

## **THE DYNAMICS AND PERSPECTIVES OF CORPORATE SOCIAL RESPONSIBILITY AT NATIONAL LEVEL**

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**ABSTRACT:** *The orientation towards adopting socially responsible behaviour for large corporations on the Globe is no longer an option. Even if it is "voluntary" by definition, corporate social responsibility (CSR) tends to become mandatory, regardless of whether legislative regulations or stakeholder requirements are the main factors exerting pressure on top management in order to adopt responsible behaviour. Nowadays, studies undertaken at national level in the period 2014-2018 among the Romanian companies by prestigious consulting firms (Ernst & Young, CSRMedia.ro, Valoria Business Solutions etc.) have allowed us to establish representative coordinates of the development of corporate responsibilities, highlighting to the most obvious trends that are foreshadowed in the near future related to CSR evolution, but also to support the assertion that we can talk about a beginning of the professionalization of the field of corporate social responsibility in Romania, and the evolutions registered during the last years foreshadow a tendency to develop this field in the near future.*

**KEY WORDS:** *corporate social responsibility, multinational corporations, stakeholders.*

**JEL CLASSIFICATION:** *M14.*

### **1. INTRODUCTION**

Over the years, large corporations have broadened considerably the spectrum of objectives pursued, from setting limited goals, such as raising profits and initiating investment projects, to assuming much broader roles: supporting the sustainable development process of the community in which they operate and / or stimulating the rise of the local economy. A socially responsible company that adopts this new paradigm will reinvent its way of doing business, by incorporating the need to comply with the requirements of the stakeholders and ensuring the multi-level development of

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the human resources involved. The orientation towards adopting socially responsible behaviour for large corporations on the Globe is no longer an option. Even if it is "voluntary" by definition, corporate social responsibility (CSR) tends to become mandatory, regardless of whether legislative regulations or stakeholder requirements are the main factors exerting pressure on top management in order to adopt responsible behaviour.

CSR is a multilateral concept that covers many areas of interest of the community and of the civil society in general, regarding the issues of environmental protection, labour safety and health, ethical business practices, human rights, sustainability of the supply-outlet chain and so on. Already a concept established at international level, *corporate social responsibility* has become a present reality, being a concept in full evolution and indispensable for the business environment. The European Forum on Corporate Social Responsibility Issues in Europe (EMS Forum on CSR) defines social responsibility as "a concept by which companies voluntarily integrate social and environmental issues into their business operations and interactions with their stakeholders." [9], and a much more recent definition of the European Commission considers social responsibility as „a concept by which companies integrate social and environmental concerns their commercial activities and in the interaction with the factors involved, on a voluntary basis” [21].

The concept of CSR means going beyond the fulfilment, in full, of the requirements of the legal provisions, by investing "additionally" in human capital, in the environment and in the relations with the interested persons, and a "classic" definition would be the following: a partnership on long term with the community, aiming to support it in solving its social problems [20].

In conclusion, we can say that CSR is a whole sustainable business strategy, which includes the following components: business ethics, consumer rights, economic and social equity, clean technologies, fair treatment of the workforce, and transparent relations with public authorities, moral integrity and investments in the community.

