International Research Journal of Finance and Economics
ISSN 1450-2887 Issue 103 January, 2013

http://www.internationalresearchjournaloffinanceandeconomics.com

The New Paradigm of Corporate Finance: Ethics in Finance, ICTs, Financial Globalization and Stakeholder Responsibility

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Abstract

This article deals with the foundation of financial theory into corporate finance. Using analysis and synthesis scientific methods, and especially with the requirements for the successful application of these methods, in this article is not only review the financial literature but also it is shown the future approach of the expected financial paradigm. The aim of the paper is to describe and review financial theories in terms of classical, modern and actual approach; but also it is described the future approach of corporate finance in terms of financial function to establish the evolution and the coyuntural situation that affects the financial theories. This financial paradigm integrates ethics in finance, financial globalization, ICTs and stakeholder responsibility. The main result of this paper shows that it is necessary to take into consideration into financial paradigm aspects relate to the ethics, and concern to broad stakeholders interests to improve the efficiency of corporate finance that carry out the common good of the society.

Keywords: Descriptive, Ethics in Finance, Financial Theories, Corporate Finance, Internationalization, Stakeholder.
JEL Classification Codes: D21 - Firm Behaviour: Theory. M21 - Business Economics. M14 - Corporate Culture; Social Responsibility.

1. Introduction

The evolution of financial economics has led to a dichotomy between financial market and corporate finance. This differentiation is interesting not only because their intrinsic character, but also because of the interrelation that maintain both approaches, especially until 50s. This point will be the basic area in which this article is framed.

Corporate Finance or Financial Economy and Financial Market or Corporate Financial Economics are the two perspectives of Financial Economics, as a whole. The first reflects the financial decisions that business managers take in order to achieve efficiency of financial management in the company. The second is referenced by those investors’ behaviours in the market. In corporate finance, the financial decision impact into the corporate value and it is influenced by manager corporate decisions in terms of the fact that they decide to uptake, distribute and allocate financial resources, always under the control of the corporate governance. So corporate finance has gained importance in terms of business valuation, and this impact is translated into value creation (Azofra, 2005, Brennan, 1995; Flórez, 2008, Miller, 2000; Zingales, 1998). Then, in this line the finance function could be considered as a description of resources and financial means to have it on the generation and adding value to the company as a whole (Ross et al., 2005). However, financial market´s theories focus on consumer choice and investment portfolios and asset pricing models, are usually under theories of efficient markets.

The two approaches (financial market and corporate finance) were unrelated to the 50s (Miller, 2000; Azofra, 2005). From the appearance of the article by Markowitz (1952) portfolio selection on the interaction between financial markets and corporate finance became the so-called neoclassical synthesis of both methodological approaches. The interaction between the two approaches causes the birth of modern financial economics that in a next section will be in more detail discussed.

However, nowadays the financial area has changed because the factors influencing the financial development; information and communication technologies, financial globalization, uncertainty, speculation, and the fact that it is not possible predict the financial situations and results using traditional financial theories have caused the dynamic behaviour of the financial area. In this line, Tirole (2006) corroborates that corporate finance has undergone a major "mutation" in the 21s century. It is noted that the field is complex and emphasizes submission to constant changes, mainly due to the economic conditions of the time. Add the finances consist of a business area which is substantial analysis in order to give a clearer picture of the patterns that companies adopt in terms of finance, investment, and also governance. Authors, including Brealey et al. (2007), Ross et al. (2005), Samuelson (2009), Van Horne & Wachowizcs (2008), Watson & Head (2004) and Zingales (2000) emphasize in their works that the financial area has become a major field for both academics and for business professionals in organizational management.

But, the literature is not focused in the future of the financial area; and there is a gap in this subject although their interest for organizational concept. Then, in this paper we will analyze the importance to consider into corporate finance apart of financial innovation or ICTs the ethics is finance, financial globalization and the stakeholder perspective. It is important because to get not only financial performance but also social one it is necessary to base the management on the wealth of all of the stakeholders. Moreover, the actual financial crisis has highlighted the moral and rational problems of actual financial theories, what is more it will be necessary to integrate into financial models the ethical point of view to making an allowance for the common good into financial area.

