

ALIGNING CSR NATIONAL STRATEGIES TO EUROPEAN AND INTERNATIONAL TRENDS: NEW EVIDENCE FROM ROMANIA

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Abstract:

The most important parameters of the markets all over the world have changed in the last years and thus the ways of doing business had to be adapted. International organizations that were standard setters in CSR issues had to adapt their strategies, recommendation and guidelines to fit the new context and to shape up future developments. As OECD and the European Union changed their operational framework, national states as Romania had to readdress the matter of CSR and to rethink the old ways of doing socially responsible practices. This paper addresses these changes and track the strategy for CSR of Romania to highlight the most important points of change.


Keywords: *Corporate Social Responsibility (CSR); Organisation for Economic Co-operation and Development (OECD); European Union (EU); Romania*

ALINEANDO ESTRATEGIAS NACIONALES DE RSE CON LAS TENDENCIAS EUROPEAS E INTERNACIONALES: NUEVA EVIDENCIA DE RUMANÍA

Resumen:

Los parámetros más importantes de los mercados de todo el mundo han cambiado en los últimos años y así las formas de hacer negocios han tenido que ser adaptadas. Las organizaciones internacionales que fueron formuladoras de estándares en temas de RSC tuvieron que adaptar sus estrategias, recomendaciones y pautas para adaptarse al nuevo contexto y afrontar futuros desarrollos. Como la OCDE y la Unión Europea cambiaron su marco operativo, los Estados nacionales como Rumanía tuvieron que retomar la cuestión de la RSC y repensar las viejas formas de llevar a cabo las prácticas socialmente responsables. Este artículo aborda estos cambios y hace un seguimiento de la estrategia de RSC en Rumanía para resaltar los puntos de cambio más importantes.

Palabras clave: *Responsabilidad Social Corporativa (RSC); Organización para la Cooperación y el Desarrollo Económicos (OCDE); Unión Europea (UE); Rumanía*

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1. Introduction

Organizations from all around the world are becoming more and more preoccupied not only with the necessity, but also with the benefits of a responsible approach toward society. Their performance, regardless of their form (private or public, economic or non-profit) is closely related to the degree of development of the community or communities where it acts in as well as the development of the societal environment in general. In addition, the impact of businesses on environment has become an important issue, reflecting the human concern to the preservation of ecosystems and the pollution prevention.

The integration of the concept of Corporate Social Responsibility (CSR) in decision-making processes of companies and other organizations is having immediate positive effects on direct beneficiaries, including communities and the society as a whole. Creating a legal framework to promote the application of CSR concepts and activities at national level appears as a determining factor in the promotion of sustainable economic development of communities and societies.

So, responsibility towards the community and towards society can result into a significant issue to make a distinction between companies because consumers and other relevant stakeholders are starting to be more receptive to the ways in which companies contribute or not to the sustainable development of society. This is due to the fact that an increasing number of consumers believe that a company should be involved in solving social problems in the communities where they operate, while some consumers have begun to consider green issues in the acquisition of their products.

A core set of internationally recognised principles and guidelines can be useful for companies seeking a formal approach to CSR, especially large companies, namely the recently updated OECD Guidelines for Multinational Enterprises, the ten principles of the United Nations Global Compact, the ISO 26000 Guidance Standard on Social Responsibility, the ILO Tri-partite Declaration of Principles Concerning Multinational Enterprises and Social Policy, and the United Nations Guiding Principles on Business and Human Rights.

According to these principles and guidelines, CSR at least covers human rights, labour and employment practices (such as training, diversity, gender equality and employee health and well-being), environmental issues (such as biodiversity, climate change, resource efficiency, life-cycle assessment and pollution prevention), and combating bribery and corruption (EU Strategy 2011).

