

STRATEGIES OF CORPORATE SOCIAL RESPONSIBILITY IN THE EUROPEAN UNION

Joldeş Cosmin

*Bucharest Academy of Economic Studies Faculty of International Business and Economics 13-15, Mihai Eminescu Street, Sector 1, Bucharest, Code 010511, Romania
cosmin.joldes@achieveglobal.ro
0723506870*

Iamandi Irina Eugenia

*Bucharest Academy of Economic Studies Faculty of International Business and Economics 13-15, Mihai Eminescu Street, Sector 1, Bucharest, Code 010511, Romania
irina_iamandi@yahoo.com 0723690072*

The present paper emphasizes the corporate social responsibility (CSR) state and development strategies in the European Union and at the level of the Romanian business environment. The aim of the paper is to present the similarities and differences in the above mentioned strategies. We intend also to analyse the relationship between the Vision – Mission – Values system in the case of a company and its CSR actions, in order to present the main categories of CSR initiatives in Romania.

Keywords: Corporate Social Responsibility, Corporate Strategy, Vision – Mission – Values System

JEL Classification: M14

CSR in the European Union

After the adoption of the Lisbon Strategy in the spring of 2000, the European Union has proposed as one of its strategic objectives in the next 10 years to become the most competitive and dynamic knowledge-based economy in the world, able to maintain a sustainable economic growth, providing more and better jobs and maintaining a greater social cohesion.

Starting from this objective and stressing the substantial contribution of private sector in achieving the above mentioned goals, the European Council called, in particular, the social responsibility of companies regarding continuous improvement and learning process, effective organization of work, equal opportunities, social inclusion and sustainable development. After the summit in Lisbon, corporate social responsibility in Europe has become a priority.

In this sense, a High-Level Group of National Representatives on Corporate Social Responsibility⁸⁸ was established at the end of 2000 in the European Union, in order to maintain a continuous dialogue between Member States on the most appropriate and effective practices of CSR and to develop and implement a harmonized strategy at the Community level in the same field.

The objectives of a structured exchange of information on CSR national policies and initiatives especially envisage three main directions: understanding and evaluating the national public policies on CSR (mechanisms, factors, barriers and determinants of success); analyzing and promoting concepts, tools and practices of CSR; developing a common framework at the European level for national public policies in order to promote and stimulate CSR.

Thus, in July 2001, the European Commission published the declaration called *Green Paper*, for promoting a CSR framework in Europe. A year later (on July 2002), the communication *CSR: A Business Contribution to Sustainable Development* appeared, through which the European Commission was proposing an articulated CSR strategic plan. In October 2002, the European Commission designated a forum on issues on CSR in Europe (*The European Multi-Stakeholder Forum on CSR – CSR EMS Forum*), that had as its main objective to promote the experience

88 http://ec.europa.eu/employment_social/soc-dial/csr/country/CSRHLG_mandate.htm.

exchange between companies, establishing common lines of conduct and determining standards for assessment instruments.

In late June 2004, the Forum has submitted a final report (*EMSF on CSR – Final Results and Recommendations*), the result of more than 20 months of discussions and negotiations between partners in the business world, unions, NGOs, civil society, social partners, observers and representatives of the academic environment. In addition, unions have played an active role with regard to CSR in Europe, especially because the European Trade Union Confederation (ETUC) presented a series of CSR priorities and development challenges. Also in 2004, the General Directorate for Employment and Social Affairs of the European Commission has synthesized into a comprehensive document (*ABC of the Main Instruments of Corporate Social Responsibility*) the main mechanisms companies can appeal to in order to strengthen effective CSR policies and strategies.

On 14 June 2005, the European Commission organized a conference on social responsibility of small and medium enterprises, a topic less discussed before and considered of secondary importance. In its final report from June 2004 the Forum recognized the importance of CSR for SMEs and emphasized the differences in CSR approach between SMEs and MNCs.

On 22 of March 2006, the European Commission published a communication entitled *Implementing the Partnership for Growth and Jobs: Making Europe a Pole of Excellence on CSR* and launched the European Alliance for CSR.

The nature and characteristics of corporate social responsibility vary between different Member States and from one cultural context to another. In some countries, CSR is integrated into national public policies (examples: Bulgaria, Cyprus, Denmark, Finland, France, Germany, Portugal, Sweden etc.), letting companies a rather restricted area of voluntary corporate social involvement, while other countries have developed more initiatives to attract public attention and socially responsible practices are left to companies (examples: Estonia, Greece, Ireland, Great Britain, Netherlands, Slovenia, etc.), starting from the premise that the role of government and public authorities is to encourage and support opportunities for corporate involvement and not to build formal and strict structures for directing corporate involvement.

