

CORPORATE SOCIAL RESPONSIBILITY: OPTIONAL OR REGULATORY

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Abstract

Given the collateral activity developed and the economic background of the present author I took the approach of a topic that includes aspects from both fields, namely "Corporate Social responsibility- optional or regulatory".

Through the paper I will try to summarize the pros and cons of regulation, mandatory of corporate social responsibility and to review, present the ways in which countries with advanced economies in European Union and the EU itself have addressed this issue.

Keywords: *corporate, social, responsibility, optional, regulation, economies*

Introduction

The interest in the social responsibility of businesses, mainly known as "corporate social responsibility" (CSR), is not of recent date, the issue of a „moral” responsibility of companies which should contribute to the welfare of the community that provides for their existence and profit has been raised ever since the end of the XIXth century.

Currently, the debate has switched from a moral-type approach towards a utilitarian approach, business social responsibility being rather perceived from the perspective of costs and benefits involved.

The basic idea CSR relies on is that profits, people and the environment can be harmonized in a strategic corporate approach, so that the company can become economically viable, socially responsible and careful towards ecological aspects.

Corporate responsibility is seen as a complementary and effective agreement between business and the society where it operates, an agreement which highlights the mutual dependence between companies and community.

So that the company's actions and society's evolution can lead to success, they should be conducted in an atmosphere of *mutual trust and predictability* so as to enable both the achievement of business success and fulfillment of obligations to shareholders, as well as social welfare and environment protection.

Trust between the actors involved relies on past experience of cooperation relations and on community's cultural level.

As countries of the world and international institutions have acknowledged that adoption of corporate social responsibility principles serves the objectives of long-term development, the need for international standards has come up to define the meaning of a "desirable corporate behavior".

The main debate in this area refers to two distinct concepts:

❖ CSR seen as a **moral obligation or duty** towards a wider or narrower range of groups of interest

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❖ and CSR as an **initiative voluntarily assumed by companies**, in order to meet social and economic objectives.

To solve the dilemma: **volunteering of regulation**, the European Commission, established at the management level of the European Union, has assumed a role of arbitrator in promoting CSR, mediating **adoption of certain regulations and encouraging voluntary approaches**.

By its strong social policy and by its objectives proposed in the Lisbon Strategy, the European Union insisted in particular on the **development of the CSR concept** and on its practical implementation.

Thus, in the European Union, the European Forum on corporate social responsibility issues defines **CSR** as "**a concept whereby companies voluntarily integrate social and ecological aspects in their business operations and in their interactions with stakeholders**".

At the same time, the European Commission has based its strategy to promote CSR on a few principles having regard to:

- 1- Recognition of the voluntary nature of CSR;
- 2- The need to render credibility and transparency of CSR specific activities;
- 3- Focus on community actions which truly bring added value;
- 4- Balanced approach to CSR, from the economic, social, environmental perspectives, including its correlation with the interests of consumers;
- 5- Granting increased importance to the specific demands of SMEs;
- 6- Support and compliance with existing international agreements and instruments (Labour Standards, etc)

In addition, the European Commission has focused its strategy on the following domains:

- 1- A better knowledge of the positive impact of CSR on enterprises and society in Europe, mainly in developing countries;
- 2- Increase of expertise and good practice exchange between companies in terms of CSR;
- 3- Promoting the development of CSR management abilities;
- 4- Stimulation of the SR attitude within SMEs;
- 5- The integration of CSR with other communitarian policies, such as meeting social standards (SA 8000) and environmental standards (ISO 140010), so that the fundamental rights be unalterably respected.

