ON REASONS OF CORPORATE SOCIAL RESPONSIBILITY: AN INTEGRATIVE PERSPECTIVE

Currently, long-term performance of a company is closely related to the overall impact of its actions, therefore an increasing importance is assigned to the concept of social responsibility within organizational strategy. This orientation that also characterizes the Romanian business environment, due sometimes to the European imperative, other times based on different reasons, is the subject of a large Romanian – Belgian research project. It generally aims to obtain answers on, among others, the level of knowledge and way of perceiving social responsibility, practices and actions, differences between activity sectors, procedures’ application and quantification of CSR effects. In this article a part of the outcomes of the documentation process, related to assigned meanings, types of activities and CSR practices are grouped, sorted and systemized. Both the interest for this concept in the literature and its place and support in reality outlined the importance of this area, as an argument to the initiated approach¹.

Key words: social responsibility, performance, competitiveness

1. INTRODUCTION

Facing various challenges from society and the current economy, the enterprise / company tries to be competitive, in order to meet both internal and international competition, as well as some requirements of local, regional or national development. Social responsibility has become an important strategic element and compa-

¹ The authors of this study are members of a mixed Romanian-Belgian team that also includes Pierre Dupriez and Blandine Vanderlinden from ICHEC Bruxelles, Ion Stegăroiu and Camelia Frățilă from „Valahia” University of Târgoviște, Romania, Alexandru Căpățînă and Nicoleta Cristache from „Dunărea de Jos” University of Galați, Romania.
nies should seek and find solutions to approach it. The company may operate and even achieve high rates of success over a period of time without implementing CSR. By developing CSR, a firm becomes integrated in the environment and establishes valuable relations with employees and partners. It becomes a sensitive actor towards third parties, it captures others’ sympathy and support in an easier and more profitable manner, it is provided with higher chances for achievements and superior rates of success. There is extensive research on this matter and previous studies came to such conclusions [6, 30, 31]. Most managers understand the importance of CSR to the organization and they support the integration of specific activities and practices in the company’s developmental strategies, especially on a medium-length and long-term basis. They act as such due to different national or regional regulations and the need to have a positive image in their relations with individuals, the community, stakeholders or partners’ perception. Beyond such influences, the current enterprise manager will increasingly realize the importance of CSR as a factor creating competitive advantage, added value and performance for the business. Assessments based on methodologies proposed by various institutions provide an integrated perspective, in which administration and management processes are included in the corporate social responsibility framework. Currently, the Romanian enterprise is in a similar situation, but it is placed at a different level and it benefits from a very dynamic and particular context. Starting from such an initial premise, our team has started a comprehensive research to seek and possibly find answers to some questions that require extensive research effort. Responding to the first question, ‘What is the level of knowledge and awareness of corporate social responsibility (CSR)’s philosophy and impact in the development and implementation of company strategy in Romania?’ requires a documentation effort, whose partial result is presented in this article. In order to achieve such research, we started to clarify the key concepts for this approach, as a first step designed to provide the necessary details and set the boundaries at this level. The article is based on a typological and taxonomic approach, its elaboration having the origins in identifying, ordering and comparing different sources and references, both in terms of philosophy and operational conceptualization, as well as activities and practices in this field. The outcomes of this search are presented in this first paper, beginning a broader approach to the topic of the relationship between CSR-performance and competitiveness.

2. CORPORATE SOCIAL RESPONSIBILITY

Concerns about social responsibility have appeared in the 1920s, being emphasized during the 1930s and 1940s and becoming an area of interest since the 1950s [5, 14]. This situation refers to the Western hemisphere, especially the U.S.
In other national geographical areas, the interest of the scientific community and the organizational interest for CSR have appeared later; the provided or perceived meaning of CSR involves variations that reflect the formation of the field for this concept, issues and sources of inspiration; also, literature has focused on specific issues of CSR, considered of interest by those who have initiated proposals of conceptualization or have engaged in debates. Social responsibility refers both to individuals and social groups and the community, including organizations. In the latter case, specification is achieved through the use of several syntagms over time (Business Philanthropy, Business Social Responsibility, Corporate Social Responsiveness, Corporate Social Responsibility, Corporate Citizenship etc.), CSR – Corporate Social Responsibility being the one that dominates [12].

