

THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY STRATEGIES AND SUSTAINABILITY REPORTS IN SUPPORTING SUSTAINABLE DEVELOPMENT

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Abstract

Sustainable development and corporate social responsibility are compatible elements and points of view that need to be taken into consideration in the company's development strategy, with benefits for both the company, the environment, and all stakeholder categories. Corporate Social Responsibility (CSR) is crucial because it supports the mission and vision of the company and pleads for sustainable development. CSR and Sustainable Development are increasingly complex phenomena of the modern corporate environment. The transition of society to a sustainable development model is the prime opportunity to overcome the global challenges that are strongly highlighted through the current economic example. Based on these considerations, in the scientific approach of the author, the issue addressed is how companies can contribute to the transition process of society towards a sustainable development model. Thus, an important aspect of this paper focuses on the business model which, through its transformations, ensures high non-financial performance (reduced environmental impact, compliance with CSR principles), emphasizing the features to be taken into account by companies already involved in such a process, which is essential to ensure their sustainable activity.

Key words: *corporate social responsibility; sustainable development; sustainability reports; sustainable development model.*

JEL Classification: *M40; M49; G20; G21.*

I. INTRODUCTION

The most important areas of social responsibility are: sustainability, sustainable development, environmental management, business ethics, philanthropy and community development support, workers' rights and welfare, human rights, corruption reduction, corporate governance, law enforcement and animal protection. The corporate responsibility of corporations is present at the intersection of the sphere of corporation's influence with the aforementioned fields. Although, in recent decades, the practice of social responsibility has been widely used, the concept of social responsibility remains confusing and contested. This concept is often defined by its actors (especially companies) in accordance with their point of view and purpose, others claim that the social responsibility actions are dictated by the interests of the corporations.

The concept refers, of course, to the responsibility that corporations have as social institutions (attributions and obligations). The corporations are entities socially framed in the legal landscape of the company. In general, their responsibility is related to the rights acquired or granted.

For example, in the United States, corporate social responsibility is viewed from the perspective of a philanthropic model. In this way, the companies make profit without having any obligation, except the one to pay taxes, and, later, part of the profit obtained is used for charitable deeds. Receiving something in return as a result of such an action is regarded as an act of corruption. At the same time, the European model envisages the adoption of socially responsible behavior throughout the activity of the enterprise. This model seems to be more appropriate because social responsibility thus becomes an integral part of the process of accumulating capital and, if used properly, can benefit the company, increasing its competitiveness in business.

It is important to mention that the term "social" does not refer to the whole society. When a company decides to act socially responsible, the coordinator analyzes what interests need to be satisfied first. As the society is divided into several social categories, it is impossible to satisfy the interests of all.

The concept of sustainable development has started with the sustainable management of forests from the 17th to the 18th centuries. In 1713, Hans Carl von Carlowitz, senior manager of the colliery serving Frederick Augustus I of Saxony, published a 400-page paper on forestry. Based on the ideas of Evelyn and French Minister Jean-Baptiste Colbert, von Carlowitz has developed the concept of sustainable forest management (Ulrich, 2007).

Following the study of Rachel Carson's "Silent Spring" in 1962 the ecological movement emphasized the relationship between economic growth and environmental degradation (Carson, 1962). Boulding in his eminent 1966 essay "The Economics of the Coming Spaceship Earth" (Kenneth, 1966) has identified the need that the

economic system should fit into the ecological system with its limited resources. One of the first usages of the term sustainable in the contemporary sense was made by the Club of Rome in 1972 in the report "The Limits of Growth" (Meadows, Randers & Behrens, 1972) written by a group of scientists led by Dennis and Donella Meadows coming from the Institute of Technology in Massachusetts. Describing the desired global equilibrium, the authors wrote, "We are seeking a model exit that represents a sustainable world system without sudden and uncontrolled collapse and which is capable of satisfying the basic material requirements of the people" (Donnovan, 2009).

A study achieved in 2013 by Liam, James and James from the University of Melbourne, "Reframing Social Sustainability Reporting: Towards an Engaged Approach: Environment, Development and Sustainability supports that sustainability reporting should be re-created through four interconnected areas: ecology, economy, politics and culture. As the concept became wide larger, it focused more on economic development, social development and environmental protection for future generations. This has been also mentioned by author Jeffrey (2015): "From the Brundtland report, the concept of sustainable development has passed beyond the original inter-generational framework, in order to be able to focus more on the objective of sustainable and inclusive economic growth."