CSR awareness, evoked in the European Council in Lisbon in March 2000, resulted in the introduction of the "Best Practice" concept in areas such as:

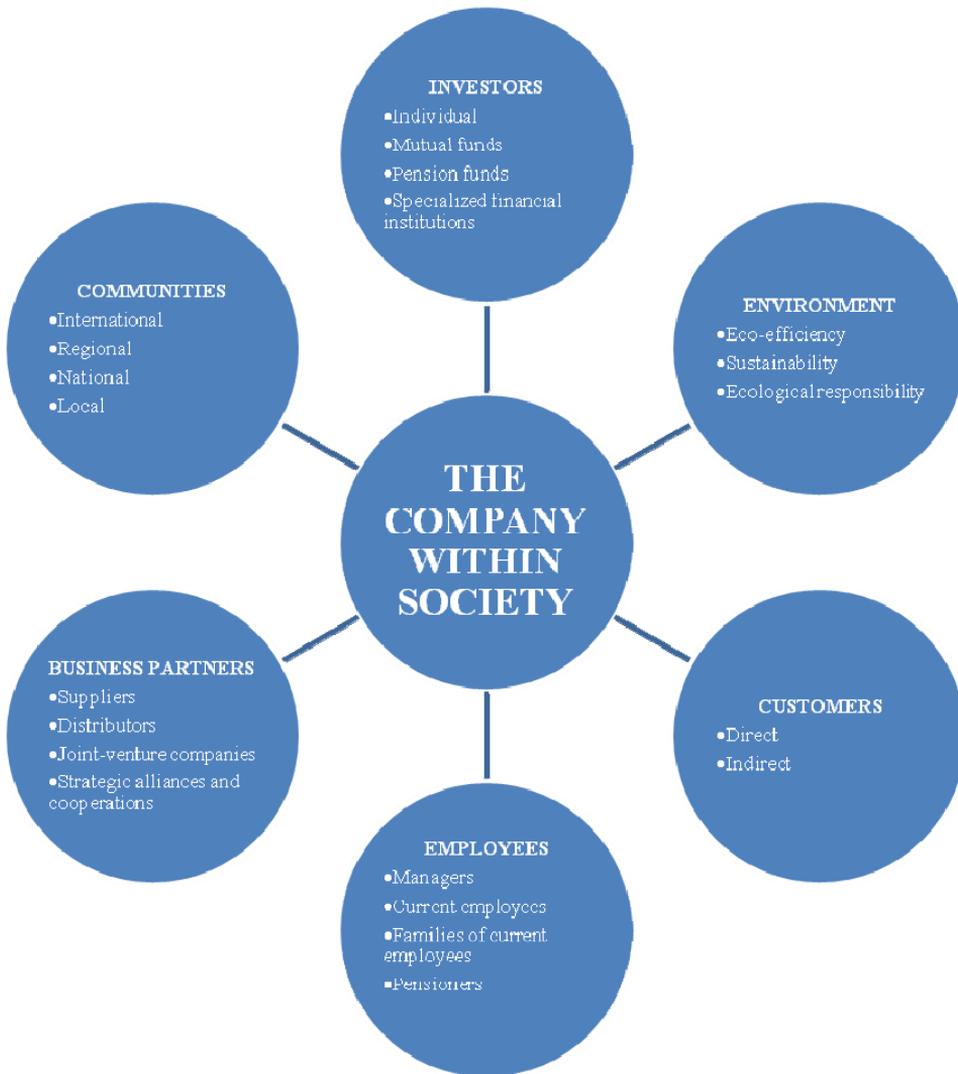
- Lifelong learning;
- Work organization;
- Equality of chances
- Social inclusion;
- Sustained development.

Starting from the premise of raising awareness on every aspect specified in the definition, the center of gravity becomes, thus, the **enterprise and the company (from SME to corporations), their responsibility in social and environmental areas**.

In the Green Paper, the European Commission **defines the CSR concept as being voluntary decision of enterprises -companies to contribute to the improvement of society and a cleaner environment**. The same document specifies that "for an enterprise to be socially responsible, it must meet legal requirements, comply and invest in human capital, environment and relations with the parties involved."

All these definitions show that, in the modern society, the company must be responsible not only to shareholders (owners), but also to all groups which are influenced or influence, directly or indirectly, company's activity: the shareholders/owners, customers, employees, suppliers, distributors, business partners, creditors, competitors, governmental and non-governmental organizations, local communities, public opinion, groups of interests, the media, etc. considering that the primary duty is to provide quality goods and services at fair prices, which would contribute to the welfare and development of society as a whole (see Fig. 1. *The six key responsibilities of CSR*). Socially responsible companies consider the profit to be a reward for the work performed for the benefit of the community.

