

# The Perception over Corporate Social Responsibility in România<sup>1</sup>

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## *Abstract*

*The new international economic context can determine a turning point for many business organizations. The „crisis” term can be perceived as a threat or an opportunity, but in our opinion it represents a test. The test which business organizations in Romania will have to pass in terms of corporate social responsibility is the meaning that will give it during the next period. The two main future directions in our view are diametrically opposed: either the role of corporate social responsibility will increase as proof of the truthfulness and authenticity of the past, present and future efforts, or the budgets of corporate social responsibility programs will be entered as reduced expenditures or even eliminated.*

*We believe that policies are determined by the perception of corporate social responsibility for the managers of existing companies that have implemented and implement corporate social responsibility programs. It is therefore very important to know that perception and try to anticipate its future implications.*

*By this work we try to capture some aspects of the perception of corporate social responsibility in Romania in the period before the onset current international economic crisis and to anticipate the direction that corporate social responsibility programs in Romania will follow.*

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## **1. Concept of corporate social responsibility**

The corporate social responsibility (CSR) is a hot topic at the international level for many debates among the representatives of more companies, representatives of the academia, NGO's, but also for the specialists coming from a wide range of national and international administrative institutions.

The expectations of different categories of stakeholders are higher and more concret formulated, elements that place a lot of pressures of the organizations that are forced to find the best ways to perform, in order to assure their survival and development. The companies aren't anymore perceived as closed systems, but they act in an open manner, attracting resources from external environment. In order to be successful and build up an attractive image, the companies have to prove that they are responsible.

At the moment, it is obvious the fact that any company is part of a complex relational network, made of different segments of society and that is able to exert a major influence over its activities. If the company doesn't succeed to offer a valid reply to those interest groups, it can face serious problems and even conflicts that could damage the company's image. CSR can be a powerful tool that can foster the cooperation among companies, support SME's development, bringing them closer to their stakeholders (Popa I., Ciolac C., Ceptureanu S., Ceptureanu E., 2010).

The roles and responsibilities of a company have to be continuously redefined in order to meet at higher level the market demands. Even if the motivation for profit is acknowledged and accepted, the people aren't anymore available to accept it for ignoring the basic norms and the standards regarding the employees, the business partners and its environment.

The modern companies are expected to be responsible towards the attracted and used resources, targeting both the the company's development and success, but also for the community where it carries out its activities.

## **2. Defining the CSR**

Within the specialized literature there are presented a lot of definitions for CSR, each of them trying to underline different aspects of the concepts and to reveal its evolution along the time.

CSR refers to the way of getting the commercial success in an ethical manner, with respect to the people, community and environment. It involves both meeting the legal, ethical, commercial or of other nature expectations that its business partners have, but also making decisions that balance the needs of everyone who has a role within the company's life (Business for Social Responsibility, Thematic Resume: „A perspective regarding the companies CSR”, 2004).

The first specialist who refers to „corporate social responsibility” is H.R.Bowen in his paper „Social Responsibilities of the Businessman". The author considers that a company has the obligation to „follow those policies, to make

those decisions and to go along those directions that are desirable in terms of company's objectives and values". Bowen believes that this concept of CSR deals with:

- Companies exist due to the society and their behavior and operating methods have to overlap with the society's ones;
- The businessmen have to act as agents who are moral responsible to the society (Bowen H.R.,1953)

Another perspective comes from T. Donaldson who consider the CSR as a contractual obligation that the companies have towards the society. The companies owe a central place within the society and because of this reason they are allowed to use both human and natural resources for carrying out its manufacturing function and to get to the power status.

As result the society has implicit social rights: in exchange of the right for exploring resources for productive process, the society can ask for compensation by controlling these processes (Donaldson, 1983).

The specific of this contract type can change while the social conditions are changing, but, generally speaking, this will stay as the basis of legitimacy for such request or the CSR assertion (Epstein, 2005).

