Corporate Social Responsibility between the Aim and the Reality of Implementation in the Romanian Companies

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Taking into account the reality of the latest EU regulations regarding the non-financial reporting [1, European Parliament, 2014], according to which the companies with more than 500 employees will have to publish relevant information regarding environmental and social aspects inside their annual reports, the current study aims to identify the extent to which the Romanian entities are preoccupied with corporate social responsibility (CSR).

Keywords: corporate social responsibility, Romanian entities, the sample, public policies.

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1. Introduction

The CSR concept has been approached in various forms, ranging from “a commitment to improve community well-being through discretionary business practices and contribution of corporate resources” [2, R. Kotler and N. Lee, 2005], “continuous commitment of the business to behave ethically and to contribute to the economic development by improving the quality of the labour force and the community” [3, R. Watts and L. Holmes, 1999 cited in R. Sims, 2003], to “the process by which managers within an organization think about and discuss relationships with stakeholders as well as their roles in relation to the common good, along with their behavioral disposition with respect to the fulfillment and achievement of these roles and relationships” [4, K. Basu and G. Palazzo, 2008] and “doing well by doing good” [5, B. L. Rawlins, 2005]. Aside from the variety of approaches, the basic premise from which CSR starts is that profits, people and environment can be harmonized inside a strategic corporate approach, so that the company becomes viable from an economic point of view, socially responsible and careful to ecological aspects. The features typical to the CSR process show the complexity of the phenomenon considered, as it follows:

- CSR as a process requires that entities willingly adopt measures by means of which they contribute to the settlement of social and ecological problems;
- CSR actions are not assimilated to mere donations of money during some charity events, as the element making the difference between CSR and charity is precisely the strategy developed by the organization in terms of its involvement in the community, while from the partnership relation which is created everyone has something to gain;
- CSR actions undertaken by organization are not an optional accessory of their main activities, but a way of making business;
- between the CSR phenomenon and the sustainable development process there is a strong connection, as the current business includes the economic, social and environmental impact in all the actions performed.

The European initiative of CSR allows for making operational the notion of sustainable development for entities. In a practical way, the term of corporate social responsibility is associated to the concept of “triple-bottom-line”: economic prosperity, environmental respect, social cohesion respect and improvement. Consequently, the development of a firm is represented by the existence of the following objectives: an economic one (creating wealth for everyone, on the basis of production means and a lengthy consumption), an ecological one (the resources preservation and management) and a social one (equity and participation of all social groups).
At an international level, CSR has already become a part of current business. Reputed international companies invest important shares from their turnover in these kinds of social programs. The budgets allocated by organizations for the development of partnerships with the community often reach quotas which, at a first glance, seem unreal. However, these amounts represent a safe investment in the opinion of the managers of the companies involved, generating significant results for the business. The importance and relevance of the CSR concept, which has become a global one, are justified also by the efforts made by the experts and observers within 99 member states of ISO and 42 private institutions and organizations which have contributed to the elaboration of a new paradigm - The ISO 26000 Standard for Social Responsibility. This initiative is meant to uphold all the societies in the “accomplishment of long term benefits, by supporting social reduced costs and generating minimal harmful effects upon the environment”.

The main challenge faced by the Romanian companies is the awareness that social responsibility is not only an instrument for maximizing value by constructing an image, but particularly an essential element for long-term success, directly connected to social and environmental performance of the community on the whole [6, A. Dinită, 2006].

2. The motivation of the research

If at an international level corporate social responsibility constitutes a goal for companies and an important premise for the business environment, as Michael Porter, a first degree authority in the field of competitive strategy, has argued in one of his articles "social responsibility has become a priority impossible to avoid by the business leaders from every country and from whatever field", this concept is still at the beginning in Romania [7, CSR Media.ro, 2015], also as a result of the following aspects [8, General Secretariat of the Romanian Government, National Strategy CSR 2011-2016]:

- the absence of some studies related to the awareness and enforcement degree of the CSR in Romania,
- the weak practice of socially responsible investments and procurements,
- the reduced awareness and the insufficient enforcement of the consumers rights,
- corruption, with direct effects upon the business environment and its capacity to apply CSR practices,
- the lack of the representation capacity and the manifestation of the companies interests by CSR,
- the insufficient development of a business culture focused on moral values,
- the absence of some coherent public policies for the CSR promotion,
- the absence of a coherent and comprehensive legislative framework,
- the difficulties existing in the enforcement of legislation,
- the insufficient support and involvement of public central and local authorities in the CSR enforcement and promotion,
- the lack of budgetary funds for promoting the CSR enforcement.