In Romanian literature, references to this concept reflect meanings commonly used in the Western (foreign) literature and official documents. The main ideas emerging from its analysis relate generally to the following aspects [3, 28, 31]:

- CSR is analyzed in terms of actions taken by companies, integrating social, economic and ecological aspects;
- companies’ concerns are at an initial stage the most commonly used actions are the philanthropic and ecological ones (natural environmental compliance, information and awareness campaigns on environmental issues etc.), ones regarding the employees (health and safety of work), as well as cultural and educational programs.

In the following lines we present how SR (social responsibility) and CSR concepts were defined at governmental level in the National Strategy to Promote National Responsibility [38], formulated for the 2011-2016 period.

The concept of social responsibility is understood broadly as a moral responsibility of all participants or organizations of the social system, while corporate responsibility concerns especially the private companies’ sector. The focus in defining social responsibility is placed on economic aspects, on the need for ‘active communication between public authorities, companies and civil society to ensure the premises to overcome present or future economic difficulties’ [38, p. 4]. It highlights that CSR goes beyond profit, with a legal, ethical and voluntary basis. Multi-dependency, networking of economic, social and environmental interests and the impact on individuals or large groups’ welfare are emphasized. CSR is perceived as a competitive advantage; its absence may endanger the competitiveness of Romanian companies on the world market. CSR is seen, in this respect, in terms of desirability and social expectations.

The same document states that the concept of CSR is hardly known in the Romanian SMEs environment, thereby the need to create favorable conditions to this development, by involving the State, at the regional and central level [36, p. 5].

Foreign literature analysis is needed to outline the content and the meanings assigned to this concept; below we will present our interest in this topic.

Theoretical debates are created between two opposing attitudes regarding the meaning of CSR: 1. *shareholder profit maximization – the only social responsibil-
ity; 2. long-term profit maximization and utility maximization, meaning that the company should rather target multiple objectives, not only maximizing profits, leading sometimes to the idea of sacrificing the profit maximization idea in favor of social ‘profit’ – that is, welfare for all of the organization and community members [13, 5, 23, 14]. Therefore, perceptions regarding CSR are different, though pursuing the definition provided by the European Commission (2001), and references to this definition are numerous. Corporate Responsibility is regarded by the European Commission 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’ [11]. This perspective raises a new opposition – voluntarism, as an internal cause of the system named ‘company, enterprise, organization’, on the one hand, and the expectations of the macro-system, that includes the company and pressures on it, on the other hand.

The variety of semantic contents of SR and/or CSR captures elements related to some arguments or significant aspects.

2.1. Social aspects (of an ethical-moral, socio-cultural, economic and other nature)

The term of responsibility, included in the syntagms presented in this article, should be understood in a broad sense, in the following forms that cover the ethical and moral component of the socio-cultural system [2]: 1. Responsibility as attribution (the agent is the cause of action, therefore he/she is morally responsible for all consequences of his/her actions); 2. Responsibility as a duty (from restraining from causing damages to the awareness of the legal and social role); 3. Responsibility as responsiveness (agent’s sensitivity or willingness to respond to the others’ needs and demands); 4. Responsibility as accountability or answerability (the moral agent is able to acknowledge its actions or their omission and to accept the consequences). Due to these arguments, companies should have goals and take desirable actions in society and in line with society values [5, 23, 14]. We notice that the behavior of assuming social responsibility, based on a certain type of philosophy, issued in debates with an ethical-moral profile, creates a balance between goals and interests of the organization, on the one hand, and social goal and interest, on the other hand. Also, from an employee point of view, health and safety are essential, and creating true responsible behaviour about safety implies building team attitude on this topic [21]. Social sustainability activities refer directly to the health and safety of employees and are put into place through concepts such as ‘preventive occupational health and safety, human-centred design of work, empowerment, individual and collective learning, employee participation, and work-life balance’ [21].