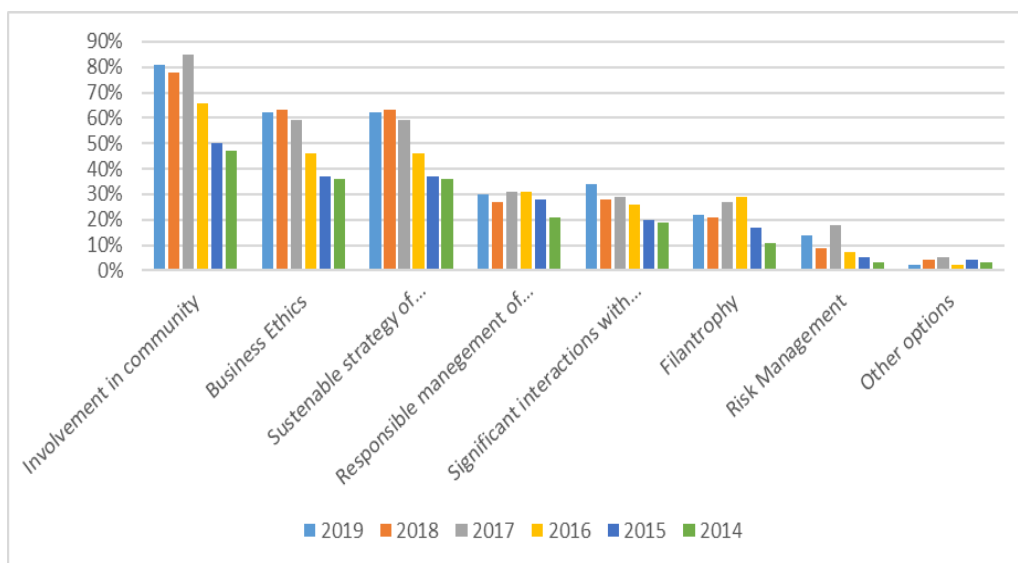
The literature and practical experience of the last decades shows that in the context of globalizing economies and increasing interdependencies between countries, the development of organizations solely on the basis of profitability and sales volume becomes limited, which is why involvement in the life of the community has become necessary for any type of organization that wishes to ensure the respect of the society in which they operate [8].

## **2. THE PRESENT CONTEXT OF THE CORPORATE SOCIAL RESPONSIBILITY**

Between 2014 and 2018, studies were conducted by prestigious consultancy firms (Ernst & Young, CSRMedia.ro, Valoria Business Solutions etc.) at national level among Romanian companies, studies based on which several representative coordinates of development of corporate responsibility could be established, but also the outline trends that are foreshadowed in the near future related to CSR evolution in Romania.

The studies carried out are based on a questionnaire applied online to both foreign and Romanian companies, operating in 16 industries and 98% (at the level of 2018) admit that they are carrying out projects in the field of CSR.

One of the main concerns was the determination of the level of perception of the meaning of the name of the "CSR" among the interviewed companies, the highest percentage of respondents defining social responsibility through the phrase "involvement in the community", despite the fact that the two concepts, social responsibility and community involvement are not synonymous. The next association of the concept of social responsibility is with the terms "business ethics" and "sustainable business strategy".

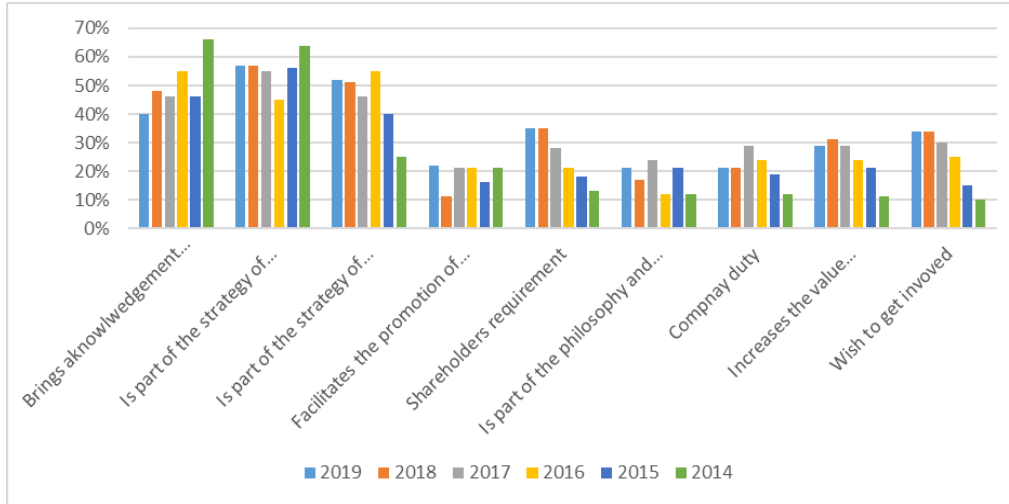


Source: *The dynamics and perspectives of the CSR field in Romania, 6<sup>th</sup> Edition, 2018*