Even if a lot of companies or organizations haven't had too many preoccupations related to CSR, this approach can be changed, as the company intends to change or up-to-date its values. Basic reference values can be changed in time, but it requires a strong motivation, hard work and a stimulating environment (Bratianu, 2009).

D. Wood extend these ideas, identifying three principles that should be followed for the companies' CSR (Wood, 1991):

- Companies are „social institutions” and this forces them to use responsibly their power
- Companies are responsible for what they offer to their environment
- Managers are „moral agents” who are forced to exert responsibly their decision power

The companies CSR can be defined in more ways, among which we mention:

- "The companies CSR represents the continuous commitment for the ethical behavior and the participation to the economic development through the improvement of the life quality for the employees and their families, but also for the local community and overall society " (World Business Council for Sustainable Development).

- "To act with social responsibility means not only to meet the legal provisions, but to go beyond these by volunteer investment in the human resources, in the environment management and in the relationship with all the stakeholders" (The European Commission, 2001).

- "The corporate social responsibility is a concept by which the companies integrate, on a volunteer basis, business, social and environment

objectives in all their manufacturing or commercial operations or in the relationships with the stakeholders" (The European Commission, 2002).

We can therefore conclude that corporate social responsibility refers to commercial success in an ethical manner with respect for people, community and environment. Thus presented, the concept emphasizes the three P's of corporate social responsibility:

- P – Profit;
- P – People (including the local communities);
- P – Planet – Environment protection.

An important aspect of all definitions is that corporate social responsibility should not be prescribed by regulations. Thus, corporate social responsibility is described as "all actions taken to promote a particular social interest, beyond the direct interest of the organization and beyond what is required by law" (McWilliams, Siegel, 2000)

The new economy led to structural changes in the manufacturing ways, the strategic stakes, in the power relationships and those among states, governments, companies and individuals. All of these transformed, step by step, from the model of industrial economy in the present one, under the powerful impact of information and knowledge, valued to a large extent by the new technologies (Ursacescu, 2009).

Archie B. Carroll's pyramid (2009) highlights the company's social responsibility. In this pyramid we find the different dimensions of social responsibility. Each "floor" of the pyramid corresponds to a particular type of interest.

1. The first level, economic, corresponds to taking account of shareholders, board members, and their demands on return on capital invested.

2. The second level, the legal, corresponds to taking into account the compliance of the institutions operating on that sector.

3. The third level, the ethical, meet compliance and take account of employees and competitors.

4. Highest level, the philanthropic, corresponds to taking into account the environment as a whole, aspect that can become an important element in establishing the identity of the organization.

### **3. Aspects regarding CSR**

The basic objective of any company is profit maximization. Promoters and supporters of the concept of social responsibility does not negate the importance of maximizing profits, say only that this goal can be achieved by any means without understanding the long-term implications. Therefore, a relevant concept of social responsibility is linked to sustainable development. By definition, "sustainable development aims to meet the needs and aspirations of the present without compromising the chances to meet them also in the future."

Corporate social responsibility is an increasingly important factor for companies, making its approach to the departments such as public relations or marketing department within a particular social responsibility or the service is outsourced to the firm USING advisory area.

Link to sustainable development is evident. Both concepts attempt to answer the growing challenge represented by the allocation and responsible use of resources. While sustainable development aims to meet the needs and aspirations of present generations without compromising future opportunities, corporate social responsibility means to obtain profit in an ethical manner with respect for people, community and environment.

While the stakeholders place higher pressures on the organization, this could face the danger of potential conflicts with its partners (Nastase, 2009). CSR can send powerful messages that the stakeholders interests are known and there is the leaders preoccupation that their needs will be appropriately represented and met.

#### 4. Types of CSR programs

For a company is very important, besides an adequate knowledge of the concept of corporate social responsibility as a whole, to know which are the most important types of corporate social responsibility, to understand the advantages and disadvantages of each of them, what types of programs best meet company needs and expectations of the different categories of stakeholders. It becomes increasingly important the proper implementation of CSR programs and the evaluation of results.