An interesting approach is also given by author Shaker (2015), who points out that sustainability is related to the equilibrium between human being and environment: "It has been suggested that the term sustainability should be seen as a target of human-ecosystem equilibrium (homeostasis), while sustainable development refers to the holistic approach and time processes that lead us to the end of sustainability ".

II. THE SUSTAINABILITY REPORTS OF THE COMPANIES

The economic mechanisms can protect the natural dimension, facilitating sustainable development of the society, the foundation of sustainable development consisting in an efficient economic growth, decoupled from environmental pollution, where consumption of resources and their capacity of reproduction are balanced. Realizing the importance given by consumers to the corporate social responsibility, more and more companies focus their efforts in this direction and the results contributes to improving the company's image and, of course, to the welfare of the company (Mihalciuc, Chistruga & Crijanovschi, 2018).

According to Directive 2014/95/EU, corporations with more than 500 employees are required to publish a series of CSR information in their own sustainability report. The elements to be written in the sustainability reports of CSR-related companies refer to 5 directions, as can be seen in Figure 1:

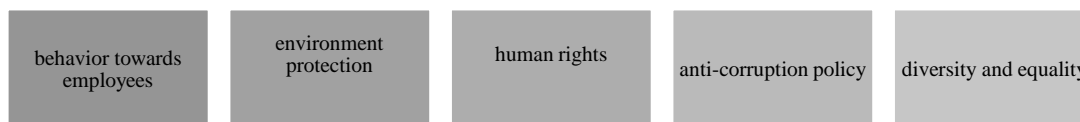


Figure 1 - The elements to be captured in the sustainability reports of the companies

Source: own representation after Official Journal of the European Union, Directive 2014/95 / EU of the European Parliament and of the Council, 15 November 2014

The five elements of figure 1 represent the foundation on which it is built the corporate responsibility of a corporation. Regarding their own sustainability reports, companies describe the measures and programs adopted, so they are forced to prove their concern about improving the social environment.

Ethical behavior towards employees, environmental protection measures, respecting individual rights and freedoms, as well as anticorruption normative, but also equalizing the differences between individuals, prove to be, from the point of view of the European Directive, the most important kind of CSR action.

Most companies divide the CSR section in their reports into four broad categories, shown in Figure 2:

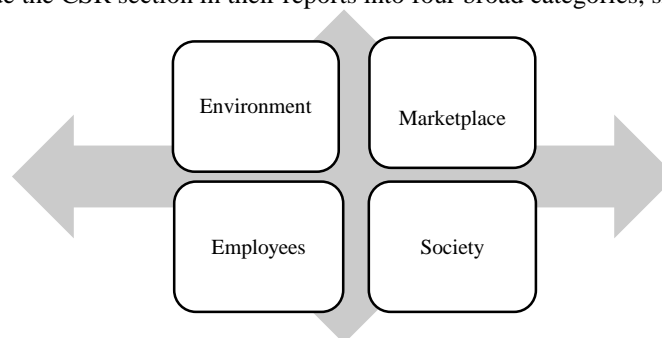


Figure 2 - The main categories regarding CSR within the sustainability reports of the companies

Source: own representation based on the consulted reports

Regardless of the order and form in which the four concepts are addressed in the sustainability reports of the companies, they are all defining elements in shaping the CSR image and, for this reason, most companies do not omit information on these four big spheres.

Although there are numerous perspectives on CSR, the main measures taken in this regard can be summarized in four broad categories, as we can see in Table 1:

Table 1. The main categories of CSR

Category	Explanations
Environment	Corporations, regardless of their size, have a higher or lower emission of carbon dioxide, and any measures taken to reduce these emissions are beneficial for both the company and the society.
Philanthropy	Companies can also practice social responsibility through donations of money/goods and the supply of services to social causes. Generally, large companies have the opportunity to provide material and financial resources.
Ethical practices	Social responsibility can also be proven by adopting an ethical and dignified treatment of employees and society in general.
Volunteering	Companies that do good deeds without expecting something in return, of course, also provide social responsibility.

Source: own representation after Lumen, available at: <https://courses.lumenlearning.com/wm-principlesofmanagement/chapter/corporate-social-responsibility/>

The main factor on which companies put their mark is the environment. Carbon emissions, higher or lower, have extremely harmful effects on everything around us: ecosystem, agriculture, sea and ocean levels, global warming and so on. For this reason, environmental protection measures coming from companies dominate when we talk about CSR. Although ethical practices, philanthropy and volunteering are equally important, they can be omitted in the corporate responsibility activity of a corporation, which is not valid for the environment, being included almost all the time when it comes to specific measures of CSR.

