

CORPORATE SOCIAL RESPONSIBILITY POLICY WITHIN THE ROMANIAN WEST REGION COMPANIES

Dina Maria Luț

Abstract: *In today's business world, the concept of Corporate Social Responsibility (CSR) represents a new philosophy, showing responsibility that organizations have towards people, society and the environment, as they are or can be affected by companies' activities.*

The CSR concept is strongly related to the concept of sustainable development and the CSR policy is integrated in the sustainable development strategy. Companies have the power to shape their actions so that they do not prejudice communities and the environment. The CSR policy enables companies to monitor voluntarily and to improve the social and environmental impact of their actions.

This paper proposes a possible model for analysing the CSR policy within the Romanian West Region companies. Firstly, we defined three dimensions which are considered the most relevant for the CSR concept and we assessed these dimensions in order to detect which one is the predominant dimension of CSR policy in Romanian companies.

Key words: *corporate social responsibility, environment, sustainable development, Romanian companies.*

1. INTRODUCTION

Today's business world considers that the "3 Ps", that is Population, Planet and Profit, are relevant for preserving natural resources and promoting sustainability. The basic philosophy of the "3 Ps" is that, although financial success continues to be the main motivation in making decisions, economic development may be maintained by protecting the environment at the same time. The profit that a company makes may bring benefits for everybody as long as the process used to obtain money does not affects the environment. [1]

When speaking about companies, sustainability refers to adopting business strategies which satisfy company and shareholders' needs but, at the same time, they protect, preserve and increase human and natural

which will be necessary for future generations. Stopping environmental degradation, taking care of the environment and of the natural resources, taking into consideration our common future, are issues that should be approached with maximum seriousness by everybody: authorities, civil society and the business sector.

In today's business world, Corporate Social Responsibility represents a new philosophy, showing responsibility that organizations have towards people, society and the environment, as they are or can be affected by companies' activities. [3] Corporate Social Responsibility (CSR) was defined by the European Commission as *a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.* [4]

The CSR concept is strongly related to the concept of sustainable development.

Sustainable development has developed as a concept through several decades of active international scientific debate and has acquired distinct political connotations in the context of globalization. [2], [7]. *“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”* [6]

The CSR policy is integrated in the sustainable development strategy. Companies have the power to shape their actions so that they do not prejudice communities and the environment. The CSR policy enables companies to monitor voluntarily and to improve the social and environmental impact of their actions.

There are three aspects of the social dimension of corporate social responsibility, as follows [4]:

- **Internal aspects:** human resource management, health and safety at work (OSH), business ethics, adaptation to change, and organizational learning – requires participation of workers or their representatives;
- **External local:** local corporate citizenship - requires cooperation with business partners, local authorities and local NGOs;
- **External worldwide:** human rights, global environmental concerns, safety and health in supply companies, corporate citizenship worldwide - requires communication with consumers, investors, globally operating NGOs, etc.

A key component of the CSR concept is responsibility towards the environment, which can be called corporate environmental

responsibility that implies obtaining concrete competitive on a market that has been strongly affected by the economic crisis. Recent studies have shown that employees who work for socially responsible companies tend to be very motivated at work, partly because they have the satisfaction to know that they work for an organization that puts community and environment on the first place. [5] If employees are motivated, they will be more productive. Also, more investors are interested by CSR policy of the company where they invest their money, especially in matters that refer to the environment and human rights. Thus, firms that consider the environment and the society will have more access to potential capital.

2. EXPERIMENTAL

2.1. Research methodology

The practical research presented in this study aims assessing the environmental dimension of CSR policy within the Romanian West Region companies, and comparing it with two other dimensions of the CSR policy: internal dimension and local external dimension.

The study was conducted on 41 companies with Romanian, foreign or joint capital from West Region Romania, working in different economic areas: industrial-production, trade, services. 14 of these companies are multinational companies (34%). We used as the research method the survey, and as the research instrument we used the questionnaire applied to managers of the investigated companies (during the year 2014).

Starting from the theoretical framework presented above, we defined three dimensions which are considered the most relevant for the CSR concept and we assessed these dimensions:

D1. Environmental dimension of the CSR policy refers to the **impact on the environment (global external dimension)**.