**Figure 1. The option of companies in defining the concept of social responsibility (multiple choice question)**

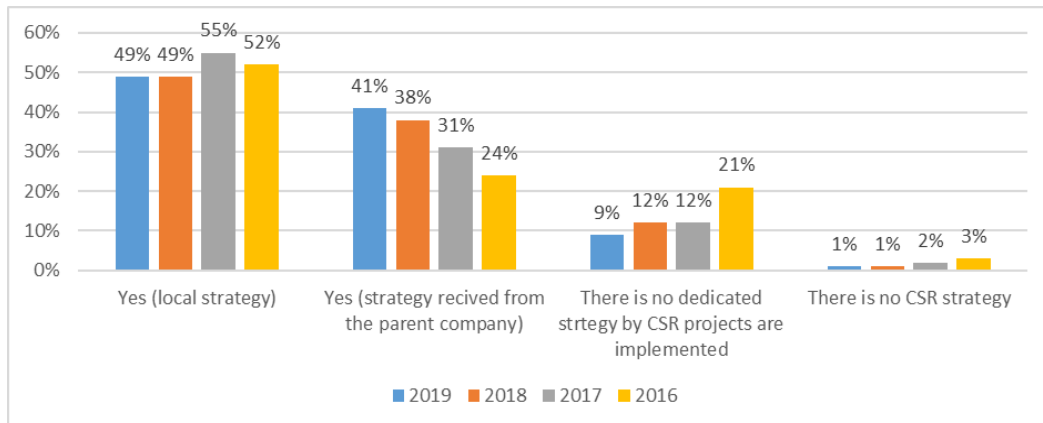
The motivation of the involvement in CSR projects shows that they are mainly related to the company's public relations strategy, to the company's sustainability strategy, but also to the fact that they are considered to bring recognition and visibility. Although they still have low values, in 2018 there is a quite significant increase of the appraisals by which the companies link the involvement in the CSR with the requirements of the stakeholders or by the fact this way the promotion of products and services is facilitated.

In most cases CSR involvement is based on a local strategy or received from the parent company, but there are also cases in which although the company carries out CSR projects, these are punctual, not included in any strategy dedicated to corporate responsibility. One good thing is the fact that, from year to year, the percentage of companies that claim to have a CSR strategy increases, in 2018 their percentage is 87%, increasing by 11% compared to 2016.



Source: *The dynamics and perspectives of the CSR field in Romania, 6<sup>th</sup> Edition, 2018*

**Figure 2. The option of companies related to the motivation of involvement in CSR projects (question with several answer variants)**



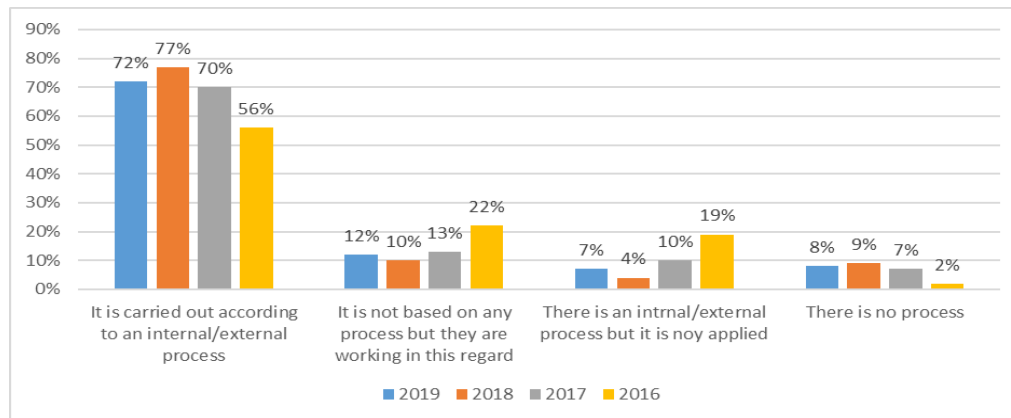
Source: *The dynamics and perspectives of the CSR field in Romania, 6<sup>th</sup> Edition, 2018*

