

APPROACHES IMPACT OF CSR IN COMPANIES

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ABSTRACT

In advocating for CSR we shall start from the fact that there should be a policy on the company level according to which these companies have a responsibility that goes beyond a simple algorithm on profit. This concept is based on the responsibility towards people, society and environment that are affected by their activity. Beside the company's contribution to the society by creating work places, taxes and collateral economic effects, the company can develop products, services, production methods and business practices. In this context, CSR ensures the achievement of a strong connection between the private environment and the community, contributing at the same time to the sustainable development of the company. The CSR concept should be regarded as an integral part of the company, that should not hinder the proper activities conducted by that company, but to represent responsibility towards society.

KEYWORDS: *CSR policies, performance, community.*

JEL CLASSIFICATION: M14.

1. INTRODUCTION

The companies' success depends directly on the trust the community they activate in, the consumers, the authorities, mass-media or the partners give them. This process must be completed by ensuring an efficient dialogue with the consumer whose profile is more and more complex. Thus, the nowadays consumer is permanently seeking for facilitating the decisional process and a meaning that is not always compatible with the notion of rationality or utility. Social responsibility offers the companies the chance to involve themselves under more aspects in the society's life, to get the voluntary adhesion of their products' consumers in order to fight together to respect the lasting development principles. This thing was analyzed within a survey that investigates the appropriate frame, necessary for the development of the CSR programs and how much the Romanian business environment carries out the conditions imposed by it: the definition of an ethical code, the principles that guide the organization in its actions; the publishing of the ethical code; the elaboration of the periodical social reports; the publishing of the report standards; the evaluation of the social investment programs and their impact on the aimed social groups. Using the value typology and the operation of the corporate ethical responsibility, the results of a survey on a sample of 25 Romanian managers were collected. The results of the survey show that the transparency in the CSR policies and the companies' credibility are determined by the way in which they make public the results of the social programs.

Considering that the requirements have increased on both sides, the involvement in community has become necessary for any company that wants to ensure not only the commercial success, but also

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the society's respect. The trust and respect of the community's members affects the whole activity of the company, that's why it must contribute actively to the society's development. The benefits accomplished are first of all represented by the three terms: acknowledgement, reputation, gratitude. Giving more details, we can say that the effects of the company's involvement in the community would be:

- the improvement of the relationships with the community (clients, providers, authorities);
- the influence of the target public, the opinion leaders, the press, etc;
- the company's positioning on a superior level in society;
- a better image / more visibility for company;
- the consumers' loyalty towards the company and its products;
- the employees' motivation;
- a significant contribution to achieving excellence in business;

According to the European Commission, the Corporate Social Responsibility is defined as the way in which the private companies integrate the interest towards society and environment in their business strategies. The social responsibility mustn't be seen as a final objective, but as a continuous and permanent improvement, learning process.

In the present, at a European level, there is a series of directives (Guidelines for Multinational Enterprises, 2000) that must be taken into consideration by any company, no matter the domain it activates, aiming at the people's rights, the protection of the environment, the consumers' interests, corruption and competition. According to these directives, the companies must:

1. contribute to the economic, social and environment development, supporting the principle of the lasting development;
2. respect the man's rights in all the activities they develop;
3. encourage the development of the local communities;
4. not accept licenses that are not included in the local legislative frame regarding the environment, health, security, work and taxes;
5. support and apply equitable management principles and practices of the companies;
6. develop and apply efficient management systems in building a relation of trust with the societies the activate in;
7. promote the values of the company among the employees by means of training programs;
8. not discriminate and penalize the individuals or institutions that catch the management team's eye on the incorrect practices of the company;
9. encourage the business partners to practice RS;
10. not to involve unjustifiably in local political activities.

All the companies, starting with the first 500 in the Fortune top up to those that are just entering the market, hope to transform the statistics regarding the responsible consumers in profit increase. In the same time, the marketing managers try hard to adapt the brands' identity and the sums designed for publicity to the new results of the domain researches (Shaw, M., 2008).