D2. Local external dimension refers to **relationships with stakeholders and local community** (relationships with shareholders, investors, creditors, competitions, suppliers, local authorities, other institutions, the public);

D3. Internal dimension refers to the **Human Resources Management** (the fairness and strictness of personnel policies, participative management, workplace security, etc.);

Each of the three dimensions is formed of an ensemble of essential characteristics which are considered evaluation criteria for that dimension.

Environmental dimension (D1) referring to the impact of company activities on the environment is evaluated based on the following criteria:

C11. Existence of some evaluations of the impact of company activity on the environment by using specific audit instruments (to evaluate in detail the degree of conformation or to identify opportunities to reduce costs, repercussions on the environment and resource waste);

C12. Existence within the company of a CSR policy with an environmental component and the existence of someone responsible to implement it;

C13. The degree of conformity with the environmental norms evaluated using the environmental standards (if fines or other warnings have been applied for not complying with the law);

C14. The degree of active participation of employees in protecting the environment evaluated by the existence of specific programs for employees' information, training and evaluation;

C15. Additional investments for implementing green technology (percent from total investments);

The next step was to compare this dimension with the other two dimensions in order to detect which is the predominant dimension of CSR policy in Romanian companies.

Local external dimension (D2) referring to relationships with business partners and local community is evaluated based on the following criteria:

C21. The degree of independence of managerial decisions towards administrative council decisions and fair treatment of shareholders;

C22. The degree of transparency of information and managerial decisions to creditors, investors, suppliers, local authorities by regularly informing them *about economic and financial results of the company*;

C23. Using loyal competition practices in establishing prices and promoting products, etc.;

C24. Information transparency for general public (including those referring to social responsibility);

C25. Paying fiscal obligations regularly (taxes to the local budgets);

C26. Company involvement in social or philanthropic actions with no advertising purposes.

Internal dimension referring to the **Human Resources Management - HRM (D3)** is evaluated based on the following criteria:

- C31. Encouraging initiatives and free expression, transparency of information referring to company performances and actions;
- C32. Participative Management: delegating authority, the degree of participation of employees in establishing working tasks;
- C33. Fairness of recruiting and selection procedures;
- C34. Existence of an integration policy of new employees and of the actors who put the policy into practice;
- C35. Characteristics of the training policy of employees;
- C36. Characteristics of the performance assessment policy and employees' career development within the investigated firms;
- C37. Workplace security – respecting legislative norms regarding work protection and existence of internal norms which are established voluntarily;

The level for each criterion was evaluated by offering points on a scale from 0 to 4 (0 – very weak/inexistent, 1 – unsatisfying, 2 – satisfying, 3 – good, 4 – excellent). For each criterion, we have calculated an average for previous appreciation scales, so that the 0 value is a minimum level of appreciation, and the 4 value is a maximum level of appreciation. An average value between 3 and 4 indicates a good appreciation to a very good appreciation of those aspects.

The next step we have calculated a general score for each of the 3 evaluated dimensions as simple arithmetic average of the obtained averages for each criterion, (criteria being considered equally important).

2.2. Results and discussions

The general score obtained for each of the 3 evaluated dimensions is presented in table 1.

Table 1. General Score Obtained for Evaluated Dimensions

CSR POLICY DIMENSIONS	GENERAL SCORE
D1. Environmental dimension	2.90
D2. Local external dimension	2.21
D3. Internal dimension	2.55

The averages obtained for each criterion describing each of the three CSR dimensions are presented in the charts.

For **CSR - Environmental dimension** we obtained the results presented in figure 1.

