

Premises for Success of Corporate Social Responsibility Initiatives in Romania and the Students' Perspectives

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Abstract

Corporate Social Responsibility (CSR) is becoming an ever more important component in the interaction between the business environment and the world in which companies operate. The term attracts interest from both people who apply it in their day-to-day activities and, also, from the academic field which is involved in its study, in order to help create future responsible managers. In order to familiarize ourselves with the current situation, we decided to determine the perception level students had in relation to this concept, not forgetting the fact that they might be employed in companies operating in this specific field and, also, that all of them are members of the community where these organizations function.

Our study is based on the interpretation of a series of results extracted from a survey conducted by applying a questionnaire by using the online platform SurveyConsole. The study revealed numerous aspects previously deduced from our own observations, but there were also quite a few unexpected conclusions.

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JEL classification: **A13, D63, L21, M14.**

1. Introduction

The social implication of companies has become a widely discussed subject due to a series of factors: the economic globalization, the tendency to exhaust resources, the alarmingly increasing dangers of pollution and the diminishing role of the public sector. Corporate Social Responsibility (CSR) is

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becoming an ever more important component in the interaction between the business environment and the world in which companies operate. The term attracts interest from both people who apply it in their day-to-day activities and, also, from the academic field which is involved in its study, in order to help create future responsible managers.

2. Corporate Social Responsibility: Content, Importance, Theoretical Connections

Nearly ten years after the European Committee defined it, the concept of Social Responsibility (CSR) is still not fully clarified, despite numerous attempts from both theoreticians and practitioners who operate in this field. The concept was mentioned for the first time in Lisbon, mainly in the appeal directed towards companies in order to get them to help achieve the objectives of the Strategy presented there. A year later, in July 2001, the European Committee published the Green Paper called “Promoting an European Framework for Corporate Social Responsibility”, which invited all public institutions, namely: international organizations, companies, social partners and any other interested party, to voice their opinions on the way through which a partnership can be built in order to create a favourable background for Corporate Social Responsibility, whilst also taking into account the concerns of both companies and any other parties involved.

According to the European Committee, to behave in a socially responsible manner doesn't only mean to operate in compliance with the legislation, but to go one step further through voluntary investments in human resources, environmental management as well as in the connections with interested parties. Using the European Committee's definition, some characteristics of the concept can be extracted:

- The social responsibility of the company covers not only community issues, but also any environmental problems;
- The social responsibility of the company should not be separated from the business strategy and activities, but rather be incorporated into them;
- Corporate social responsibility is a voluntary action;
- A company's social responsibility must actively keep track of technological progresses, which can generate cost reductions and lead to the emergence of new types of services, products and even activities;
- The social responsibility of the company must watch for the economic and social trends which push for the development of durable technologies. These include the tendency to increase the price of raw materials, as well as the governments' increasing preoccupation with issuing new regulations regarding the standardization of the companies' activities.

The European Union occupies the position of arbiter in promoting CSR through its regulations and by encouraging the voluntary actions of the companies.

The document “The Committee’s Communication Regarding Corporate Social Responsibility” (July 2002), foresaw a new social and environmental part for companies in the global economy and launched a “European Multi-Stakeholder Forum” which would have a vital role in the EU’s strategy regarding CSR. With this measure and by using its role of mediator between regulations and voluntary action, the Committee could choose its course without any difficulty. “The European Multi-Stakeholder Forum on CSR” was held in October 2002 and June 2004, managing to get together around twenty companies representing, at a European level, employers, employees, company networks and civil society. The forum’s objective was to discuss the methods of promoting CSR as well as trying to standardize them at a European level.

Corporate Social Responsibility is a concept which refers to a supposed duty which all companies (as social entities) should have towards all parties involved in their activity. The concept applies to all types of companies, ranging from small scale organizations to multinationals. The term “duty” implies that the company must act according to the obligations it has towards everyone involved while also complying with the accepted moral principles stemmed from tradition.

The concept, which has emerged after the Second World War, during the economic growth and during a time in which the role of big companies in society was overstated, should be dissociated from that of responsible, social action. This latter concept surfaced long before the 20th Century and rather refers to a singular point in the company’s strategy towards other members involved, without necessarily translating into a commitment to them or to any other preexistent social values. In contrast, the company’s social responsibility is precisely a commitment to society and all parties involved in its economic activity.

Donaldson (1983) sees social responsibility as a contractual obligation which companies have towards society. A company has a central role in society and, for this reason, it’s allowed to use both human and natural resources in order to achieve its productive capabilities and obtain a certain competitive edge, while also consolidating a certain position of power. As a result, society has some implicit social rights: in exchange for allowing the use of resources in the productive process, it can ask for the right to control these processes. The characteristics of this type of contract can suffer alterations as social conditions change, but it generally remains the basis of legitimacy in asking for the undertaking of social responsibility (Epstein, 1987).

