society because they practice ethical values, the same ones that will be shared with society (Nava, et al 2014); Treviño & Brown mentioned by Nava et al (2014) indicate that there is a fundamental aspect for subordinates to have a perception about the leaders of their organization, it is determined that the ethical leadership appears at this point as an example referent of their leaders towards the other levels. The ethical behavior of the members of an institution is determined especially by the ethical actions that are "copied" by the followers of an ethical leader (Hirst, et al., 2016), that is to say that the behavior of the members of a company is replicated as a daily habit if one observes this type of behavior in an internal way, therefore, the trust that the leader gives in an intangible way to its collaborators is fundamental to create an ethical climate in the organization; Just as effective and true ethical leadership is perceived by every member of the organization when others know that the ethical conduct of their leader is not individualistic but rather seeks collective well-being and also has a responsible approach to society (Bedi et al. To 2016), it is interesting to analyze the results of applying this ethical leadership in organizations, as the intangible of the word reputation has much to do with the decisions and actions that the company adopts in front of the different interest groups, that is to say the company has strong relationships with its environment, therefore, the consequences it generates will make its mark as an image in the market (Sánchez, 2015)

The circular relationship mentioned by Olmedo et al (2011), in its reputation model, indicates that if codes of conduct are used in a good way in an organization, ethics and social responsibility are present, resulting in a good corporate reputation, that is, the results of ethical leadership emerge clearly when the organization fulfills a moral commitment to society as well as having and harnessing the creative capacities of its members (Hirst, et al., 2016), or similarly is known as an intangible added value of ethical leadership, through which the organization will increase its reputation in a positive way.

Trust is also key in building reputation, since if members of the organization have the perception of having an ethical leader, young leaders will also act with values (Hirst et al 2016); There is a concomitant aspect related to business ethics, which are individual actions, when one reflects that they have consequences on other

people, also tends to think with a higher moral reasoning through moral judgments (Vitell, 2017), that is to say that social responsibility is the result of this moral reasoning, where the benefits are interfered at a general level and not only on an individual basis, since it reflects the trust and respect between the interested parties (Wang, 2016), that is to say that socially responsible business management is the result of managing business decisions and how society responds to those actions (Sánchez, 2015).

Social and Solidarity Economy

Cooperatives of Savings and Credit

According to Guerra (2012), in the text of Luis Razeto, he indicates that the terms "solidarity economy" or "solidarity economy" originate in the popular sectors as a form of community solidarity in the satisfaction of common needs, similarly, it is stated that the popular and solidarity economy is developed when a group of people with common interests form associations, foundations and cooperatives, so that the collective interest is the one that prevails over those that are of a particular nature, a main characteristic of this type of organization is that there is participation and democracy; It is interesting to describe that the social economy of solidarity considers labor more than capital, satisfies individual and collective needs, the collective being understood as the communities to which it is oriented instead of satisfying economic profit needs (Saguier & Brent, 2015).

In Ecuador, the Popular and Solidarity Economy is promulgated in the Constitution Article 283, which states that "the economic system is social and solidarity, recognizes the human being as a subject and purpose ... includes cooperative, associative and community sectors" (Constitution of the Republic of Ecuador, 2008), in the same way in the Organic Law of Popular and Solidarity Economy and its Regulation, Article 3, the object of the law establishes that the popular and solidarity economy and the sector are recognized and promoted financial popular and solidarity in its activities, with its relations with both the State and other sectors of the economy (Coordinating Ministry of Social Development, 2012), then determines that the frame of reference for all institutions in this sector is focused In a social and solidarity thought that is important to highlight. Carrying out a description of what the co-operative movement in the world is, it is noted that it includes about 800,000 people amesti mentioned by Inglada et al (2015) and focuses on boosting the economy, meeting the needs of mankind, as enunciated in the Declaration of Identity of the International Cooperative Alliance (Inglada et al., 2015), as it is observed the role of these institutions contain a high impact for the society in general, reason

why their actions must be responsibly ethical before the society.