In the literature are presented six types of CSR:

1. Promoting a cause;
2. Cause-related marketing;
3. Social marketing;
4. Corporate philanthropy;
5. Employee volunteerism;
6. Socially responsible business practices.

Some characteristics of these types of CSR programs, and one example of each will be presented below in Table 1:

**Types of CSR programs**

**Table 1**

No	TYPES OF CSR PROGRAMS	CHARACTERISTICS	EXAMPLES OF CSR PROGRAMS
1.	Promoting a cause	Providing funds or other forms of support to increase awareness or attention to a cause	The Body Shop has passed prohibiting animal testing of cosmetic products
2.	Cause-related marketing	Donating a percentage of sales of a particular product, to support a particular social	Gillette donates a percentage of its proceeds to support the talented young kids to

		causes, for a given period	soccer
3.	Social marketing	A company supports a change in behavior	A distributor of facilities that offer tips on how to reduce water consumption
4.	Corporate Philanthropy	Direct donation to a specific amount of money, or provide other forms of financial support for a cause	Holcim has donated money to build a nursing home
5.	Employees volunteering	Companies encourage employees volunteering to engage employees in supporting a cause or solving a problem of local community	Employees of Bega Group are offered free training for students of Timișoara
6.	Socially responsible business practices	Socially responsible business practices should be at the center of a company that proves a genuine commitment to corporate social responsibility	Kraft decided to no longer advertise its products inside schools

### 5. Study on the perception of the corporate social responsibility concept

Questionnaire responses were obtained following the research on managers who operate in companies in Romania. These companies have already implemented CSR programs or desired implementation of such programs. The sample is composed of 21 respondents.

In the following we present the questions that the subjects answered and the interpretation of these responses. Questions were divided into five sections as it follows.

#### SECTION 1 QUESTIONS

##### 1.1. In which of the sectors do you work?

1. Public sector;
2. Private sector;
3. NGOs;
4. Media;
5. Scholar.

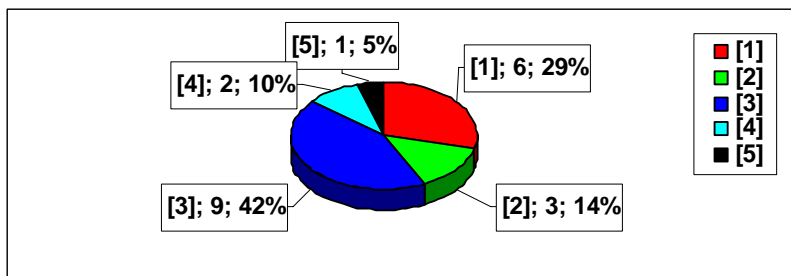


Figure 1 Results obtained on industry

By this question we wanted to determine the structure of the questionnaire sample, depending on the industry.

It appears that the largest share of respondents - 42% - work in the NGO sector. Following public sector respondents, 29%, then private, with 14%.

The media are 10% of those interviewed and fewer representatives from academia, with 1.5% of respondents.

### 1.2. The field of activity for the respondents

1. Management;
2. Human Resources;
3. Marketing;
4. Communication / PR/ Advertising;
5. Other.

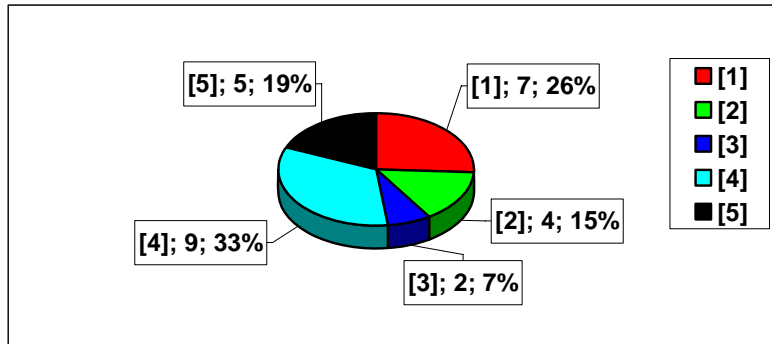


Figure 2 Results regarding the field of activity

The second question of the questionnaire also sought a determination based on sample structure by activity.