*The dynamics and perspectives of the CSR field in Romania, 5<sup>th</sup> Edition, 2017*

**Figure 3. Existence at the corporate level of a strategy dedicated to corporate social responsibility (question with only one answer)**

The increase of the number of companies that have a CSR strategy is connected with the increase of the percentage of companies based on an internal / external process to identify the relevant topics within the strategy for corporate social responsibility, in 2018, the percentage of companies that claim to have a strategy in the field CSR increasing by 1%, the percentage of the same companies claiming to choose the themes / projects within the strategy through a process, increasing by 7% (from

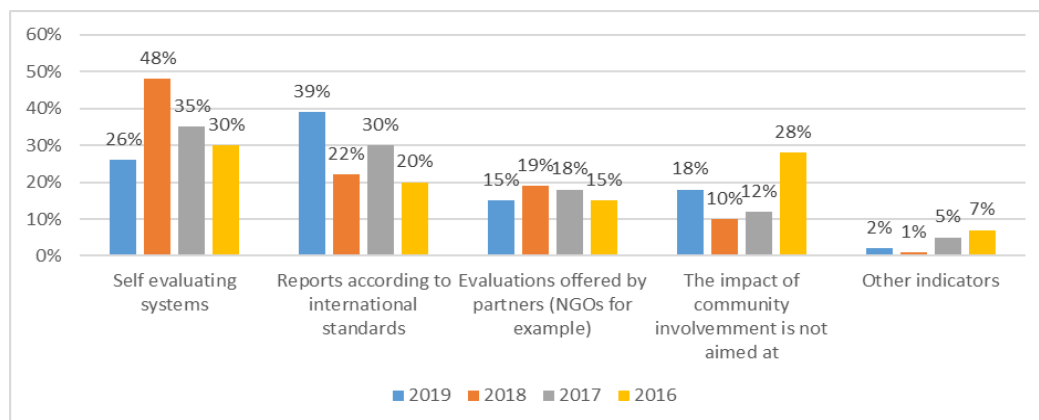
70% in 2017 to 77% in 2018), the authors of the study conclude that this "denotes a maturation of the approach of the CSR domain by companies" [16].



Source: *The dynamics and perspectives of the CSR field in Romania, 6<sup>th</sup> Edition, 2018*  
*The dynamics and perspectives of the CSR field in Romania, 5<sup>th</sup> Edition, 2017*

**Figure 4. Identification of topics relevant to the company in the field of corporate social responsibility (question with a single answer)**

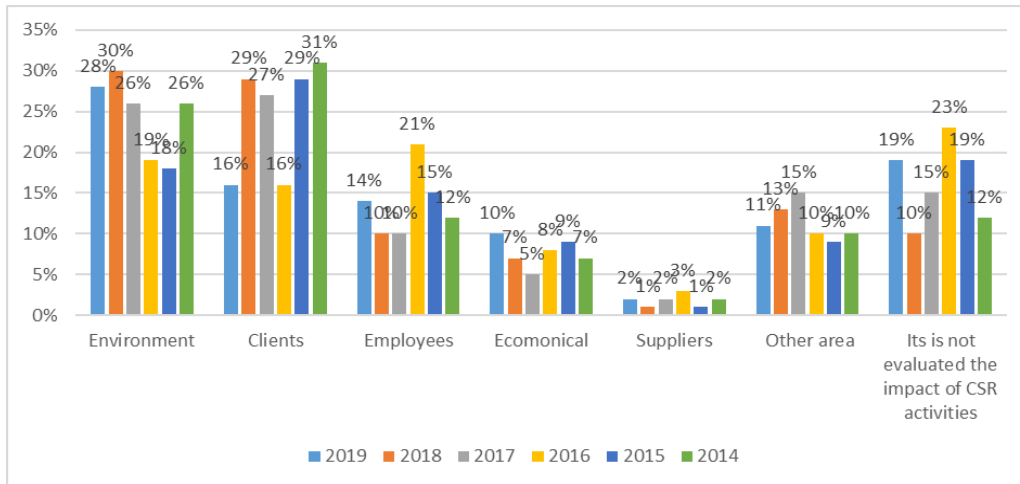
As for the monitoring of the impact of CSR activities by companies, there is a decrease in the percentage of companies that base their reporting systems on international standards, in favor of their own evaluation systems, in total compared to last year, a higher percentage of companies that declare themselves interested in assessing the effects of activities in the field of social responsibility can be noticed (with 4%).



