

CURRENT CONCERNS REGARDING THE CORPORATE SOCIAL RESPONSIBILITY IN ROMANIA

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Abstract:

The propose of this paper is to identify current concerns regarding the corporate social responsibility in Romania. First the paper present a short introduction about the concept of corporate social responsibility. Next the paper highlights the importance of corporate social responsibility in Romania and some results about the involvement of small and medium enterprises in social responsibility activities.

Key words: corporate social responsibility, small and medium enterprises, Romania

JEL classification: M14

1. Introduction

In the current economic context marked by globalization phenomena, the widening recognition of the interdependence between environment and development is increasingly shared the view that corporate social responsibility and sustainable development approaches should become an integral part of economic concepts used by business, so as to ensure a balance between economic growth, natural resource reserves and social progress. (Olaru, M. et al. 2010).

Corporate social responsibility is a hot item in the business world and undoubtedly one of the challenges for the future (Olaru, M. et al., 2012).

It is for these reasons that lately, researchers and businesses became more and more interested in the implications of social responsibility on business performance.

Social Responsibility (Corporate Social Responsibility - CSR) is defined as the undertaking actions of a company in order to promote social interest before the purely economical one and even before legislative requests. (Orlitzky M. et al., 2003).

In 2001 the European Commission adopted the Green Paper entitled "Promoting a European Framework for Corporate Social Responsibility."

The Green Paper defines CSR as being "*a concept whereby companies integrate voluntary basis, social actions and environmental protection in their daily activities and in relationships with stakeholders (stakeholders)*". The companies are aware that a responsible behavior leads to long lasting success in business.

Thus, social responsibility actions are those that goes beyond the company's obligations according to social or environmental regulations, (social or environmental), in order to be perceived as a supporter of public interest.

It is important to underline that in the communiqué to relaunch the Lisbon Strategy, European Commission addresses the concept of social responsibility as part of competitiveness. Thus, "*voluntary business initiatives, taking the form of social responsibility practices, it may have an essential contribution to sustainable development, strengthening, at the same time, the innovation potential and competitiveness of Europe.*"

CSR is based on a long term strategy that includes various actions, such as volunteering, sponsorships, donations, benefits, expertise.

2. Concerns on the implementation and certification of a management system of corporate social responsibility

The concept of social responsibility of business appeared in U.S. in the 80s. Then, it began to be used also in Europe.

In the paper *"Social Responsibilities of the Businessman"*, published in 1953, the paternity of CSR concept is assigned to Howard Bowen which defines social responsibility as the decisions and actions that are taken by the management of enterprises from economic and technical reasons.

For SMEs, as for large enterprises, social responsibility can be an added value to the organization and also to the society.

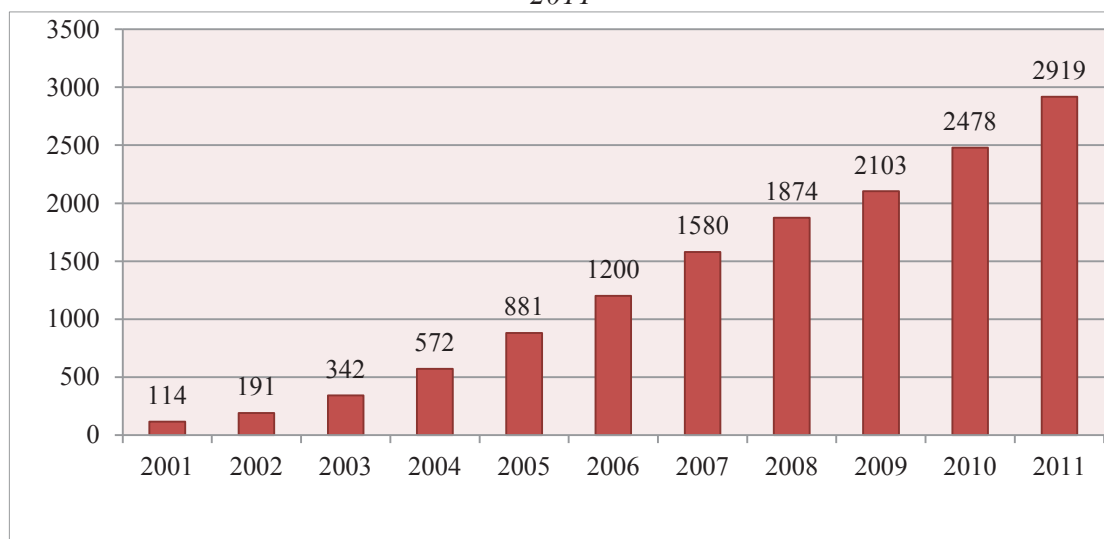
The social responsibility has the following main features (Stancu and Orzan, 2007):

- its application is voluntary;
- it is reflected in business relations with various stakeholders (staff, customers, local community, governmental and nongovernmental organizations);
- it involve environmental issues, not only the social side;
- it is not distinct from the enterprise strategy and commercial activity but rather an integral part of it.

