

## CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT - COMPLEX PHENOMENA OF THE MODERN CORPORATE ENVIRONMENT

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### Abstract

*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 influence of corporations is ubiquitous, if we take into account the extensive resources over which they control. The concept approach, nowadays, is complex as a result of technological development, globalization, destruction of the environment and, last but not least, the insufficient contributions from the public sector. For this reason, companies are some what forced to act within the perimeter of the social environment in order to bring about improvements that benefit both their own company (being an effective marketing method) and other social environment actors in which they operate.*

**Key words:** *sustainability development; Corporate Social Responsibility; financial performance; 2030 Agenda.*

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

### I. INTRODUCTION

*Corporate Social Responsibility (CSR)* represents how companies coordinate their business processes to produce a positive impact on society. The influence of corporations is ubiquitous, if we take into account the extensive resources over which they control.

Sustainable development and CSR 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.

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 (Cosmulese, 2019).

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.

### II. LITERATURE REVIEW

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.

The three aspects of sustainability (economic, environmental and social) are translated into an approach to corporate sustainability (Jonikas, 2013: 69–78).

Corporate sustainability has been presented as the ultimate goal for corporations, which meet the needs of the present without compromising the ability of future generations to meet their own needs (Thomsen, 2013: 2358–2363).

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.

Applying the concept of sustainable development at the company level takes into consideration the corporate responsibility - resulting from the need for companies to adapt to survive in a company a context in which globalization and civic activism are increasingly changing radically (Belaşcu, 2013: 66-130). This type of approach has been taken up at the level of large companies around the globe who are committed to sustainable or sustainable development and adopt reporting principles that are based on the concept of the triple balance sheet / objective.

In 2010, Maon develops the phenomenon of corporate social responsibility during seven stages, divided into three cultural phases of the organization: reluctance to the phenomenon of corporate social responsibility (CSR phenomenon being ignored, or even rejected), understanding of the phenomenon (corporations becoming familiar with the principles of the phenomenon ) and its incorporation into the landscape (corporations integrating the phenomenon into their own activity (Maon, Lindgreen & Swaen, 2010: 20-38). This model is different from the existing ones, because it highlights the stage of development of the organizational culture (corporations being divided into those that accept and adopt socially responsible behavior and those that do not). This development is achieved by integrating CSR programs and policies.

Debates on the link between corporate social responsibility and financial performance of the company occupy a central place in the 21st century. Supporters are trying to prove that volunteering and the budget allocated to the community is justified by the possibility of increasing the profit. Schwartz (2011), one of the contestants, presents some arguments against corporate social responsibility. First, the welfare of the company can be the result of maximizing the profit (Schwartz, 2011). Second, people who argue against corporate social responsibility argue that the purpose of a business is to make a profit, the non-profit organizations and the government being the ones responsible for social responsibility. Third, implementing CSR takes a long time, time that can be used to make a more consistent profit, and those who run corporations have been initiated in the business field, not in the sphere of social policies.

The need for CSR can be seen as a way of giving life to the company in the social landscape, contributing positively in order to receive the same thing. Some critics see corporate social responsibility as an ideological movement meant to make the power of multinational corporations known, others as a theft from company's employees (Banerjee, 2007: 15).

In recent years, CSR has served as a mean used by companies to comply with the provisions regarding the environment and has contributed, at the same time, to increasing the competitiveness of the company (Boulouta & Pitelis, 2014: 349-364). For example, consumers are more attracted to buying products from companies that donate funds and goods to non-profit organizations and schools, use products that do not affect the environment, and practice volunteering.

The online presence, which is widespread today, can have both positive and negative effects on the company's image. The social responsibility that corporations prove or not, is part of the benchmarks that differentiate corporations, influencing the consumer's decision. Also, a good image also influences the decision of the employees to choose one company to the detriment of another. Businesses that ignore social responsibility have a minus from the beginning. The social reputation has a special impact on the company's image and, implicitly, on its profitability and success.