Fig. 1. *The six key responsibilities of CSR*



Source: Palazzi, M. Starcher, G., *Corporate Social Responsibility and Business Success*, The European Baha'i Business Forum, Paris, France, 1997, revised 2006, p. 9, <http://www.ebbf.org/fileadmin/pdfs/publications/responsibility - success.pdf>

Thus, one can appreciate the social responsibility of the company as "the obligation freely assumed by a firm, beyond its legal obligations or those imposed by economic constraints, to pursue long-term objectives which are for the benefit of society."¹

In order to avoid some misunderstandings, one should differentiate the *social involvement of companies*, through philanthropy, donations or sponsorships from *corporate social responsibility*.

What are the differences between the ways of action mentioned above?

- *Philanthropic activities* are organized for charitable, humanitarian causes.
- The *donation* is a quite widespread method, by which a company provides financial support to an organization or to actions of the community it is part of.
- *Sponsorship* is another method, perhaps even most frequently used, to financially support an organization or an event which brings promotion, and it is deducted from the corporate tax to a maximum of 0.3% of turnover, but no more than 20% of the due corporate tax.

Corporate social responsibility, though it may also include the methods above, **represents more than those**, being in fact *a strategy*, specially developed for this purpose, **through which firms can interact with the community where they operate**- in narrower or wider sense -.The CSR strategy, which also creates benefits for the company, may include expertise and various other types of services offered to beneficiaries in potential partnerships. The *spirit of mutual aid* which underlies philanthropic actions is *replaced with a relationship of reciprocity*.

Usually, it is accepted that corporate social responsibility activities and projects be allotted 0.8% - 1% of companies' operational profit.

This concept and managerial attitude proved to be the most effective, not only as it ensures *company's economic success*, but also because it allows obtaining a *competitive advantage* due to gaining confidence of the people from inside and outside (customers and suppliers) and acquiring – as a consequence – a good reputation (goodwill).

Communication between employer and employees, between developer and community is necessary for all the projects, initiatives and actions related to social responsibility. There are various possibilities for the transmission of messages related to corporate social responsibility: product labels, packaging, media relations, publications, events organized for this purpose (conferences, contests, promotional events), reports, posters, brochures, fliers, websites, advertisements, informational packets or verbal messages.

The methods used for information dissemination depend on the selected target group: customers, employees, local community, press.

Thus, the community will have confidence that the company protects the environment and acts responsibly on social level and employees will be proud to work in a company concerned with their issues and which appreciates their work and contribution.

There are however situations where certain managers consider the corporate social responsibility as a marketing tool which can bring profit, this approach having generated controversies on the ethical character of some projects and actions carried out under the auspices of this concept. Especially if those companies sometimes cause certain damages to the community where they run business. (for example, the Rosia Montana project in Romania)

One of the major dilemmas concerns the ethics of those companies which cause damages to the community or environment where they operate and, at the same time, they carry out or participate

¹S. P. Robbins, M. Coulter, *Management*, Prentice – Hall International Inc., New JeRSCy, USA, 1996, p. 148.

in social responsibility projects. The question is whether these companies are entitled to a positive image and the other benefits pertaining to the corporate social responsibility.

Due to non-compliance with the basic principles of corporate social responsibility, some countries face situations which can lead to a *crisis of the corporate system*, by loss of confidence of business partners, Governments and citizens in the successful models of the previous years.

In order to prevent conflict situations with serious social and economic consequences, a series of actions are considered on three intervention levels:

1. stimulation of corporate responsibility by voluntary adopting of the necessary changes,
2. corporate supervision through a system of regulations, control and penalties,
3. sanctioning of the culpable enterprises.

Pros and cons of social responsibility of enterprises

Starting from the various approaches and visions on CSR, the specialized literature devotes an ample presentation of its pros and cons.

Bowie and Duska, in *Business Ethics*², carried out a synthesis of the most frequent arguments invoked **for and against a maximalist approach to CSR**.