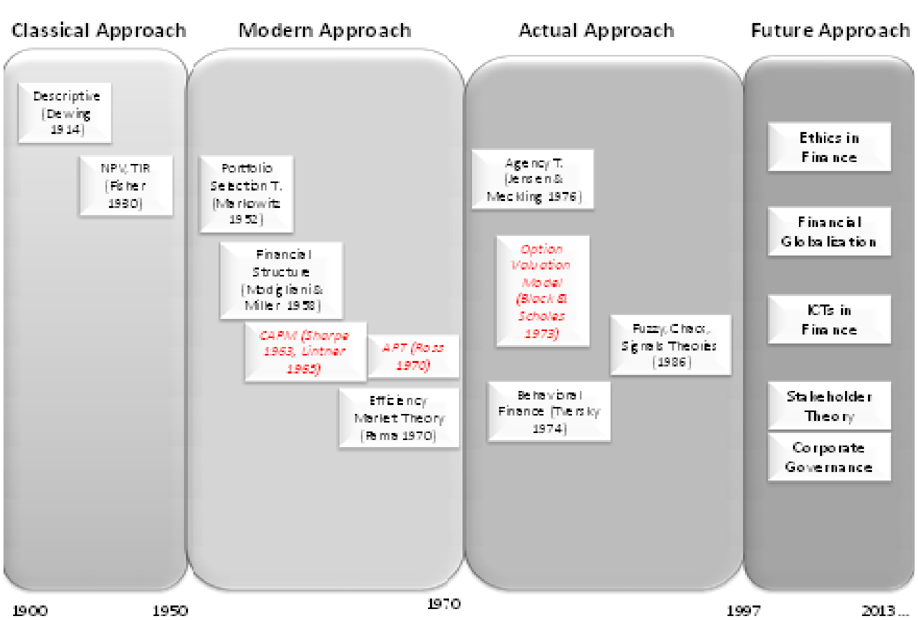
The aim of the paper is to describe and review financial theories in terms of different approaches (classical, modern, actual) and establish the different stadiums of financial functions and predict the future lines in which the financial theories will be based on. This financial paradigm integrates ethics in finance, financial globalization, ICTs and stakeholder responsibility. The main contribution of the paper is taking into consideration another financial view that permit to make moral decisions without depend on the virtuosity of the person or financial manager, although it is important, as well; permit improve the strategy management of the company and increase the survival. The integration into the financial paradigm new ethical, global and technological concepts considering the interest of all of the stakeholders will improve the efficiency and financial wealth of the corporations.

The remainder of this paper is organized as follows. First of all, the theory and previous studies used in the financial area are explained; classical and modern finance theories. In following Section is explained the financial function change from classical to actual approach from corporate financial point of view. Section 4 grouped the used methodology, and in Section 5 the proposed new paradigm considering especially financial globalization and ethics in finance are described; but also ICTs influence in financial area and stakeholder responsibility in terms of Stakeholder Theory. Following the main results of the integration of this perspective into financial area are explained. Finally, Section 6 offers main conclusions, limitations and future lines of research.

2. Review of Literature: from Classical to Actual Approach of Corporate Finance

The financial economy in parallel with the evolution and development of firms and markets has changed substantially as a separate discipline from the 20s century. They are historical events which have defined economic development. Therefore, in order to improve the understanding about how the financial economy has evolved and in order to appreciate the changes that have a relation with the responsibilities and functions of corporate finance, we have developed a chronological analysis to show financial economics´ scope based on the financial theories (see **Figure 1** below).

Figure 1: Financial Theories Evolution: from classical to future approach



* In cursive methodologies base on purely stochastic analysis.
Source: Own elaboration.

In its origins Financial Economic has focuses on the description of mergers and acquisitions (Dewing, 1914). In this era, known as *classical* period it is studied the financial area in a descriptive way; investments are made because of technical reasons and companies exclusively linked the investment to profitability, as funding was secured. The two major events of the time, the Great Depression and the World War, cause a change in the focus that concentrates in the bankruptcy, corporate reorganization, corporate liquidity, capital budgeting, financing and regulation of markets values in a context characterized by the failure in business and markets. At this time the company is the apex of all financial explanation. However, a more substantial evolution of financial economics has started since the 50s, a period we know as *modern* (since 1952). Mathematics and economics, helped by the technological advances, was the root for the advance of sophisticated theories based on financial analysis and forecasting models. Financial models could be tested empirically, but the regularities of the data studied and monitored on a large scale were the key, obviating its usefulness to the company. This time gives rise to the analysis of models and also develops the rules of finance, without implying a real applicability of theories themselves. The study area was mostly determined by the Modigliani-Miller model. It is from the Jensen & Meckling (1976) agency theory, when the studies of corporate finance changes. At this time called *actual* period (from 1976), it is discussed issues such as, the rights of shareholders, the remuneration of directors, the relevance of accounting information, good governance practices, contract theory and so on. There is another period that we have developed and explained in the next section based on the previous literature, our experience and experts opinions what we call the *future* period of financial economics (from 21st Century) in which the creation of value of companies, ethics in financial area, financial performance or application of technologies allow us to understand and define the future of financial area.