The multinational companies have started to take responsibility for the impact they have on the environment and society and try to diminish it. They consider that this will ensure a long term success. Thus, the number of big companies that implement and develop projects of Corporate Social Responsibility is increasing.

But, even this way, for the effects to be felt at a world level, their actions must be supported by others, made by middle and small companies (MSC). 90% of the world's companies are classified as being middle and small companies. But why don't they involve in RSC actions? Why the MSC managers are skeptical in what concerns RSC?

There has been observed a more obvious need of the companies to appeal to community in order to find the necessary support and resources to accomplish their mission and objectives. For the society

to develop, the population and the business sector must involve in communication and social responsibility programs. The state is added to these two elements, which can act as a catalyst in making every one responsible. Thus, we can have a real process, by means of which we create a responsible society in which the companies try to cultivate a sense of responsibility and a better capacity to understand the economic, social and environment problems the society is confronted with, and the consumers are equally exigent and responsible.

Synthesizing, those involved in this process are:

- The company, which offers the product and chose a cause for which it is willing to direct its efforts within a strategic approach;
- The consumer, who accepts to be part of the company's strategy and support the cause chosen by the company of the product, by means of his effort;
- The state, which can support both the company's effort and the consumer's direction by means of information companies.

A major potential can be identified at the consumer's level in what concerns his availability towards the company and its products. He is practically seeking to satisfy his consumption needs, both the rational and the emotional ones, according to his involvement in the decisional process. The final option of the consumer is according to the company's requirement strategy and also its motivations, the society's norms, the moral duty, etc.

Even if the concept of Corporate Social Responsibility has a relatively short history which dates from the 80's, it has generated multiple interpretations of the economic, social and political environment representatives. Thus, this concept contains heterogeneous elements such as:

- the incorporation of some social characteristics in the commercial products, technologies and processes;
- the adoption of the advanced practices of human resources administration;
- the reach of a high level of ecological performance by reducing the emissions and the negative impact;
- the contribution to the community development;
- the promotion of an advanced business culture;
- the promotion of the CSR principles among providers and clients;
- the establishment of honesty and integrity as corporate values, necessary for eliminating corruption.

2. CURRENT STATE OF RESEARCH ON THE CONNECTION BETWEEN CSR POLICIES AND COMPANIES' PERFORMANCE

The Economist Intelligence Unit (EIU), within The Economist group, conducted a study to determine the connections between the companies' CSR policies and their financial performance. The study was conducted between September and October 2013. 1.254 top managers all over the world were included in this study. Companies whose shares are listed on the Stock Exchange increased by at least 50% in the last three years are more concerned about sustainable development compared with those whose stock market quotes decreased or stagnated. EIU specialists point out that this aspect does not imply that the adoption of sustainable development policies automatically guarantee increased profits. A possible explanation might be that a profitable company invests more in sustainable development programs. Nevertheless the authors of that study emphasize that a proactive approach to the social and environmental issues does not exclude a sustainable economic growth. The differences between profitable companies and those which recorded failures are correlated with the approaches employed by their managers on the issue of sustainable development. Thus, social and environment objectives represent a priority to 40% of the profitable companies' managers. Only 18% of the non-profitable companies' managers gave a similar answer. These differences persist concerning the importance granted to reducing the greenhouse effect

(38% compared with 24%) and developing some products that are required by social and environmental issues (49% compared with 35%).

Pursued benefits by implementing CSR programs

In addition to the compliance with the existing norms, most managers aim at attracting new customers and to maintain the loyalty of the existing ones due to sustainable development programs. Some other pursued benefits refer to the improvement of shareholder value and maximizing profit.

Most managers (57%) believe that investments in sustainable development are lower than the material benefits they bring along. Adopting some CSR policies enable profit increase by:

- reducing production costs
- identifying new markets
- enhancing company's reputation

Communication and the environment are the main objectives

For the next five years, most managers (61%) believe that it is a priority to inform the stakeholders and shareholders about the company's CSR performance. Among their main objectives, priority is given to reducing impact upon the environment, energy efficiency and development of certain products to comply with the sustainable development concept.