Pros for the maximalist approach of corporate social responsibilities:

- a. **the call to citizenship**: businesses, as institutional members of the society, are citizens, and citizens have civic responsibilities and duties;
- b. **obligation to gratitude**: corporations capitalize on the society, so they have some obligations of gratitude towards the society which allows them to exist and operate; businesses should behave in accordance with the wish of the general public;
- c. **responsibility of social power**: corporate social responsibility derives from company's social power; the significant financial resources of corporations should be used wisely and largely to solve urgent social problems. Therefore, businesses must use their power for good purposes, socially and environmentally.

Cons for the maximalist approach of corporate social responsibilities:

- a. Obligations of corporations to do well cannot be extended indefinitely, companies' increased duties to help in solving certain social problems could lead to the impossibility of obtaining profits by companies or their refusal to contribute to solving those social problems.
- b. There is no authority to define criteria for moral assessment (social needs and hierarchy of their priorities) when the enterprises fulfill their maximal social responsibility. Company managers, accustomed to management decisions - based on economic and financial criteria, will find themselves in the position to make ethical decisions - based on moral considerations. Thus, businesses will influence social priorities, which must remain at the discretion of the Government and elected representatives.
- c. Shareholders will be deprived of a part of the profits, which will be allocated by managers as they wish. This contradicts the hypothetical social contract concluded between managers - as agents of the owners - and shareholders.
- d. The increased social responsibility of a company mistakes its social obligations for discretionary actions, freely undertaken by the company. Businesses do not have the moral responsibility to do well. The relationship between ethics and business must be realistic: after all, the

² N.E. Bowie, R.F. Duska, *Business Ethics*, 2 ed., Prentice-Hall International, New JeRSCy, USA, 1990, p. 42.

ultimate goal of business is to make profit, even if this requires meeting additional moral and social obligations.

Gheorghe Ionescu³, in his book *Culture of business: American model*, considers the pros and cons of the extended corporate social responsibility depend on the analysis perspective, i.e. whether it is considered to be an economic system responsible only to shareholder/owner, or if it is viewed as an economic-social system responsible to a multitude of different groups of interests.

Current realities show that, **beyond the balance between the pros and cons** of social responsibilities (table 1), **companies have developed a specific social behavior, which exceeds the concept of financial profit's strict maximization**. The main purposes of the company's involvement in social activities can be grouped as follows:

- economic reasons: ensuring profits (and protection of shareholders' interests) on long term; avoidance of additional future costs (imposed by Government policy, environmental degradation, etc.);
- extra-economic reasons: improvement of public image, social pressure, etc.

Table 1. Pros and cons of corporate social responsibility

PROs	CONs
<ul style="list-style-type: none"> • The pressure of public opinion; • Ensuring long term profits; • Observing moral obligations; • Improvement of the public image; • Improvement of the environment; • Avoidance of certain Government regulations; • Commitment to social responsibilities according to their power in society; • Promoting long-term interests of shareholders; • Availability of resources to support the charitable actions; • Reason: superiority of prophylaxis over treatment; 	<ul style="list-style-type: none"> • Infringement of market regulations; • Setting of firm's purpose through extra-economic actions; • High costs; • Growth above the limits of power in society (by involvement in extraeconomic areas); • The lack of specialists in social issues; • The difficulty of the track (for accounting purposes) the use of resources; • Nonexistence of a wide social support (pros/cons).

Sursa: Robbins, Stephen P., Coulter M., *Management*, Prentice Hall, International, Inc., 1996

Partisans of **anti - CSR** see the company as a purely economic system, profitable by its very nature and responsible only to shareholders. The arguments brought in favor of this vision may include:

- The system of the competitive market works effectively, real, only when the organization focuses on economic performance and capitalizes shareholder's interest. This model provides the best possible use of the resources of the society.

³ Gh. Gh. Ionescu, *Culture of business: American model*, Economic Publishing House, Bucharest, 1997, p. 177-178.