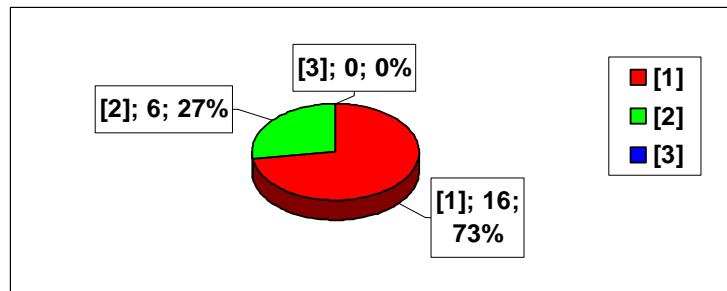
Thus, the following answers show that most respondents operate in communication / PR / advertising (33%). Follow the next areas:

- Management - 26%
- Other than those specified - 19%
- Human resources - 15%

Lowest share of respondents was that of those operating in the field of marketing.

### 1.3. Do you think that in the future the role of volunteering in Romania:

1. Will increase;
2. Will be maintained;
3. Will diminish.



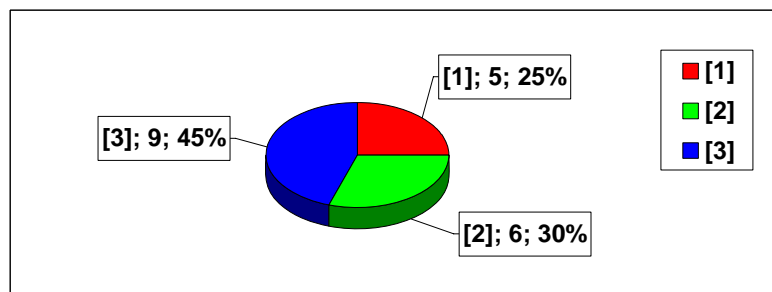
**Figure 3 Results obtained for future volunteering in Romania**

Processing the results of this question shows that most respondents, 73%, considered that the role of volunteerism in Romania will grow in the future.

The remaining 27% of respondents believe that the role of volunteerism in Romania will remain equally important in the future, and none of those who answered the question does not consider volunteering role will diminish.

**1.4. Do you think that the most important benefit of employees involved in volunteer programs such as CSR is:**

- 1. Contributes to employees commitment to company values;**
- 2. Provides an authentic message for different categories of internal and external stakeholders;**
- 3. Increases the visibility of companies in the local community.**



**Figure 4 Results obtained on the benefits of volunteering**

The analysis of responses provided, it appears that 45% of respondents believe the most important benefit that the volunteer programs bring to a company is that company is gaining visibility in the local community.

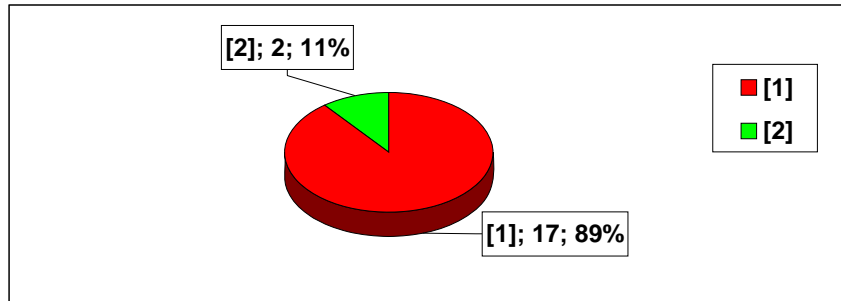
30% of employees' representatives consider that the volunteering can provide an authentic message for different categories of the internal and external stakeholders of the company and it is the most important benefit offered by volunteers.



The benefit to support the employees commitment to the company values is considered most important by 25% of those sampled.

