

THE SOCIAL RESPONSIBILITY IN ROMANIAN BUSINESS AREA: MECHANISM AND PATHWAYS FOR ORIENTATION TO A SUSTAINABLE SOCIETY

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Abstract

The evolution of current society towards sustainable development is a priority, propagated rapidly, with interest on the business area. Perceived initially as a purely conceptual approach, the sustainable society has become, in Romania too, a major point of interest. More and more companies became interested to sustain the actions that lead, simultaneously, to economic competitiveness and social welfare. The objectives of this paper are: incursion into evolution of social responsibility and sustainability concepts with applicability in Romanian companies, the identification of modalities for motivation to become more socially responsible, assessments of responsibility ways. We will analyze: the mechanisms and pathways by which the companies are determined to act responsible related to society that they shape and the factors that represent the impetus of this reorientation. The paper is based on analysis of data gathered by official statistical reports, national database, indirect research and results of surveys among Romanian companies. The results of research consists in a hierarchization of companies, by various sizes and profiles, depending on the orientation towards social responsibility and a synthesis of the most effective ways and mechanisms which determined actions for orientation to a sustainable society. The conclusions will indicate the importance and necessity of corporate social responsibility assumption in Romanian companies and will highlight the socio-economic development prospects in this new reorientation.

Keywords: responsibility, sustainability, society, business, companies

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1. Introduction

The evolution of current society towards sustainable development is a priority, propagated rapidly, with great interest on the business area, too. The sustainable development concept has determined an increased interest for researchers, and also for business entities. For this reason, we consider necessary to approach complementary the issues related to sustainability and dynamics of business environment, while the sustainable society is identified as a common point of interest for the two directions mentioned.

The sustainability concept is refers to various methods and development strategies, new and modern, needed to ensure the equilibrium between economic growth, social stability and rational use of natural resources. The companies which intend to operate from the eminently sustainable development perspective aim to focus it's currently actions by approaching of long-term consequences.

For these reasons, we have outlined a set of goals of this paper, as: incursion into evolution of social responsibility and sustainability concepts with applicability in Romanian companies, the identification of modalities for motivation to become more socially responsible, assessments of responsibility ways. The paper is based on analysis of data gathered by official statistical reports, national database, indirect research and results of surveys among Romanian companies. The results of research consists in a hierarchization of companies, by various sizes and profiles, depending on the orientation towards social responsibility and a synthesis of the most effective ways and mechanisms which determined actions for orientation to a sustainable society.

According with the appreciation of specialty literature and studies that have inclined intensely on the concept of sustainable development, from the perspective of business environment involvement in the transition from theory to the practice of sustainability, we identified some ways by which the business environment can contribute to creating a sustainable society. One of these ways is, certainly, the Corporate Social Responsibility (CSR) which will represent the fundament of this work approaches. CSR concept is associated with managerial concerns to support the actions oriented toward two directions apparently different, but with

common future interests: improving the welfare of society and consolidating the company's interests. In fact, besides the responsibility to lead the company in order to obtain profit, the managers assumes the social responsibility for the society in which it operates, for employees, consumers, environmental resources, etc. Currently, it achieved a socio-economic development level which demonstrates that it is not enough to aim only the profit goals.

The presence of CSR concept in the literature is relatively recent, one of the first appearances being in 1980: "A series of obligations that lead to policies, decisions and lines of conduct consistent with the objectives and values of society" (Bowen, 1953). In fact, the social responsibility it refers to the actions of a company sustained in order to protect the social interests alongside of strictly financial interest and exceed the company's obligations, according to law, being based on voluntary and optional actions, which are related rather to convictions and values of the company, nowise to the socio-economic and legislative constraints.

2. The significance of CSR and sustainable society theories in the business practice

The literature contains numerous examples, concretes and clear, by which we can identify the attitude and interest of companies for the social responsibility.

The World Business Council for Sustainable Development has defined the CSR as "the commitment of businesses environment to contribute at sustainable economic development by cooperation between employees, their families, local community and society as a whole or to improve their life quality" (Holme & Watts, 2000). The European Commission has defined in 2010 the CSR as "a concept whereby the companies decide voluntarily to contribute to a better society and a cleaner environment". To establish a functional link between CSR concept and practical implementation mechanisms at the company level, we consider that the specialist's opinions that have "tested" this mechanism are highly relevant.

