CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT STANDARDS IN ROMANIA: APPLICATION AND EVALUATION AT CORPORATE LEVEL

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Abstract
The application of corporate social responsibility (CSR) is becoming in the international business context a source of competitive advantages, especially taking into account the current economic crisis and the prevalence of socio-economic business models in Europe. In order to prove their CSR involvement, companies could use specific voluntary instruments, one of them being the management standards. The purpose of the present research is to analyse the way in which national or international companies acting on the Romanian business environment apply some of the most significant CSR management standards and to determine a relationship (if any) between corporate culture and CSR management standards, on one hand, and between corporate financial power and CSR management standards, on the other hand. The main results emphasize that the financial power dictates the implementation of CSR management standards and not the corporate culture. The results are consistent with the main findings in the specialized literature.

Keywords: Corporate Social Responsibility (CSR), Management standards, Corporate culture, AA1000 Series, GRI sustainability guidelines, ISO 14000 Series, ISO 26000, SA8000, UNCG Ten principles, Romanian companies.

1. INTRODUCTION

The European Multi-Stakeholder Forum on Corporate Social Responsibility (EMF on CSR, 2004) considers 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”, affirming the high potential of the corporate social involvement for achieving societal and corporate objectives. The
competitive advantages induced by CSR or, other way put it, the business case for CSR comprises at least the following business benefits: positive effects on company image and reputation; positive effects on employees’ recruitment, retention and motivation; cost savings due to efficiency and good stakeholders’ management; revenue increases from higher sales and market share; CSR-related risk reduction or management (Weber, 2008, p. 249).

Regarding the operationalization and implementation of CSR into practice, three categories of elements could be identified: the forms of CSR, the instruments of CSR and the indicators of CSR (Iamandi, 2010). The core forms of CSR envisage: Cause Promotion, Cause Related Marketing, Corporate Social Marketing, Corporate Philanthropy, Community Volunteering and Socially Responsible Business Practices (Kotler & Lee, 2005). The European Commission (2004) considers that the main instruments of CSR – namely Codes of Conduct, Certification Labels, Management Standards, Sustainability Reporting and Socially Responsible Investments – could be grouped under three main headings: Socially Responsible Management, Socially Responsible Consumption and Socially Responsible Investments. Finally, GRI (2000-2011) structures the CSR indicators into three basic categories, following the three types of corporate performance: Economic Performance, Environmental Performance and Social Performance.

In what concerns the application and evaluation of CSR management standards at corporate level in Romania, the specialized literature does not offer comprehensive studies or examples in the field, especially because companies are not familiar with the implementation or communication about voluntarily assumed and externally assessed CSR management standards. This is why the present research proves its utility in theoretical as well as in practical terms.

2. CSR MANAGEMENT STANDARDS

Management standards, systems or frameworks are internal tools of all types of organizations for integrating their values into everyday practice. In general terms, there are a series of different management standards and frameworks – like, for example, quality, environmental, health and safety or workplace standards – that enable an organisation to embed social and environmental considerations and stakeholders’ participation into business decision-making and operations (European Commission, 2004, p. 15).

In the following lines we are going to present some of the most representative voluntary CSR management standards:
AA1000 Series – AccountAbility's AA1000 Series are principles-based standards to help organisations become more accountable, responsible and sustainable. The AA1000 standards address issues affecting governance, business models and organizational strategy, as well as provide operational guidance on sustainability assurance and stakeholder engagement. The AA1000 standards are developed through a multi-stakeholder consultation process and they are used by a broad spectrum of organisations: international and multinational companies, small and medium sized enterprises, governments and civil societies. The AccountAbility 1000 Series consists of the following standards: the AA1000 AccountAbility Principles Standard (AA1000APS:2008), the AA1000 Assurance Standard (AA1000AS:2008) and the AA1000 Stakeholder Engagement Standard (AA1000SES:2005). The AA1000APS provides a framework for an organisation to identify, prioritise and respond to its sustainability challenges. The AA1000AS provides a methodology for assurance practitioners to evaluate the nature and the extent to which an organisation adheres to the AccountAbility Principles. The AA1000SES provides a framework to help organisations ensure that the stakeholder engagement processes are purpose driven, well-defined, and robust and deliver results (http://www.accountability.org/standards/index.html).

