Obrad, Ciprian; Petcu, Dalia; Gherheș, Vasile; Suciu, Sorin

Article

Corporate Social Responsibility in Romanian Companies – between Perceptions and Reality

Amfiteatru Economic Journal

Provided in Cooperation with:
The Bucharest University of Economic Studies

Suggested Citation: Obrad, Ciprian; Petcu, Dalia; Gherheș, Vasile; Suciu, Sorin (2011): Corporate Social Responsibility in Romanian Companies – between Perceptions and Reality, Amfiteatru Economic Journal, ISSN 2247-9104, The Bucharest University of Economic Studies, Bucharest, Vol. 13, Iss. 29, pp. 43-55

This Version is available at:
http://hdl.handle.net/10419/168706

Terms of use:
Documents in EconStor may be saved and copied for your personal and scholarly purposes. You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

http://creativecommons.org/licenses/by/4.0/
CORPORATE SOCIAL RESPONSIBILITY IN ROMANIAN COMPANIES – BETWEEN PERCEPTIONS AND REALITY

Ciprian Obrad1∗, Dalia Petcu2, Vasile Gherheș3 and Sorin Suciu4

1) West University, Timișoara, Romania
2) 3) Tibiscus University, Timișoara, Romania
4) Politehnica University of Timișoara, Romania

Abstract
Starting with the premise that corporate social responsibility is a major factor for lasting development in a global economic society, this article sets forth an analysis of the realities and tendencies within the Romanian CSR. The present article offers the analysis done after the research of the organization, coordination, and activity model for CSR in Romanian companies, and of the benefits these have as a consequence of socially responsible involvement within the communities they relate to. We focused on communication methods and the transparency degree within CSR activities of these companies, and we noticed the perceptions regarding the specifics of local CSR.

Keywords: corporate social responsibility, transparency, communication, social reporting

JEL Classification: M14

Introduction
Although the Corporate Social Responsibility (CSR) concept has a great tradition in the specialized literature of Economics, it represents a relatively recent acquisition of the Romanian economic environment. CSR took over and developed different practices and activities within multinational companies. While entering the Romanian business environment, CSR activities started to be more and more diverse and gradually became more professional and often a constant pursuit integrated in the development strategy of the companies. After the year 2000, just as in economically more developed countries, where they originated from, multinational companies in Romania applied the principles that led to similar CSR practices that represent an example worth following for Romanian companies.

Although they are at the beginning, CSR activities within the Romanian economic environment are increasing and the budgets allocated to these are more significant. CSR became of major interest for the management of an increasing number of companies, especially considering the fact that social audit is one of the most important indicators of assessment for the economic sphere. In addition, CSR represents an area of interest for both the academic world and for independent research. Numerous studies have been done in

∗ Corresponding author, Ciprian Obrad - ciprian.obrad@yahoo.com
Romania, especially in the last decade that highlighted different aspects of CSR practices, focusing on specifics of the local environment. CSR activities have been assessed and classified, according to certain criteria and indicators. The issue of activity reporting and transparency of CSR activities represents a current preoccupation of companies, considering communication and the importance of public image in a dynamic and competitive economy. Ideologists’ as well as practitioners’ interest has increased in recent years for CSR activities in order to include Romania in carried on analyses and assessments. Thus, in the 2007 study done by Irene Mandl and Andrea Dorr, from the Austrian Institute for SME Research (Mandl and Dorr, 2007, p. 12): “In Romania the concept of social responsibility originates in the 1990s when many NGOs (particularly with humanitarian business objectives) were founded with the assistance of international public or private institutions. The major involvement of both, large and small companies in CSR activities in terms of restructuring their technologies for environmentally friendly production or the adoption of social measures for employees or the society started after 2000. The private sector’s involvement in CSR was mainly fostered by the engagement of multinational companies active in CSR, and – later on – also experienced an impulse stemming from the possibility to access EU funds.”

Our article is focused on an analysis of the way Romanian companies develop CSR activities and the way they understand to draw social references and communicate their content.