- As economic institutions, organizations will specialize in what they do best, i.e. the efficient production of goods and services. The profit represents a reward for its effective, real, social performance.
- Businesses must not necessarily pursue social goals. This function is left to other institutions of society.
- Any unselfish attempt of corporate social responsibility is basically a part of shareholders' resources, which will no longer be, legitimately, distributed as profits.
- Businesses have a great economic power. Social responsibility of large corporations will have excessive influence of inappropriate, highly exaggerated, on many other activities. Pluralism is cherished and avoidance of concentration of power is intended.
- The company that will emphasize social responsibility will have a competitive disadvantage as compared with those which do not assume such a responsibility or practice it less.

Partisans of corporate social responsibilities consider the company as an economic-social system responsible to a multitude of various groups of interests and they justify their favorable attitude using, among others, the following points of view:

- There are no situations of pure competition and the competitive environment does not automatically guarantee the optimum allocation of resources. The market economy does not guarantee the efficiency and equity activities undertaken by operators.
- Businesses are not only profitable economic instruments, but business activities also have significant social impacts. Profit is not the only indicator of social performance.
- Usually, managers are not trained to deal with social responsibility in their decisions, although the social impact of their decisions is unavoidable. Many corporations have enormous resources and, as such, many of these should be channeled towards activities related to social welfare.
- Social responsibility does not necessarily determine opposition or damage to the interests of shareholders. In long-term operation, consideration of social responsibilities will emphasize of shareholders' interests.
- A better society offers better chance for better future conditions. Investments to improve the social structure predict a favourable business environment, which also has a positive impact on all community members.
- Business organizations that assume a more responsible position discourage certain groups of interests – such as trade unions and Government – and helps large companies to avoid Government regulations and restrictions, thereby avoiding distortions of competition and the free enterprise system. In a broad sense, the business organization has a particular interest in its engaging in social responsibility events.

The presented reasons show that the pro-CSR attitude envisions issues in a broader context or for longer periods of time, while anti-CSR attitude is much more interested in immediate profitability. Over the last two decades, in the developed society, increasingly more corporations have become interested in social responsibility issues, as the arguments in favor of this approach have become more numerous.

The Expression of Social Responsibility in other countries of the European Union

As for the development of CSR on the European continent, one must highlight European Union's contribution to the conceptual development and practical implementation of corporate social responsibility.

In Europe, the interaction between companies and society is strongly marked by the economic, political and cultural diversity on the entire continent. The development of social responsibility of the enterprise in Europe has been determined both by the proactive strategies adopted by leading companies and by the European institutions and national Governments, as well as external pressures from other groups of stakeholders, including civil society or investors, in general.

The idea that **companies should contribute to the general welfare of society beyond the limits imposed by legal obligations enjoys a long tradition in Europe**, especially in the Anglo-Saxon area.

In Western Europe, following a pioneering endeavor in the Bismarck period in the second half of the XXth century, a social protection system has been developed, as part of the social contract between State and citizens, giving consistency to the notion of "citizenship", so that, for the reduction of social polarization and the development of middle classes, the countries of Western Europe have assumed the role of guarantor of welfare, by the technical role in the organization and supervision of social security systems -mandatory public insurances against major risks in life - and by the role of provider of allowances within the family and demographic policy.

The public mandatory social insurance systems, regardless they are based on social contributions or differentiated income taxes, represent mandatory saving from gross wages, deriving from labor. Whether they are paid by employee or employer, these revenues belong to employees, as labor price, the State only having technical role in administration of pension systems, health insurance, labor accidents or unemployment insurance systems. In addition, in order to avoid social exclusion, according to the principle that "it is easier to prevent than treat", through the budgets of local authorities, local communities, the States have organized and guaranteed a final barrier - network against poverty by the social assistance system, consisting of the compensations and/or occasional social services, strictly customized and limited. The entire social protection system — regardless we refer to social security through insurance or family support policies and social assistance - is based on intragenerational and intergenerational solidarity between rich and poor regions, between rich and poor people, between sexes and between any majority and any minority.

On equal terms, we must all be equal before the law. But only on equal terms. Otherwise, the law can become an abuse of the strong against the weak. Otherwise, even laws may generate crisis. Increasingly more frequent, legality does not necessarily mean legitimacy.

