

## CORPORATE SOCIAL PERFORMANCE FUTURE TRENDS ON THE ROMANIAN ECONOMY

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***Abstract:** Corporate Social Performance focus to organizational management results over the environment and also on the principles of the socially responsible corporate motivations allows the organizations to consider the all stakeholder groups affected by the company's activities that requires a full evaluation of this results.*

*Our work aims those Corporate Social Responsibility models which can trigger the responsible entrepreneurship optimization into the Romanian enterprise according to the latest trends within Corporate Social Responsibility.*

***Key Words:** Corporate Social Performance, Global Compact model, “3P” model, Corporate Social Responsibility future trends.*

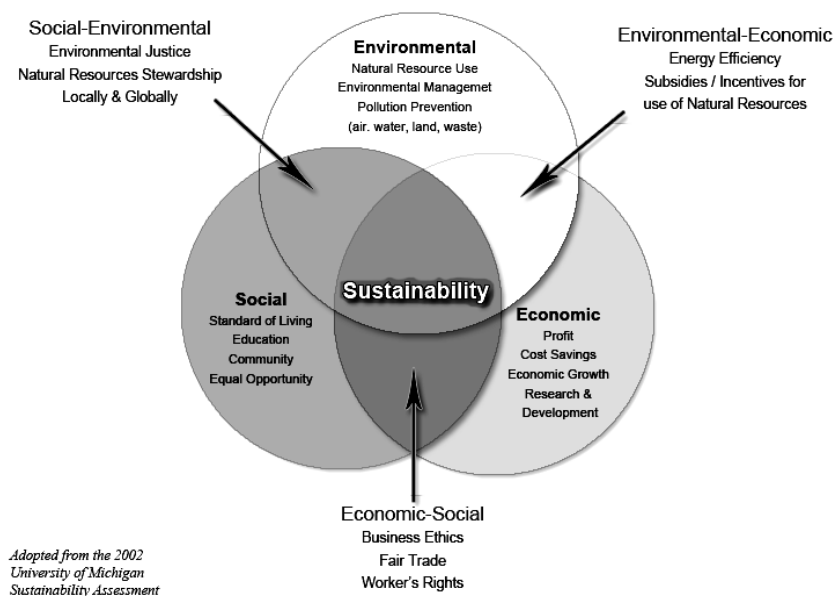
### **1. Introduction**

Responsible Entrepreneurship concept introduced by the United Nations Organization recognizes the role of businesses in order to achieve a sustainable development and promoting the social responsibility also. CSP (Corporate Social Performance emergence focus CSR (Corporate Social Responsibility) to social responsiveness process and also to observable results into the company's relationships within society.

Ph. Kotler and Lee (2005) defined CSR “as an engagement that contribute to community wellbeing through their business practices and also the company resources” (p. 3). Basu and Palazzo (2008) argued that CSR is “a process by which the managers think and discuss the relationships with the stakeholders and their roles in connection with the common good”. Mahon and McGowan (1991, p.80) adopted the principles of common good in CSR: “it’s clear that most authors will say that CSR includes behaviours and actions beyond the mere realization of profits which serve to improve the social conditions and of the individuals within society” [1].

CSR concept is widely regarded as a voluntary business contribution to the societal guiding model of the sustainable development and also to

active corporate engagement that goes beyond the legal compliance and it reveals a moral and ethical character to provide the sustainability”.



**Fig. 1.** Sustainability Areas [2].

The 61% of respondents of the survey (2012) conducted in Romania that included 25 business involved in CSR projects, recognise that their companies aren't socially audited and, nevertheless, the most companies don't publish social reports on websites.

All the companies, regardless of their domain of activity, can be actively involved in applying the CSR concept that should be seen as a social involvement of the each company which should manifest by maximum transparency both inside and outside the organization.

## **2. CSR models focus to sustainable organizational development**

McKinsey and Company study (2004) concluded that the **Global Compact model** contributed significantly to accelerate/promote a positive change within the organizations. Global Compact principles express the fundamental values regarding [3]:

### ➤ **Human Rights**

1. Businesses should support and respect human rights, internationally accepted;
2. Ensure that they are not in complicity with abuse of these rights.

### ➤ **Labor Standards**

1. Business must support freedom of association and the effective recognition of the right to collective bargaining of labor contracts;
2. Elimination of all forms of forced or compulsory work;
3. The effective abolition of child labor;
4. The elimination of discrimination in employment and at the workplace.

➤ **Environment**

1. Business environments should support a precautionary approach to environmental challenges;
2. The initiative to promote greater responsibility towards the environment and encourage the development and diffusion of environmentally sound technologies.

➤ **Fight against corruption** - business environments must fight against all forms of corruption, including extortion and bribery.