At present, it attaches great importance to CSR, closely linked with sustainable development. Internationally, there are defined specific models of management systems, a number of companies preferring the integration of social responsibility management system (Olaru, M. et al., 2010).

In terms of implementation and certification of a management system of social responsibility, research conducted revealed that most certifications are granted to a number between 51 and 250 employees, (36% - 1058 companies) and smallest number of certification is granted to more than 1000 employees (12% - 349 companies). An analysis of the development of implementation and certification of management system of social responsibility in the last 10 years indicate that significantly increases the number of certificates each year. In 2001 there were only 114 worldwide certified companies compared to 31 December, 2011 when the number of certificates of conformity to the SA 8000 standard reached to 2919 companies (Pirnea and Iordache, 2012) (Figure 1).

Certification number according to the SA 8000 standard granted during 2001-2011

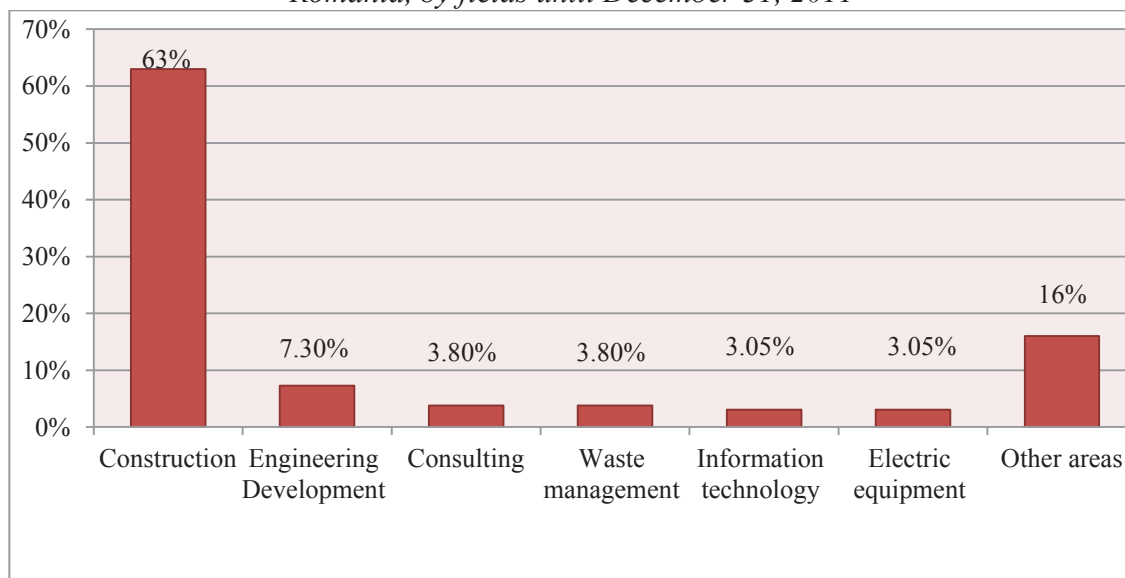


In Romania, companies are beginning to realize the importance and benefits of social responsibility, closely consistent with growing concerns regarding the

implementation of integrated quality management system – environment – occupational health and safety, closely linked with broader implementation of model of social responsibility management system proposed by the international standard SA 8000.

Taking into account data provided by SRAC shows that the number of enterprises in Romania which have implemented and certified a management system of social responsibility increased from 69 certificates in September 31, 2010 to 262 certificates in December 31, 2011.

Number of certificates of conformity to the SA 8000 standard granted in Romania, by fields until December 31, 2011



Most certificates of conformity with SA 8000 standard have been achieved in Construction (63% - 165 certificates), followed far away from other areas like: Engineering Development (7.3% - 19 certificates), Consulting (3.8% - 10 certificates), Waste management (3.8% - 10 certificates), Information technology (3.05% - 8 certificates), Electric equipment (3.05% - 8 certificates) and areas such as Security Services, Environmental Services, Footwear, Construction materials, Logistics, Energy, Education, Agriculture, Metal products and so on (16% - with a number between 1 to 5 certificates) (Pirnea and Iordache, 2012) (Figure 2).