Sustainable development strategy is different depending on the geographical region

When a strategy for sustainable development is established, most North American companies take into account especially the competition. For Asian companies, an important factor is represented by the legal regulations. Managers from Western Europe believe that clients are the most important category of stakeholders when they establish their sustainable development strategy.

CSR Reporting and supply chain are still critical

Although communication is still the most important objective, only 22% of the companies managers declare that they draw up their reports taking into account the international standards such as Tripple Bottom Line. Nevertheless 40% intend to adopt those standards over the next five years. Another issue is to harmonize the sustainable development policies with the supply chain management. Thus only 29% of respondents declared that their company's strategy also includes the supply chain management, according to the objectives of sustainable development. 24% of them said that they have a strategy but it does not include the supply chain management whereas 23% of them declared that they would adopt such a strategy as soon as possible.

Managers have a positive attitude towards the international standards of sustainable development

According to the EIU survey, companies' managers, regardless of their financial performance are open regarding the social and environmental-related regulations:

- 40% believe that such regulations are necessary
- 50% think that initiatives on a voluntary basis are more effective but they agree to the necessity of regulations in certain fields
- 10% consider that such regulations would have a negative effect upon company's profit.

Currently the international standards are applied most often in business ethics, rules on corruption and workplace safety. They are least applied in environmental policy CO2 emission reduction.

3. ANALYSIS OF ROMANIAN COMPANIES PERCEPTION OF THE ROLE OF CSR POLICIES IN INCREASING THEIR PERFORMANCE

Currently, European experts and business representatives consider that Romanian companies' CSR strategies could be improved through additional research, analysis and communication. At this point there is only incomplete information on social investment programs such as sponsorships and donations without a complete acknowledgement of corporate social responsibility in Romania. Moreover deficiencies have been recorded in managers' perception on corporate social

responsibility strategies, corporate policies concerning the groups involved and/or affected by their actions.

The purpose of the present research was to identify the opinions of the business environment representatives on several controversial issues in the field of CSR such as transparency in corporate responsibility policies, the credibility of companies engaged in social programs and whether CSR policies can contribute to organizational performance.

3.1. Methodology

Corporate Social Responsibility offers the opportunity to organizations to contribute to the improvement of society's issues. In order to achieve this aspect, companies have a wide range of tools and can collaborate with various structures, including customers. Thus, through various implication forms in the society issues, companies must consider the interests of all stakeholder groups, from shareholders, employees, business partners, to the community. All issues of these projects should be included in a community involvement strategy, which is medium and long term integrated into the development strategy of the company and the corporate communication strategy. In this context, CSR programs can no longer be designed separately, outside a vision that integrates them in management and marketing objectives of the company.

In order to ensure an optimal framework to conduct CSR programs, namely a framework for performance on company level, several requirements must be met:

- Defining a code of ethics that guides the organization in its actions or a set of ethical standards that establishes the company's rights and responsibilities towards its stakeholders, including customers;
- Publishing and promoting the code of ethics among employees, business partners and consumers;
- Implementing periodical social reports to show the extent at which the company complies with the responsibilities it assumed;
- Transparency by publishing the reporting standards that were employed and the auditor that drew up the reports;
- Assessing the social investment programs and their impact upon the targeted social groups and also on clients and publishing the results of the social investment programs.

All these aspects were included in a questionnaire made up of 15 questions. The research was a quantitative one and was conducted between October 1 and November 30 2014. It was conducted online on a sample of 25 business representatives involved in CSR.

3.2. The results of quantitative research

Involving large companies in philanthropic actions may yield in some cases important benefits financially speaking, since a product that is also promoted socially, sells better. Many international companies built successful business due to generous donations to community, to humanitarian causes. The experience of these companies shows that community involvement can turn a profit. Thus a study that was conducted on the European level by MORI (Market & Opinion Research International) shows that 70% of the consumers prefer to pay for goods or services of a company that is involved in solving certain social or environmental issues. The same study reveals that almost half of consumers are willing to pay more for the goods or services of a company that is socially responsible. [Redman, E., 2006].