In the recent decades, economic factors and the socio-political situations in many countries in Western Europe have led to a partial redefinition of boundaries in the public sector and private sector, as well as their roles in society. In this context, increasing attention is paid to **voluntary actions** undertaken by companies as part of their corporate social responsibility strategies, in order to manage the economic, social and environmental effects of their activities and to contribute to society's development, in general.

Considering that Europe is a relatively rich continent and a stable region of the world, benefiting from a well developed social and economic structure, the **current problems and challenges associated with CSR in Europe differ significantly from those in less developed regions of the world.**

Thus, **many of the social and environmental corporate responsibilities, which might fall under companies' voluntary involvement in other parts of the world, are strictly legally regulated and defined in Europe.** However, the increasing interest towards business opportunities

associated with innovative approaches in terms of CSR and stakeholders' growing expectations about corporate responsibility and implementation of responsible business practices at intra-and extra-continental level will consolidate the CSR agenda.

Furthermore, given the recent financial and economic crisis, the level of public trust in business environment has decreased significantly in many European countries. In this context, the lending crisis and the recession that followed have emphasized companies' need to contribute to rebuilding civil society's confidence in the business environment and shaping a more responsible and sustainable economy, both in Europe and globally.⁴

In 2007, the European Commission, through the High Level Group of National Representatives on Corporate Social Responsibility issues, has developed a summary of the corporate social responsibility policies in the 27 EU Member States.⁵

This collection illustrates both similarities and differences between national CSR policies.

Although they differ from one country to another, the objectives of these policies are often similar and cover aspects such as:

- encouraging dialogue with all types of stakeholders and public-private partnerships;
- strengthening the transparency and CSR practices and instruments;
- raising public awareness, increase of knowledge, dissemination and copying of excellence models in the field;
- ensuring a more solid and consistent connection between the objectives of sustainable development and public policies.

Thus, for a better presentation of the information in the 27 Member States, the data collected have been structured on three main categories:

- I. policies that promote the progress registered in CSR,
- II. policies aimed at ensuring transparency of CSR practices and tools
- III. and initiatives in other public policies which have a positive impact on CSR.

The conceptual framework of the CSR analysis at European level is as follows:

1. Promotion of CSR:

- Raising public awareness,
- Research,
- Public-private partnerships,
- Business incentives (for example, corporate awards and recognitions)
- Management tools.

2. Providing transparency in CSR practices:

- Principles and codes of conduct,
- The general framework of social reporting,
- Management systems and labels of social/ecological recognition,
- Socially responsible investments,
- Advertising,
- Others.

⁴ CSR Europe, *A Guide to CSR in Europe: Country Insights by CSR Europe's National Partner Organisations*, Brussels, Belgium, October 2009, p. 2-3.

⁵ European Commission, General Directorate for Employment, Social Affairs and Equal Opportunities, High Level Group of National Representatives on Corporate Social Responsibility (CSR HLG), *Corporate Social Responsibility – National Public Policies in the European Union*, Brussels, Belgium, 2007, p. 1-95 pe http://ec.europa.eu/employment_social/soc-dial/csr/csr_compendium_csr_en.pdf.

3. Development of public policies to support CSR:

- Sustainable development strategy,
- Social policies,
- Environment policies,
- Public procurement,
- Trade and export policies (for example, promoting the OECD guidelines),
- Others (development policies or fiscal policies).⁶

At the level of each country, only policies and initiatives directly linked to the social responsibility of the enterprise were reviewed, without being addressed other national policies.

All these show that the nature and characteristics of the corporate social responsibility vary between different Member States and from one cultural context to another: in some countries, CSR is integrated in national policies (such as; Bulgaria, Cyprus, Denmark, Finland, France, Germany, Portugal, Sweden, etc) which leaves little space to companies for voluntary corporate social involvement, while others have rather developed initiatives to raise public awareness and the socially responsible practices are left to the discretion of companies (Estonia, Greece, Ireland, United Kingdom, Netherlands, Slovenia, etc.) starting from the premise that the role of Government and of public authorities is to support opportunities for companies' involvement and not to set up formal structures and strict rules to guide the corporate involvement.