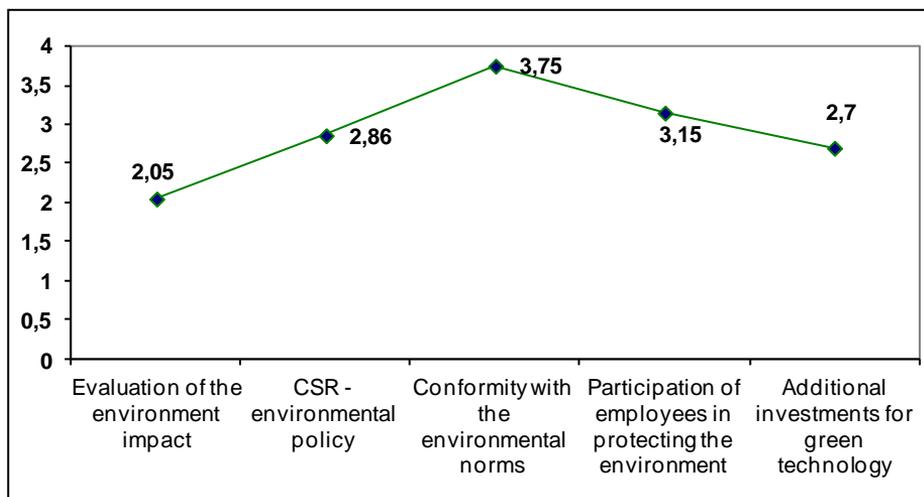


Figure 1. The Averages for Criteria Describing CSR - Environmental Dimension (D1)

As the figure 1 shows, the lowest averages are for the *C11 criterion - Evaluations of the impact of company activity on the environment* (2.05) - which means that not all companies are showing responsibility towards the environment not carefully analyzing the effects of their actions on environment.

C12 (2.86) and C15 (2.7) criteria recorded an average value close to 3, which shows a good appreciation about these issues. This means that many of the investigated companies have made efforts to assume responsibility for the environment by implementing a CSR environmental policy and by additional investments for implementing green technology, despite economic crises. Environmental CSR policy aims voluntary actions, donating money to green causes, donations of materials for green causes.

The average for C14 criterion (3.15) shows that the investigated companies were actively involved employees in environmental responsibility projects.

Criterion with the highest average is C13 (3.75) which shows that investigated companies comply with environmental standards, (noting the almost complete absence of fines or other warnings applied for not complying with the law).

The general score for **CSR - Environmental dimension** is 2.90 (the best score of all three CSR dimensions). This self-assessment of investigated companies, very close to level 3 (good evaluation), shows a growing concern for environmental protection in the context of environmental legislation was tightened.

For **CSR – local external dimension** we obtained the results presented in figure 2.

Criteria which obtained the lowest scores are C24 (1.27) and C26 (1.29). These values show a weak transparency of information to the public and a weak corporate involvement in philanthropy. We can therefore state that companies' reporting in the local community space is into a very early stage. A relatively low value recorded criterion C21 (1.88), on corporate governance. Criteria C22, C23 and C25 were registered close scores, being close to level 3, which means that social responsibility in relations with external stakeholders and local authorities is stronger aware than responsibility to the local community.

The overall score for *CSR - local external dimension* is 2.21, the lowest score of all sizes. This scoring confirms once again a low awareness of the companies' responsibility to the community.

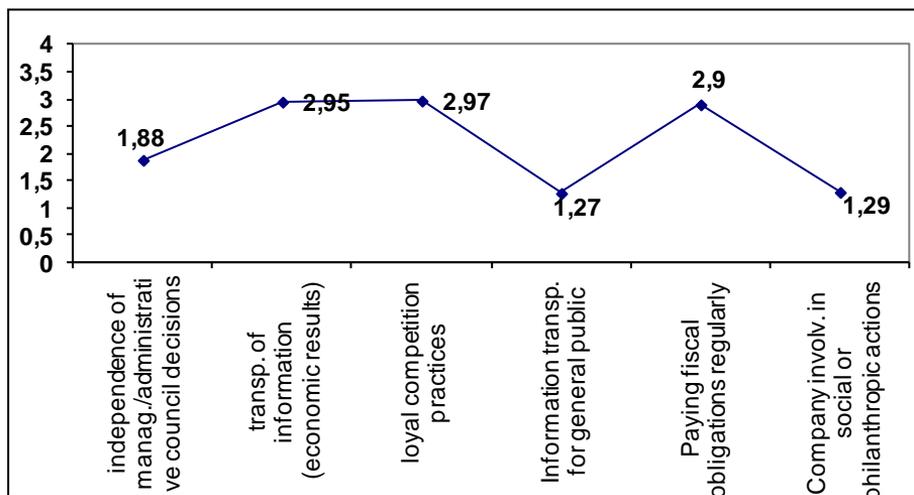


Figure 2. The Averages for Criteria Describing CSR - Local External Dimension (D2)

For each of the seven analyzed criteria **for the CSR - Internal dimension (D3)** the averages are presented in the figure 3.