3. Approaches on corporate social responsibility in Romania

A multitude of different actors are involved in corporate social responsibility in Romania. This is because, the area includes a diverse range of activities involving shared responsibilities of public authorities, private sector and society.

A summary of key-actors and their strategies as outlined in the following sections can be found in the form of the next figure (Figure 3).

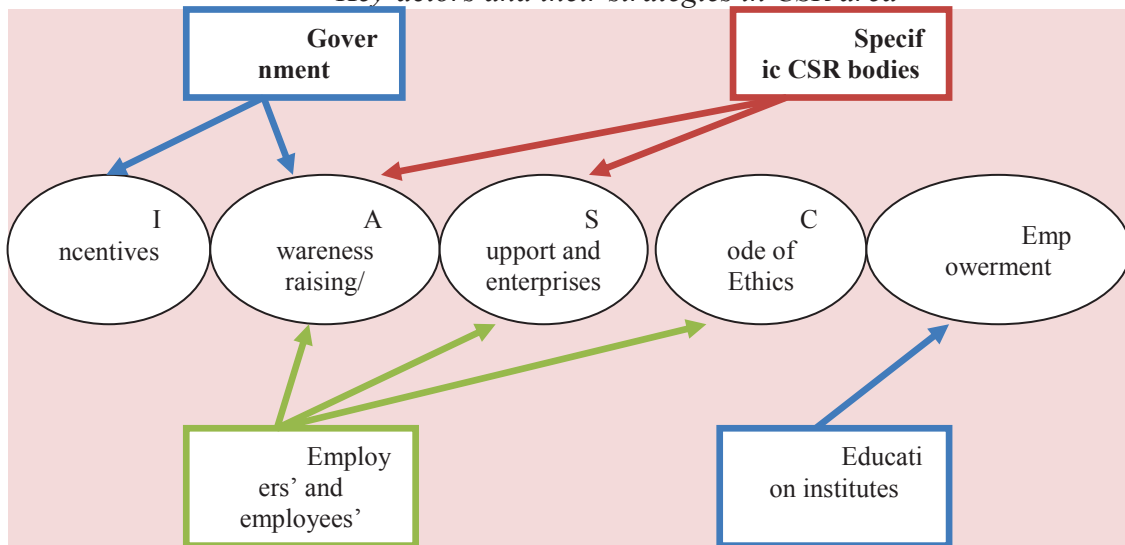
In Romania, the development of the corporate social responsibility field is still in early stage. While multinationals and large Romanian companies have gradually developed a culture of responsible behavior, in many cases corporate social responsibility is still focuses on donations, sponsorships and public relations activities.

Instruments of corporate social responsibility most often take into consideration codes of conduct, corporate social investment, reporting and auditing social and environmental (Iamandi, 2011).

A small number of companies have adopted a strategic approach to integrate corporate social responsibility basic practices, influencing the decisions and the

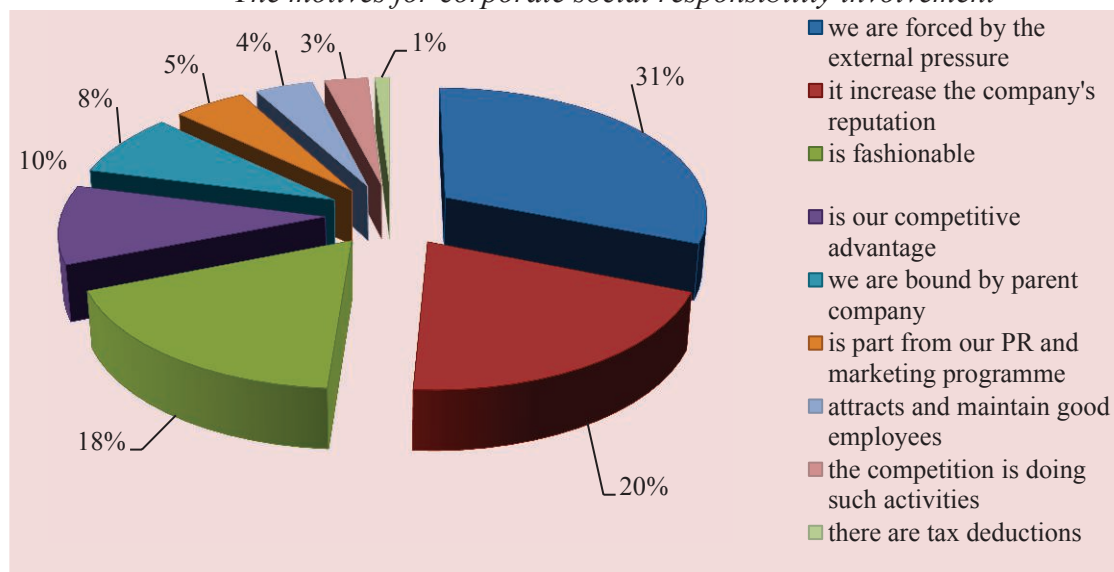
activities. The concept itself is sufficiently known by small and medium enterprises, although such practices seem to be implemented.