In order to achieve a minimum impediment in all countries, the European Union has developed a number of principles aimed at internal and external relations of enterprises with the community. Internal relations with companies aim:

- to minimize the impact of their activities on the environment and natural resources,
- to ensure a better quality of life for employees at their job and otherwise,
- to ensure a safe and healthy working environment,
- to address responsibly reorganizations in case of crisis, taking into account the interests of all parties involved.

In their external relations with all the interested parts, companies are responsible for:

- respect for human rights stipulated in the *Universal Declaration of Human Rights*,
- support for development of the communities they activate in,
- support for the development of local economic systems by concluding partnerships with local distributors,
- protection and encouraging global environmental protection.

EU recommends adoption of those principles in business strategies of enterprises and reporting on their implementation.

CSR is complementary to specific approaches to ensure increased social and environmental performances and it should not be considered as a legal substitute or a task of companies with public responsibilities, which mainly continue to be under the influence of Governments.

At European Union level, special attention is paid to social responsibility of small and medium-sized enterprises (SMEs), not only to that of large companies, the special term which denotes their social responsibility being: *responsible entrepreneurship*. Even though a special term is

⁶ European Commission (2007), *Corporate Social Responsibility – National Public Policies in the European Union*, p. 3.

used, its content overlaps CSR's definition. A different term is used as CSR is a complex notion, mainly developed for large companies.⁷The interest for SMEs is owed to the fact that they represent, at European Union level, the predominant form of business organization, both in number and as contribution to the GNP, as well as in the job offer.⁸In addition, the rate of their occurrence and extinction is very high, their activity being run on markets dominated by large/very large multinational companies and financial and banking policies, which are not always favorable. As a result, the economic success of SMEs is difficult, being possible by a specific mixture of factors, which can turn them into competitive advantage. Under these circumstances, the European Commission got involved, particularly in the last decade, in identifying new methods for SME's to be successful, one of its policy's priorities being stimulation of social responsibility, regarded as potential source of competitive advantage.

The European states, aware of the benefits of CSR, have adopted various regulations in the area. Thus, France requires companies listed at the stock exchange to prepare annual reports dedicated to CSR and all countries have ministries in charge with various aspects of social responsibility.

Thus, in France, at least two ministries have direct responsibilities in the field of CSR: the Ministry of Solidarity and Social Cohesion, as well as the Ministry of Ecology, Sustainable Development, Transport and Housing.⁹

In the United Kingdom, at least three departments (which include several fields run by State Ministers, Secretaries of State or State Undersecretaries) are responsible for areas directly related to business, environment and innovation: the Department for Business, Innovation and Skills, the Department for Environment, Food and Rural Affairs, the Department for Communities and Local Government -community cohesion.¹⁰

In Belgium, several ministries are directly responsible for CSR related areas, their new names being, Federal Public Service for Employment, Labour and Social Dialogue, the Federal Public Service Economy, SMEs, Middle Classes and Energy, the Federal Public Service for Programming covering the following areas: Social integration and Social Economy and Poverty reduction, Sustainable development, Science policy and, finally, Protection of consumers.¹¹

Concerns with CSR are noticed in every policies and strategies of ministries in the EU countries, not only in those with direct social interface. Monitoring of reports is probative from this point of view.

⁷ European Commission, Directorate-General for Enterprise, *Responsible Entrepreneurship. A Collection of Good Practice Cases among Small and Medium-sized Enterprises across Europe*, Luxembourg: Office for Official Publications of the European Communities, 2003.

⁸European Commission, http://ec.europa.eu/enterprise/csr/index_en.htm, accessed in July 2006.

⁹Ministère des Solidarités et de la Cohésion sociale Ministère de l'Écologie, du Développement durable, des Transports et du Logement.

¹⁰Department for Business, Innovation and Skills -Minister of State for Business and Enterprise, Department for Environment, Food and Rural Affairs - Parliamentary Under-Secretary of State for Natural Environment and Fisheries, Department for Communities and Local Government- community cohesion.

¹¹Service public fédéral Emploi, Travail et Concertation sociale. Service public fédéral Économie, PME, Classes moyennes et Énergie, Services publics de programmation Intégration sociale, Lutte contre la Pauvreté et Économie sociale, Développement durable, politique scientifique, Protection des consommateurs.

