

## >> The contribution of Colombian companies to sustainable development

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**“Sustainable development is not an option. It is the only path that allows all of humanity to share a decent life on this, one planet”** (Sha Zukang, Secretary-General of the Río+20 Conference).

**T**he shareholders' expectations have evolved, and they have had an impact on the proliferation of new behavior, ethical and responsibility standards in business relations. Companies are no longer only creators of products and services, they are also a social actor; it is expected that they will take an active role as corporate citizens. They contribute greatly to development, and they play a key role in the sustainable development of society, where they operate and have an impact. These are important challenges and great opportunities that have a value in the market, in the relations with the stakeholders and in the environments in which they operate.

We face big and complex challenges that put at risk global sustainability: climate change, shortage and lack of water and ecosystem resources, extreme poverty, inequity gaps, increase of the population and consumption, proliferation of social, political and economic conflicts.

Colombia has to face a wide range of challenges: according to official data from 2011<sup>1</sup>, the poverty indicator reaches

34.1 %, the GINI index amounts to 0.548 (making it the 19<sup>th</sup> country with the worst income distribution worldwide), and the human development index (HDI)<sup>2</sup> in 2010 was 0.84. Two factors had a major incidence in this result: the inequity concerning the use of the land and conflicts. In April 2013, the unemployment rate<sup>3</sup> was 10.7 %, and the major challenges in this field were related to job insecurity.

Colombia is the country with the higher number of internally displaced persons due to the armed conflict, which affected 28.8 million people worldwide in 2012<sup>4</sup>. The increase in the number of: attacks to public infrastructures, damages to private property, harassment, kidnapping and extortion towards the civilian population, was also a consequence of the conflict. We are a rich country in natural resources, but the challenges related to climate change, sustainability of water resources and wildlife safety are becoming a national challenge.

In this context, the government efforts to face and overcome these deep and complex global and national realities are (in many cases) insufficient and inefficient. The respect of legal obligations by the companies is also not enough.

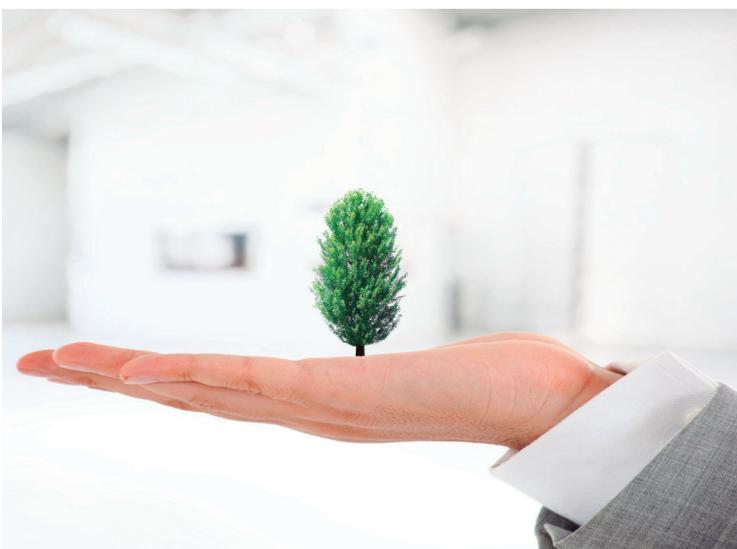
The business sector needs to demonstrate commitment and leadership, following the ideas of the former General-Secretary of the United Nations, Koffi Annan, who, in a speech at the World Economic Forum on 31 January 1999, invited the business leaders to move forward, to acknowledge their capacity, leadership and will, in order to join efforts with the United Nations and the Civil Society, and address the global issues and challenges thanks to the adoption of ten principles. These are framed in the respect of human and labor rights, the protection of the environment and the fight against corruption. The main goal is to build a competitive, inclusive and sustainable market through support to the Global Deal.

<sup>1</sup> National Bureau of Statistics, DANE, [http://www.dane.gov.co/index.php?option=com\\_content&view=article&id=121&Itemid=67](http://www.dane.gov.co/index.php?option=com_content&view=article&id=121&Itemid=67).