Source: *The dynamics and perspectives of the CSR field in Romania, 6<sup>th</sup> Edition, 2018*  
*The dynamics and perspectives of the CSR field in Romania, 5<sup>th</sup> Edition, 2017*

**Figure 5. Performance indicators based on the impact of activities in the field of corporate social responsibility (question with several variants of answer)**

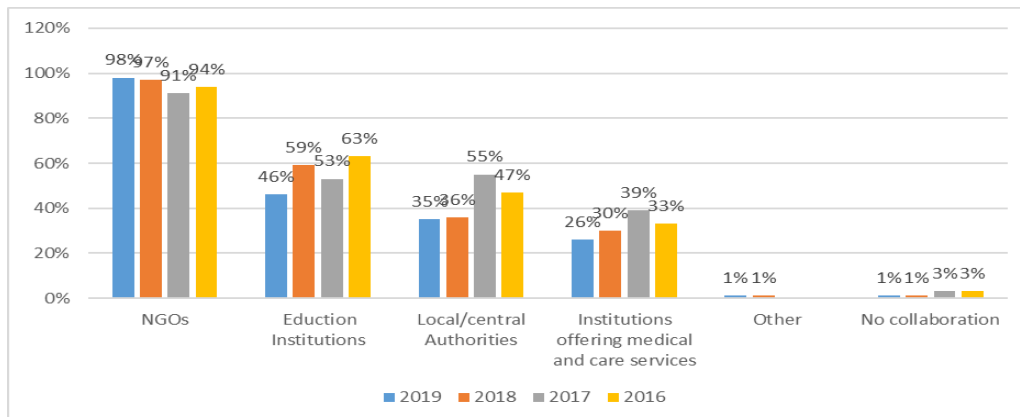
Most companies consider that the most important areas according to which the impact of CSR activity is evaluated are the environment and the clients; important weights are also obtained for companies that declare that they do not evaluate the impact of CSR activity on the areas surveyed



Source: *The dynamics and perspectives of the CSR field in Romania, 6<sup>th</sup> Edition, 2018*

**Figure 6. The area according to which the impact of CSR activity is evaluated (question with only one answer)**

As for the institutions involved with companies in the implementation of CSR projects, throughout the analysed period it is observed that the main partner is represented by the NGOs; educational institutions and those providing medical and care services are increasingly preferred as collaborators.



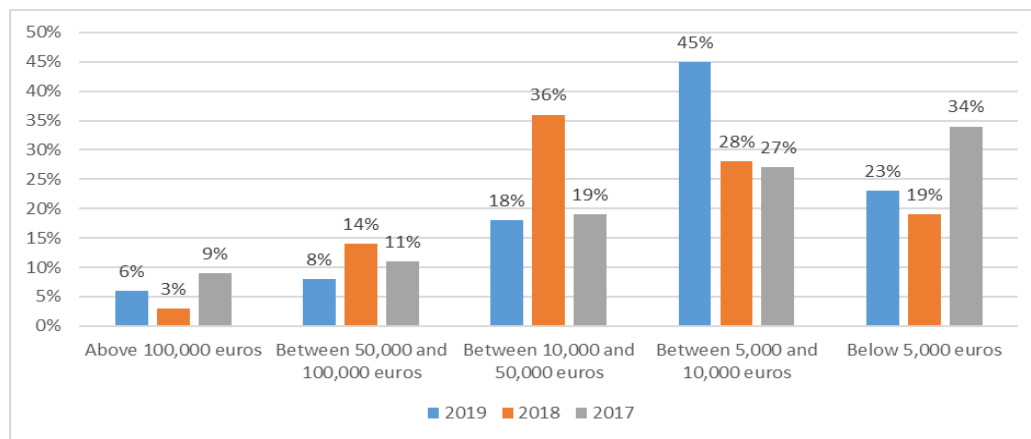
Source: *The dynamics and perspectives of the CSR field in Romania, 6<sup>th</sup> Edition, 2018*