CSR has undergone a considerable evolution from a phenomenon little known and practiced by corporations, to a fundamental start-up priority, for both large and small companies. The involvement of corporations in solving global problems (such as global warming, low level of education, poverty eradication, equality between individuals and respect for human rights) is a widespread trend nowadays. In 2018, the focus was on eliminating inequality and unpleasantness encountered in the workplace (inequality does not only mean promoting the female role, but also the equal treatment offered to employees regardless of culture, language, age, sexual orientation, disabilities and experiences).

As a result of the disasters of previous years, starting with 2018, companies are becoming more and more concerned about investments in order to address the climate challenges because no company remains immune to the consequences of climate change. 2018 brings, in addition, from the perspective of corporate social responsibility, a significant concern regarding the protection of personal data (McPherson, 2018).

The forecasts for 2020 and the following years, from the perspective of CSR, provide: the need for specialists in the field of CSR in order to offer trainings or even to be hired within some corporations; concern to constitute a completely ethical supply chain; measures taken to reduce the magnitude of natural disasters through better planning and restrictions on construction and development; concern to reduce or even eliminate carbon emissions by using alternative fuels (a relevant example are electric cars); the new workforce is made up of those born since the second half of the 90s and it is expected a development of digitalization, workplace flexibility, freedom of choice, equality of rights and workplace transparency.

III. SUSTAINABILITY ASSESSMENT THROUGH THE IMPLEMENTATION OF THE UNITED NATIONS 2030

AGENDA

Sustainability assessment is a growing concern worldwide, with the implementation of the United Nations 2030 Agenda, thus finding the appropriate tools to ensure full coverage of environmental, social and economic issues in light of cultural, historical perspectives - retrospective and prospective - respectively institutional and to allow the participation of several stakeholders (Villeneuve, Tremblay, Riffon, Lanmafankpotin, & Bouchard, 2017: 1909; Nuca, 2019).

The General Assembly of the United Nations adopted in September 2015 a resolution establishing the sustainable development plan by 2030 (The 2030 Agenda for Sustainable Development), the main objectives of the 2030 Agenda (About the Sustainable Development Goals - United Nations Sustainable Development) being presented in Table 1.

Table 1. Global Goals of the 2030 Agenda for Sustainable Development

No.	Goals	Description of goals
1.	No poverty	Economic growth must be inclusive to provide sustainable jobs and promote equality
2.	Zero hunger	The food and agriculture sector offer key solutions for development, and is central for hunger and poverty eradication.
3.	Good health and well-being	Ensuring healthy lives and promoting the well-being for all at all ages is essential to sustainable development
4.	Quality education	Obtaining a quality education is the foundation to improving people’s lives and sustainable development
5.	Gender Equality	Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world
6.	Clean water and sanitation	Clean, accessible water for all is an essential part of the world we want to live in
7.	Affordable and clean Energy	Energy is central to nearly every major challenge and opportunity
8.	Decent work and economic growth	Sustainable economic growth will require societies to create the conditions that allow people to have quality jobs
9.	Industry, innovation and infrastructure	Investments in infrastructure are crucial to achieving sustainable development
10.	Reduced inequalities	To reduce inequalities, policies should be universal in principle, paying attention to the needs of disadvantaged and marginalized populations
11.	Sustainable cities and communities	There needs to be a future in which cities provide opportunities for all, with access to basic services, energy, housing, transportation and more
12.	Responsible consumption and production	Ensuring sustainable consumption and production patterns
13.	Climate action	Climate change is a global challenge that affects everyone, everywhere.
14.	Life below water	Careful management of this essential global resource is a key feature of a sustainable future.
15.	Life on land	Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss
16.	Peace, justice and strong institution	Access to justice for all, and building effective, accountable institutions at all levels.
17.	Partnership	Revitalize the global partnership for sustainable development

Source: author’s elaboration on the basis of *Sustainable Development Goals (SDGs)*:  
<https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