Another important aspect is given by the content of the sustainability reports of multinational companies, which should be fully committed to preserving the natural environment, depending on their activities, and it is possible to identify from these reports measures that are taken in relation to the increase in the share of consumption energy from renewable sources, efficient waste management and increased recycling rates. Other actions are related to reducing the environmental impact of the production of finished products and reducing the harmful process, increasing energy efficiency of resources, financing community activities on sustainable development. Companies should also present those actions aimed at respecting the rights of all stakeholders, promoting a creative, diverse and cultural working environment, respecting the national cultures in which they operate, ensuring favorable working conditions, and operating within companies an efficient employee health management system that provides fitness and healthcare services.

III. INTEGRATING SUSTAINABLE DEVELOPMENT INTO COMPANY STRATEGIES

In the opinion of Benveniste, Griffiths & Sutton (2000), a corporation that successfully integrates sustainable development into its strategy, both in terms of its operation and the types of goods it sells, it is called a corporation that promotes sustainability. But it also depends on the intensity the corporation promotes the development of sustainability.

The objective of sustainable development should indicate the need for companies to maintain their ability to deliver economic benefits over time and to ensure that future generations have access to the same level of welfare as present generations. This vision is appropriate, to a certain extent, to neoclassical theories on economic growth and development consistent with the environmental protection. At the level of companies, this approach would require efficient resources used in their operations and technological innovation, so as to ensure more efficient capital production and compensation for natural capital falling down. A profitable business activity would also reveal financial resources that can be used later to promote the concept of sustainable development in society. This could be traced to various companies, by financing various research institutes, ecological farms, tree planting organizations, etc., regarding the development of decarbonization technologies, etc.

Within the Corporate Social Responsibility strategy, the most important thing to be understood is the general plan of implementation the social responsibility of the business, which is based on a long-term socially responsible corporate behavior. Strategic corporate social responsibility is usually identified through a long-term process based on continuous dialogue with stakeholders on the one hand and on the formation of social reports on the other (Socoliuc, Grosu, Hlaciuc & Stanciu, 2018).

A Corporate Social Responsibility strategy invariably requires its implementation, a complex process consisting of: implementing management systems aimed at improving the quality of corporate governance and

implementing the principles of sustainable development; organizing systemic interaction with stakeholders to maintain a balance of interests and minimize potential risks; forming a policy defining the objectives and a system of measures for the key areas of social responsibility of business; increasing the transparency and openness of the company; the usage of a clear system of performance indicators to measure the results of CSR implementation (Mihalciuc & Apetri, 2019).

The sustainable competitive advantage comes as a result of short-term strategies and operations. What is appreciated in this competitive advantage is that it can lead to the progress of sustainability, which will increase the value of the company if it becomes part or integral part of the company's global sustainable strategy (Danciu, 2013).

The phenomenon of corporate social responsibility is widespread nowadays, being mentioned in books, magazines, newspapers and websites. Constantly, more and more corporations decide to implement it in their own activity.

A study by the OECD (Organization for Economic Cooperation and Development) shows that the adoption by corporations of socially responsible behavior has become a real trend in recent years. It is certain that the social responsibility of the corporations has significant regional differences. Initiatives in this regard are both voluntary and less voluntary, some companies being forced by the law to adopt this type of behavior. Regardless of the issues discussed, it is necessary to mention that the benefits of both the company and the society, as a result of the extension of the phenomenon of corporate social responsibility, are numerous.

The period after 2000 was not about defining the concept of corporate social responsibility, but, above all, it was about research related to this topic. Studies from this period Jones & Murell's (2001) show how the adoption of socially responsible behavior contributes positively to the company's image and performance. The following year, Backhaus, Stone & Heiner (2002: 312-313) conducts a study to find out if the corporate responsibility of corporations is attractive to employees, as opposed to corporations that are not concerned with this phenomenon. The results show that the employees prefer a company concerned with the aspects of social life, especially regarding the environment, community consolidation, employee relations and social inclusion (Caroll, 2018: 40).

Many see the implementation of social responsibility as a way of creating the comparative advantage thus leading to a higher market share, and others, as a method of preventing the obtaining advantages among the competitors. With the implementation of the phenomenon of social responsibility by a corporation within an industry, rivals will be forced to do the same in order not to be put in the situation of losing consumers loyalty.