From the information studied, we observe that the international literature is rich and often inciting on this subject and we understand that the social responsibility is manifested on four components: economic, legal, ethical and philanthropic, which together form *the pyramid of social responsibility* of the company. Each component of social responsibility has a clear direction and good defined goals, as follows:

- *Economic* responsibility: **is oriented to** obtain profit, which is considered the fundament of other responsibilities.
- *Legal* responsibility: is focused on compliance of laws and regulations.

- *Ethical* responsibility: is focused on justice and correctness and try to limits diverse damage and deviations from ethics.
- *Philanthropic* responsibility: improves the quality of life for society's members and contribute with diverse material and spiritual resources to the community welfare.

The economic development and prosperity creation are possible only in an exchange relationships system based on trust and credibility. The societies with a decreased level of trust in institutions and businesses environment cannot achieve a sustainable progress.

According to performed studies (Kotler & Lee, 2005), among the most active and effective social programs implementable in any company, regardless of the profile and dimensions are:

- *Cause bounded* marketing: involves the establishment of interaction with consumers from many perspectives: rational, emotional, moral.
- *Corporate Social Marketing*: is a CSR program through which the company proposes to change the negative behaviour or to persuade the public to adopt a positive behaviour.
- *Socially Responsible Business Practices* are initiatives by which a company improves voluntarily, the operating mode, so as to contribute to the general welfare of the community and to the environmental protection.

From the point of view of social responsibility concept the application within business practice, the companies could act in order to protect and increase the welfare of society on the following directions: promoting high ethical standards in business; ensuring a higher quality of working conditions for employees; ensuring safety and health of employees; protection of employees' rights; participation to the environmental protection; consumer protection; support the arts, educational institutions, healthcare; programs to help the elderly; training programs for the unemployed, etc. Despite the recognition of benefits attainable for society, which in this way becomes eminently sustainable, most of entrepreneurs are wondering in which manner the social responsibility influences the performance of the enterprise and, especially if determines the financial performances. Thereby, from studies in this field results some answers to this question:

- Orientation of the current activity of the company in terms of CSR does not occur without costs, but these are covered by future financial performances.

- The social responsibility ensures indirectly a motivational profit, because even if you do not win strictly in financial plan, the social involvement determines a very favourable image that supports the demarches to achieve the goals proposed and leads to financial results stable on the long term, especially by creating a high level of confidence among members of society who are, essentially, the consumers.

Table 1 presents, synthetically, a balance of *pro* and *contra* opinions for assuming the social responsibility by companies, in terms of creating a sustainable society.

Table 1. Pro and contra opinions of business area about the utility of CSR adoption

Opinions <i>pro</i> CSR	Opinions <i>contra</i> CSR
The company respond to the needs of society, for which produce goods and services	The companies may not have the social abilities, because are oriented to other aims and interests
Obtaining the profits on long term	The costs with CSR can decrease the profitability
Assumption of ethical obligations, based on moral values	It can do not cover the costs with social actions
Create a positive public image, useful in the commercial and social demarches	The lack of directly hierarchical responsibility for social actions
Discouraging the retentions and fears facing to juridical regulations	Orientation to other objectives than those financial can destabilize the main goal of business

Source: own work based on specialty literature.

A study of the Centre for Sustainability and Excellence (2009) about the financial investment in CSR, for the question if “the budget invested in CSR will affect positively on long-term the company performance?” the answers were: yes (87%), not (4%), not sure (9%). Although the opinions related on supporting or limiting interest in CSR are diverse and multiple, the specialized studies and specialized publications clearly indicate that the orientation of companies, which compose the complex assembly of business environment, to the social responsibility is more intensive and extended.