GRI Sustainability Guidelines – The Sustainability Reporting Framework of the network-based organization Global Reporting Initiative (GRI) provides guidance on how organizations around the world can disclose their sustainability performance and it consists of the Sustainability Reporting Guidelines, the Sector Supplements and the Technical Protocol – Applying the Report Content Principles. The Framework is applicable to organizations of any size or type, from any sector or geographic region, and it has been used by thousands of organizations worldwide as the basis for producing their sustainability reports. The Sustainability Reporting Guidelines are the foundation of the Framework and are now in their third generation (G3), featuring Performance Indicators and Management Disclosures on economic, environmental and social issues that organizations can adopt voluntarily, flexibly and incrementally, at the same time enabling organizations to be transparent about their performance in key sustainability areas. The G3.1 Guidelines are the latest and most complete version of GRI’s G3 Sustainability Reporting Guidelines (they were published on 23 March 2011) and they are based on G3 but contain expanded guidance on local community impacts, human rights and gender matters. While G3-based reports are still valid, GRI recommends that reporters use G3.1, the most comprehensive reporting guidance available nowadays. The Sector Supplements are customized versions of the Sustainability Reporting Guidelines that cover sector specific issues. The Technical Protocol provides process guidance on how to define and apply the content of a sustainability report and it helps
organizations to produce relevant reports more easily (http://www.globalreporting.org/ReportingFramework/ReportingFrameworkOverview).

ISO 14000 Series – The ISO 14000 family (one of the standards' series of International Organization for Standardization) addresses various aspects of environmental management. The very first two standards, ISO 14001:2004 and ISO 14004:2004, deal with environmental management systems (EMS): ISO 14001:2004 provides the requirements for an EMS and ISO 14004:2004 gives general EMS guidelines. The other standards and guidelines in the family address specific environmental aspects, including: labelling, performance evaluation, life cycle analysis, communication and auditing. The intention of ISO 14001:2004 is to provide a framework for a holistic, strategic approach to the organization’s environmental policy, plans and actions, offering the generic requirements for an EMS. An EMS meeting the requirements of ISO 14001:2004 is a management tool enabling an organization of any size or type to identify and control the environmental impact of its activities, products or services, to improve its environmental performance continually, and to implement a systematic approach for setting environmental objectives and targets, for achieving these and for demonstrating that they have been achieved. The implementation of or adherence to ISO 14001:2004 has the effect of establishing a common reference for communicating about environmental management issues between organizations and their customers, regulators, the public and other stakeholders. ISO 14001:2004 is an instrument that can be used to meet internal and external environmental assurance and conformity objectives (http://www.iso.org/iso/iso_14000_essentials).

ISO 26000 – The International Standard ISO 26000:2010 – Guidance for Social Responsibility aims to help all types of organizations in both public and private sectors to consider the benefits of operating in a socially responsible manner in order to contribute to sustainable development.