In comparison with USA, CSR in EU enjoys a greater politicization of being addressed primarily at the macroeconomic level. Although the contribution of private actors to develop CSR is vital, they operate within a national or European framework assumed more or less voluntarily.

In 2007, the European Commission, through the High Level Group of National Representatives on CSR in Europe, has developed a summary of CSR policies in the 27 EU Member States⁸⁹. The compendium illustrates both the similarities and differences between national CSR policies. Although very different from one country to another, these strategic objectives are often similar and cover issues such as: promoting dialogue within all categories of stakeholders and public-private partnerships; strengthening the credibility and transparency of CSR practices and tools; attracting public attention; increasing knowledge and dissemination of best practices in the field; and ensuring a stronger and more consistent connection between the objectives of sustainable development and public policies.

For an exhaustive presentation of the information at the level of the 27 Member States, data were structured in three main categories: policies that promote progress in the direction of CSR, policies aimed at ensuring transparency on CSR, and initiatives expressed in other public policies that have a positive impact on CSR.

89 European Commission, General Directorate for Employment, Social Affairs and Equal Opportunities, High Level Group of National Representatives on Corporate Social Responsibility (CSR HLG), Corporate Social Responsibility – National Public Policies in the European Union, Brussels, Belgium, 2007, pp. 1-95, http://ec.europa.eu/employment_social/soc-dial/csr/csr_compendium_csr_en.pdf.

Conceptual framework of European public policies on CSR:

According to above mentioned synthesis made by the High Level Group of National Representatives on Corporate Social Responsibility in Europe, the conceptual analysis of CSR at European level is presented as follows:

- 1. Promoting CSR:**
 - Attracting public attention;
 - Research;
 - Public-Private partnerships;
 - Business incentives (e.g. corporate awards and recognitions);
 - Management.
- 2. Ensuring transparency on CSR practices:**
 - Principles and codes of conduct;
 - General framework of social reporting;
 - Management systems and social/ecological labels;
 - Socially responsible investments;
 - Advertising;
 - Others.
- 3. Developing public policies to support CSR:**
 - Sustainable development strategies;
 - Social policies;
 - Environmental policies;
 - Public procurement;
 - Trade and export policies (e.g. promoting OECD Lines of Conduct);
 - Others (development and fiscal policies).

Source: European Commission, Directorate General for Employment, Social Affairs and Equal Opportunities, High Level Group of National Representatives on Corporate Social Responsibility, Corporate Social Responsibility - National Public Policies in the European Union, Brussels, Belgium, 2007, p. 3, http://ec.europa.eu/employment_social/soc-dial/CSR/csr_compendum_csr_en.pdf.

Thus, at the level of individual countries, only policies and initiatives that are directly related to CSR were analyzed, apart from some other national policies that are addressed in annual plans for national reform.

CSR strategies in Romania

Seen by Kotler & Lee as “a commitment to improve community well-being through discretionary business practices and contributions of corporate resources”⁹⁰ and defined by the European Multistakeholder Forum on CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis”⁹¹, *corporate social responsibility* is today part of the strategic approach of the companies that are acting in the Romanian business environment. CSR policies were first launched in Romania in early '90, rather as a fashionable corporate behaviour or as an

90 Ph. Kotler, N. Lee, *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause*, John Wiley & Sons, Inc., New Jersey, USA, 2005.

91 European Multistakeholder Forum on CSR, Final results and recommendations, 29 June 2004, http://www.ec.europa.eu/enterprise/csr/documents/29062004/EMSF_final.report/pdf.

extent of the European policies. Later on they became part of the companies' strategies. From the early beginning, CSR was seen not as mandated by law or imposed by external forces, but undertaken by the companies "in a manner that meets or exceeds the ethical, legal, commercial, and public expectations that society has of business"⁹². The current Romanian CSR market value is around 30 million Euros⁹³. Although CSR is an area still at the beginning of the road in Romania, this concept is increasingly present among the national business environment.

CSR initially emerged in the Romanian business environment through the multinational companies, such as Lafarge, Coca-Cola, Holcim, Carpatcement, Zentiva, Orange Vodafone, Petrom-OMV, which are still its main promoters at the national level. As previously declared, like any other imported concept, subject to a need of accelerated assimilation, CSR in Romania was initially imposed more as a fashion rather than the result of the full awareness of all the stakeholders' needs⁹⁴.