Following it is explained each of the period in-depth, but without explaining each of the relevant classical or modern theories because it is the base but not the objective of this article. Our contribution is in the next section in which we predict the future period highlighting financial globalization and ethics in finance.

2.1. Classical Approach

The beginnings of financial economics as an autonomous discipline coincide with economic events that occurred in the United States in the late nineteenth and early twentieth century. And, in particular with the emergence of large corporations that come after industrial development, expansion and increased competitiveness in the market due to railway line. In this context, financial studies focused on the description of the media and financial institutions, through which companies got their money, especially in the long-term as well as the causes of failure and business reorganization processes for adapt to new conditions in the economic environment. Investment decisions were not given attention, since, at that time, the problems that arose from the asset were minimal. Companies were little complex, there were numerous opportunities to exploit profitable, low competition, and the economic and financial environment was relatively stable. It was enough the analysis of investment based solely on a projection of historical data.

One of the pioneers in studying financial economics, Arthur S. Dewing, published his key research that lays the foundation of finance in that time, called "Traditional View of Finance" (Gomez-Bezares, 2005). Dewing's work, a Finance Professor at Harvard, "Corporate Promotions and Reorganizations", written in 1914 reflects the facts that gave rise to reorganisations and mergers resulted in concentrations during the first decade of this century. One of the more relevance evidence and cause of the failure of certain companies was their inadequate financial structure. This author noted that companies with too much debt in its capital structure had to deal with fixed charges, too high interests, so this type of companies were in a worse comparing with indebted firms. He also noted that the dividend policy had a great influence on the liquidity of the company, to the extent that the distribution of an excessive dividend could endanger the survival into the society, especially if it was already heavily indebted. Dewing clearly expressed concern about the search for optimal financial structure and practice of an appropriate dividend policy, two central themes of modern financial management (Suarez, 2005).

Later, during the decade of the twenties technological innovation and consolidation of new industrial sectors (cars, steel, chemical, oil, etc.) reaffirmed and gave rise to reach extraordinary profit margins, emphasizing the interest by the analysis of financing. Also extraordinary life processes of the companies: creation, merger, consolidation, and so on enriched in this period. Nevertheless, companies needed funds and the result was an increased worry about the liquidity and financial structure of the company. In this period appear Gerstenberg's (1924) work that makes a financial contribution to the economy, because he deals with new problems such as the emergence of new industries and increased competition. These financial improvements imply greater rigor in business management, for example the study of emerging budgetary projections. Other works, such as McKinsey & Meech (1923) also begin to develop the theory and practice of budgeting in organizations, representing the start of planning and control, although this is not studied in-depth on the next decade.

The 1929 crisis and the depression of the thirties caused a large number of bankruptcies and new business problems in which the financial aspects hold a prominent place. Indeed, the accumulation of stocks by the demand reduction creates an illiquidity situation that brought, as a result, bankruptcy, liquidation and reorganization of many companies that could not meet the payments. In this line, corporate bankruptcies and the collapse of the capital market moved from the consideration of the growth and business expansion, to defensive financial measures focus on their survival. Moreover, the problems of insolvency of companies listed on the markets and the need for investors to have access to greater information transparency caused an increase in regulations. It improves the financial analysis but always from a descriptive and institutional perspective.

The Second World War took a turn about the industrial approach. During the wartime period very specific products was required, with very specific purposes, those that would hardly useful in peacetime. Similarly, the financial structure of firms changed substantially since the main source comes from Government.

2.2. Modern Approach

Similar to the development of Economy was the Companies situation; the modern approach of the financial function is originated after Second World War. Continuing, period in which there is a strong economy expansion in the occidental World. Moreover, the technological changes led the diversification of companies, motivated by the different level of technology of companies´ production structures. In that period the predominant approach about the treatment of investment and financial problems in the company was, in general, studied separately, assuming the existence of a discount rate or a “k” discount, extracted from a financial market in which it is assumed the perfect competition. The main consequence was, from that date, and based on the confrontation between reality and analytical techniques, that the used financial-economical theory was inadequate, or at least assumed a lot of limitations because was supported in non real principles (Soldevilla, 1990).