**„3Pillar model” (People - Planet – Profit)**

„First P ( People)” regarding the social welfare, „second P („Planet)” targets the ecology and „third P (Profit)” seeks the economic prosperity. Not only the companies have the possibility to achieve this model, even the other organizations, institutions, NGOs, public institutions, social institutions, offices, ministries, etc. also. A balance between „3P” provide to the taking decisions and setting priorities by the company top management and must remember [4]:

- „3P model” is not against the interests of stakeholder and therefore can be supported by all stakeholders;
- building a knowledge base on CSR and develop an expert system for evaluation with different method;
- developing a CSR internal evaluation system function of the parties' interests and the knowledge base;
- develop a certification system and also external rating function of previous initiatives.

The model eliminates the isolated approach of a single dimension and allows joint initiative leading to optimization and adaptation of one dimension to the other two conditions, and further interactions between the three dimensions. The main objective of this triple approach is to establish appropriate indicators and their relationships, allowing measurement both on each dimension and on the overall CSR. Also, the model removes the deficiency regarding the isolated approach of only one dimension and it allows joint initiatives leading to optimization and adaptation of one dimension to the other two conditions, and further interactions between the three dimensions. The efforts to apply CSR on company level can't exist

without the active involvement of management, shareholders and the employees.

### **2.1. CSR Trends during the latest years**

Regarding „SustainAbility”, the companies and also state governments we will undergo important actions in order to *mitigate climate change in 2015*. The upcoming United Nations Organization conference on climate change of Paris (2016) even tougher measures to be adopted.

Particularly, the companies within the automotive, utilities, retail sectors will need to adapt their business models in order to keep the pace with the technological development, more sustainable consumer preferences and the rise of social Entrepreneurship.

Energy companies will be forced to shift to using renewable resources and the International for Energy estimated that, by 2050, solar energy will be the main type of energy produced globally.

Any enterprise’s initiative in the field of CSR improves employee satisfaction and loyalty to the company and allows the company to act directly on the menace to health / safety of the employees. In this respect, one can mention the Coca-Cola action by which it has invested annually in Africa between 4 and 5 million dollars in a program of prevention and treatment of HIV / AIDS addressed to the 60,000 of his African employees

Ethical Corp, publication specialized in sustainable business, has recently published “The State of Sustainability 2015 Report” stated that 89% of people responsible with sustainability in companies where they work recognized that sustainability is becoming increasingly important for the business strategy of the company, even for those organizations whose CEO doesn’t consider it as being a priority.

Nowdays 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.

The practices which are socially responsible represent initiatives by which a company voluntarily improvées its operating mode so that it contributes to the general welfare of the community and to protect the environment.

The organizations can make changes for adopting socially responsible practices in the field, which refer to [5]:

- design of locations where it operates (i.e. design of offices, production units/outlets so there will be a greater level of safety, the environment to be protected, decrease energy consumption, etc.;
- improving production processes (eg. removing waste, reducing the

level of chemicals used as fertilizers etc.);

- withdrawal of products which may be considered harmful, even if nonillegal (i.g. McDonalds decision, who withdrew in 2004 the “Supersize” portions of fries and soft drinks);

- the choice of packaging and production materials which protect the environment, allow the reduction of waste quantity, facilitate recycling, eliminate toxic emissions etc.;

- providing objective information about products (ex. the packages contain information about: potential negative effects of consumption, the volume of physical activity required to burn calories or fat contained by a product etc.);

- development of programs to pursue the good state of the employees: medical assistance, counseling, facilities for recreation or sport etc.;

- ensuring responsible marketing policies, especially for children (i.g. online selling didn't allowed to minors, withdraw marketing programs of potentially harmful products in schools, etc.);

- improve the access to products marketed for people with disabilities (i.g.. ramps in stores, alternative formats for print, web sites available, etc.).

The CSR proposes to identify, understand and improve the balance between entrepreneurship and ethical practices in business. Knowledge of the issues and concerns related to this concept will promote the investments that will develop cooperation and technology transfer.

World Economic Forum [6] has embarked on a major effort to deepen understanding of how sustainability relates to competitiveness and what this means for the development path of economies.

In 2006, the European Commission published “Implementing the partnership for growth and jobs: making Europe a pole of excellence on CSR”, and launched the European Alliance on CSR. In 2007, a summary of CSR policies to the EU-27 member states has been released.

In 2008, CSR Europe launched the “European Toolbox for a Competitive and Responsible Europe” (CSR Europe, 2010a) that includes information and advice to help the companies and their stakeholders address socio-economic and environmental challenges and integrate CSR into mainstream business practice [7].

The main goal of the European Union strategy to develop a CSR vision by the European enterprises is those to become “the most competitive and dynamic economic system of the world, capable of sustaining economic development through job more and better jobs and greater social cohesion”. This innovative approach highlighting the competitiveness importance as the key indicator of prosperity adjusted by two pillars [2]:

- the social sustainability pillar that measures “a set of institutions, policies and factors that enable all members of society to experience the best possible health, participation and security; and to maximize their potential to contribute to and benefit from the economic prosperity of the country in which they live”;
- the environmental sustainability pillar which measures “the institutions, policies and factors to ensure an efficient management of resources to enable prosperity for present and future generations”

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