In agreement with what has been stated above and given the dynamism of CSR at an European and international level, Romanian companies have the opportunity to learn, take and adapt good practices from the experience of other more developed countries, at the same time with the necessity to adopt a socially responsible attitude particularly for managing to resist on the market. In this context, the motivation of the current study resides in identifying and evaluating, albeit in a partial manner, the degree to which the Romanian companies analysed resolve important issues related to social responsibility, such as: sustainable development and consideration of environmental preoccupations, respect of human rights, enforcement of labour standards, fight against corruption and maximization of transparency.

3. The sample

In our research study, we have checked the CSR profile of the companies with Romanian and mixed capital activating on the local market (http://www.responsabilitateasociala.ro/companii); our aim was to create a sample for testing the application within the Romanian territory of the principles and techniques typical to the corporate social responsibility. Although the data obtained (from both the annual reports published by the entities and the website mentioned above) has not been externally checked for most of the companies, there being no information on the quality of reporting, we considered appropriate to create a first sample of entities preoccupied with this new reporting field. According to CSR profile, the sample analysed is composed of 42 companies: Antibiotice S.A. Iași, Aerostar S.A., Arctic S.A., Avon Cosmetics România, BDR - Groupe Societe Generale, BCR, Boromir S.A. Buzău, Banca Transilvania, Banca Comercială Carpatica, Carpatcement Holding, Coca-Cola HBC
developed their own culture of corporate social responsibility and the CSR concept was too little modified. Therefore, small and medium-sized enterprises could not be sampled, as they had not developed their own culture of corporate social responsibility and the CSR concept was too little known in this sector.

While performing the sampling procedure, several limitations appeared, which took the form of weak points, regarding the implementation and application of the CSR instruments in Romania. These were the following:

a) from the perspective of making responsible and involving the decisional factors at several levels, usually ministerial, a strong lack of coordination and communication from those involved and responsible could be noticed in the field of promoting public policies related to social responsibility, as well as the absence of some public coherent policies.

b) the low involvement of the population and society by means of the local cooperation between local public and private authorities, non-governmental organisations and other parties interested in knowing and analyzing the CSR process, except for the some multinational companies like Unilever, Enel România, GSK România, which activate on the Romanian market and organized several actions and public campaigns for citizens, consumers and companies, regarding the meaning, purpose and benefits of CSR.

c) the absence of some mechanisms for consulting employees on the important problems related to corporate social responsibility, such as follows: c1) the observance by the companies of the fundamental human rights, including those enjoyed by underage persons, disabled persons and women, as they are presented in the international convention and the Romanian legislation; c2) the observance by the companies of the way health and work safety standards are enforced, which protect employees’ safety and health; c3) promoting the enforcement of good practices related to CSR, including models for the cooperation with employees and their representatives.

d) the absence of initiatives coming from the Romanian state for granting facilities to those companies effectively taking part in CSR related actions and of the proposals for implementing some public policies for this matter.

e) the absence of initiatives from the Romanian state for preventing and actively fighting corruption by means of warning and reporting procedures, of the promotion of a proactive approach in the field, including by means of the financing from non-refundable funds.

f) the absence of interest coming from the Romanian state to elaborate and promote guidelines and methodologies regarding the application of social responsibility, to be addressed mostly to companies.

5. Results interpretation

After interpreting the information collected from the sampled companies, the following strong points have been identified in the application of CSR techniques and instruments:

- The adoption by the organisations of policies related to CSR, which apart from the economic development of companies are also aimed to ensure the respect, protection and promotion of human rights, culture, customs and community values; the improvement of life standard inside the communities where companies carry out their activity; insuring health and safety for all employees; improving the quality of the life of employees and their families; the protection of environment and last but not least the people’s involvement and the promotion of social entrepreneurship.
- The elaboration of CSR Reports, either in an independent manner, or by integrating them in the Annual reports structured mainly on actions of social internal responsibility (the development of the potential of human resources possessed by the entity, health and work safety, the involvement of employees in the social causes carried out by the company) and actions of external social responsibility (environmental protection, social partnerships). We would like to remind here the preoccupation of some organisations with Romanian capital like Banca Comercială Carpatica, Banca Transilvania,
behave ethically and responsibly in regard to all the elements involved in their activity.

- The involvement of companies in complex CSR projects going beyond local communities and focusing particularly on the national level; we are speaking about those organisations with a mixed capital which have developed a strong culture in the CSR field, confirming the existence of a social contract on the virtue of which corporations get in line with social objectives.

- An overwhelming majority of 82% of the companies involves employees in different CSR actions, which means that Romanian firms have understood that their employees are the more motivated the more their company is active by means of CSR projects. It is largely accepted that CSR projects have a significant impact upon the motivation, development and keeping of employees.