Thus, the finance from traditional position was studied based on the liabilities side; however, the modern conception of finance considers aspects of the asset, such as the relationship between the return on assets and the cost of financing. In this sense, the difference between the known and the traditional approach are marked by analytical aspects of modern financial function (Cuervo, 1971).

Returning to the economic and financial situation of that time, in the half of fifties there were a strong economic expansion. The economic development after the war was impulse by technological advances, because of that new industries production emerged. This situation causes at the end of 50s or beginning of 60s a hard competence which impact negatively in the reduction of corporate profits. The greatest diversity of business opportunities in terms of their profitability, and the lack of financial resources as a result of financial constraints, highlighted the financial function relate to the proper allocation of scarce financial resources and the search for profitable investment alternatives. It supposed the importance increase of portfolio selection techniques (Miller, 2000); and also the study of capital cost and the study of financial structure (Sanchis & Ribeiro, 1999). In this sense, another policy tacked importance; the dividend policy and liquidity and solvency of the company; this began to have increasing importance of capital management techniques (Suarez, 2005). Since that moment, investment and financial problems started studying both together. New methods and techniques for capital investment selecting projects carried out a framework for the efficient allocation of capital within the company. The financial manager is responsible of the total funds allocated to the assets and also is responsible for their distribution into individual assets considering an appropriate criteria and objective (San-Jose et al., 2009). Thus, it is determined that the financial field is centred on the development of modern portfolio theory in the 1950s (Miller, 2000; Azofra, 2005; Boatright, 2010), demonstrating the possibility of constructing an optimal portfolio that provide the highest performance for any given level of risk.

In this context, he next step was the development of a measure to assess the risk-return characteristics, and therefore, the specific risk of any given security or asset. This was done with the development of capital asset pricing model (CAPM) in the 1960s that allows the calculation of the expected return of an asset compensates an investor for the additional risk of the asset over the return on a riskless asset. The problem of pricing options was finally resolved in 1970s with the option pricing model of Black-Scholes.

Other important aspect into modern period was Modigliani & Miller hypothesis or theorem and the efficient market hypothesis (EMH) (Miller, 2000; Suarez, 2005). The first theory shows that capital structure of a company is irrelevant to its valuation in terms that investors can adjust their personal portfolios to achieve the desired ratio of risk-reward. Consequently, the market does not reward companies to compensate for their specific risk management. The second, the efficient market hypothesis holds that markets are generally effective in that asset prices because they reflect all available information. Supposing their truthiness then investors cannot beat the market without taking any new information that has not yet been recorded on the market (Fama, 1970).

The development of all these theories, the modification of economic situation related to the competitiveness, and the financial economic progress as a whole have impacted on corporate finance aspects:

- Establishment of a financial structure in the company based on concepts considering profitability and risk (Sanchis & Ribeiro, 1999).
- Relevance of debt policies in order to adapt to market requirements, focusing on the short term and variable interest rates (Suarez, 2005; Soldevilla, 1988).
- Valuation of assets based on the interest rate risk, which leads to a progressive use of hedging instruments such as swaps, FRAs, futures and options (Soldevilla, 1988).
- All this contributed to the corporate treasury management reached significance unthinkable in earlier times, standing at the strategic level (Jobard, 1990).

It is not the aim of this paper to describe the modern financial theories exhaustively[1], although it is interesting to show the progress of financial area during different periods to a better understanding of the new financial paradigm in which the corporate finance is working nowadays.

2.3. Actual Approach

After the economic expansion of 50s and 60s, the 70s started a severe economic crisis in the Western world, with a dramatic increase in prices of raw materials, especially oil after the oil crisis of 1973. It had an impact on the general price index and high levels of inflation hardly predictable, recessions and

[1] You may examine the main theories of this period: the theory of portfolio selection of Harry M. Markowitz, the theory of ownership structure of Franco Modigliani and Merton H. Miller, Model Valuation of Financial Assets or CAPM (Capital Asset Pricing Model) developed by Sharpe, Litner and Tobin, the option pricing formula developed by Black and Scholes or Groundwork of the efficient markets hypothesis (EMH) developed by Eugene F. Fame.

restrictive government measures on economic activity. The main function of finance was to optimize the risk-return relationship.