Wood (1991) expands on these ideas and identifies three principles regarding social responsibility:

- Business organizations are also “social institutions”, which forces them to use their power in a responsible manner;
- Business organizations are responsible for how they interact with the environment in which they operate;
- Managers are “moral agents” who are obligated to use their decisional prerogatives in a responsible manner.

Generally, CSR is situated at the crossroad between politics and culture on the one hand, and the economy on the other hand (Jones, 1983). It is defined in various ways by political organizations: for example, according to the World Business Council for Sustainable Development, “CSR represents the continuous commitment to an ethical behaviour and to participating in the economic development by improving the quality of life for the employees and their families, as well as that of the local community and society as a whole”. In accordance with Business for Social Responsibility, a company’s social responsibility is defined as “the achievement of commercial and financial objectives in such a way that it’s respectful towards people, communities, the environment and moral values”. An important aspect of all possible definitions is that CSR must not be regulated through normative acts. As a result, CSR can be described as “the sum of all actions designed to promote a certain social interest, beyond the direct interest of the organization and law regulations” (McWilliams and Siegel, 2000).

Studies and researches done in the last few years have shown that managers from different companies are getting involved in CSR initiatives for all sorts of different reasons, ranging from the will to do good to attempting to consolidate the company’s part in the community or the need to find a solution to a certain problem, in order to achieve direct or indirect benefits. On the other hand, consumers want more responsible companies. A survey conducted in Great Britain in 2002 warned that 80% of respondents felt big companies have a moral responsibility towards society. A different study, done by “Business Week” in 2000 in the US, proved that 95% of the participants thought companies have certain obligations to their employees as well as to the communities in which they are active. Not lastly, a survey conducted in 2001 by “Burson-Marsteller” on managers in top companies shows that 89% of them felt that CSR will influence every major decision in the future.

3. Initiatives in the Field of Corporate Social Responsibility in Romania

Romanian companies are faced with a choice with a single winning option: identifying profit-creating ethical strategies, with healthy practices and profitable long term relationships with other interested groups. In order for the strategy to be correctly grounded, it must be taken into consideration both the evolutions of the external environment and the internal capacity of organization for answering the opportunities and the threats from the environment (Năstase, 2010). Romanian entrepreneurship must take on a minimum responsibility in their dealings with stockholders, employees and business partners, but also with other interested groups, such as consumers or even the entire community. In Romania, the concept of CSR was established after 1990 when NGO’s started appearing, especially the ones with humanitarian objectives which received assistance from public institutions and private international organizations (Mandl and Dorr, 2007). Therefore, CSR didn’t appear in Romania as a result of the Romanian context, but rather as an initiative taken and adapted from abroad by multinational companies,

with an interest to promote their own strategies in every country where they had decided to expand (Schifirneț, 2009).

The emergence of these concepts and their associated practices in Romania is caused by at least two factors. Firstly, the economic development and the surfacing of multinational companies on the market have determined a certain type of pressure in the sense of identifying adequate modalities of solidifying the corporate image and reputation. This, in turn, attracted more sophisticated strategies, as the consumer became more educated and learned to make rational choices. Secondly, the great donors' retreat from the market, combined with the diminishing financial resources coming from the non-profit organizations determined a different kind of pressure, in the opposite direction, from the non-profit organizations, which were diversifying their finance-attracting strategies from indigenous sources: the public sector, business sector and the citizens.

Corporate Social Responsibility is still far from being seen as a common management practice in Romania. It is a subject left in "the care" of the PR department when; in fact, it should be one of the main concerns of the company's management. It serves as an embellishment tool rather than a long term development planning instrument. There are only a few real CSR programs in Romania, with clear-cut objectives, budgets, evaluation methods and performance indicators. Romania still doesn't have a Ministry for Social Responsibility like several other European countries do and, yet, the practice of corporate social responsibility in Romania is showing signs of initiative more and more often. There are corporate foundations, corporate voluntary programs, cause-related marketing initiatives, donation programs and even company sponsored social programs. The number of debates and seminars has multiplied and CSR project competitions have been running for three years now. There is one thing Western countries have which we really don't: research. And a serious investigation might reveal that, just as in other European countries, where one in five consumers boycott products which aren't associated with a good cause, Romanians will tend to choose responsible companies.

However, Romania does have the Department for Corporate Social Responsibility, belonging to the Ministry of Labor, Family and Equality of Chances (MLFEC), formed and functioning on the basis of Government Decision number 381/2007. This Department handles the identification and planning policies in the field of CSR, the dissemination and implementation of CSR activities as well as evaluating the social effects of programs currently underway. Its main objectives are: promoting those business practices which help the company's success and profitability while also achieving the goals for durable development; monitoring, encouraging and assisting companies in becoming aware of social responsibility; initiating an open, constructive dialogue with all interested groups and contributing to the development of a climate of trust; formulating performance standards in fields such as security, health and chance equality.