The activities carried out by the cooperatives are clearly identified. In Spain, for example, it is established that credit cooperatives traditionally receive public funds and concession credits, in addition to activities related to banking services operations. In this context, the partner becomes (2016), a study shows that the dualist model, Sanchis, Herrera and Soriano, cited by Garrido (2016), is used in Spanish credit cooperatives, mentions that most cooperatives are Say 96.8% have a manager who is a member of the same and only 3.2% had a professional versus management.

In the case of Latin America, it is mentioned that all countries have laws that regulate cooperatives as well as governmental aspects that allow their supervision (Cracogna, 2015), in Ecuador, cooperatives operate within the framework of the Popular and Solidary Financial System (SFPS) And an interesting study mentioned by the Superintendency of Popular and Solidarity Economy cited by Cajas et al (2016), indicates that 59% of the respondents, corresponding to segment 2, do not deal with the issue of collective interests over individuals, similarly, with regard to education, training and communication, most cooperatives have a training plan, but they do not execute it because they do not have a budget line.

These aspects are important to point out because of the importance of relating these institutions to the management of ethics and corporate social responsibility, it is interesting to describe that the presence of cooperative societies contribute to sustainable development and among other aspects are characterized by principles based on Solidarity, job creation and responsibility with society (Permanent European Conference of Cooperatives, Mutualities, Associations and Foundations, 2002) cited by Puentes& Velasco (2009), there are academic arguments that the relationship between Corporate Social Responsibility and Cooperative Societies, have an approach that is new in the strategic direction, since it is based on the theory of the stakeholders that seeks to create an added value in all its dimension with these interest groups, so that their participation is strengthened (Vargas and Vaca, 2005) quoted by Mozas & Puentes (2010).

MATERIALS AND METHODS

The research is descriptive and randomly applied the instrument of information collection, there was an objective population of 288 institutions within the sector of Popular and Solidarity Economy of segments 1 to 5, as detailed in Table 1.

Table 1. Target Population

Segmento	Número de Cooperativas del sector Financiero-Ambato	Porcentaje de participación en los segmentos
1	9	3,14
2	6	2,09
3	23	8,01
4	68	23,69
5	182	63,07
Total	288	100.00

Source: (SEPS, 2016)
Prepared by: Authors

Selection of sample and description of variables

The empirical analysis was carried out on the basis of active savings and credit cooperatives that are from the city of Ambato and correspond to the segments 1 to 5, with the study focusing on 3% of segment 1, 2% Segment 2, 7.9% corresponds to segment 3, 23.6% to segment 4 and 63.19% is from segment 5, with the majority of COACs being concentrated in segment 5, after identifying the cooperatives by segment, there is a final sample of 165 savings and credit cooperatives regulated by the Superintendency of Popular and Solidarity Economy.

For the calculation of the sample the following formula was applied:

$$n = \frac{k^2 + p * q * n}{(e^2 * (N - 1)) + k^2 + p * q}$$

Description of variables

According to the research objective, the variables that are determinant in the study are described.

Values of the employer. This variable is key in the investigation, since it proceeded to identify which values have more relevance on the part of the managers or managers of the COAC's. an interesting aspect that was analyzed from this variable, is the individual thought by gender with respect to the values.

Values of the employees. In order to know what the commitment of the employees in front of the society, it was considered to investigate the importance of the professional values.

Values and business success. This variable contributed

with knowledge of personal identity that is transferred to the business sphere, being important for its relevance to the practice of social responsibility for COAC.

Values and ethical leadership. If he identified with this variable the position of ethical leadership vis-à-vis stakeholders.

Regarding Corporate Social Responsibility, two aspects were identified

- A) The social responsibility of employees against their actions and
- B) Application of the code of ethics by employees and managers.