Social responsibility relies on the catalyst and regulator social role whether we are talking about the finality of actions and undertaking their consequences (by
using references to the ethic of utilitarianism, invoking the ‘welfare of majority’) or whether we refer to the Kantian categorical imperative, to Rawls's principles or appealing to human rights and equity.

2.2. Praxeological aspects (types of activities)

From a praxeological point of view, the area of social responsibility refers to the actions defined by the following characteristics [5, 2, 30, 23, 14, 15]: actions whose interest goes beyond the economic one; actions with long-term positive impact, even in financial terms; actions aiming at increasing the welfare of the whole socio-economic system; actions that involve costs for which the evaluation of direct economic benefits is not possible; actions characterized by voluntarism.

The field of interest varies from actions of philanthropy and community support to social programs of inserting minority groups onto the labor market, health care, public safety, reducing pollution, increasing life quality etc.

2.3. Ecological aspects

Concerns about the environment and company-environment relations are reflected in the literature especially after 1990, following the launch of the World Commission on Economic Development (WCED) Report in 1987 and the attention granted to environmental issues by the United Nations [27]. Thus, concepts such as Sustainability and Environmental Management were used.

The definition of sustainable development provided by the World Commission on Economic Development has raised a high interest among scientists, being very commonly used in subsequent works; sustainable development is ‘the development that meets the needs of the present without compromising the ability of future generations to meet their own needs’ [36]. The new approach to economic life should take into account the needs of the present (especially in poor countries) and the imposed limitations (technology, social organization), to ensure they meet and provide equity between generations. In their actions, companies must take into account that natural resources are limited and they are also responsible towards future generations when deciding on how to use them.

Similarly, corporate sustainability is seen as meeting stakeholders’ needs in the present without compromising the possibility to meet these needs in the future, for the new stakeholders [8]. This is a definition that refers to the need that companies maintain and develop their own capital (social, ecological and economic capital are included here) in the long term.
Pollution Haven Hypothesis states that companies from polluting domains migrate to countries with lax environmental regulations due to the legal restrictions in developed countries [7], thus creating a competitive advantage.

Young and Tilley elaborated a review of the concept of corporate sustainability, noticing that companies exceeded several stages, consistent with the reasons of developing environmentally responsible actions (from the one of reducing pollution to the opportunity to reduce costs and achieve competitive advantage through environmental management practices – efficiency, and in recent years through eco-efficiency, as a way to operate so that the environment will be restored and improved [37]).

In addressing the concepts of CSR and CS (corporate sustainability), Maarevijk [25] starts from the principle of self-determination and communion. He defines CS in relation to CSR, presenting that the former is ‘the ultimate goal’, while the latter concept is part of CS. The author considers that organizations may be at different levels of CS, depending on the specific context [25]: compliance-driven CS, profit-driven CS, caring CS, synergistic CS and the holistic one.

The ‘triple-bottom-line’ (TBL) concept introduced by Elkington [10] in the literature, based on inter-relations and mutual influences between economic, social and environmental sustainability, is a model of organizational performance measurement, not only in relation to profit, but also to the environment. In this context, environmental performance takes into account the resources used by companies in their operations and resulting sub-products, while social performance reflects the impact of the firm (and its suppliers) on the community in which it operates [20].

Bansal [27] introduces a new concept, corporate social development, mentioning three principles: economic integrity, social integrity and environmental integrity [27], while Hubbard elaborates a model of performance measurement in the field of sustainability by combining the TBL model and the balanced scorecard.

At a micro level, sustainability expresses the extent to which resources consumed by companies in their activities can be regenerated in order to contribute to rebalancing the entire system so that life continues to exist. When their actions and operations are unsustainable, companies may operate in two ways: reduce these operations through new technologies or simply give them up [1].