Developing and implementing public policies in the field of CSR is a challenge which requires a great deal of study and innovation, therefore public authorities who wish to take a CSR approach need to expand on these capacities. The MLFEC's commitment to incorporate CSR into the development of public policies is vital to the continuous improvement of decision-making processes at

every level, all in hope of improving sustainable competitiveness. The Department for Corporate Social Responsibility (DCSR) has the ability to coordinate the processes of identifying and elaborating public policies in the field of CSR, in tight collaboration with ministries and specially assigned institutions belonging to the local and central administration, as well as with employers' associations, nongovernmental organizations and nationally-based unions. The DCSR is also actively trying to reach agreements with all types of companies, with employers' associations and unions, but also with consumer rights organizations and any other group operating in the field of CSR; furthermore, DCSR has a fundamental part in promoting the standardization of CSR concepts, instruments and practices. The Department's activity consists of planning and implementing specific measures while taking into account the adequate CSR instruments, evaluating the results and identifying the right corrections. Another concern for the above mentioned Department is to identify those specific areas where the implementation of CSR can bring significant benefits and, after taking the necessary measures, receive feed-back and evaluate their efficiency. DCSR representatives are also regularly taking part in high level meetings organized by the European Commission, along with a group of experts in the field of CSR from the other Member States. The European Commission has invited these States to appoint representatives which will coordinate all contributions taken from national public policies regarding corporate social responsibility in the European Union.

Over the years, companies have initiated a number of CSR related actions in different areas: the cement industry, oil industry, IT, telecommunications, banks, NGO's.

4. A Study on the Youth's Perception Regarding Corporate Social Responsibility Projects

With these pieces of information in mind, it felt only natural that we, as educators and trainers of professional competencies, would get involved in trying to increase youth awareness towards CSR activities. In order to familiarize ourselves with the current situation, we decided to determine the perception level students had in relation to this concept, not forgetting the fact that they might be employed in companies operating in this specific field and, also, that all of them are members of the community where these organizations function.

Our study is based on the interpretation of a series of results extracted from a survey containing twenty-four questions and a number of different statements. Specifically, the questionnaire included closed questions, where a single answer must be selected, statements where certain elements must be placed in order (from most to least important), statements where the Likert ladder was used, as well as a few open questions. We used an online platform (SurveyConsole) to conduct the survey and collected the results between March and May 2010.

The test sample we focused on consisted of 450 University, Masters and PhD students enlisted in the Bucharest Academy of Economic Studies. The average answer rate was 45,55% (205 completed questionnaires), with a smaller completion percentage in the case of Masters and PhD students.

The study revealed numerous aspects previously deducted from our own observations, but there were also quite a few unexpected conclusions. What follows is a presentation of a series of ideas which we will monitor in the future:

- One of the open questions asked of the participants to specify three companies involved in more than one project with a socially responsible aim. Quite a few companies were listed, with organizations such as Petrom, Orange, Vodafone, BCR, Rompetrol, McDonald's and Coca Cola mentioned most often.
- Projects promoted intensely on television are, generally, more widely known.
- Respondents felt that, as a rule, these types of actions are not guided by social principles, but rather by the company's private interest.
- Another question asked students to order, on a scale of 1 to 13 (with 1 being the most important and 13 the least), the main reasons why organizations practise social responsibility. The average values are presented in the following table (from the most to least important reason):

Table 1 Reasons why companies initiate social responsibility policies

No.	Reason	Average Rate
1	Protect the Company's Reputation	4.28
2	Reach a Bigger Market Share	4.56
3	Improve the Relationship With Business Partners	6.18
4	Improve the Relationship With Investors	6.44
5	Increase Staff Loyalty and Satisfaction	6.82
6	The Need for Fiscal Facilities	7.06
7	Improve the Relationship With Public Authorities	7.48
8	Obey Legal Stipulations	7.63
9	Increase the Ability to Attract Potential Employees	7.70
10	Pressure from Clients and Suppliers	7.92
11	Pressure from the Local Community	8.00
12	Business Ethics Arguments	8.26
13	Pressure from NGO's	8.35

- it can, therefore, be clearly seen that, according to respondents, the "Business Ethics Arguments" reason lies second from bottom; furthermore, the fact that "Pressure from NGO's" occupies the last spot is evidence of the respondents' perception that NGO's are limited in their ability to influence social responsibility policies conducted by companies.
- the next chart emphasizes the respondents' perception of the main initiatives of corporate social responsibility in Romania. On the one hand, the students listed the CSR initiatives based on their importance,

while, on the other hand, they also specified the order in which they feel companies value their importance.