The structured questionnaire with 30 questions allowed the instrument to be applied and applied, which allowed them to be completed in their entirety, obtaining a high response rate (100%), followed by a visit control to verify compliance with the planning in the survey of information.

RESULTS

Two dimensions were obtained in the results:

1. Related to ethics regarding moral conscience and individual and
2. Related to Corporate Social Responsibility

In reference to the first point according to the classified segments of the COACs, it is determined that the institutions of segment 5 have the highest presence in the local market 63%, while those in segment 1 correspond to 3%, it is determined that the largest number corresponds to organizations with lower capital.

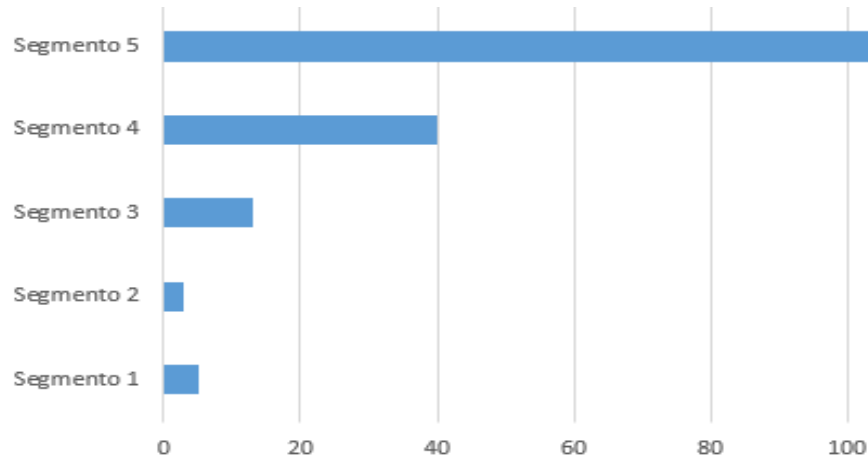


Figure 1. Segments of the Savings and Credit Cooperatives
 Source: Field research
 Prepared by: Authors

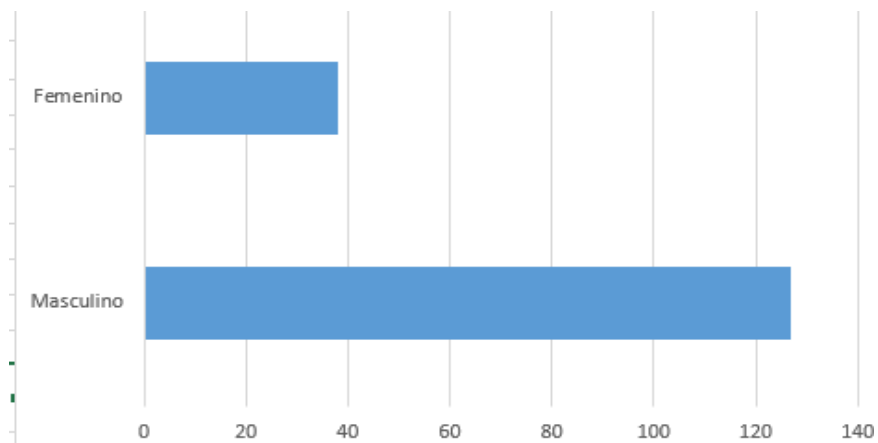


Figure 2. Legal Representative, Manager or Administrator
 Source: Field research
 Prepared by: Authors

It is determined that the Legal Representatives, Managers or Administrators who originated the creation of the COAC, corresponds mainly to the male gender 77%, women represent 23%, the attitude to make the constitution determines that it is the men who lead.

Regarding the criterion that the executives have about the concept that they have of the Ecuadorian businessman, the majority 77% responded that they are entrepreneurs and fighters 13.3%, with respect to the feminine gender it is described that the perception that one has of the women entrepreneurs, is that 47.9% are female entrepreneurs and 30.9% female fighters, it is determined that the perception of these values are those that underpin the individual actions against business management.