*The dynamics and perspectives of the CSR field in Romania, 5<sup>th</sup> Edition, 2017*

**Figure 7. Collaborating institutions in carrying out activities in the field of corporate social responsibility (question with several answer variants)**

Regarding the budget associated with CSR projects, importance was granted to obtaining information on the size and evolution of the budget assigned to the field of social responsibility, as well as to the departments responsible for the budget line. From this point of view, it can be stated that the percentage of companies that declared that they allocated increased budgets to the activities in the area of social responsibility increased in 2018 compared to the previous year (by 5%); it can also be noted the registration of high percentages for companies that claim to have registered a stagnation of the budget for the current year compared to the previous year (with values of 30% in 2018, 35% in 2017 and 42% in 2016); insignificant percentages are recorded in the case of decreasing of the budget compared to the previous year or of the companies that did not foresee a budget dedicated to the field of CSR.

From the point of view of the size of the budgets allocated to CSR, the largest share was held by companies for which the allocation of the amounts was between 50,000-100,000 euros both in 2018 and 2017; the shares of projects for which amounts between 100,000-200,000 euros were allocated, but also for those whose budgets exceeded 500,000 euros, pursuant to these developments, a favourable perspective of financing the field of social responsibility in Romania at the following level years was foreshadowed. If the average value of a CSR project is taken into account, in 2018, the highest share was held by the projects that required a budget between 5,000-10,000 euros (45%), followed by those with a budget up to 5,000 of euros (23%) and those with a budget between 10,000-50,000 euros (18%), a situation different from the previous year when the first place was held by the projects for which the average budget was between 10,000-50,000 euros (36%) ), followed by projects with budgets between 5,000-10,000 euros (28%) and those with budgets up to 5,000 euros (19%).



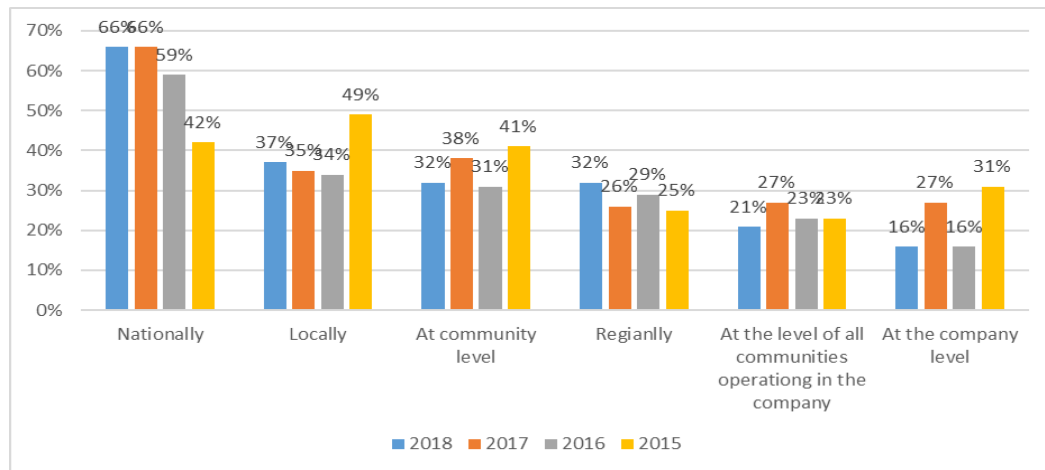
Source: *The dynamics and perspectives of the CSR field in Romania, 6<sup>th</sup> Edition, 2018*  
*The dynamics and perspectives of the CSR field in Romania, 5<sup>th</sup> Edition, 2017*

**Figure 8. The average value of CSR projects (single answer question)**

The average number of projects carried out during the analysed period 2013-2018 registered increases and decreases from year to year, the largest proportion being represented by companies that have carried out between 1-20 projects; It should also be

mentioned that although, in a very low percentage (3% in 2018, 5% in 2017 and 4% in 2016), companies that have undertaken over 100 projects during a year are also found.