1. Methodology and objectives

The research methodology used in order to achieve the set objectives is based upon the specialist literature, added to a content analysis on the way companies communicate and prove transparency regarding CSR activities and also by a sociological inquiry meant to see the specifics of CSR activities in the perception of the ones exercising their expertise in this area.

The first stage of our study was reading other studies, analysis and specialist literature. The listing of specialist literature focused on studies and analyses made in Romania, with the purpose of identifying certain particularities of the local companies. The results of these analyses are very important in writing the survey questionnaire that was addressed to those responsible for CSR activities (for example, the CSR Rating 24/7 2010 done by B&P Braun & Partners, Green Brands Survey 2010, the KPMG study done in 2005 and published in 2006 regarding CSR etc.).

The second stage was content analysis and the investigated units were as follows: the developed programs and campaigns and the identified annual reports on the companies’ websites.

The final stage was represented by the sociological inquiry done in April-May 2010, which was used as a data-collecting tool, a survey addressed to those responsible for CSR activities within the 40 most important companies in Romania that developed CSR activities during the last few years. On one hand, these companies were selected from the Company Index from the www.responsabilitatesociala.ro website, which lists company profiles that perform CSR activities in Romania and on the other hand, based on existing public presentations regarding local CSR activities. The inquiry included 20 items, with
both closed questions regarding constants of the CSR phenomenon in Romania, and open
questions with the purpose of finding the particularities of the domain. Through this inquiry
we tried to obtain information regarding the following: the structure of CSR departments
within the selected companies, the starting point of CSR activities, the methods through
which companies identify communities’ needs and expectations, the procedures through
which projects are selected, and also the benefits that the companies acquire after
performing CSR activities. Also, we wanted to indentify resposibility perception in
specialized departments regarding CSR strengths and weaknesses, and also threats in
developing the local phenomenon.

The inquiry was sent to the addresses of all CSR departments within the 40 selected
companies and filled in by the administration electronically by 15 representatives of the
companies, among which the following: Alexandrion Romania, S.C. Carpatcement Holding
S.A., Citybank Europe, Romania branch, Orange România, Roşia Montană Gold
Corporation, Petrom, Smithfield, Siveco România S.A., UniCredit Țiriac Bank, RBS Bank,
and so on. We concluded from this study that the companies’ availability to communicate
information regarding CSR activities is limited. Although the opinions of those interviewed
are not of major importance for Romanian companies that develop CSR activities, they
allowed us to analyze some hypothesis and to identify certain tendencies.

The purpose of this investigation was to see the opinions and perceptions of those
responsible for CSR activities regarding their work, their assessment upon the positive and
negative aspects they noticed and also upon the benefits generated by CSR programs and
campaigns.

Our research focused on the following objectives:

O₁ Identifying the organization approach, the coordination and assessment of CSR
activities within Romanian companies.

O₂ Determining the way specialists that are active in CSR in Romania acquired and
developed their professional expertise.

O₃ Identifying the perception of those responsible for CSR activities upon the benefits their
companies have as a result of their involvement in activities regarding corporate social
responsibility.

O₄ Determining CSR strengths and weaknesses in Romania from the companies’
perspectives, the ones that develop activities in this area.

O₅ Noticing communication and transparency degree regarding CSR activities for the
companies involved.

Considering the complexity of the investigated phenomena, the objectives mentioned above
have been reached by using a mixture of methodologies like document, content and social
inquiry.
2. Research results

2.1 Organizing and coordinating CSR activities. Intervention Areas

A global analysis of corporate social responsibility activities developed within the Romanian economic environment allows us to see that initially, these practices were rather an import of values and principles that the local environment partly assimilate.

As competition increased within the business environment, companies became more aware of the social and economic potential that CSR activities have in the process of image consolidation and corporation reputation. Thus, within a large number of companies with Romanian capital, there are specific departments that handle and develop CSR activities. There are situations in which these attributions were taken over by those responsible for other departments, like Communication, PR or sustainable development. Another phenomenon is setting up foundations completely or partially financed by companies whose purpose is to identify social issues and develop programs in order to support the community, thus contributing to creating a favorable social context for the companies that support them. These foundations often take over charity programs for the companies, while the specialized departments within the companies develop strategies and implement specific CSR programs.