From a conceptual point of view, according to Carroll and Schwartz's (2003: 503-530) analysis, corporate social responsibility is reduced to three main areas of interest: economic, legal and ethical. In the light of these areas, each corporation presents aspects of the corporate social responsibility. In 2005, Kotler and Nancy Lee presented 25 widespread practices of socially responsible corporations. These practices are classified into six categories, as follows (Caroll, 2018: 41):

1. Promoting social causes;
2. Contributions to social causes from the sales made (this practice also represents an effective marketing method);
3. Initiatives to discourage negative behaviors (for example, measures against domestic violence);
4. Corporate philanthropy (direct contributions to different social causes);
5. Community volunteering (employees offer their time and services to the community without expecting anything in return);
6. Socially responsible practices carried out by companies (for example, investments).

Nowadays, the concept of corporate social responsibility has several approaches, briefly presented in Table 2.

Table 2. Approaches of the CSR concept nowadays

Approach	Explanations
Pragmatic / rational	Companies take measures to adopt socially responsible behavior in order to obtain long-term competitive advantages.
Ethical	Corporations are obliged to assume responsibilities beyond the economic sphere, taking into account their status within the community (the profit is obtained on the basis of the resources of the company, whether they are material, human or others).
In terms of social pressure	Corporations are required to keep up with the demands that come from the social sphere, from the community in which they operate.

Source: own representation after: Farcane & Bureana, 2015

These approaches, from the literature of the 21st century, classify CSR initiatives according to the motivation of those who undertake them. Whether they want to gain long-term benefits, or adopt ethical behavior

or they are forced to adapt with the evolution of society, corporations are determined to take measures to become responsible in the social framework.

Taking into account the perception of corporate social responsibility until 2006, Galbreath develops four strategy models (Table 3), each being analyzed and described on the basis of six components: purpose, instruments, unit of measure, beneficiaries, corporate benefits and the period of time (Galbreath, 2006: 176-187).

Table 3. Strategy models

Strategy models	Details
Income maximization	Corporations can be forced to act socially responsible, but they will only do so if they get financial benefits. This approach only folds for short periods of time.
Strategic altruistic model	It starts from the idea that you have to make positive contributions to the community in which you operate. Doing what is considered to be right is the company's motto. The benefits of the corporation are not taken into account because, in this case, the beneficiaries are represented by the community as a whole.
Bilateral approach to the phenomenon	Personal interest is considered the mean by which the conflict between the economic objectives and the social pressures, as well as the concern for the environment is resolved. The phenomenon of corporate social responsibility is regarded as a central activity of the company, a long-term investment. The benefits of the corporation are represented by the increase of the financial performance, the attainment of the objectives related to marketing and the development of human resources.
Convergence of the different interests of the direct and indirect shareholders	The unit of measure is holistic (considering the social, environmental and economic objectives), and the benefits of the corporation are divided into tangible and intangible. This model is applicable in the long term.

Source: own representation after: Galbreath, 2006

IV. CONCLUSIONS

With the evolution of society, the protection and conservation of the environment has become one of the main concerns of the management of each country. Of course, the social responsibility of the corporations will not solve all the problems existing in the society, but, surely, it will contribute to the improvement of the conditions of the world in which we live. It is true that companies also benefit from this kind of actions, otherwise they would not be interested, but the fact is that the society benefits equally. The best solution is to keep a balance, on one side being the objective of maximizing the profit, and on the other, corporate social responsibility.

In order to overcome the global challenges produced by climate changes, a new economic paradigm and a sustainable development model is needed, requiring the large scale involvement of all economic actors, particularly of the multinational companies with a particular impact on the natural environment. They have a significant environmental impact through the dimension of production processes, the choice of raw materials and suppliers, geographical locations, waste release, pollution, etc. Due to the fact that corporations are concentrating a huge number of stakeholders and employees, they also have a strong impact on the sustainability of society through their management systems, employment and work practices, customer service, community activities, information process and lobbying.

Definitely, corporations represent an important category of actors on the sustainability stage. Therefore, creating a sustainable society must involve changes in corporations as well as in other social institutions. In the context of a sustainable development, the major task of corporations is to improve the quality and efficiency of their own internal operations without changing the types of products they sell. For example, a car-producing company might practice this aspect of sustainable development by: implementing clean production processes, including disassembly design; replacing a fordism-oriented production line with work teams; building efficiency; reducing noise and local air pollution at the factory and beyond its borders; building factories in an industrial ecological park close to the railway station and offering public travel facilities for employees in the remuneration package; introducing strict environmental and social requirements for suppliers; consulting the local community about potential issues related to noise created, pollution, transportation, parking, working hours and the provision of public facilities by the corporation.

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