**1.5. Do you want to get involved in volunteer programs:**

1. Yes
2. No



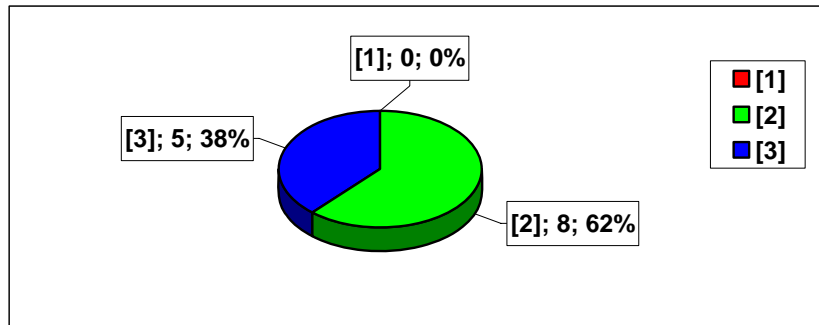
**Figure 5 Results obtained on the involvement in volunteer programs**

This question shows that almost 90% of those surveyed say that would like to involve in volunteer programs.

**SECTION 2 QUESTIONS**

**2.1. Do you consider that if a company applies the concept of social responsibility, it has to lose:**

1. yes
2. no
3. I don't know



**Figure 6 The results obtained on implications of adopting CSR**

It founds that 62% of the respondents stated that a company has not to lose if apply the concept of social responsibility.

38% of those surveyed say that they do not know the answer to this question, while none of them say that they believe that social responsibility could result in damage to a company.

## 2.2. What will be lost if a company isn't socially responsible?

1. image
2. partners credibility
3. market share
4. human resources
5. potential investors/ business opportunities
6. money

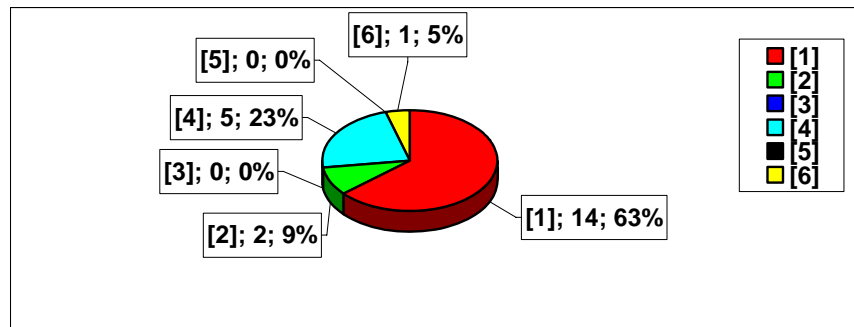


Figure 7 Results obtained for losses incurred by CSR

If the previous question covered losses in case of social accountability, this question concerns the perception of respondents on non assuming social responsibility.

It appears from the analysis results that over half of the respondents, ie 63% of them consider that the biggest loss that a company will suffer in the future will be linked to damaging the image.

In the opinion of respondents, the next big injury that could have a company by non assuming CSR would be the one related to human resources.

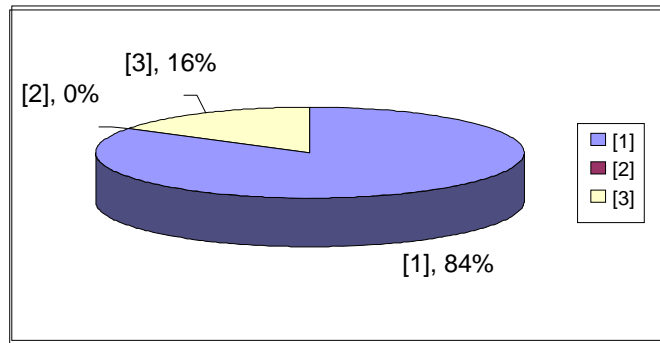
9% of respondents considered that the greatest damage could be loss of credibility, while the remaining 5% of respondents say financial loss (money) would be the biggest loss for the company.