The personal value most influential in the personal life of the managers of the COACs corresponds 32.1% to respect, 26.1% honesty and 22.4% to responsibility,

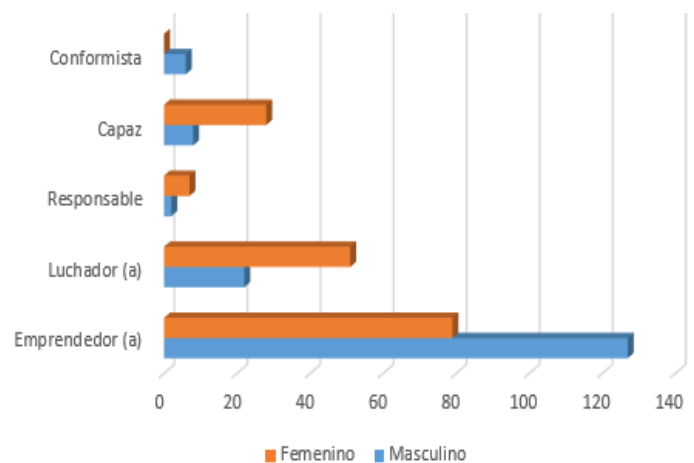


Figure 3. Ethical criteria of employees
 Source: Field research
 Prepared by: Authors

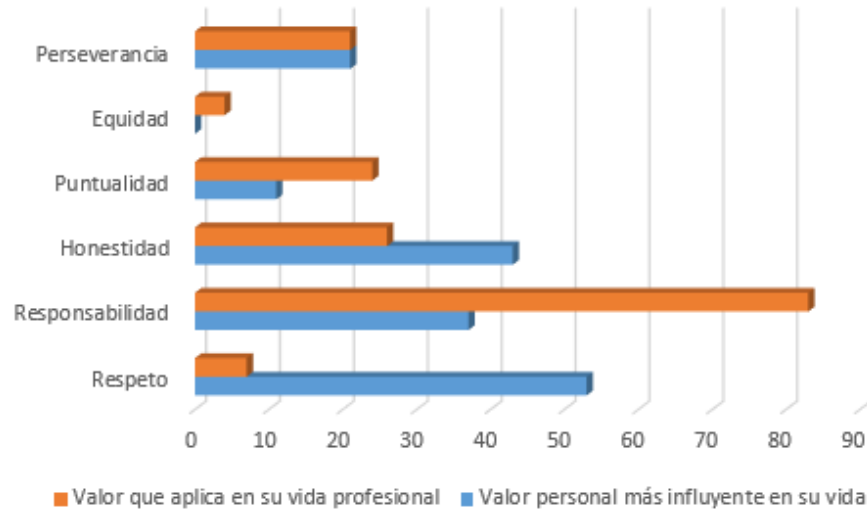


Figure 4. Personal and professional values
Source: Field research
Prepared by: Authors

individual behavior is part of the ethical construction of the Individual, so the values mentioned also represent the individual behavior of people. With reference to the values that the executives apply in their personal life, 50.3% responded that it is responsibility, 15.8% corresponds to honesty and 14.5% to punctuality, these values of social behavior are which also lead to social responsibility when concrete actions are taken to practice it.

The values that leaders must have are motivate teamwork 24.8%, practice honesty 21.8% and apply ethics 21.2%, these values of growth allow the company to stay in a healthy and ethical environment.

Within the dimension of social responsibility (SR), it is mentioned that a priority value to be promulgated from the company this RS action is to be responsible with 29.1%, this entails a harmonious relationship with its employees, partners and society, on the other hand maintaining a leadership within organizations 15.8%, is also well seen to develop ethics and RS.