Data analysis of the sociological inquiry highlighted a wide range of aspects, which we would like to concisely present as follows. Thus, CSR activities are developed in most cases by being analyzed by a special service within a particular department, usually the Communication or the Public Relations department. Only in isolated cases this activity is done within a specific CSR department. In most cases, CSR activity is coordinated by a department manager, only in special cases this function is taken over by the general manager or by one of the members of the administration council.

The starting point in organizing CSR activities is identifying the social needs that a company decides to be involved in. There are a few ways for identifying the needs and expectations of a community. One of the most efficient methods among these is making a diagnosis based on social and economic studies, with the advantage of a large covering base of the needs of a larger number of people. On the other hand, permanent dialogue has a complementary role in the relationship with the local authorities and the stakeholders. The purpose is putting together a realistic list of needs and priorities upon which the company will act.

There are few companies in Romania that base their CSR activities on scientific diagnosis. “The big players” are included in this category, but they represent a small number of companies with experience in CSR in our country. These are the companies that have media visibility in the area of social involvement. In most cases, we can notice from the responses we have received that the orientation of CSR activities of Romanian companies is determined by the one-sided decisions included in a strategy with partially consulting character, limited to discussions with the shareholders or collaborations with NGOs that offer models for community involvement. There are cases in which identifying the social needs of the community is done sporadically and chaotically, according to the businesses’ major interests or personal interests of a few employees.

There are no general scientific practices in identifying community needs in the area where these companies operate, because the procedure for selecting CSR projects that are going to
develop are limited in most cases to choosing the ones that are in agreement with the business strategy of the companies present or are within their competence areas. In other cases, CSR activities are dependent upon subsidies, awarded according to specific criteria of eligibility. We will exemplify by the answer given by one of the interviewees: *We posted a guide on the company website that all potential partners can look at. After analyzing the eligibility criteria, if the project qualifies, those who are interested can send us a collaboration proposal.* Many times, there are limits in selecting projects with real benefits for the community, due to the companies’ low budgets. Even if a company can correctly identify the social needs of the community it operates in, there are many situations in which company budgets do not allow the development of certain CSR programs that would fulfill the expectations of that community.

According to the Study from 2007, in order to understand and assess the situation of corporate social responsibility, the areas of preferred investments for the companies are as follows: training and professional development opportunities for the employees, education, improving work conditions for the employees, art and culture. According to our present study (figure no. 1), in 2010 Romanian companies developed CSR activities especially in areas like education (including specific training for their own employees), social and environment related, followed by art and culture, so the other areas benefit of less interest. Although none of the research demands is representative for the studied population, except the environment oriented programs, the areas where there are CSR activities in Romania are rather the same ones.

*Figure no. 1: Areas in which CSR programs were developed*
2.2 CSR activity assessment

Efficiency assessment for a CSR program implies the analysis of certain quantity and quality indicators regarding the impact of the programs. There are more assessment models according to which to do this, but a recognized model, applied worldwide for evaluating and reporting results of community investment, is the one developed by the London Benchmarking Group (LBG). This is a work instruction book and an assessment tool, which helps to quantify and summarize the results of a community activity.

We are going to concisely present the LBG concept in an operational form in order to highlight indicators by which the contributions of a company are assessed within the community. These are the quantity indicators that imply actual measuring of contributions (money, time, etc.), and the quality indicators that imply analyzing key questions.

The analysis of invested resources has four priority dimensions:

- How to contribute (type of contribution);
- Why to contribute (motivation for contribution);
- What is supported (what contribution is focused on);
- Where to contribute (geographical distribution of contribution).

Following the actual assessment of the invested resources, the quantified results are the ones that prove both the benefits for society and those for the company.