The growing recognition of the need to ensure healthy ecosystems, social equity and good organizational governance is determining the corporate performance in relation to the society in which the company operates and to its impact on the environment when it comes about measuring its overall performance and its ability to continue operating effectively. In applying ISO 26000, it is advisable that an organization takes into consideration societal, environmental, legal, cultural, political and organizational diversity, as well as differences in economic conditions, while being consistent with international norms of behaviour. ISO 26000 provides guidance for all types of organizations, regardless of their size or location, on the following elements (7 clauses and 2 annexes): Scope of ISO 26000 (Clause 1); Concepts, terms and definitions related to social responsibility (Clause 2); Understanding social responsibility: Background, factors, characteristics and trends of social responsibility (Clause 3);
Principles and practices of social responsibility (Clause 4); Recognizing social responsibility and engaging with stakeholders (Clause 5); Guidance on core subjects (Organizational governance, Human rights, Labour practices, Environment, Fair operating practices, Consumer issues, Community involvement and development) and issues of social responsibility (Clause 6); Guidance on integrating, implementing and promoting social responsibility throughout an organization (Clause 7); Examples of voluntary initiatives and tools for social responsibility (Annex A); Abbreviated terms and Bibliography (Annex B). ISO 26000 is not intended or appropriate for certification purposes or regulatory or contractual use and it does not contain requirements (http://www.iso.org/iso/iso_catalogue/management_and_leadership_standards/social_responsibility/sr_discovering_iso26000.htm).


UNGC Ten Principles – The United Nations Global Compact (UNGC) is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies and to report on their implementation, being based on a framework of ten principles (they first appeared in 2000 and were later completed in 2004) for businesses in the areas of human rights (2 principles), labour (4 principles), environment (3 principles) and anti-corruption (1 principle). The UNGC Ten Principles enjoy universal consensus and are derived from the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, the United Nations Convention against Corruption. The ten principles are the following: 1. Businesses should support and respect the protection of internationally proclaimed human rights; 2. Businesses should make sure that they are not complicit in human rights abuses; 3. Businesses should uphold the freedom of association and the effective recognition of the
right to collective bargaining; 4. Businesses should uphold the elimination of all forms of forced and compulsory labour; 5. Businesses should uphold the effective abolition of child labour; 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation; 7. Businesses should support a preventive approach to environmental challenges; 8. Businesses should undertake initiatives to promote greater environmental responsibility; 9. Businesses should encourage the development and diffusion of environmentally friendly technologies; 10. Businesses should work against corruption in all its forms, including extortion and bribery (http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html).

3. ANALYSIS OF CSR MANAGEMENT STANDARDS IN ROMANIA

The innovative element of the current research envisages the development of a comprehensive analysis in the field of CSR management standards and their applicability at the level of the Romanian business environment.

3.1. Research data and methodology

In order to determine the implementation of CSR management standards in Romania, we took into account the 40 responsible companies voluntarily registered on the specialized Romanian site dedicated to CSR (www.responsabilitatesociala.ro) and we analysed them according to a set of six relevant CSR management standards: AA1000 Series, GRI Sustainability Guidelines, ISO 14000 Series (especially ISO 14001), ISO 26000, SA8000, UNCG Ten Principles.

The 40 responsible companies (Arctic, Dacia Groupe Renault, Germanos Telecom Romania, Orange Romania, UPC Romania, Vodafone Romania, Carpathecment Holding, Dedeman, Holcim Romania, Praktiker Romania, Romstal, Teraplast SA, Avon Romania, Banca Transilvania, BCR, BRD-Groupe Société Générale, OTP Bank Romania, Provident Financial Romania, Raiffeisen Bank, RBS Romania, UniCredit Tiriac Bank, Western Union Romania, Alexandrien Group, Coca-Cola HBC Romania, Smithfield Prod, Tuborg Romania (URBB), VelPitar, MOL Romania, Petrom, Rompetrol Group, A&D Pharma, LaborMed Pharma, Novo Nordisk Romania, Terapia Ranbaxy, Zentiva, BGS, SIVECO Romania SA, JT International Romania, Apa Nova, Transgaz) were grouped on 13 main areas of activity (Appliances, Car Production, Communications, Constructions, Cosmetics, Financial Services, Food & Beverages, Oil & Gas, Pharmaceuticals, Protection Services, Software, Tobacco, Utilities) and were analysed considering their reporting initiatives published on the above mentioned site or on their public websites. Also, the country of origin of the company and of the major shareholder (if the case)
were taken into consideration in order to establish a relationship between the corporate or national culture and the prevalence of specific CSR management standards.