3. The interest for CSR and sustainable society in the world and in Romania

The Romanian economy, subject of many changes and transformations in the last 20 years, has recorded during this period positives and negatives result in some directions, respectively unsatisfactory results in others, at that is adding the oscillations of results in economic, social and environmental area. The CSR is a new and modern concept met in Romanian economy and has been adopted with great interest by national companies which operate on national market. Among the most significant changes that determine the establishment

of direct correlation with CSR we present: activation of the entrepreneurial environment on the extensive scale, expansion of cooperation relations with other countries, structural changes in demographic trends, the level of culture and education modification, changes in consumer behaviour, increased levels pollution, massive deforestation, low level of reforestation, reducing the green spaces simultaneously with building area extension, etc. The implementation of specific models in order to assume the CSR is a consequence of needs to solving the economic, social and environmental problems. In condition which the development of economic activities determine some special social consequences and produce a negative impact on environment, we consider that is normally and ethical that the social responsibility have been part of economic development projects. But, a lack felt in the concept implementation is refers to the mechanisms and pathways by which the companies are determined to act responsible related to society that they shape and the factors that represent the impetus of this reorientation.

Another significant aspect noticed from reports and international studies show the significant differences of interest between countries economically more developed than developing countries. Referring to Romania, we notice that the interest for CSR and building of a sustainable society is in an inchoate stage. Perceived initially as a purely conceptual approach, the sustainable society has become, in Romania too, a major point of interest. More and more companies became interested to sustain the actions that lead, simultaneously, to economic competitiveness and social welfare.

The International Publication “Ethical Corporation” conducted various studies and reports on attention accorded by Romanian companies to the social responsibility and guarantying the sustainability in our society. The report “The State of Sustainability” (2015) gives some vital information in order to shape a suggestive image of the social responsibility and sustainability involvement in business and activities of companies. For this purpose were interviewed over 1,500 executives and experts in sustainability, worldwide, from whose opinion we have outlined the following conclusions (EthicalCorp Report, 2015):

- 89% of respondents responsible for sustainability in companies where working said that the guidance to sustainability is an increasing component for the business strategy;
- from the perspective of awareness of the sustainability importance in business, the leaders believe that it could be imposed by external factors: consumers demand, supply chain issues, legislation;

- 57% of interviewed responsible for CSR have a team up to 10 people with tasks only in the field of sustainability, while only 16% have a department with more than 30 employees;
- almost 50% of corporate respondents said they had engaged an external expert who helped to elaborate a CSR strategy, while taking into account the answers to all organizations it observed that only 28% of respondents have resorted to an external consultant;
- 77% of corporate respondents consider that the responsible for CSR should define the sustainability strategy, and 73% think that they have to implement it;
- 9% of corporate respondents said that they have CSR budgets allocated to the CSR departments over \$ 2.5 million, while about 20% say that they have allocated budgets for CSR from 100,000 to 500,000 dollars;
- 33.4% of respondents expected to increase their sustainability budget by at least 5% during 2015, 32.3% have no this intention, 34.3% do not know yet what decision will be taken;
- 78% of respondents understand that sustainability influence both internal structures and the organization mode on departments and division of responsibilities;
- 70% of surveyed consider that the supply departments, marketing and communication are those on which the activity of responsible for CSR has the greatest impact.

The report's authors have analyzed the economic, social and environmental performances of 830 companies from 42 countries and 59 different industries, but they included only the top 235 in the rankings (15%). In Table No. 2 is presented a synthesis of the classified leaders by RobecoSAM in 2014 in the field of sustainability, by category of interest.

Table 2. The leaders of the world in the sustainability area by activity domain

Domain	Leader company	Domain	Leader company
Airlines companies	Air France, KLM	Financial services	ING, Groep, NV
Communications equipment	Alcatel, Lucent	Auto components	Pirelli & C. SpA
Beverages	Coca-Cola, HBC, AG	Pharmaceutical	Roche Holding AG
Domestic equipment	Electrolux	Electrical equipments	Schneider Electric
Food products	Unilever	IT/internet services	Wipro Ltd

Source: own work processing by The report on most sustainable companies in 2014 (RobecoSAM).

From data report results that companies performances on sustainability have improved by 0.4% in 2014 to 2013. The region with the best performance in the field of corporate governance is North America. In terms of economic and environmental protection, the greatest progresses were registered in supply chain management and in social terms the progress is visible to attract and retain the performing employees. By data and references presented or studied previously, it observe that Romania does not appear in official information and reports from international entities as one of the countries where the concern for sustainability through CSR manifestation is very active or obvious. This observation is confirmed by analyzing of data and information from current literature, to which is added the results of a market investigations, which indicate that in national companies, especially these of small dimensions, the main interest is oriented rather to ensuring the profitability.