The scale at which the CSR projects are carried out is with a national predominance followed at a large distance, but with close values by those carried out at local and community level (a significant increase of 6% was registered in 2018 by the projects carried out at regional level which they reached the same value as those initiated at community level). The main way companies provide assistance and support to communities through CSR projects they support is by donations in money (although there is a tendency to decrease these over the last two years, from 72% in 2017, to 70% in 2018). Other forms of aid used by the company in the field of CSR include socially responsible business practices, volunteering and donations in kind (books, space use or asset lending).



Source: *The dynamics and perspectives of the CSR field in Romania, 6<sup>th</sup> Edition, 2018*  
*The dynamics and perspectives of the CSR field in Romania, 5<sup>th</sup> Edition, 2017*

**Figure 9. The level at which CSR projects were initiated / carried out by companies (question with several answer variants)**

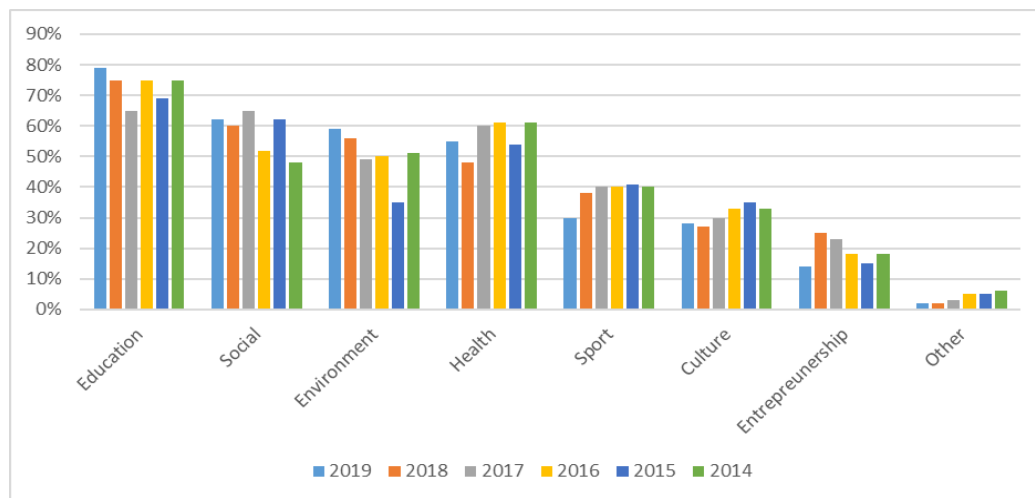
The community sectors mainly targeted by CSR projects are those of education, social, environment and health, initiatives being also encountered in sports, culture, entrepreneurship, and so on.

Another study considered relevant in shaping the picture regarding the level of involvement of the largest companies operating in our country in the field of social responsibility, as well as evaluating the CSR performance and impact on the Romanian society is the "Romania CSR Index" made by The Azores Sustainability & CSR Services.

For three years, 2016-2018, Romania CSR Index carried out an analysis of the field of "Social and Environmental Responsibility" in Romania, the objectives being represented both "by promoting CSR as a responsible business management practice, as well as by recognizing the leading companies in adopting the principles and requirements of the international standards for CSR management and reporting "[18].



With an extension of the analysis for the index in 2018 to 696 companies (from 100 companies in 2017, 2016 and 2015) and of all companies with over 500 employees and the use of a measuring instrument that increased the number of indicators from 36 in 2015 to 46 in 2017 and 49 indicators<sup>1</sup> in 2018, grouped into 9 categories, categories covering the three topics of sustainable development: economic, environmental and social and details on corporate governance, aspects related to diversity, economic impact, environment, human rights and anti-corruption policy were evaluated. , employees, marketing and Creating Awareness, community investment or supply chain, etc..<sup>2</sup>



Source: *The dynamics and perspectives of the CSR field in Romania, 6<sup>th</sup> Edition, 2018*

**Figure 10. Community sectors in which the CSR projects were initiated / carried out by companies (multiple choice questions)**

The economic dimension of sustainable development is quantified on the basis of some information such as the amounts invested for communities or how companies are involved in developing the skills of local community members. From the environmental point of view, the information collected refers to the reduction of the negative impact on the production or the management of the waste that result from the use of the products. From a social point of view, the CSR campaigns carried out by companies, but also how their companies position their brands in relation to sustainability, are of interest.