A detailed presentation of the situation and the achieved results is given in Table 1 - The Application of CSR Management Standards of Responsible Companies in Romania.

<table>
<thead>
<tr>
<th>MAIN AREAS OF ACTIVITY</th>
<th>Corporate Company</th>
<th>Home Base Country – Major Share-holder</th>
<th>CSR Management Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. APPLIANCES</td>
<td>Nordic Electrics</td>
<td>RO-TR N/A N/A N/A N/A N/A N/A N/A N/A</td>
<td>ISO 14000 (14001) ISO 26000 SA 8000 UNGC 10</td>
</tr>
<tr>
<td>II. CAR PRODUCTION</td>
<td>Dacia Groupe Renault</td>
<td>RO-FR N/A N/A N/A N/A N/A N/A N/A N/A</td>
<td></td>
</tr>
<tr>
<td>III. COMMUNICATIONS</td>
<td>Germanos Telecom Ro</td>
<td>GR N/A N/A N/A N/A N/A N/A N/A N/A</td>
<td></td>
</tr>
<tr>
<td>IV. CONSTRUCTIONS</td>
<td>Orange Romania</td>
<td>RO USA N/A N/A N/A N/A N/A N/A N/A N/A</td>
<td></td>
</tr>
<tr>
<td>V. COSMETICS</td>
<td>Vodafone Romania</td>
<td>UK N/A N/A N/A N/A N/A N/A N/A N/A N/A</td>
<td></td>
</tr>
<tr>
<td>VI. FINANCIAL SERVICES</td>
<td>Dacsun</td>
<td>RO AU N/A N/A N/A N/A N/A N/A N/A N/A</td>
<td></td>
</tr>
<tr>
<td>VII. FOOD &amp; BEVERAGES</td>
<td>Coca-Cola HBC Ro</td>
<td>USA N/A N/A N/A N/A N/A N/A N/A N/A</td>
<td></td>
</tr>
<tr>
<td>VIII. OIL &amp; GAS</td>
<td>Smithfield Prod</td>
<td>RO USA N/A N/A N/A N/A N/A N/A N/A N/A</td>
<td></td>
</tr>
<tr>
<td>IX. PHARMACEUTICALS</td>
<td>Novo Nordisk Ro</td>
<td>DK N/A N/A N/A N/A N/A N/A N/A N/A N/A</td>
<td></td>
</tr>
<tr>
<td>X. PROTECTION SERVICES</td>
<td>Terapia Ranbaxy</td>
<td>RO-IN N/A N/A N/A N/A N/A N/A N/A N/A N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Zentiva</td>
<td>RO-CZ N/A N/A N/A N/A N/A N/A N/A N/A N/A</td>
<td></td>
</tr>
</tbody>
</table>

Table 1 – The Application of CSR Management Standards of Responsible Companies in Romania
3.2. Research results and interpretation

Considering the applicability of the six management standards at the level of the most responsible companies in Romania, the ecological (ISO 14000, especially ISO 14001 – 16 companies out of 40) and the sustainable development issues (GRI Sustainability Guidelines – 10/40) seem to be the most appreciated by the analysed companies, followed by the ethical issues guiding the activities of multinational companies in different countries (UNGC 10 – 8/40) and the issues about the health and safety at work (SA8000 – 5/40), and, finally, the general issues referring to corporate social responsibility, accountability and sustainability are situated on the last positions (ISO 26000 – 2/40 and AA1000 – 1/40), due to the difficulty of their practical application (AA1000) or the novelty of their appearance (ISO 26000 – November 2010). Figure 1 - The Distribution of CSR Management Standards of Responsible Companies in Romania graphically presents the above mentioned results.
In what concerns the allocation of CSR management standards on the main areas of activity, the most “active” sectors are: Oil & Gas, Communications, Food & Beverages, Constructions and Financial Services, confirming the results of other researches in the field (see Iamandi and Munteanu, 2011, for a similar analysis of responsible companies and fields of activity). In this sense, a correspondence exists between the main field of corporate activity and the application of certain CSR management standards: all the analyzed companies in the Oil & Gas field are applying ISO 14001 as an environmental management prerequisite and UNGC Ten Principles because of their international character; many of the companies in the Financial Services domain are considering GRI Sustainability Guidelines of a special importance for their activity; and companies in the Constructions and Communications fields also appreciate the ISO 14001 standard as being highly valuable for their business activities and community involvement.