These Sustainable Development Goals (SDGs) are based on five pillars (The 2030 Agenda for Sustainable Development): People, Prosperity, Peace, Partnership and Planet, being rapidly included in the certain countries’ agenda such as Romania, which joined the leaders of the 193 UN member states at the

September 2015 Development Summit, adopting the 2030 Agenda for Sustainable Development, through Romanian Government Decision 877/2018 of the program called *Romania's National Sustainable Development Strategy 2030* (Romania's Sustainable Development Strategy 2030), this global action program in the field of universal development promotes the balance between the three dimensions of sustainable development - economic, social and environmental.

**IV. CORPORATE SOCIAL RESPONSABILITY IN ROMANIA**

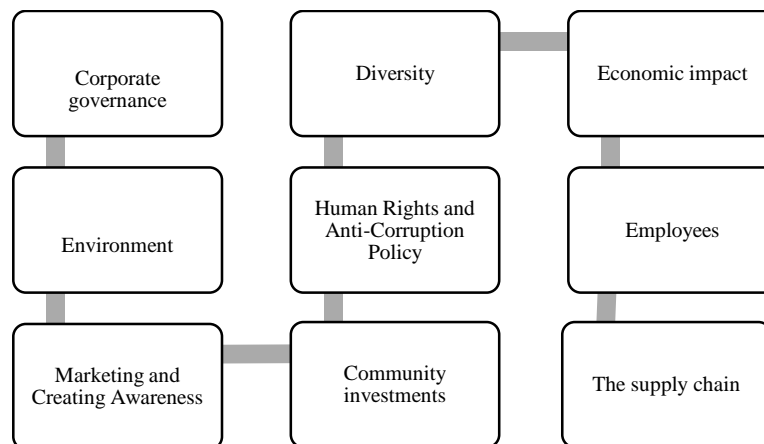
In Romania, with the spread of NGOs, the concept of CSR also appears (in the 90s). After 2000, in accordance with the measures taken for integration into the European Union, the beginning of the socially responsible behavior of corporations takes place through measures for the protection of the environment and the protection and safety of the workers.

With European integration, the Western influence is also noticed in the measures adopted regarding CSR (interest in renewable energy, correct waste collection, eco-tourism, organic products, etc.) Within the Romanian state, CSR initiatives are related to the education and training of young people, environment and sports (Anca, Aston, Rusu & Stanciu, 2011: 20).

The Azores analyzes the evolution of corporate social responsibility in Romania for three years and the conclusion is that this phenomenon has undergone a significant evolution, according to the published information. The latest study, from 2018, analyzes 696 companies (those with more than 500 employees) in terms of CSR (The Azores Sustainability & CSR Services, 2018).

The growing concern about social responsibility is due to the European regulations that require corporations to be more accountable and transparent, and as well as because of the climate change, which is a major problem nowadays. The number of companies concerned with employee well-being increases in 2018 compared to previous years, but even so, out of the 696 companies, less than 20% pay significant attention to this topic.

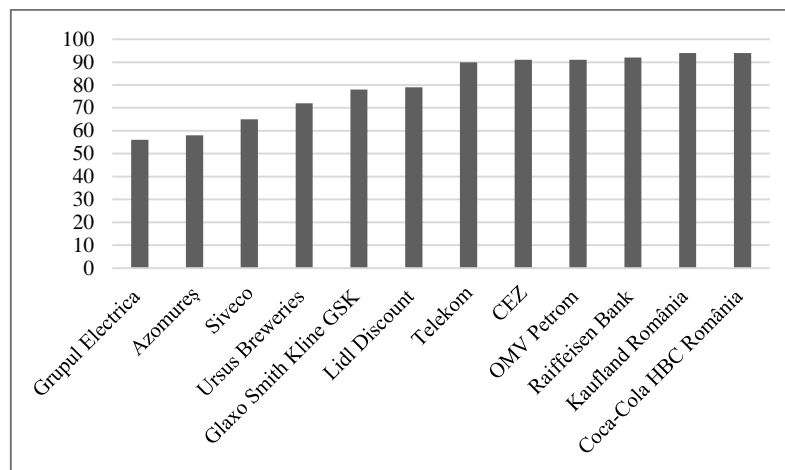
The 696 companies within the Romanian state are evaluated from the point of view of corporate social responsibility based on 9 categories (49 indicators), structured according to the representation in Figure 1:



**Figure 1 -CSR evaluation categories**

Source: own representation after The Azores Sustainability & CSR Services, 2018

As we can see from Figure 1, the criteria, according to which the social responsibility of a corporation is analyzed, are different. Each criterion has a particular importance and needs to be analyzed according to the particularities it presents. All these make up the image of the social responsibility of a company and differentiate them, attributing a comparative advantage. The general score, obtained from the analysis of the 696 corporations in terms of corporate social responsibility, ranks the companies in the Romanian state in ascending order as can be seen in Figure 2.



**Figure 2 -Classification of companies within the Romanian state in terms of CSR**

Source: own representation after The Azores Sustainability & CSR Services, 2018

According to the graphical representation in Figure 2, the scores obtained by the 12 companies are between 56 points (Electrica Group) and 94 points (Coca-Cola HBC Romania and Kaufland Romania). CEZ and OMV Petrom have equal scores - 91 points, and Kaufland Romania and Coca-Cola HBC Romania as well. Therefore, the Electrica Group is the least responsible company in terms of CSR, while Coca-Cola HBC Romania and Kaufland Romania, on the contrary, get the highest score, which labels them as the most responsible companies in terms of CSR.

Like most of the developing countries, Romania faces a high level of corruption and nepotism. Competition has forced companies to find new differentiation methods, and CSR is an efficient mean of improving the company's image. Thus, the purpose of companies (most often, multinationals) is to find the most effective CSR strategy, built on ethical values and principles. These CSR programs mostly take the form of social aids, humanitarian foundation funding, donations and educational support for those in need. The strategies are largely adopted as a result of the trend promoted by the developed states and less as a result of the awareness of the corporations in the Romanian state.

Following a study (Crisan-Mitra & Borza, 2015), it was concluded that, in Romania, the price influences the buyers' decision more, compared to the fact that a certain company is socially responsible. This can be justified on the basis of a low standard of living, as consumers are not willing to pay extra to support CSR activities.

Although CSR has undergone an upward evolution in the Romania since the 90s, when it was implemented, until now, the phenomenon presents some aspects that need to be improved. Companies need to integrate CSR into the overall activity, thus increasing awareness of the phenomenon through an integrated approach based on socially responsible practices. It also needs to be aware of the needs and benefits that these practices bring with the implementation of the phenomenon, and the evaluation of practices must be objective and transparent.

#### IV. CONCLUSIONS

The corporate responsibility of the corporations has undergone an alert development, evolving from a little known phenomenon and, even less, practiced, towards a controversial subject, on the basis of which numerous works have been elaborated, constituting a fundamental strategic priority in the business process nowadays. The development of the phenomenon is not uniform because there are significant regional differences in the approach and implementation of CSR measures.

In the developed states, the phenomenon knows a broader approach, being included in the business strategy of the companies, while in the developing states, the CSR phenomenon is not as evolved. The explanation is that, in the context of a low standard of living, predominantly in the developing countries, the price influences the decision of the buyer to a greater extent, compared to the products/services of a company that promotes socially responsible behavior, and the corporations are not motivated to do something in this regard, the price being the one that guides the consumer's decision.

In Romania, the development of the phenomenon of corporate social responsibility was deeply influenced by the process of European integration. Care for the environment and employees, concern for sustainable development, investments in the education sector and young people trainings are just some of the priority axes of CSR measures promoted by companies within the Romanian state. The models are taken from the developed states, and because of the poor implementation, these have short term results.

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