The 70s was considered as the most productive decade in terms of research about financial concepts; specifically, in the mid-70s at the time coinciding with the publication in the Journal of Financial Economics from the work of Jensen & Meckling (1976) about agency theory. It produces a change in financial area and principally in terms of corporate finance or, as some financial experts prefer to say organizational finances significantly increased compared to the previous period (Azofra, 2005; Brealey et al., 2007; Mascareñas, 1999; Tirole, 2006, among others). Azofra argues (2005), for example, that the most important contributions of research conducted over the past twenty-five years of the last century are part of the scope of the agency paradigm and, with the help of it, "lived their organizational finances golden age during the 80's" (Azofra, 2005: 125). Gómez-Bezares (2005: 107), however, adds: "My impression is that the paradigm of the seventies has changed little in these twenty years. The concepts, models and methodologies are basically the same, with one exception the use of statistical instruments and sophisticated contrasts".

It is a fact that the paradigm of the seventies is also present in the subsequent decades, especially in the eighties and nineties, in which the economic growth in the world. This period, from the point of corporate finance view, was a consolidation. The most important progress in this period was the integration of corporate finance as a part of the strategic management of the company. For example, apply the option pricing models to the selection of investment projects by analyzing the "real options" implied in such projects (Amram & Kulatilaka, 2000). Likewise, attempts to advance into the study of the effects of imperfections of the market relating different financial decisions: taxes, transaction costs and, especially, information asymmetries[2].

3. The Financial Function in Corporate Finance: the Results From Classical to Actual Approach.

After these three periods that show the evolution of financial area it is possible to establish the main features of the finance function taking into account the characteristics of each period. It is shown in the following table (see **Table 1**):

Table 1: The characteristics of financial function from classical to actual approach

FINANCIAL FUNCTION		
Classical Approach	**Modern Approach**	**Actual Approach**
Passive	Active	Active-Predictive
Description of Markets and Institutions	Analysis of Financial Tools and Development of financial techniques	Development of Investment and Financing new Financial Tools
The knowledge of Financial Resources and their evaluation	Distribution and Allocation of Financial Resources	Financial Resources Management
The company from outside	Company responsible make decisions, captures financial resources and is involved in its allocation	The company from inside; but as an integrated unit in the environment
It is focuses on merger and takeovers	Focused on trade-off between debt and equity	Focused on: find a trade-off between assets and liabilities size, composition and growth.
Long-term Financing	Profitability and Liquidity Profit and Loss vs. surpluses on commitments	Profitability, risk and Liquidity Short and Long-terms decisions.

Source: own elaboration.

[2] To a better understanding of the new content of the finance function nowadays can be reviewed the following theories: agency theory, the fuzzy sets, the behavioral finance and the theory of chaos (see for example San-Jose, 2012 for a more detailed discussion of these theories).

Economic fluctuations and the scientific and technical development have allowed to the finance function evolves from a descriptive to an analytic perspective that focuses on the study and development of financial instruments and techniques leading to complex financial models designed to respond to business reality in each of the period. In this table it is established a summary about the new conceptions of the finance function. In actual period the financial resources of the company were managed for not only active but also predictive way, which requires anticipation of the variables that will influence financial decisions, although the models are made at this time using historical data which ends with minimal chance of anticipation of facts not previously occurred. The risk variable is introduced to make financial decisions both long and short term, and others such as profitability or liquidity were also incorporated. The new need of markets and businesses required new financial instruments in order to find a balance between the size, composition and growth of both assets and liabilities of the company, with the last and higher goal of the business, the survival.

4. Methodology

In general, analysis is defined as the procedure by which we break down an intellectual or substantial whole into parts or components. Synthesis is defined as the opposite procedure: to combine separate elements or components in order to form a coherent whole (Soldevilla, 1988).

Then, in this paper considered into Economy discipline we have used analytical-synthetical method because only through the decomposition of the phenomenon in its basic variables and generalizing their assumptions become the knowledge into law (San-Jose, 2012). In addition, we have considered that the economy, as a science, is intended to make predictions that can be made only when there is sufficient capacity available synthesis or common sense adequate to reach the ultimate knowledge of the causes of an economic phenomenon. The experience, study and support of financial experts[3] have led to these results.

5. Predicting the Future Approach of Corporate Finance: the New Financial Paradigm

Since 1990 various crises have occurred throughout the planet (Caprio & Klingebiel, 1997). Principally, because of the economic globalization, the financial crises are not isolated (Beim, 2001; Detragiache & Ho, 2010). The finances during this last stage seek to create value by operating new investment schemes, financial leverage and even methods and techniques to avoid creating toxic assets (Urionabarrenetxea & Rodriguez, 2010).