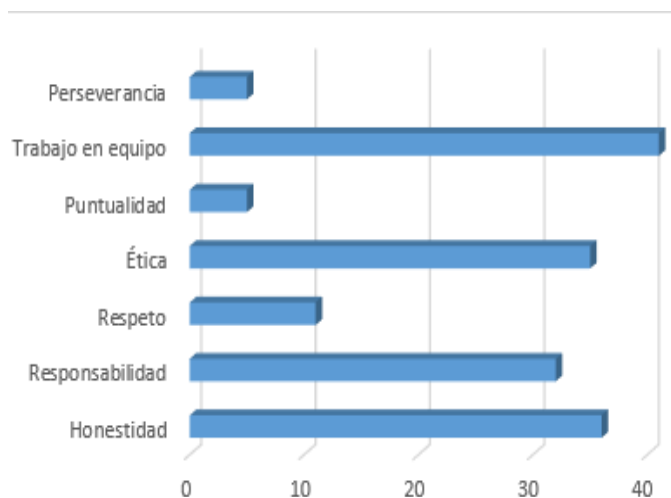


Figure 5. Values that business leaders must have
Source: Field research
Prepared by: Authors

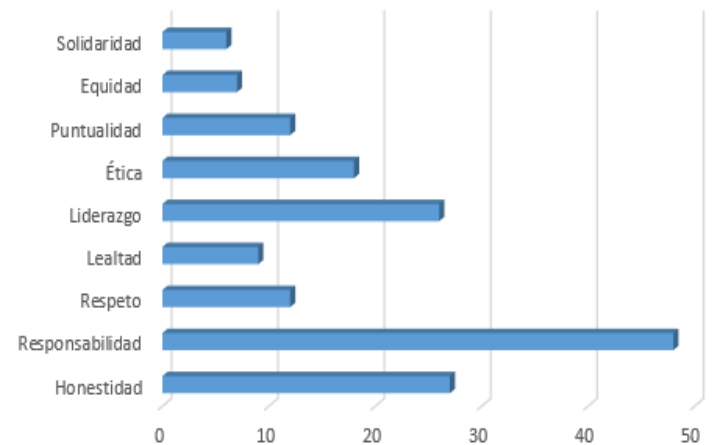


Figure 6. Priority value for your company
Source: Field research
Prepared by: Authors

The relationship between the company and the internal and external elements is based on maintaining loyalty 49.7%, a good service policy 29.7%, and the quality of the same, 13.9% are fundamental to deploy the Responsibility Social Corporate.

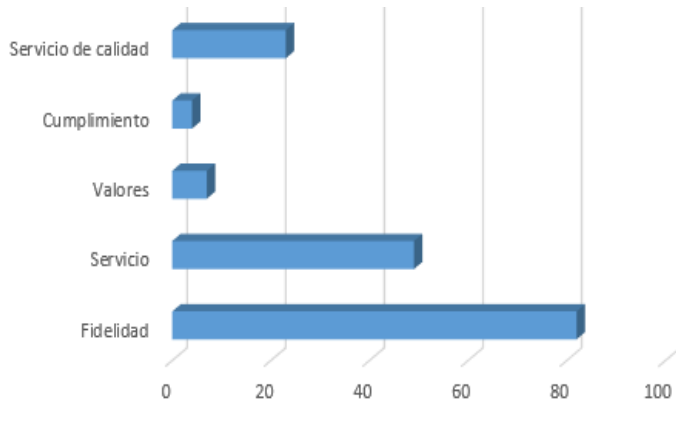


Figure 7. Company policy and Stakeholders
Source: Field research

The performance of employees according to their convenience in the development of their activities, shows that 44.2% never do, which verifies that the organizations have a high sense of Corporate Social Responsibility in front of society because it prioritizes the collective interest on this point, while 36.4% indicate that it almost always does, this percentage is an indicator that individualism still persists in organizations, which detract from the development of a full ethic.