Orange Romania (5 out of 6 CSR management standards), Coca-Cola HBC Romania (4/6), MOL Romania (4/6) and Petrom (4/6) are the companies acting on the Romanian business environment most dedicated to the implementation of CSR management standards in their activities. By analyzing the example of the 40 responsible companies, their financial status seems to be one of the key-drivers of the implementation of CSR management standards and not the corporate or national culture that highly differs from one case to another. At the same time, a good financial position on the market does not necessarily implies the application of CSR management standards, so a cause-effect relationship is not possible to be established between corporate financial resources and CSR management standards.
Still considering the cultural influence, it seems that international and multinational companies usually apply in their foreign subsidiaries the same policies, including the same CSR management standards, as in their countries of origin, a fact that justifies the prevalence of these standards in companies from Western developed countries. Regarding the Romanian/national companies that were not acquired or influenced by Western standards, the general case indicates the inexistence of such CSR management standards or a sporadic application of them (there is here an important exception, namely Transgaz).

Finally, almost half of the most responsible analyzed companies in Romania (19 out of 40), do not implement any of the six CSR management standards or, at least, they do not report on the implementation of them.

3.3. Recommendations

The implementation of CSR management standards frequently consolidates the position of the responsible company in the market and represents a source of competitive advantage. This is one of the reasons why companies should adopt and publicly communicate about their CSR management standards. In this sense, one of the main requirements for the companies acting on the Romanian business environment is to strengthen their implementation of CSR management standards and to communicate about them.

On the other hand, after the appearance of ISO 26000 specific standard for social responsibility, companies in Romania should also try to comply with its principles and lines of conduct as a main prerequisite of their contribution to sustainable development. General or sector-specific management standards are not sufficient anymore for affirming the social involvement of the companies.

Thirdly, a recommendation that is mainly supported by the empirical evidence of the 40 analysed companies refers to the necessity of establishing a correspondence between the main field of corporate activity and the application of the most relevant CSR management standards for the respective industrial domain.

4. CONCLUSIONS

The main findings of the present paper are consistent with the results of the main articles in the specialized field, namely the fact that a relationship rather exists between the CSR management standards and the corporate financial power than between the CSR management standards and the corporate culture.
In what concerns the application of CSR management standards in Romania, environmental (ISO 14001) or comprehensive (GRI Sustainability Guidelines) standards are rather implemented in our country, meanwhile the specific standard for social responsibility (ISO 26000) is almost unknown, because of its novelty and high rigor in implementation. Especially in the last years after Romania’s accession to the European Union, companies in our country – no matter their size – are establishing good correspondence between their main object of activity and the application of relevant CSR management standards that could bring them competitive advantages and could consolidate their economic, environmental and social performance. At the same time, the empirical analysis revealed that the most active companies in terms of financial investments in CSR projects are also the ones most dedicated to the implementation of CSR management standards, confirming, once again, the idea that CSR still is perceived as a “luxury” cost. Finally, analysing the influence of corporate or national culture on the application of CSR management standards, one could easily note that usually international or multinational companies do apply in their foreign subsidiaries the same policies and standards as in their countries of origin, meanwhile the Romanian or national companies are just communicating a sporadic application of them.

The present analysis will be further developed in research papers or specialized articles in order to cover more companies acting on the Romanian business environment and to establish a more in-depth relationship between the implementation of CSR management standards and the corporate financial power and corporate culture.

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