Based on available information regarding the interest and orientation of Romanian companies to shape a sustainable society, we chose to focus our study in the trade sector companies. The data of the European Commission indicate that the trade sector covers about 11% of EU GDP, and in Romania, in 2013, were opened more than 250 supermarkets. From the point of view of the responsible in sales, the factors that contribute to the sustainability of Romanian society are: local acquisitions, ecological products, engagement in community life. From the information submitted by food retailers is noted that when referring to the concept of sustainable development, the retailers are turning their attention primarily towards initiative as involvement in community life, which is more towards social issues. The most frequents initiatives: organizing the competitions for business and social activities financing, waste collection campaigns, donations, events etc. From studies conducted on the Romanian market of food products commercialization, revealed that the most responsible food retailers in Romania are Auchan, Kaufland and Mega Image (Azores, 2014).

- Auchan approaches professional and equilibrated the concept of sustainable development, and take into account all three basic conceptual dimensions: economic, social and environmental, utilizes the relevant indicators for assessment and presentation of performances registered. Some conclusive aspects: not uses the paper catalogs to promote products (saving 2,500 tons of paper/year), 90% of suppliers are local, has harnessed 4,800 tons of waste collected in its stores.

- Kaufland, very involved in specific activities of environmental objectives proposed for sustainable development, has succeeded to reduce its CO₂ emissions by 3.905 tons/year.
- Mega Image has funded 10 community projects with a total amount of 100,000 lei.

Currently, in Romania, the companies which give increased importance to sustainable development are, at least for now, the multinational companies which implement the requirements and policies set out by head office. The most significant mechanisms and directions by which it can act in order to boost the companies to become socially responsible are: financial mechanisms, consumers' involvement in purchasing decision, appropriate educational systems, legislative mechanisms, European standards, volunteering etc. In essence, the companies' responsibility is transposed into responsibility of all people from company, starting from management team, with the direct involvement of all staff.

4. Conclusions

From studies performed and specialty reports, is observed that more responsive to the CSR and sustainable development concepts, respectively more interested to their transposition into practice, are the large enterprises that activate by a longer period of time and has succeeded to form a strong organizational culture. In Romania, as in all emerging economies, CSR, sustainability and public-private partnerships are in an incipient stage, the dominant opinion being that the CSR initiatives are only one managerial indicator of excellence and only very profitable companies have available the social resources. The treating, at the companies' level, of subjects on CSR, sustainable and equilibrate development in the suggestive triangle company – environment – society is for the moment quite superficial. In this context we mention that the European Parliament has adopted the Directive 2014/95/EU which will require the big companies to report non-financial information since 2017. Thus, the social, environmental, anti-corruption practices, respecting human rights shall be reported by all companies with over 500 employees.

A company can make changes in order to adopt the socially responsible practices, that facilitate to shape a sustainable society, in areas as: design of locations in which it operates, improving the production processes, the withdrawal of products that may be considered harmful (or illegal), choice of production and packaging materials that can protect the environment, provide the objective information about products, development programs which are focused on

welfare of society, the adoption of responsible marketing policies – particularly in respect of children, etc.

Given the assembly problems with the Romanian society is facing currently and, especially, to attenuate their negative effects that cause repercussions on next generations, the majority of companies are required to act completely in according with European standards and practices of social responsibility. In consequence, it will be possible to achieve some of the goals of sustainable development by: developing public-private partnerships, collaborations between companies and communities, identification of sustainable solutions.

The business environment is directly responsible for the future of nations and can contribute directly to social welfare provide, to improve the life quality and ensure a sustainable future. Thus, by favourable functional systems, the business environment can bring the significant benefits not only for active companies on the market, but also for society and its citizens. In conditions which the CSR will not remain only at the concept stage for Romanian companies, we are convinced that an improvement of living standards and change the perception mode of surrounding factors are just two of the main objectives that will be achieved in the Romanian society, too. Thus, we promote the idea according to regardless the company size, its profile and entrepreneurial aims pursued, each company must manifest a more advanced or incipient form of social responsibility. A strictly orientation tendency to profitability and gain area is neither sustainable nor healthy for the company and the citizens. In essence, any company social responsible, sets its goals and priorities, and the common point of interest is represented by ensuring the concordance between the own strategy of company and the principles of a sustainable development.

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