2.4. Aspects related to economic and social performance

According to Heincke [18], companies may seek larger profits and an improved reputation on the one hand, and ethical aspects, meeting political objectives, making social and/or environmental contributions, contributions to sustainable development and improving life quality, on the other hand. Ever since the 1970s, literature has stated that businessmen have responsibilities beyond performance or profit maximization [9]. In Sabadoz’s opinion [29], seeking both profit and social aspects is essential to CSR functioning, as nowadays societies tend to criticize capitalism, but seek power and competitive advantage.
2.4.1. Economic performance

Generally, companies tend to increasingly get involved in CSR activities. Still, at least until the 1990s, with a few exceptions, the economic literature lacked researches that link CSR to economic performance in the view of shareholders or investors [4]. Although in the past 20 years numerous studies have attempted to examine particularly the relationship between CSR and economic performance of a company, results were considered inconclusive and sometimes contradictory. On the one hand, there are studies that revealed that investors and consumers are sensitive to CSR [30], that there is a positive and significant correlation between CSR and firm performance [35], while others found no significant correlation between CSR and firm performance [26]. Becchetti et al.’s study [4] links company reputation to shareholder wealth and long-term company survival. They found that social involvement of the company, therefore image benefits and stakeholder content influence options for share purchases. Share price is linked to trust based on ethics, performance and results [18]. Wang [35] states that CSR positively impacts stock performance, which means that a company may act at the same time as a good citizen, as well as pursue the growth of shareholders’ wealth. Jasiulewicz-Kaczmarek and Drożyner [22] argue that the market requirements often result from two factors: (1) reputation (as customers prefer to buy from and investors prefer to invest in ethical, environmentally aware companies); (2) implication for sustainable growth strategies (requirements for all supply chain participants).

In terms of pollution, Chien and Peng’s study [6] differentiates between end-of-pipe solutions (e.g. external recycling and recovery of waste) and pollution prevention technologies (e.g. investments in production technologies that reduce pollution along production lines). The first are perceived rather as expenses for non-productive equipment, which is meant to reach compliance with environmental regulations, and therefore cause reduced financial performance. The latter are considered less costly in the long term and may even lead to increased financial performance, also by attracting innovation and reducing costs of compliance. Green manufacturing (GM) has been acknowledged as a key strategy for sustainable development in the case of manufacturing enterprises and the concept incorporates principles from several categories of actions: environmental protection, energy conservation, reduction of industrial waste, energy, scarce resource and pollution, while accomplishing economies in production [22].

Going back to the main economic purpose of a company (added value for its shareholders), no matter how much a company gets involved in social responsibility actions it will never become a not-for-profit organization. CSR is about not being exclusively interested in profit, but a company should neither become not-for-profit while on this path [29].
2.4.2. Social performance

In the 21st century, companies in all industries are required, formally or informally, to get involved in socially responsible behaviors. They maintain their capitalist orientation, and the degree of involvement in such actions becomes a big question mark for their managers [29]. According to Wang [35], stakeholders expect that, when pursuing financial performance, firms will maintain a balance between company development and social actions.

When discussing corporate responsibility, we tend to split it into at least three categories: (1) economic responsibility; (2) social responsibility; (3) environmental responsibility, to which Steurer and Konrad [32] have added a fourth one: second-order requirements.

It may seem contradictory to talk about CSR of a NFP organization since they are usually recipients of CSR investments from business organizations. Values are embedded into these organizations right from the start, usually through the vision of the owner, and their very own existence relies on promoting these values. Therefore, it may seem like NFP organizations are ‘born responsible’ and implementing CSR does not apply to them [34]. NFPs generally admit the duality of both raising funds and using them [24] and they believe that partnerships between communities, the government and corporations are the most effective source of generating financial contributions to NFPs [24]. In terms of CSR, NFPs can only be held accountable through coherence between values promoted and actions put into practice [34].