The study carried out by Santos et al. (2007) is very important in this sense because it is identified the aspects linked to theories that are booming in this discipline (agency theory, corporate governance, business ethics and stakeholder theory) by reviewing the financial textbooks. The aim is to extract in an explorative way what the current financial paradigm is highlighted in the basis of the financial literature. In addition, Santos et al. (2007) also analyzed the business approach, objective, in which the books have been framed, to identify if they conform to the development of finance. Overall, most textbooks define the objective of the company is not restricted to the maximization of shareholder wealth, while one of the main objectives. Their findings state that the agency theory is an important component in the study of finance, therefore, in most of the books´ glossary is included and it comes in the index. Corporate governance is not a topic discussed in finance textbooks, possibly by multiple definitions that this word could had. The lack of incorporation of ethics in finance and stakeholder theory denotes the need to evolve in terms of the main financial area concepts are incorporated into

[3] We have different workshops with relevant experts from UK, United States, Argentina, Spain, France and Canada in these financial terms; not only academics but also professionals.

textbooks. In this development seems important speech on business ethics and value creation for all stakeholders in the financial books that address the fundamentals of this discipline (Santos et al., 2007).

Following the analysis and personal interviews with financial experts during the months of September to November 2012 it is determined that the following aspects are important and relevant in finance:

5.1. Ethics in Finance

It is now possible to maintain in the financial economy the dichotomy between being and should be, because much of the financial decisions involve not only the means but also the ends. Likewise, the previous valid judgments of corporate finance experts may affect the results; therefore business ethics should be integrated into the discipline of financial economics analysis (Fernandez, 2004). However, finances are often considered free of "ethics charges" (Anbalagan, 2011: 60); one reason could be the thin line that is given to the relationship between finance and law.

Within the financial paradigm tend to define that this rational agent is individualistic, materialistic and competitive (Dobson, 1997). In this context, finance has been reduced to the mathematical function of maximizing shareholder wealth; assumptions that are required for solid mathematical models (Anbalagan, 2011). Theories that has been exposed, such as Signal or Agency theories reveal into the company's financial economy the inconvenience for rules based on the maximization of shareholder wealth. Ethics from the perspective of the stakeholders consist on the balance the insiders' privileges with the obligations of the company with them. These and other aspects of stakeholder theory are discussed in greater depth following.

The ethical implications of financial theories are considered ethically neutral or normative regardless (Kolb, 2010). However, the main assumptions of financial theory, including market efficiency hypothesis (EMH) model or CAPM asset pricing, correspond to a rational and selfish behaviour of the individual. However, these theories induce conclusions about how individuals should behave and how companies should be organized and managed.

Horrigan (1987) states that there is a critical gap in financial theories because these theories are considered ethically neutral. However, these theories are subject to normalize the financial decisions of the agents. Thus, if we all think in terms of modern finance decisions, they should be evaluated morally. It concludes that "the world of modern finance is not a nice place from the ethical point of view" (Horrigan 1987: 107).

The assumption of rationality, the basic tools of finance, such as asset pricing model and option pricing theory, highlighted and showed normative worries; especially when they are used to guide portfolio management or to corporate management.

The integrated risk management in business and behavioural finance are specific areas of finance that require analysis from ethics. In financial theories, such as that of Modigliani & Miller, and the Valuation of financial stocks CAPM the main risk is systemic one, and this has minimized the need to manage the specific risk, and thus the impact that business decisions have on employees and other stakeholders that are greatly affected by that risk. However, currently in finance has appreciated the importance of managing risk, both systemic and specific in order to create value in the company by creating value for all stakeholders, not just shareholders. Thus, financial theories must evolve in this direction in order to reliably represent the company's financial reality.

In short, the lack of explanatory power through the theories of the firm and promote purely financial theories explaining financial events from ethical discipline. Currently the areas where ethics arouse greater interest in finance are the following ones (Anbalagan, 2011):

1. Creative accounting, revenue management and financial analysis misleading.
2. The insider trading, securities fraud and manipulation of financial markets.
3. The executive compensation: concerns excessive payments made to company CEOs and senior management.

4. Bribery, bribery and facilitation payments: while these may be in the interests (short-term) of the company and its shareholders, these practices may be anti-competitive or may violate the values of society.