- The absence in about 35% of the companies of an internal process for identifying the relevant topics for the company in the CSR field. Inside each company, at the top management level or within the CSR team, an action plan should be elaborated, to identify the action/intervention fields within the community – education, culture, environment, health – by taking into account the culture and context of each particular organisation. But since the initiatives related to CSR are only at the beginning in Romania, we believe that it is only a matter of time until Romanian organisations will adopt the CSR initiative, by considering it more than a program or campaign and rather a philosophy and a way to behave ethically and responsible in regard to all the elements involved in their activity.

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- The existence in about 80% of the companies – of an Ethical Code which promotes general healthy and solid principles, such as: non-discrimination (impartiality), involvement of shareholders in the decision making process, protection of employees, confidentiality of personal data, transparency of information, loyal competition and responsibility towards environment and community.

The current research project has also identified some weak points, representing elements related to social corporate responsibility which must be improved, such as:

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- A reduced number of persons involved in the CSR team, in about 30% of the companies in 2014. It has been noticed an average of 4.5 per company (full time employees), showing nonetheless an increase of 25% as compared to the average registered in 2013, which was of only 3.6 persons. Responsible corporate practices generate additional costs, which are quite hard to bear by the emerging Romanian firms, which cannot dedicate enough staff for CSR.

- A reduced number of internal trainings to approach topics related to corporate social responsibility organized by the companies between 2012-2014 and published on websites or identified in the CSR reports published each year. Except for Unilever Romania, Enel Romania and GSK Romania, which organized an average of 3 internal trainings related to CSR (Unilever Romania organized the last debate regarding sustainability at Bucharest, on 26th May 2015), the other companies tested organized at most one annual training.

- The quite little knowledge by the public of the CSR related activities carried out by companies, although these activities can be easily accessed on the websites of the concerned companies. The reason is the relatively recent character of the CSR concept in Romania, but also the weak involvement and promotion of it by the public local/central authorities towards consumers and the public at large.

- The annual budgets allocated to CSR related actions by the companies have registered certain involution trends in the last years, starting particularly from 2013, a situation encountered at the companies with Romanian capital. This phenomenon is generated by the absence of a coherent and solid legislative framework to allow the facilities for those firms which promote CSR actions, but also by the difficult crisis situations currently experienced by the Romanian society, always confronted with insufficient resources. Since in Romania about 51% from the CSR budget of companies comes from amounts of money deductible from the state budget [10, CSR Trends and Realities in Romania, 2015], the result is an involution phase who affecting the annual amounts of money allocated by the companies to CSR.

- The absence of some coherent public policies for the promotion of CSR has led to the fragmentary application of the provisions of the “National Strategy for the Promotion of Corporate Social Responsibility in 2015-2016” in Romania, generating discontinuity and deep gaps in understanding the strategic impact of CSR actions, but also the benefits corresponding to them.
By far, one of the most important weak points of the CSR process within Romanian organisations is the absence of a check-up of the external data gathered from the companies' websites and from the Annual published Reports regarding corporate social responsibility, but also the inexistence of information regarding the quality of reports, having consequences upon their validity and credibility.

6. Conclusions

Lately, corporate social responsibility has become a discussion topic for more and more sources within the Romanian literature, but also for several companies with mixed and local capital activating on the Romanian territory. Nonetheless, we can speak of social corporate responsibility in some circumstances in which this process is only at the beginning, being neither applied within small and medium-sized enterprises, nor known by the public at large and, as a consequence, not that much appreciated as in other countries. A well justified motivation coming from specialized literature [11, McWilliams, A., Siegel, D., 2001] of the fact that the practices related to corporate social responsibility are associated rather with big multinational world companies, comes from the fact that the involvement in social initiatives generates additional corporate costs, which are resented differently among firms and industries: the companies producing more and with a more varied activity field obtain lower unitary costs than smaller firms, with a reduced area of products, hence the possibility of a deeper involvement from multinational firms in socially responsible actions, as compared to small and medium-sized enterprises. For the reason stated above, the main future preoccupation for small and medium-sized romanian enterprises will be to identify that mechanism allowing them for a reduction of costs associated to CSR, in order for them to efficiently benefit from this profitable business strategy.

And even if the current research initiative has not covered the field of small and medium-sized enterprises, the research has pointed out the favorable impact of the various CSR programs upon the sustainable development of the companies tested. In order to keep this increasing trend, it is necessary a careful monitoring of the way in which Romanian authorities will enforce the actions contained by the National Strategy for the Promotion of Corporate Social Responsibility 2011-2016 and the specific priorities initiated for orienting CSR actions.

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