<sup>2</sup> UNDP, Human Development Report 2011, Reasons for hope. Page 30

<sup>3</sup> National Bureau of Statistics, DANE, [http://www.dane.gov.co/index.php?option=com\\_content&view=article&id=121&Itemid=67](http://www.dane.gov.co/index.php?option=com_content&view=article&id=121&Itemid=67)

<sup>4</sup> According to data of the Internal Displacement Monitoring Centre (IDMC).



Thus, the objective of the private sector is not to replace the State, it is to lead a change that might transform its environment, and to play a role in the improvement of social, economic and environmental conditions. The private sector aim is also to ensure that there are profitable companies that create favourable employment conditions and, thanks to its behaviour and value chain, contribute to the social improvement of its environment, prevent environmental damages and be committed to the care and preservation of natural resources. Sustainable development means that companies must seek to create a management framework that follows, consequently and in a balanced manner, these three pillars: economic, social and environmental.

As a result, **one could ask what does contributing to sustainability means for the private sector.** Firstly, it implies that the managers and the governing body of the company are committed; a commitment that focuses on values and ethical behavior frameworks, which are reflected in the organizational culture, decisions and business model.

A socially responsible way of doing business, focusing on sustainable development, means acting in a coherent and strategic way, following the commitments that the company has adopted with its stakeholders. It implies a strategic analysis of risk and opportunities, but also identification, dialogue and involvement with the stakeholders. The results are: benefits for the company's competitiveness and strong impacts with regard to the transformation of the environment.

We can observe tangible examples that reflect how the private sector contributes to sustainable development, such as:

- **Inclusive businesses:** these are businesses models aligned with the value chain of the companies. They must be profitable and competitive, contribute to poverty reduction and improve the conditions of communities and populations traditionally excluded or vulnerable.
- **Ensuring and promoting sustainability in the value chains:** programs and initiatives that contribute to improve the responsible management of the supply and distribution chains, reducing operational risks, among others, with regard to ethical behavior standards.
- **Transformative projects created thanks to public and private alliances:** the public and private sectors, as well as the civil society and other actors, join efforts to promote effective solutions for local, regional, national and global problems and needs. The solutions have a sustained and significant impact and are replicable and lasting.
- **Peace-building strategies:** the companies undertake measures to improve the social environment of communities affected by the conflict, generating opportunities related to inclusion, reconciliation and social fabric building.

"We must inspire and promote a transforming leadership, able to face the challenges regarding sustainability"

Many of these measures are probably not included in the corporate social responsibility strategies of the companies. However, these are examples that go beyond internal management and generate important changes with regard to the broader concerns of society.

Rather than financial investments to adopt sustainable management models, what is really needed is will, and also highly motivated teams that generate innovation in the form of the company's relationship with its stakeholders, and through risk and opportunities management. **Ethical coherence** is a topic of prime importance and that has a strong impact.

The challenge we now face is to move forward with firm steps, slowly but surely. In order to do this, it will be necessary to escalate and align the efforts in terms of sustainability with a global environment built in order to promote entrepreneurial action and large-scale alliances.

In addition to the will and innovation of companies and organizations, achieving this goal will also require the creation of appropriate environments and market-based incentives that would allow the business sector to significantly contribute to sustainable development.

It is now time to reinforce both our transformative actions and our business solutions, which can have a strong impact, be progressive, and focus on key areas for the development of Colombia. Sustainability must be at the heart of both the business activity and the organizations. It must be conceived as a new way of boosting sustainable growth, under the umbrella of balance between environmental, social and economic aspects.

We must inspire and promote a transforming leadership, able to face the challenges regarding sustainability. In order to do this, we need to work together and join efforts to build value and social progress regarding extremely important issues for Colombia, such as: making the private sector contribute to human rights and to the peace-building efforts; the role of women as a fundamental actor in the transformation of society; ethical leadership in businesses; responsible investments; sustainable management of water; the global development agenda and the importance of sustainable development in the media.



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