3. GENERAL MOTIVATION REGARDING CSR

The studies reflected in literature, analyzed in this article, are based on various theoretical and practical motivations, the most important being:

- respect for human rights on the equity distribution and use of resources [8, 12];
- generating a feedback reaction with a regulating role in the business-natural environment relationship [18, 37, 6];
- feedback to the expectations of society (ethical, legal, economic, philanthropic ones) [9, 21, 22, 30];
- creation of a company-society balance [23, 29];
- quantification of negative effects of companies’ actions [7];
- quantification of the effects of CSR actions [10, 20];
- providing a normative model of management practices [10, 15];
- creating a competitive advantage by exploiting CSR [33, 26, 16, 18, 37, 17, 4, 35];
- increasing knowledge in CSR field [5, 19, 17, 29].
4. CONCLUSIONS

Romanian government policies and strategies reflect SR and CSR concepts consistent with what appears in EU documentation and literature, but it is worth mentioning that we consider that local authorities have serious difficulties and perception differences in understanding the concepts and implementing such strategies. The same situation applies for the local organizational environment when it competes against multinational organizations with expertise in this area.

From a conceptual point of view, social responsibility involves multiple aspects and favoring some of them is closely related to the particular aim of research and the authors' traits. There is not an integrated concept, nor a common understanding on why the phenomenon of diffusion in the business environment leads to different perceptions on the item it is difficult to grasp. Still, perceptions can be highlighted through qualitative research, aspects targeted through the initiated Romanian-Belgian project, to which we refer at the beginning of the article. Although the neo-liberal paradigm has an incongruent position with the concept of social responsibility, the benefits of adjusting coherent policies and strategies in this area, even in terms of financial profit, will make SR become a target for more and more companies and governments in the future.

The main purpose of the conceptual systematization elaborated in our paper is the development of the methodological research system for the above-mentioned Romanian-Belgian project, regarding the relationship between CSR and the performance of the Romanian company nowadays. At the moment, we can only notice a possible state of understanding of the CSR concept by Romanian managers, as well as its implementation. The Romanian company's manager seems open to understanding and implementing CSR as a duty, as a way to answer social demands or to comply with environmental protection regulations, and less as a source of added value, competitive advantage and success or performance. The research undertaken for two years, whose conceptual framework has been presented in this paper, will definitely provide an accurate and relevant answer to the question.

LITERATURE


Heinicke M., Sustainable Development, Corporate Social Responsibility & Oil: The Case of BP in the Complex Political Games of Colombia. Haskayne School of Business and Department of Political Science, Calgary, Alberta, Canada, 2006.


Długotrwałe funkcjonowanie firmy jest obecnie ściśle związane z oddziaływaniem jej działalności. W związku z tym coraz większe znaczenie nabiera koncepcja społecznej odpowiedzialności w ramach strategii organizacyjnej. Orientacja ta, która charakteryzuje także otoczenie biznesu Rumunii, również ze względu na wymogi europejskie, oparta jest na różnych przesłankach, które są przedmiotem dużego rumuńsko-belgijskiego projektu badawczego. Jego głównym celem jest uzyskanie informacji m.in. na temat poziomu wiedzy na temat odpowiedzialności społecznej i sposobu jej postrzegania, praktyk i działań, różnic między sektorami działalności, zastosowania procedur i kwantyfikacji wpływu CSR.

W artykule pogrupowano i usystematyzowano część wyników badań nad znaczeniem i praktykami procesu dokumentowania CSR. Dokonano przeglądu literatury na temat CSR oraz przedstawiono zastosowania tej koncepcji.

**Streszczenie**

Długotrwałe funkcjonowanie firmy jest obecnie ściśle związane z oddziaływaniem jej działalności. W związku z tym coraz większe znaczenia nabiera koncepcja społecznej odpowiedzialności w ramach strategii organizacyjnej. Orientacja ta, która charakteryzuje także otoczenie biznesu Rumunii, również ze względu na wymogi europejskie, oparta jest na różnych przesłankach, które są przedmiotem dużego rumuńsko-belgijskiego projektu badawczego. Jego głównym celem jest uzyskanie informacji m.in. na temat poziomu wiedzy na temat odpowiedzialności społecznej i sposobu jej postrzegania, praktyk i działań, różnic między sektorami działalności, zastosowania procedur i kwantyfikacji wpływu CSR. W artykule pogrupowano i usystematyzowano część wyników badań nad znaczeniem i praktykami procesu dokumentowania CSR. Dokonano przeglądu literatury na temat CSR oraz przedstawiono zastosowania tej koncepcji.