Regarding the interviews with those responsible for CSR activities in Romania, the answers show that there are situations in which the analysis is professionally done, according to these indicators (the LBG model). There are times when CSR activities are analyzed both according to how many other partners have been involved and to certain deadlines. There are situations in which the efficiency of a particular CSR program is evaluated only according to the thanks received from different people and NGOs or their mass media visibility.

2.3 Acquiring and developing CSR competences

The respondents who are responsible for CSR activities think that their level of information in relation with their area of expertise is good; it is rarely appreciated as being very good, average or bad. Regarding information sources related to CSR, most respondents list Internet sites, newsletters, magazines, newspapers and books. Other sources are: meetings with experts and internal resources of the company. Most of those responsible for CSR say that throughout the last year they attended CSR conferences and workshops. Very few of those interviewed said they attended CSR courses and trainings organized by universities. These people were asked if they thought CSR training in universities would be useful and their response was affirmative, especially for master’s studies, and almost half of them believe that CSR training is extremely useful for a bachelor’s or PhD degree. There are very few respondents who think such a specialization is not really necessary at the academic level.

Collaboration with the academic environment lacks in more than half the cases. When there is collaboration, it usually involves sponsorships, internship programs and educational
projects. There is only one case where we noticed collaboration based on counseling in writing a CSR report. Less than a quarter of the companies included in the study provide practice probation times for students within CSR departments.

The professional training analysis for those responsible for CSR in the companies included in the study reveals the fact that university specializations are very diverse, from social assistance, general medicine, law, international relations or engineering, to foreign languages and literatures, public relations, political science and communications. This range of specializations hardly overlaps with the demands of CSR activities.

2.4 Functions and benefits of CSR activities

When the representatives of the companies included in the study were asked about the functions attributed to CSR activities (figure no. 2), they seemed to agree unanimously that the most important role of these involvement actions is that of promoting the ethical values of the company. Involvement in CSR activities plays an important role in anticipating and preventing conflicts between the company and the community, but it is also a way through which part of the company profiles can go back into the community. Through the developed programs, there is also a communication function present, because companies are able to get to know the social environment in which they operate. There are few cases where CSR activity is perceived as a PR tool or a way to motivate and keep employees.

![Figure no. 2: Role/Function attributed to CSR activities](image)

Most responders from the companies included in the study feel that the greatest benefit that the companies have as a consequence of CSR activities is that of an image, because efforts made on long term help increase the good reputation of the company. This plus for the image means a more favorable perception within the community and for the shareholders,
but it can also become another argument in hiring in order to attract valuable people for the company or as it already known, for consolidating employer brand. Although we cannot talk about the same kind of media visibility that companies in developed countries have, where there is a CSR tradition already established, like countries in the UN or the US, visibility is a natural consequence (say the interviewed) of the impact that CSR programs have upon the community. Through CSR activities, people perceive a company as having a mature business, loyal to the community it operates in and close to the people around.

Other advantages of the companies that support responsible involvement and fulfilling the needs of the community are as follows: acquiring a competitive advantage, forming an organizational culture, and as a consequence, educating employees and involving them more. Although it is rarely mentioned, there is a benefit that can only be seen in time, as CSR activities could bring financial advantages, by cost reduction. Last, but not least, companies’ involvement in CSR activities leads to partnership development with other institutions, companies, the media and public authorities.

2.5 Voluntary work and ways to improve CSR activities

Employee participation in CSR activities developed by the company is one of the classical methods of active involvement when there are initiatives in the CSR area. We wanted to find out if these practices are also present in other countries, so we included the following question in the questionnaire: In your developing CSR activities, are your own employees directly involved in voluntary work? We were not able to see the type of corporate voluntary work, but we highlighted the fact that in all the companies investigated, the employees have been involved in such activities. More than that, next to involving their own employees on a voluntary basis, there are initiatives on a national level that promote voluntary work as a value and a desired practice within the community (for example, the “Professional voluntary” program, developed by the Vodafone Romania Foundation).