5.2. Financial Globalization

In the late XIX century international finance had a great development with the consolidation of the union of industrial capital with bank capital and society system institutionalization (Hilferding, 1985). But until the last decade of the XX century it has not culminated the evolution of financial globalization, based on the increase in global relations through transnational financial flows (Prasad et al., 2003). This process has originated the development of the international financial system supported by liberalization policies, regulation of national and international markets, the expansion of multinational corporations and the advancement of information and communication technologies.

The globalization has influenced the business size and organizational complexity; and currently larger economic and legal structures are more complex (Ross et al., 2005). Corporate finance is changed, partly because of the phenomenon of financial globalization because the financial integration has affected and developed them substantially. On the one hand, internationalized financial firms has expanded their financial framework, mainly because the new financial opportunities and threats, which require a more complex and developed financial strategic perspective (Carra & Tomkins, 1998). The financial area is becoming more integrated into corporate strategy (Lessard, 1991), so that the finance team takes on more and more responsibilities based on active participation in defining the objectives and strategies of the business (Urionabarrenetxea & Rodriguez, 2010).

Moreover, financial globalization may reduce the risk premium and improve corporate governance (Stulz, 1999). It also means that companies can go to foreign markets to get funding sources (Brealey et al., 2006), that permits increased levels of financial funding at lower cost (Stulz, 1999, Chari & Henry, 2004), and achieve greater return on financial investment (Solnik, 1998; Errunza, 2001). Moreover, the liberalization of financial markets has facilitated the mobilization of savings and efficient location of investment and portfolio diversification (Gonzalez & Mascareñas, 1999). All these are aspects related to the financial economy. But also, more specifically, globalization affects the systematic risk, or "beta" of companies. Thus, several authors including Stulz (1999) find that firms with access to global capital markets, whose profitability is tied more closely to domestic markets to the global economy, should consider the use of a global CAPM to reflect accurately the new reality of a global cost of a determined capital.

In fact, there is no causal link between the clear and unambiguous globalization and economic growth (Kose et al., 2006). But the logical though gives us a reality of global financial globalism, which will surely affect financial economics and corporate finance. Therefore, the process of financial globalization fosters the need to develop theories and more efficient financial techniques in realistic global financial markets to become more competitive companies from the most operational to strategic.

5.3. New Information and Communication Technologies in Finance

ICTs have become an engine of economic development, and thus of the financial economy (Weston & Brigham, 1994). According to Badawy (2009) there is now a new way of thinking about finances throughout the ICTs evolution.

The effects of ICT are improvements in productivity growth and economic growth at the firm level (Brynjolfsson & Hitt, 2000; Oliner & Sichel, 2000). The traditional management of the company evolves towards managing people and processes in which the use of digital tools and the Internet is essential (Mackenzie, 2010). The new business model is based on digital communication methods in which the functions of the company, among them also the financial function needs and requires the evolution of ICT. In this context, the technologies should be considered as tools that have promoted the change of the company's financial function. This variable has led the way to do finance, not only in terms of how to manage the funds and financial instruments, but also creating new technology needs to which we must respond from electronic financial management.

The most widely used ICTs in the field of finance are the financial software, electronic banking, and the Internet in general (San-Jose et al., 2009). They are considered useful and promoters of financial efficiency because they are a common means to achieve increased revenues, benefits of economies of scale and reduce unit costs (DeYoung, 2001; Eije & Westerman, 2002; Jayawardhena, 2000; Mulligan & Gordon, 2002). The technologies permit working with higher volumes of current information easily obtained (Humphrey et al., 1996).

Regarding the investigation of the use of ICT in financial economics it is possible to conclude that research is needed to explore the extent and shape in which level ICTs are used as tools by financial managers in enterprises (San-Jose et al., 2009). Thus, in a research context it has founded results regarding the relationship between bank size and the use of different technologies for the granting of loans to small businesses (Berger & Black, 2011; Fanjul & Valdunciel, 2009). Also in terms of complex algorithms that are used as tools for the benefit of financial instruments, for example, in a few seconds you can make an order on the stock market, and in other few seconds a sell order, called "quoted stuffing" (Kabir, 2010). The ICTs integration is necessary in corporate finance also related to the efficient management of cash positions and optimization of the financing of deficits and investment of surplus (Vasarhelyi & Greenstein, 2003). ICTs also allow and improve the simulations to compare the hiring financial risks covering products (Loderer & Pichler, 2000).

In short, financial modelling and financial theories have evolved and continue to evolve due to significant advances in information technology (Flórez, 2008, Graham et al., 2010).