In Romania, like anywhere else, the process of defining the future development direction of any company, no matter it refers to the domestic or international market, is expressed by the system: Vision – Mission – Values of the company and its strategic objectives. This exceeds the current analysis of the company, taking into account the opportunities and future threats. Even if the CSR policies may fit within the Vision – Mission – Values system of any company, only during the last years CSR was in some cases part of the Romanian corporate strategic approach. While mission statement answers the question: "Why are we on a market?", vision statement provides the answer to the question: "Where are we going to?". Most companies develop both a vision statement and a mission, but only few of them define their CSR policies accordingly. On the other hand, in a summary of a very recent date published by a specialized magazine⁹⁵, the market analysts also consider that in the present Romanian market there is a rather low concern in terms of strategic approach of CSR long-term influences on the communities to whom it is addressed.

As the market is becoming increasingly competitive, companies have begun to become aware of the economic and social potential of CSR in the process of consolidating corporate image and reputation, as a prerequisite for the long-term success. This is why CSR recently began to be present in the business strategies of Romanian companies, no matter their size.

Even if in Romania the most important CSR initiatives are focused on the environmental field, we may observe also a consolidation of the CSR in case of the social and cultural-educational areas, which actually situates the national market in line with other developed markets. However, in comparison with the most developed countries, CSR involvement in Romania neglects the following areas: medical and scientific research; highly developed cultural projects; civic and human rights; some controversial social causes like drug use and sexual minorities; management of donations of goods⁹⁶. The most important categories of CSR projects carried out by companies in Romania in 2007-2008 period refer to the following social implication areas⁹⁷:

- Environmental protection* (e.g. Alexandrion Group Romania, Cosmote, Elpreco, Lafarge Romania, Mol Romania, Petrom, United Business Development, Vodafone Romania);
- Social issues* (e.g. A&D Pharma, Cardinal Motors, E.ON Gaz, Intercontinental Bucharest, McDonald's Romania, Prod Ardealul);
- Civic behavior* (e.g. Angst Romania, Coca-Cola HBC Romania, Pro TV, Procter & Gamble Romania, Tuborg - URBB, UPC Romania);

92 <http://www.bsr.org>.

93 A. Ardelean, CSR – Tot mai verde, BIZ Magazine, No. 170, 1-15.11.2008, p. 21.

94A. Diniță, Responsabilitatea socială în România – de unde și încotro?, 2006, www.responsabilitatesociala.ro.

95 A. Ardelean, CSR – Tot mai verde, Revista BIZ, Nr. 170, 1-15.11.2008, p. 23.

96 Idem, p. 26.

97 A. Ardelean, CSR - Tot mai verde, BIZ Magazine, No. 170, 1-15.11.2008, pp 33-41.

-*Human rights* (e.g. Banca Transilvania, Baneasa Investments, Ginkgo & Sarantis Romania, The Body Shop, Romanian Radio Broadcasting Company, Romanian Television);

-*Health* (e.g. Carrefour Romania, Dedeman, Petrom, Philips Romania, Prais Corporate Communications, Vodafone Romania);

-*Education* (e.g. BRD-Groupe Société Générale, Holcim Romania, IBM Romania, Motorola Romania, Orange Romania, RBS Bank Romania);

-*Research* (e.g. Agricola International Bacau, Continental Automotive Romania, Fujitsu Siemens Computers, Gorenje Romania, Siveco Romania);

-*Art and culture* (e.g. Automobile Bavaria, Brand Management, Electrica, Pambac, Piraeus Bank Romania, TNT Romania, Zentiva);

-*Sport* (e.g. BCR Leasing IFN, BRD-Groupe Société Générale, Mobexpert, CRE Trust, and Zentiva).

Budgets allocated to CSR projects by Romanian companies can range from several thousand Euros or US Dollars, in small enterprises, up to several million, in large companies. Most of the big companies present in Romania made public their CSR budgets and allocated in 2008 greater amounts than, or at least equal to, those invested in 2007 in social projects. This trend shows that CSR is on an ascending trend in Romania.

Conclusions:

The CSR initiatives once present only in Western Europe are now part of the day by day activities of the companies also acting in the Romanian business environment.

Companies in EU are supported in their socially responsible activities by the national public policies, meanwhile this type of support is rather insignificant in Romania. The good part is that also the companies in Romania begin to realize the great strategic potential of developing social actions.

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