Most respondents consider that a better involvement of their own employees, through voluntary work activities in the developed projects is considered to be one of the best methods for improving CSR in the company. In addition, the company’s CSR activity can be improved through the following: implementing ISO 2600 standard, increasing resources and the number/dimension of developed programs, a better internal communication of the CSR initiatives, making the management aware of the importance of CSR as a tool in understanding the socio-economic context the company operates in, developing a real activity, which is structured and professionally run, etc.

In the perspective of those in charge of CSR activities, the main reasons for the fact that there are not more CSR activities in Romania are outlined in the graph below (figure no. 3) and they are quite diverse. Thus, most of the respondents consider that the main impediment is: not understanding the significance of CSR. One possible explanation is that at the moment there is no organizational culture that could value and promote this kind of activities, in the business environment. This first obstacle in CSR development is followed by the insufficient budget allocated by companies, the lack of human resources in this area and also the lack of pressure upon the companies from the community.
There is no clear proof that CSR is financially profitable on long term.

Companies are not involved in CSR because the competition is not involved in it.

It is irrelevant for present business.

There is no pressure from the community where the company operates.

There is no expectancy horizon from the community.

The meaning of CSR is not understood.

There are no qualified Human Resources in this area.

What do you think are the main reasons why we cannot see more CSR in Romania?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are no qualified Human Resources in this area</td>
<td>6</td>
</tr>
<tr>
<td>The meaning of CSR is not understood</td>
<td>12</td>
</tr>
<tr>
<td>There is no expectancy horizon from the community</td>
<td>5</td>
</tr>
<tr>
<td>There is no pressure from the community where the company operates</td>
<td>6</td>
</tr>
<tr>
<td>It is irrelevant for present business</td>
<td>2</td>
</tr>
<tr>
<td>Insufficient budget</td>
<td>7</td>
</tr>
</tbody>
</table>

Figure no. 3: Barriers in CSR development in Romania

2.6 Strengths and weaknesses of Romanian CSR

Another objective of this study was to see what the strengths and weaknesses are in Romanian CSR from the perspective of the people responsible in the companies included in this study. Our intention was to make an inventory of the “issues” that the Romanian CSR is confronted with and to highlight the positive aspects that resulted from the exercise in the area. We registered a considerable number of answers regarding the strengths of Romanian CSR as being less than its weaknesses.

The answers that were offered by the respondents, especially regarding weaknesses, describe a heterogeneous problematic area that, among other things, claims a lack of specialization in the CSR area and also a lack of training and development courses for specific competencies. The lack of a legal frame that would encourage and contribute to developing CSR is another weakness that has been mentioned by respondents. In the same category we have: lack of integration of CSR strategy in the business strategy of the company, and also lack of reporting and monitoring CSR activities. Also, in some of the respondents’ opinion, Romanian CSR is an imitation of foreign practices; social responsibility is not yet a truly outlived value in Romanian corporations, but it is imposed by the expat management or the mother firm; if the management of the company is Romanian, CSR is at the most perceived as a “green wash” or a PR tool, especially considering the fact that CSR is not a legal requirement, but one that is voluntarily taken upon and above legal requirements. In addition, CSR is mostly used as a PR tool in specific investments in the detriment of programs developed on long term.
As a concise appreciation, the formulated opinions claim the involvement of a greater number of companies in CSR activities, the diversity and originality of the implemented projects, and also the constant increase of public opinion for CSR programs. Next to all these positive aspects, we would like to add the increased visibility of CSR programs and a greater number of NGOs that promote different social causes in the name of the companies and with their financial aid.

2.7 CSR communication and transparency

The credibility of a company is greatly given by the conformity between what it communicates and what it does. Things are the same in the CSR area where communication and transparency become implicit conditions for the company’s reputation within the community. In the analysis that we performed on the sites of the 15 companies we included in our research, we tried to identify the way companies understand to openly communicate regarding their CSR activities and to analyze the way companies offer key documents to the public, documents that define their responsible social profile (ethic code, good practices in business, good manners of the employee, annual report and CSR strategy). In order to see the accordance between the answers given by respondents and the reality of the things stated, we made an assessment on the websites of the 15 companies that offered answers to the addressed inquiry.