5.4. Stakeholder Responsibility and Corporate Governance

In recent years, our understanding of corporate governance has been enriched by new insights into the problem that the evolution of the company has brought. As a result, "the government's approach from the perspective of shareholders (shareholder model), conservation-oriented financial capital, has ceded its dominance in corporate finance to approach the problem from the perspective of all stakeholders (stakeholder model), focused on organizational capital preservation "(Azofra, 2005: 133).

The vision of the problem stems from government redefining the notion of ownership, value creation is a result of the synergies that occur between the different factors of production, as in the positive agency theory. The stakeholder approach is based on the shareholders are not the only residual claimants of incomplete contracts (San-Jose & Retolaza, 2012). Thus, the property is defined both by residual decision rights as the appropriation of residual income, so that those stakeholders who are assigned a residual power of decision to better exploit their personal knowledge, become partially owners (Hart, 1995, Hart & Moore, 1990). In this sense, extending the analysis to the different stakeholders becomes a new business model in which it is conceived as a combination of mutually specialized assets and people (Asher et al., 2005; Zingales, 1998) and the problem of governance focuses on capacity to create value for all stakeholders (Freeman, 1984; Azofra, 2005; Zingales, 2000).

In this context the modern theory of finance operates under the assumption that the main objective of the company is to maximize the wealth of its shareholders, which translates into maximizing the price of the ordinary shares of the company (Asher et al., 2005). Thus, financial theories converge on propositions in which companies should be controlled by shareholders and should be managed from a policy perspective in order to maximize shareholder wealth (Boatright, 2010; San-Jose & Retolaza, 2012). While the objective traditionally enhanced by shareholders is profit maximization; however it is not enough for today's businesses (Shim & Siegel, 2008; Retolaza & San-Jose, 2011). In this sense, the goal of the company is somewhat broader than the profit, which includes the service it provides to the community in which it works by acquiring a long-term commitment to this community (social and environmental criteria) that will allow survive over time (Freeman, 1984; Argandoña, 1996).

Today, following previously stated, the creation of value for stakeholders is more present aim of the company, which influences corporate finance, at least this is reflected in the latest versions of finance textbooks (Brealey et al., 2007, Ross et al., 2005). However, in the analysis by Santos et al. (2007) is still reflected the lack of issues such as agency theory, the corporate governance, ethics in finance and stakeholder theory are discussed in finance textbooks with depth. It denotes the need that exists today on the development of financial models and theories from these approaches.

To sum up, highlight the diversity of areas covered by the financial economy and the new trends in their study, in line with the social changes taking place. No wonder the Financial Economics Company was established as a practical science, for help and guidance in making financial decisions of the company.

6. Summary and Concluding Remarks

This paper provides an in-depth description of the most important financial theories during the classical, modern and actual approach. Moreover, it is shown not only the actual approach in corporate finance but also, it is established the future approach. The used view is the financial function because in this way it is useful for decision-making into corporate finance. Then, this theoretical paper supported by their approaches reinforce the roots of a new understanding of the corporate financial theory of nowadays that involve the moral decisions taking into considerations the stakeholders´ interests.

The most important contributions of this paper are twofold; firstly there is a scientific contribution because this different form to develop the corporate finance allowing for not only the efficiency as operational but also with the moral and ethical point improves financial strategically success of corporations. Secondly, the corporate finance in which the stakeholders value creation is taking into consideration permit the understanding of the firm in line with the integration into the governance and decision making of all of the interested agents that results into common good in terms of corporate finance not only because of higher financial performance, but also because social performance, as well. This paper involves the developing corporate finance future approach with ethical, global, technological and considering all of the stakeholder interests. It will be considerable into the management and strategy of companies to achieve the common good of all of them.

The main limitation of this work is that we have studied the corporate finance from a theoretical view. The robustness of this view is based on the option that it brings to achieve empirical results that will permit the corporate financial modelling integrating the explained aspects ethic, globalization, technologies and stakeholder interests that will result into the improvement of companies' performance, financial and social ones. In future works, other theories that may influence the corporate finance view, such as behavioural finance based on experimentation the financial institution theories, moral hazard theories and so on should be in-depth included in the analysis. The implementation view shows also, the necessary development of corporate financial tools that permit financial managers the identification and management of stakeholder interests bearing in mind the ethical issues in finance. Finally, a future possible research line will be the development of a tool in which the relationship between the ethics in finance and financial market are integrated.

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