We note that none of the sample members do not consider that a company who does not assume the social responsibilities could lose market share or potential investors or potential business opportunities

## SECTION 3 QUESTIONS

### 3.1. Do you consider that social responsibility can help to economic and social revitalization of Romania?

1. Yes
2. No
3. I do not know.



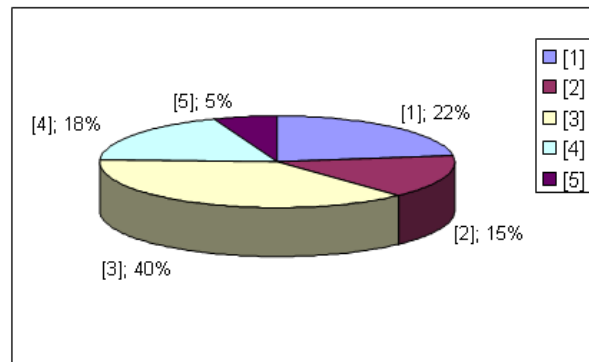
**Figure 8 The results obtained on revitalization of Romania**

According to responses given to this question can be stated that most respondents, ie 84% of them consider that adopting the principles of corporate social responsibility can contribute to economic and social revitalization of Romania.

The remaining 16% say they do not know the answer to this question

### 3.2. What environmental issues are you considering as important?

1. Recycling of packaging
2. Protection of the Black Sea
3. Reforestation
4. Protection of the Danube Delta
5. Climate change



**Figure 9 The results obtained on the environmental protection**

It appears that the major problem is perceived as reforestation, 40% of responses, then the problem is recycling of packaging, the protection of the Danube Delta and the Black Sea.

Lowest number of 5% of respondents considered most important the environmental issue is climate change.

### 3.3. What are the reasons why the companies engage in CSR projects?

1. PR
2. Because they care;
3. Profit;
4. All of the above.

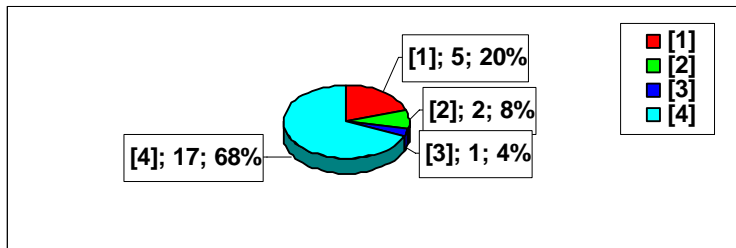


Figure 10 The results on the reasons companies to engage in CSR

Regarding the perceived reasons for a company to choose a CSR program, the majority of the respondents, ie 68% say they believe that most companies engage in all those options: public relations (PR), because they care and profit.

It follows those with 20% of the responses stating that they would involve for public relations.

„Because we care” say 8% of respondents, while 5% believe that profit could be motivation for the company to engage in CSR.

### SECTION 4 QUESTIONS

#### 4.1. Do you consider that in order to be socially responsible a company should conduct activities/projects of CSR?

1. only for community
2. for employees
3. only for customers and suppliers
4. for all those mentioned above