<sup>1</sup> The indicators were chosen according to 4 international references, the most important in the field of CSR: Directive 2014/95 / EU of the European Parliament and of the Council on the presentation of non-financial information and diversity information by certain companies and large groups, Sustainable Development Goals, Global Reporting Initiative Standards and Dow Jones Sustainability Index.

<sup>2</sup> The index takes into account the most important international references in the field of CSR, namely Directive 2014/95 / EU of the European Parliament and of the Council regarding the presentation of non-financial information and information on diversity, the 17 Sustainable Development Goals (SDGs) of the UN, Global Reporting Initiative Standard and Methodology "Dow Jones Sustainability Index"

The results obtained allowed not only the achievement of rankings by type of industry<sup>3</sup> or categories, but also drawing conclusions regarding the analysed area, namely corporate responsibility

**Table 1. Top 12 Companies socially responsible in 2018**

Ranking	Company	Industry	CSR index value
1	Coca Cola HBC România	Drinks	94
	Kaufland România	Retail	94
3	Raiffeisen Bank	Financial – banking services	92
4	OMV Petrom	Petrol and Gases	91
5	CEZ (Energy Distribution Oltenia)		91
6	Telekom	Communications	90
7	Lidl Discount	Retail	79
8	Glaxo Smith Kline GSK	Pharmacy and Health Services	78
9	Ursus Breweries	Drinks	72
10	Siveco	Software	65
11	Azomureș	Chemical Industry	58
12	Electrica Group	Electricity Supply	56

Source: *The Azores Sustainability & CSR Services, Romania CSR Index 2018, Ediția a III-a*

It is thus noted that, although there is an increase in the number of companies interested in CSR and their interest in sustainable development, both operationally and reputationally, "a coherent management of social responsibility is lacking or not communicated" [18]; also, although the number of companies involving their stakeholders to understand their expectations and needs and doing a materiality analysis has increased compared to previous years, "their number remains limited to less than 2% of the companies evaluated" [18].

Another feature of CSR among Romanian companies is the fact that "most companies continue to focus on community involvement, but projects have become more strategic in the sense that some companies invest more in vocational education, for example, trying to find and train the skilled or highly skilled workforce, and also increased investments in CSR programs that require operational changes, for example investments in installations that help to make energy consumption more efficient or In addition, the interest for cultural responsibility is increasingly being realized: campaigns that help different communities to preserve their traditions, projects aimed at protecting cultural heritage or supporting young artists" [17].

In fact, the behaviour towards CSR allows the distinction between companies interested in developing in this field, companies that collect non-financial information to transmit to the international group of which they belong, but does not publish this

<sup>3</sup> Companies operating in 25 industries such as Automobiles, Banks, Beverages, Chemical industry, Construction, Energy, Banks, Trade, Services, Agriculture, Insurance, Pharmaceutical industry, Media were analyzed. etc.

information in Romania and, on the opposite side, companies who have made no changes compared to previous years and seem to have no intention of investing more in this area.

### 3. CONCLUSIONS

The general conclusion that can be drawn based on the studies, reports and analyses carried out at the level of CSR Romania shows that it is possible to talk about a beginning of the professionalization of the field of corporate social responsibility in Romania, and the evolutions recorded during the last years foreshadow a tendency to develop this field in the near future, which is due not only to the obligations imposed by the European / national legislation, but especially to the awareness of companies of the importance of corporate sustainability, of the positive impact on the community, of the responsibility that a company has to take on employees, consumers, suppliers, public authorities, but also with regard to occupational safety and health.

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