European Union's Directorate-General for Employment, Social Affairs and Equal Opportunities makes annual monitoring of national public policy for Corporate Social Responsibility in the European Union.¹²

Though new in Romania, corporate social responsibility has become an increasingly present concept in the Romanian business community.

Corporate social responsibility was first known due to multinational companies, which are, as yet, the main promoters of corporate initiatives in our country (Coca-Cola, Lafarge, Holcim, Carpatcement, Zentiva, Orange, Vodafone, etc.). As nearly any major concept subject to an accelerated assimilation need in Romania, CSR was initially more like a fashion, rather than the result of full awareness on the needs of all categories of stakeholders.

Originally, the national companies have turned to socially responsible practices in their attempt to meet business standards consolidated at European and international levels. As the Romanian market is becoming increasingly competitive, national companies started to see the potential of a social and economic approach in their brand development, as a prerequisite for the long and medium term commercial success. Thus, corporate social responsibility started being present in the business strategies of companies of all sizes.

A study prepared by European Union's Directorate-General for Employment, Social Affairs and Equal Opportunities in 2007 underlines the weak points of the Romanian social responsibility programs and the low level of public awareness.

The number of complex CSR programs has only increased in the past three years in Romania and few companies are involved in major social responsibility projects.

There are no policies to support CSR activities at Government level and, only in 2008, under the authority of the Ministry of Labour, a Department for Corporate Social Responsibility (DRSC) has been established - the department dealing with the identification and formulation of public policies in CSR, in collaboration with the ministries and specialized bodies of the central and local public administration authorities, employers' organizations, non-governmental organizations and trade unions representative at the national level.

The objectives of the Department are:

- promotion of business practices which help to the success and profitability of companies as well as meeting the objectives concerning sustainable development;
- raising awareness on the social responsibility concept, initiation of an open, constructive dialogue with all interested parties;
- formulation of performance standards in areas such as safety, health and equality of chances.

Development and implementation of public policies in the field of CSR is a challenge that requires learning and innovation, and the public authorities that plan to approach CSR need to expand this capacity. MMFES' commitment to integrate CSR in developing public policies is vital for improvement of decision-making processes on all levels in order to increase competitiveness in a sustainable manner.

¹²Commission Européenne, *Responsabilité sociale des entreprises Politiques publiques nationales dans l'Union européenne*, Direction générale de l'emploi, des affaires sociales et de l'égalité des chances Unité D.2, 2007.

The number of complex CSR programs has only increased in the past three years in Romania and few companies are involved in major social responsibility projects. There are no policies to support CSR activities at Government level.

Conclusions

Even though Corporate Social Responsibility, as it is formally known, is a relatively recent phenomena, company owners and managers have become involved with activities, that can be related to CSR, almost ever since the Industrial Revolution.

But, until 1990, CSR was generally restricted to corporate philanthropy.

From the beginning of the 1990s, extended CSR concepts and practices have become de focus point. What triggered this radical change?

In 2007, Scherer and Palazzo claimed that, in a globalised world, there is a need to change to a new extended political concept concerning CSR.

In fact, globalization also implies a weakening of the national power, the political authorities being able to regulate the businesses that want to extend their operations to a global level. Thus, companies have become key elements on the economical and political scene.

For example, present times companies are considered to be socially responsible, including for their providers chains (for example: Nike).

This is why companies that are in control have the moral obligation to use their power in a responsible manner and to influence the weaker parties in adopting new activities codes, to a certain standard.

Today, the state's authority can be taken over by international organizations, like the IMF, and also by multinational corporations.

On the one side, globalization puts companies in the position that the state was formally in and it obliges them to own up to a responsible corporate conduct. On the other side, a social corporate behavior is necessary for corporations to be able to control the way society reacts to them.

Looking at the situation from this perspective, the importance of having international (European) organizations that can regulate boundaries, rules and standards, for each member state – the minimal amount in order for states to be able to take on and implement for the companies that activate on their territory – becomes very clear.

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