As we can observe in figure 3 the lowest averages are for the C32 criterion (1.98) – *Delegating authority, the degree of participation of employees* in establishing working tasks and C34 (1.86) - Existence of

an *integration policy* of new employees and actors who put the policy into practice, which indicates an unsatisfactory appreciation of these aspects, signalling problems related to applying participative management and the attention for new employees.

C33 Criteria – Fairness of *recruiting and selection procedures* and C37 - *Workplace security*, register the best score, above level 3, which indicates a good to very good appreciation of these aspects.

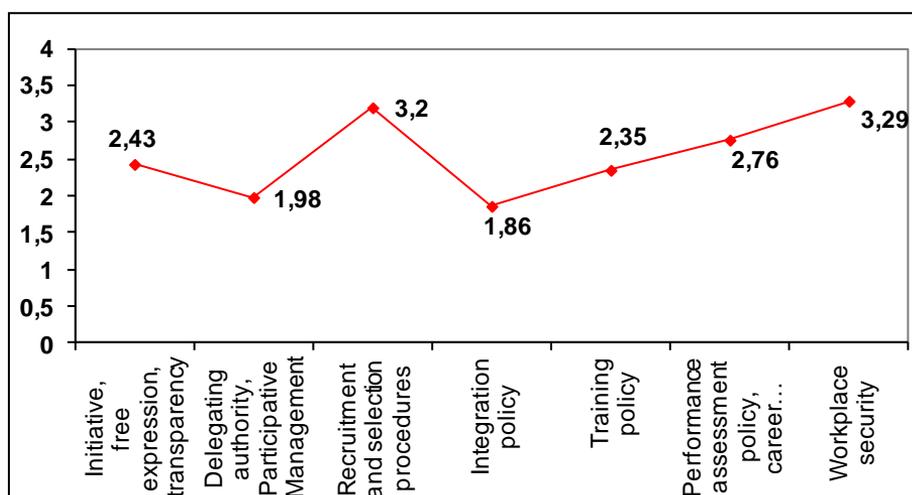


Figure 3. The Averages for Criteria Describing CSR - Internal Dimension (D3)

If we calculate a general score of the HRM dimension, as a simple arithmetic average of the obtained average for the 7 criteria considered as equally important, we obtain a value of 2.55, which indicates a situation which is not very favourable for the CSR internal dimension.

3. CONCLUSIONS

Following the results obtained we can formulated several remarks on CSR policy, especially on CSR – environmental dimension, in the companies from Romanian West Region:

- within investigated companies predominant CSR dimension is *the environmental dimension* (recorded the highest score, 2.90, close to level good); this result is explained by the penetration in this region of western culture and the need for business environmental standards compatible with EU law; within this dimension, the best assumed criteria are *the conformity with the environmental norms evaluated*

using the environmental standards and also the active participation of employees in protecting the environment evaluated by the existence of specific programs for employees' information, training and evaluation;

- the CSR dimension recorded the lowest score is Local external dimension (D2) referring to *relationships with business partners and local community*, showing that companies' reporting in the local community space is into a very early stage; within this dimension there are differences in terms of assuming the responsibility towards external stakeholders (better assumed) and responsibility to the local community (less assumed).

- internal CSR dimension related to HRM practices (D3) recorded an average score between satisfactory and good (2.55), not very favourable; the negative aspects are related to participative management and delegation of authority, and also to policy of integrating the new employees;

The West Region of our country, placed on the second place from the point of view of development after the București-Ilfov Region, received a massive infusion of foreign capital. [8] Most companies with a strong CSR policy are multinational companies, which have "imported" the corporate culture of the company in the country of origin.

Considering that the research was realised on a relatively small sample of companies, we do not argue its representativeness for all companies in Romania. However, the research can be a starting point for further national research.

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