The Corporate Social Responsibility Practices in The Context of Sustainable Development. The Case of Romania

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Abstract

Over the past two decades, corporate social responsibility (CSR) has been a central topic for scholars in corporate governance studies, business ethics and law. More recently, however, economists have also started to pay more attention to CSR in popular newspapers and also in academic journals. The CSR concept developed due to the change in the business view, from a limited model, mainly oriented towards profit maximisation, to an open one, largely concerned with the quality of life, preservation of resources and meeting the general interests of society. In other words, a view included in the sustainable development principles. The companies’ social commitment has become a significant competitive edge in the new economy and Romania follows this international trend. This paper aims at analyzing the corporate social responsibility issue and the means to integrate it into long-term strategies of the companies that activate in the Romanian business environment. The first part of the paper consists in the literature review of CSR and how it is linked to sustainable development. Increasingly companies are being held responsible not just for their own operations but also for the practices in other parts of their sphere of influence. Thus, the second part of the paper represents a study about the responsible practices in Romanian business environment. The attention is oriented to the challenges and benefits that companies have to face and how they are linked to the key actors of CSR. The third part studies the strengths, weaknesses, opportunities and threats of CSR development in Romania and how they reflect in sustainable development.

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1. Corporate social responsibility and sustainable development

Business environment cannot operate in isolation from the rest of society. The two are interdependent. As engine of social progress, social responsibility helps companies become responsible global citizens and local neighbours in a rapidly changing world. The world of enterprises is facing the notion of corporate social responsibility (CSR) wherever it turns these days. On a wide range of issues enterprises are encouraged to behave socially responsibly (Engle, 2006). The specialized literature there presents many definitions for CSR, each of them trying to underline different aspects of the concept and to reveal its evolution along the time.

Corporate Social Responsibility (CSR), a concept that entered the vocabulary of researchers and businessmen after 1950, covers a complex area of company activities related to the responsible social management of business and investments, which ultimate result is, as stated in the Lisbon strategy, an “essential contribution to sustainable development”. The term social responsibility has multiple meanings, both in relevant literature and in practice, which makes it less precise in terms of concept (Poddi and Vergalli, 2009; Steurer and Konrad, 2009).

The World Business Council for Sustainable Development (1999) uses for CSR the following definition: “Continuing commitment by a company to behave ethically and contribute to economic development while improving the quality of life of its workforce and family members, as well as the local community and society at large”. The EC Green Paper (2001) “Promoting a European Framework for Corporate Social Responsibility”, defines CSR as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis, while aware that this behaviour leads more and more to the sustainable success of their business. It also includes the fact that being socially responsible means more than the legal expectations for compliance. It means investing more in human capital, environment and relations with stakeholders. Sacconi (2010) consider CSR a “model of extended corporate governance whereby those who run a firm (entrepreneurs, directors, managers) have responsibilities that range from fulfilment of fiduciary duties towards the owners to fulfilment of analogous - even if not identical - fiduciary duties towards all the firm’s stakeholders”. World Business Council for Sustainable Development considers CSR as the continuing commitment of companies to economic development while improving the quality of life of its workforce and family members, as well as the local community and society at large. Beyond their variety, common among all definitions is the focus on reconciliation between the organization and the environment where it operates (Herciu, Ogrean and Belaşcu, 2010). One can say that the stated purpose of CSR is “minimizing compromise and maximizing synergies” resulting from company interactions with the economic, community and natural environment where it operates (Hediger, 2010). Table 1 presents a summary of the social mainstreaming in organizations and how it has evolved over time.

Tabel 1. The integration of social perspective in organizations 1950 - 2010

<table>
<thead>
<tr>
<th>Year</th>
<th>The Awakening</th>
<th>Regulation</th>
<th>Contribution</th>
<th>Transformation</th>
</tr>
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<tbody>
<tr>
<td>1950–1960</td>
<td>Industrial growth creates wealth and expectations.</td>
<td>Economic growth is linked to consumerism and by increased international trade.</td>
<td>Multinational brands face different consumers, informed and aware.</td>
<td>Global markets with instant connectivity, global trends and emerging “base of the pyramid”.</td>
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<td></td>
<td>Western markets flourish and Eastern markets recover gradually.</td>
<td>Product innovation is based on &quot;low-cost&quot; automated manufacturing</td>
<td>Digital innovation creates virtual business, faster and better connected.</td>
<td>&quot;Sustainable&quot; innovation place social and environmental causes in the business center.</td>
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<tr>
<td></td>
<td>Migration to cities is facilitated by employment and travel.</td>
<td>Improving lifestyle, human rights and egalitarianism lead to new practices.</td>
<td>Corporate governance Improves ethical and social behaviors of the enterprise.</td>
<td>Organisations that work together and network communities are based on new business models.</td>
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<td>1970–1980</td>
<td>“Flower-power” raises social and environmental priorities.</td>
<td>Government regulations on pollution and waste through taxes.</td>
<td>They adopted recycling, purchasing and responsible treatment of waste.</td>
<td>Markets 'sustainable' are more profitable, and &quot;doing good&quot; (social n.a.) becomes the most important source of growth.</td>
</tr>
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Over time, the European Union has undertaken various initiatives in social responsibility including the launch of standard ISO 26000 “Social Responsibility” developed by the International Organization for Standardization (ISO) and designed to be applied by all organizations, not only by companies. The standard creates prerequisites for the application of social responsibility both by firms, starting from multinational corporations and state companies to small and medium-sized enterprises and by NGOs, trade unions, employers and government agencies. The
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