In Romania, the questionnaire-based survey included the answers of 25 business representatives involved in CSR, the response rate was 22% and the results were relevant for the Romanian business environment. There were 15 questions that tackled issues such as social auditing, social reporting, (publication and credibility among target groups), code of ethics, the extent of implication in CSR programs, connection between organizational performance, organization values and sensitivity to ethical corporate responsibility.

The data analysis and their processing emphasize relevant results for the purpose of the research. Thus, 61% of the respondents state that their companies are not socially audited and don't publish social reports. According to the results, only 24% of the companies are socially audited. The multinationals predominate among the socially audited companies. The companies that are not socially audited operate in the industries of alcoholic drinks, banking, pharmaceutical, software, telecommunication, energetic. Almost half of the unaudited companies are multinational. 14,8% of the companies' representatives state that they don't know if the companies they work for are socially audited, even if they have preoccupations in the CSR domain.

37% of the respondents declare that their companies publish social reports. Nevertheless, most of the companies don't publish social reports on websites. Among the respondents, 16, 7% of the business men haven't heard of Romanian companies that report socially, 11% declare that the companies' social reports are not credible and 53, 7% state the credibility of the social reports.

The representatives of the inquired companies also consider that the main problems that must be taken into consideration by a social audit of their company consider, according to their importance, the relations with the local communities (77,8%), rights and work conditions of the employees (74%), the consumers (66,7%) and the environment (66,7%). The respondents state that recycling, the reduction of the energy consumption and the prevention of the water and soil contamination are the main environmental problems their company should be concerned with. We can observe that in a large proportion, that is 76%, the business men declare that their companies have ethical codes. The main ways by means of which the companies promote the ethical code consist in: internal communication channels (74%), training (46%) and corporate web-site (43%). According to the research, the ethical codes address themselves to the employees or unions first of all (81%), the companies' customers (46%) and the shareholders (41%).

A significant percentage of 87% of the inquired persons declare that their company invests socially. Even more than that, 93% of the business men consider that the organizations they work for should invest in community problems. But 35% of the respondents state that their company doesn't evaluate the programs of social investments. The main evaluation methods of the social investments are, according to their importance: the invested budget (70%), press articles (55,6%) and reports of the partner NGOs in social projects (48%).

The domains of the social investments preferred by the companies are: training and professional development opportunities for employees (94%), education (70%), work conditions for employees (69%), culture and art (63%). Finally, the domains of social investments preferred by the employees are: training and professional development opportunities for employees (69%), education (69%) and work conditions for employees (63%).

A high percentage of 67% indicates the fact that the management team of the inquired companies is willing to initiate projects of social responsibility in which the consumers are involved. The problem of these initiatives is finding the means to inform correctly the public concerning the cause they support, buying the product offered by the company, what is their effective contribution, what are expected results. If the public has access to a more complete and complex set of information, the chances for the answer rate to be higher are increased. A percentage of 33% from the sample submitted to research state that they will not initiate social projects addressed to the consumers, either because of the complexity and effort this approach presupposes, or they are not aware of the importance of this resource for the organization.

According to most of the interviewed persons, 87%, the Romanian consumers are willing to buy products knowing that a part of the price they pay for the product is directed to support a social cause. This aspect represents an opportunity for each organization, the fact that it can count on the customers' support in the initiation and successful development process of a CSR project.

In conclusion, the transparency in the CSR policies and the companies' credibility are determined by the way in which they make public the results of the social programs.

3.3. Private Sector Roles and Responsibilities

Globalization, due to the technological breakthroughs in communications, has contributed significantly to greater transparency and greater awareness of the issues that companies have been facing in the area of social development. An increasingly higher number of consumers, customers, clients and investors require that products and services to be designed and manufactured in a socially and environmentally responsible way. For companies, this is a way to develop their "social antenna" and to internalize aspects related to social development in their own activity. The main purpose of the private sector is to generate profit and value. Thus, the private sector contributes to economic growth and social development. In the long run, it is in the interests of both community and the companies to have a private sector that operates responsibly and develops products and services that help solve some social and environmental issues. Companies that integrate social responsibility in their activities can reduce their own risks, aspect which has a positive impact on competitiveness and financial development.