Key-actors and their strategies in CSR area



An exploratory study conducted in 2006 on a sample of 205 romanian companies, large companies and small and medium enterprises, stressed that better reputation and popularity of the subject itself is the main motivation to implement corporate social responsibility in an organization (Stancu and Olteanu, 2008).

The motives for corporate social responsibility involvement



In 2011 was launched a „National Strategy for Promoting CSR”, it stressing priorities, objectives and main directions for implementation.

This National Strategy also present a SWOT analysis for developing corporate social responsibility in Romania, as it follows (National Strategy for Promoting CSR 2011-2016):

➤ **Strengths:**

- open and interest of society in general to CSR and the relative novelty of the concept in public;
- involvement of multinational companies and some of the major romanian companies in CSR activities;

- increasing the number of initiatives of CSR and best practices in this field at national level;
- growing level of consumer interest for products or services of socially responsible companies.

➤ **Weaknesses:**

- insufficient knowledge of the concept of CSR in society;
- lack of education, research and extensive sociological evaluation of awareness and implementation of CSR in Romania;
- poor knowledge and involvement of companies and small and medium enterprises in CSR initiatives;
- poor implementation of socially responsible investments and acquisitions;
- superficial level of organizations involvement in CSR activities without addressing the root causes of social problems;
- proficiency low and insufficient enforcement of consumer rights;
- corruption with direct effects on the business environment and its capacity to implement CSR practices;
- insufficient capacity of organizations / stakeholders representation and manifestation of their interests;
- insufficient development of a business culture based on moral values.

➤ **Opportunities:**

- benefits for companies, communities, society, business, environment, etc. of a strategic approach to companies which integrates CSR;
- the importance attached to CSR / SR at European and international level;
- development opportunities and involvement in the European / international for SMEs;
- opportunity to learn, retrieve and adapt best practices and lessons learned from the experience of other more developed;
- increased importance of corporate reputation, environmental policies in consumer choice;
- funding opportunities for component CSR initiatives offered by the EU;
- positive attitude on the involvement of citizens in community;
- a safer environment from the adverse effects of human activities A safer environment from the adverse effects of human activities A safer environment from the adverse effects of human activities.

➤ **Threats:**

- the lack of coherent public policies to promote CSR;
- lack a coherent legislative framework and consistent;
- weaknesses in implementing the legislation;
- delays acceptable standards in related fields CSR (eg environment) compared to other EU countries;
- the risk of exclusion / foreclosure Romanian companies in some markets;
- support and insufficient involvement of public authorities in promoting and implementing CSR;
- lack of budget for promoting the application of CSR.

As it can be seen above, the National Strategy for Promoting CSR 2011-2016 present a complex SWOT analysis for developing corporate social responsibility in Romania. There are a lot of weaknesses mentioned, but also many opportunities. The conclusion seems to be related to the low interest of the romanian companies regarding the involvement in corporate social responsibilities activities.

4. Conclusions

Corporate social responsibility is one of the most important issues that business is facing today. Those who follow the way in which companies engage in social problems, they have noted that social responsibility has a strategic importance.

Corporate social responsibility can be a strategic means to create value not only for stakeholders but also for other companies and stakeholders. It is estimated that a company is really interested in social responsibility when it takes over the responsibilities of all its three key areas: economy, society and environment.

This paper presented some concerns on the implementation and certification of a management system of corporate social responsibility. According to this, the number of enterprises in Romania which have implemented and certified a management system of social responsibility increased from 69 certificates in September 31, 2010 to 262 certificates in December 31, 2011.

In 2001 there were only 114 worldwide certified companies compared to 31 December, 2011 when the number of certificates of conformity to the SA 8000 standard reached to 2919 companies.

This results can be a starting point for future research to improve social actions that promote SMEs in Romania are already integrated into their current activities in relation to their concerns by implementing a social responsibility management system in accordance with international standards.

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