In the majority of answers the respondents stated that there is a set of documents in their company that we are interested in: the ethics code, the good practices in business and good manners of the employee, the annual report and CSR strategy. By analyzing the websites we noticed that only part of the companies have a CSR box and even fewer have posted the above mentioned documents to be read by the public. This does not mean that the specific documents do not exist, but that the companies do not make this information public.

Company communication is focused on highlighting developed CSR programs, campaigns and projects. In addition, on the websites we can see the partnerships the companies have with different NGOs or sometimes a non-profit organization that was set up by the company in order to develop CSR commitment.

There have been isolated cases (4) in which we found the CSR annual report on the website. Regarding the way these reports are written, we noticed there is no unique model, and that the identification forms are diverse. Sometimes, CSR reports take into consideration international key indicators and performance standards (GRI G3, AA 1000, SA8000, ISO 26000 etc.) or their own reporting models. Our study identified only one company that drew up the document according to ISO 26000 international standard, regarding CSR, but this document will take effect at the end of the year 2010. Social reporting ensures assessment and communication of the ways companies perform in CSR activities and essentially contribute to building and consolidating their credibility.

Conclusion

Although practices of motivating responsibility within the Romanian corporate environment came as an import of values and principles in the European context, local companies began to perform similar practices and adapted them to the specifics of the local organizational culture. For the past three years, we can notice an increased visibility of CSR
programs and also a rising number of NGOs that promote different social causes, in the name of the companies and with their financial help.

At the beginning, there were certain forms adopted just as for any other institutional import. New departments were created to administer the activities and there were foundations set up to implement the programs and there were also people put in charge of CSR activities.

But establishing these forms is only at the very beginning. We noticed very early in our study that there is no complete understanding of the significance of the CSR concept, because at the moment there is no organizational culture that could give value and promote these principles in the business area. Social awareness is not yet a truly outlived value in the local companies.

In addition, our study highlighted the fact that a greater specialization is necessary for the professionals in this area, and this could be achieved by bachelor and master studies on CSR or at least through introducing some corporate responsibility courses in the curricula of other specializations. Romanian universities do not have an educational offer in the CSR area, so there is a poor CSR culture, and it is incapable to sufficiently underline the fact that a responsible economic behavior creates values both for the companies and the society.

Similar studies that were performed recently in Romania in the CSR area (for example the CSR Rating 24/7 2010 and the Corporate Social Responsibility in Higher Education, Case Study: Romanian Higher Education System, 2010), and also our study, confirmed the reality of some issues that Romanian companies have to solve and we also identified several aspects that need to be improved. A qualified diagnosis is needed to identify the social needs of the communities, and also generalized scientific practices for evaluating CSR programs. Also, the lack of a legal frame is noticeable; this should encourage and contribute to CSR development.

On the other hand, companies need partners in order to support CSR activities. An essential partner is the community itself, because the community’s needs are the premise and the substance that mould CSR programs. Today, there seems to be no “pressure” from the communities upon companies, as specialists concluded.

Another conclusion we can draw from our analysis is the fact that Romanian companies still have communication issues and also problems regarding the transparency of CSR documents for the activities they perform within the community. There are very few companies that have posted documents on the ethics code, the good practices in business and good manners of the employee, the annual report and CSR strategy on their websites.

Developing the CSR concept in Romania is expected to go through two stages in the next few years – one of generalization, that will mean extending CSR activities to new companies (a quantity stage) and a maturing stage (a quality stage) for the companies that have already started having a vision and a strategy for CSR responsible involvement where they operate, in order to fulfill the community’s needs. The companies from the second category are already aware of the fact that CSR activities bring a lot of benefits on long term externally – an increase in reputation for the company and employer brand consolidation, the competitive advantage on the market, media visibility – and also internally – forming an organizational culture that will generate more involvement on the employees side, and financial advantages. These benefits could be multiplied if there were a better communication of CSR activities and their transparency.
References