3.4. Guidelines for applying CSR by private sector

In Romania only multinational companies and large Romanian companies embarked upon the development of their own culture of social responsibility. Moreover central, regional or local public authorities are not involved in activities to promote the CSR concept for the benefit of communities. Thus, it is necessary to increase the awareness of the positive effects, of a more developed culture and involvement in the wider sense of all those involved.

All companies, regardless of their domain of activity, can be actively involved in applying the concept of social responsibility. CSR should thus be seen as the social involvement of each company, which should manifest by maximum transparency both inside and outside the organization. Therefore, the more integrated CSR policy into the organization's strategy through sustainable business models that can generate added value, the higher impact on organizational performance.

The efforts to apply CSR on company level can not exist without the active involvement of management, shareholders and employees. Companies' CSR strategies and activities should be developed and practiced by involving employees and/or their representatives, by constant dialogue with suppliers, customers and other stakeholders. Unions should be actively involved in the implementation of CSR in companies. However, the systematic efforts for CSR implementation represent a key element for risk management and proactive business strategies of companies. In this context, it is also important that these companies have procedures and routine in reporting deficiencies. Employers are recommended to develop procedures for notification and internal reporting in this respect.

4. CONCLUSIONS

In a time when the world is interested in phenomena such as ecology, the environment protection, the safety of food, the ozone layer, the waste of resources, starvation and their effects, the initiatives concerning social responsibility are more and more welcomed.

This survey practically offers new research opportunities, respectively the investigation of the connection between the individual values and sensitivity towards corporate ethical responsibility. Thus, according to Maignan and Ferrell, it could be emphasize the Romanian managers' sensitivity towards social responsibility and the relation with the consumer, using the value typology created by Schwartz and the operation of the corporate ethical responsibility.

The analysis of CSR framework that outlines the Romanian business environment also enabled experts to identify several trends for the current year, namely:

- Existence of a strategic approach of corporate social responsibility;
- Adopting an ethical behaviour towards clients, suppliers and competitors;

- Emergence of new market players (medium-sized companies);
- Strategic partnerships between companies and NGOs;
- Increased pressure upon the public sector for transparency;
- Companies' CSR approach becomes more effective;
- Giving priority to ecology in social responsibility.

Moreover the number of companies that assume social responsibility is estimated to increase. On the other hand companies' budgets for CSR are estimated to decrease. Concerning the domains where CSR policies will manifest more intensely, the focus is estimated to be on education, social and health by increasing the number of employees through professional volunteering.

One of the most important issues that companies have been facing is financially-related, and it is estimated to maintain or even reduce CSR budgets, increase transparency and reporting activities and more employee-dedicated CSR program. Moreover companies will pay more attention to *the communities in which they run their business*, through local projects that focus on finding sustainable solutions and generate economic and social value for the community.

A major step will be to implement *corporate responsibility policy integration in business strategy* to corporate governance. In this respect increasingly more evaluation reports of companies will appear with an emphasis on sustainability, ethics and other aspects related to their internal policies. All these aspects will generate a real process of redefining organizational culture, namely structural changes and also changes concerning the model and business strategy.

We believe that the corporate social responsibility can be considered a world profitable business strategy that brings benefits both to society and the initiating organizations. Success consists in finding a balance point between the awareness of the society's problems, the needs of the different target groups and the management, financial and material capacity of the organizations.

The consequences of the social responsibility increase are essential for the positive development of the economies. The consumers must be educated continuously in this direction for the role they play daily and develop, respecting the moral principles without decreasing the intrinsic economic reason of the buying act in order to satisfy the major objective of each company, that is, to create loyal consumers.

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