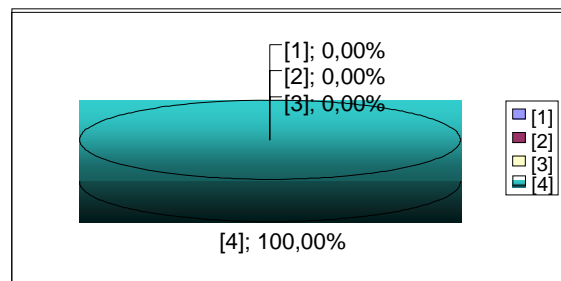


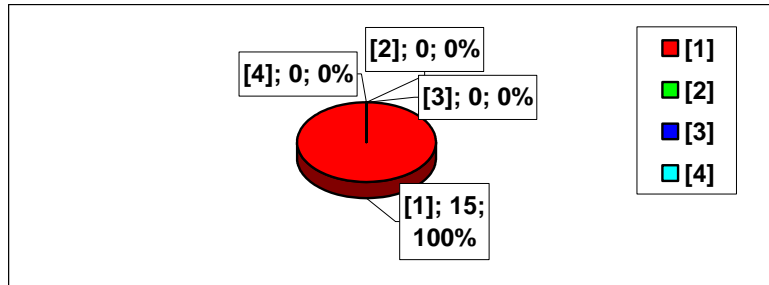
Figure 11 The results obtained on CSR projects

On this question all the respondents said that a company must prove its responsibility for all mentioned categories of stakeholders: community, employees, customers and suppliers

## SECTION 5 QUESTIONS

**Do you believe that close cooperation with NGOs can lead to effective implementation of programs dedicated to community?**

1. Yes
2. No
3. Maybe
4. I do not know



**Figure 12** The results obtained on cooperation with NGOs

And the last question was again an unanimous answer. All those who answered the question believed that close cooperation with NGOs can lead to effective implementation of programs dedicated to community.

### Limits of research

Since the study is an empirical one, which has not proposed comprehensive CSR study in Romania, it has some limitations, which will be presented as follows: the sample isn't representative, the sample size is not large enough in order to generalize the results to local or national level. It is more a pilot research that supplied valuable hints for the research team and it will represent the starting point for a more comprehensive research in the field of CSR in Romania and its particularities compared to CSR from the other countries.

### Conclusions and recommendations

From the analysis of the responses to the questions above, we can distinguish several important observations:

- the structure of the sample shows that it is composed of representatives of private, public, NGOs and academics and operating areas are mainly business: communications / PR/ advertising (33%) and management (26%);
- the concept of corporate social responsibility is known in most cases less than three years.
- on one of six types of CSR programs, 73% of respondents say they believe that its role will increase in the future, and none of them that will diminish.

Volunteering benefit perceived as most important is that the company raise its profile in the local community. Of those surveyed, almost 90% say that they are willing to engage in volunteer programs.

- the respondents consider that a company has nothing to lose if adopt the CSR practices, however if it does not do this, they believe that a company has the most to lose by the loss of image.

- most respondents, ie 84% of them consider that adopting the principles of CSR can contribute to economic and social revitalization of Romania

- the most important environmental issue today in Romania is perceived as the need of reforestation

- most of those who answered the questions of the questionnaire, ie 68%, say they believe that many companies engage in CSR both for public relations and for that care and profit.

- social responsibility programs should address all categories of stakeholders listed, and for the successful implementations of those CSR programs, collaborations with NGOs is unanimously seen as very important.

This work didn't intend to be a comprehensive CSR study in Romania, given the resources that would be involved in such initiative, but rather to outline a picture of the CSR perception in our country and of the specialist desire for dealing with CSR issues. The approached theme fits into a larger effort to research this topic area and it will be developed in the framework of the future work.

We can formulate the hypotheses on the directions that CSR will follow considering the answer to question no 2 from section 2 of the questionnaire. We can see that it perceives that the most important damage associated with lack of CSR is not on the company's image and credibility, market share, human resources, potential investors or profitability, which shows in some extent superficial commitment to the principles of accountability when applying existing CSR questionnaire. The CSR is a complex concept with many implications on these issues, and a positive image according with the authors should be regarded as a crowning efforts at all levels of activity and not as a primary objective. This view is somewhat supported by responses to the question no 3 from section 3 that shows that almost 70% of respondents assessed that companies engaged in CSR programs in order to improve the public relations.

We consider that a successful CSR programs is a good indicator of an effective management. A successful company is one that succeeded to see an opportunity where others see a threat. The higher and diverse pressures for CSR can be seen as an opportunity to better response to the requests from external environment and social responsibility is not perceived as an additional requirement, but as an opportunity to go to business excellence and meeting the stakeholder expectations.

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