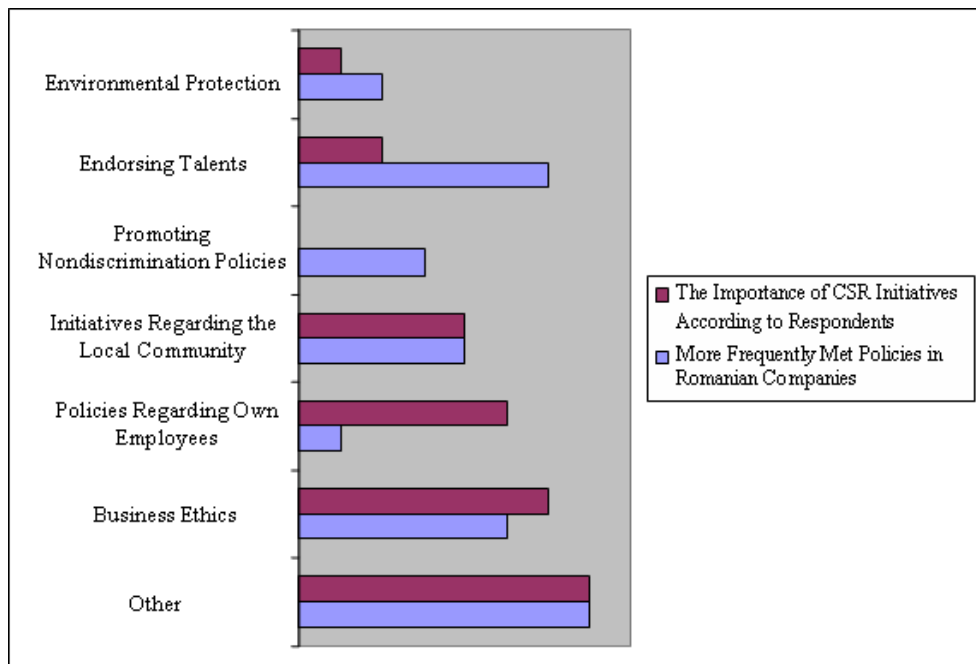


Figure 1 CSR Initiatives in Romania

- According to the chart, environmental protection is seen by students as the most important initiative, followed by talent endorsement and nondiscrimination policy promotion. There aren't that many differences from the way they view their organizations' perspective on the importance of CSR policies. However, it is clearly seen that actions regarding own employees are at the top of a company's priority list, at least according to the respondents' perception, although they did not consider this aspect as important (5th place out of 7). Supporting talent is also viewed differently (students placed it on 2nd place, but it only came in 6th when taking a company's perspective).
- Although we've noticed that social responsibility is, generally, not a well known concept and that there are problems in fully understanding its effects, we do appreciate our respondents' availability to pay a higher price for a product belonging to a company well versed in CSR policies.
- The people who participated in the study felt they would like to see companies in Romania become more involved in supporting projects concerning the homeless, the terminally ill and the victims of domestic violence or sexual abuse.

Conclusions

All the research regarding the evolution of practices in the field of corporate social responsibility reveals the fact that, on the one hand, these initiatives are becoming more and more widespread and well-treasured in developed countries and also that, on the other hand, their presence in less developed countries is extremely necessary, especially in those areas where moral values have very little influence.

Processing all pieces of information concerning initiatives of corporate social responsibility in Romania indicates an early stage of understanding and appreciation of their effects. Given the fact that the success of this type of policy is heavily relied on both companies and individuals, we plan, as part of an institution whose goal is to educate and train future professionals, to increase awareness among those enlisted in various training programs (students at University, Masters or PhD). In order for our actions to have a well-grounded basis, we want to expand on the research conducted during this year, with the following addendums:

- We do not wish to augment the survey's sample, but rather to focus the research exclusively on students enlisted in Masters, MBA, post University and PhD programs, mainly because we deem it useful to find out the opinions of people who have been involved in company activities relevant to the analyzed field, thus helping them offer detailed, credible responses;
- The questionnaire will be improved (in areas such as the section meant for identification data, in the part where the respondent is asked to give details of his education, the questions with a unique choice will be revised, clarifications will be added at the "Other" section, keeping track of projects currently underway, just to name a few of the authors' intentions);
- The research will be conducted at a carefully planned moment – it would be best if the survey is conducted at the beginning of the school year, in order to have the time to comment on the results together with the students who were involved in the research; many elements might have been clarified had a discussion with the respondents been scheduled;
- We will become involved in helping respondents clarify the necessary concepts before asking them to respond to the questionnaire.

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