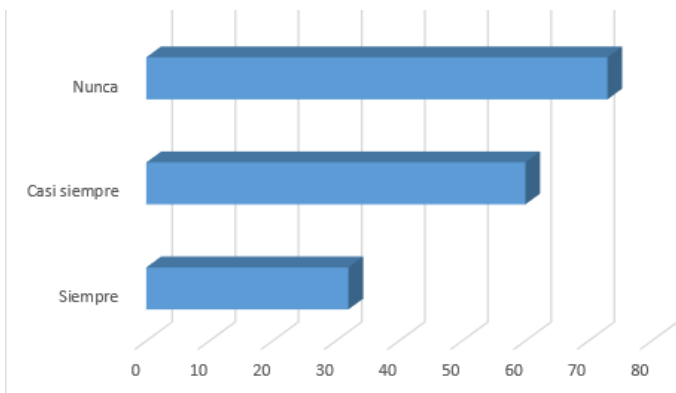


Figure 8. Employee performance according to your convenience
Source: Field research
Prepared by: Authors

The actions to disseminate ethics refer in particular to using respect in organizations (22.4%), followed by training of employees and partners (32%) and use of the Code of Ethics, support for moral conscience and Development of Corporate Social Responsibility.

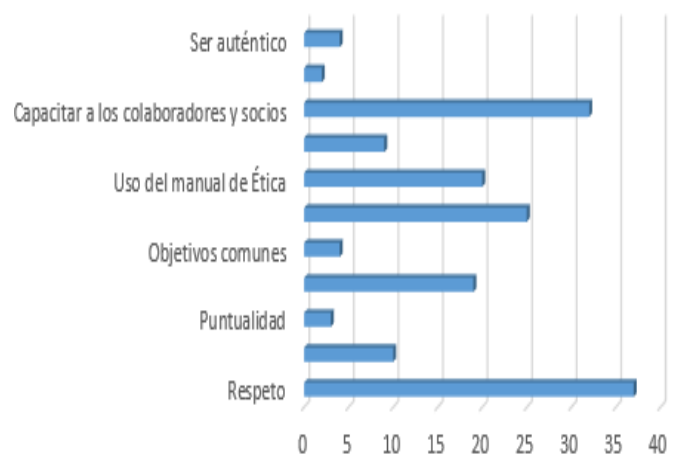


Figure 9. Actions to spread ethics
Source: Field research
Prepared by: Authors

DISCUSSION

One of the challenges posed by the universities, refers to the use of pedagogical strategies, which allow an interdisciplinary work, especially with regard to the conception of a new social economy policy, where values such as equity are present, human rights, solidarity attitudes among universities and their environment, as well as to focus this learning through the code of ethics of social responsibility (Coraggio, 2015), seen from this perspective is determined that in any area that is located in the popular economy sector and solidarity, ethics and social responsibility are present, even more so if the study shows that the causes that cause a limited use of values could be established for some reasons, among the most important is ethical leadership, because this extension of leadership of managers at the senior level, is "extended" to young leaders of the second cause refers to the lack of interest in analyzing the consequences of the correct and incorrect acts, that is to say, it is present here in a utilitarian approach to ethics, because being consequentialist would allow for a mostly positive reflection of all members of the organization and finally the third cause is in human capital, through its ethical motivation, ie when individual values are applied, is that there is enough motivation to make a constant practice.

The dimension of social responsibility also has its consequences depending on the applicability that each member of the organization provides to each value, if it is important in an organization respect will also be external to society, therefore ethics and responsibility are aligned in parallel.

CONCLUSIONS

The economic approach of creating a company to obtain profitability is appreciable if it does not affect the relations with those involved, either: society in general, the community to which I belong, the individual as part of the company, suppliers, or customers, who maintain a permanent relationship with the company, if there is respect for the actions between them, there is a possibility that the company applies Social Responsibility in each of its actions, otherwise it will not be possible to act and will continue to develop its activity with an individualistic or economic approach, which means that it loses the ethical values that it must constantly apply.

The relationships between the ethical values that are intrinsic in the individual has repercussion in the desire to apply Social Responsibility at a global level in the company and are the basis for the actions of each one of its members.

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