2. Update of international standards and strategies on CSR

2.1. Update of the OECD Guidelines

The Organisation for Economic Co-operation and Development (OECD) developed in 1976 its *Guidelines for Multinational Enterprises* to coordinate the actions of companies in order to achieve global sustainable development. This document included a series of directives to be taken into consideration for any company, regardless of the consumer interests, corruption and competition. In 2000 a revised version of the OCDE document was published.

More recently, in 2010, the OECD began again the process of updating the *Guidelines* to reflect the changes in the landscape of international investment and multinational enterprises since the last review in 2000. The changes agreed aimed to ensure the continued role of the *Guidelines* as a leading international instrument for the promotion of responsible business conduct (Matei and Tucă 2010).

Specifically, the most important changes in the 2010 update of the *Guidelines* include:

- a) the inclusion of a new chapter devoted to human rights, following the United Nations “*Protect, Respect and Remedy*” Framework and guiding principles;
- b) a new and comprehensive approach to due diligence and responsible supply chain management representing significant progress relative to earlier approaches;
- c) concrete and significant changes in the content of many specialised chapters, such as those devoted to employment and industrial relations, combating bribery, bribe solicitation and extortion, environment, consumers interests, disclosure, and taxation; and
- d) the design of a pro-active implementation agenda to assist enterprises in meeting their responsibilities as new challenges arise.

It is also remarkable that the general principles of the *OECD Guidelines* mention important issues and aspects that an enterprise should address. We can namely outline the following five ones:

1. Enterprises should contribute to economic, environmental and social progress with a view to achieving sustainable development.
2. They must respect international recognised human rights of those affected by their activities.
3. They must encourage local capacity building through close co-operation with the local community, including business interests, as well as developing the enterprises' activities in domestic and foreign markets, consistent with the need for sound commercial practice.
4. They must encourage human capital formation, in particular by creating employment opportunities and facilitating training opportunities for employees.
5. They must support and uphold good corporate governance principles and develop and apply good corporate governance practices, including throughout enterprise groups.

2.2. Update of the European Strategy on CSR

The European Commission has played a pioneering role in the development of public policies to promote CSR since the publication in 2001 of the *Green Paper* to promote the establishment of a CSR framework at European level, as well as the establishment of the European Multistakeholder Forum on CSR also in 2001. A few years later, in 2006, the Commission published a new policy whose centrepiece was strongly supported for a business-lead initiative called the *European Alliance for CSR*. The policy also identified 8 priority areas for EU action: awareness-raising and best practice exchange; support to multistakeholder initiatives; cooperation with Member States; consumer information and transparency; research; education; small and medium-sized enterprises; and the international dimension of CSR.

The European Commission laid out a new definition of CSR in 2011, stating it as the responsibility of enterprises for their impacts on society (EU Strategy 2011). Respect for applicable legislation and for collective agreements between social partners is a prerequisite for meeting that responsibility. To fully meet their CSR goals, companies should face a process to integrate social, environmental, and ethical issues, as well as human rights and consumer concerns into their business operations and their core strategy in close collaboration with their stakeholders, with the aim of:

- a) maximising the creation of shared value for their owners/shareholders and for their other stakeholders and the society at large; and
- b) identifying, preventing and mitigating their possible adverse impacts.

When aiming to maximise the creation of shared value, companies are encouraged to adopt a long-term, strategic approach to CSR, and to explore the opportunities for developing innovative goods, services and business models that contribute to societal wellbeing and also lead to higher quality and more productive jobs.

The development of CSR should be led by enterprises themselves. Public authorities should play a supporting role through a smart mix of voluntary policy measures and, where necessary, complementary regulation, for example, to promote transparency by implementing market incentives for responsible business conduct and to ensure transparent corporate accountability.

At any case, this reference framework must be flexible, allowing companies to innovate and to develop an approach to CSR as appropriate to their circumstances. However, many enterprises value the existence of principles and guidelines that are supported by public authorities, to benchmark their own policies and performance, and to promote a more level playing field.

In recent years several sectorial social dialogue committees have promoted good CSR practices and established guidelines accordingly. The European Commission facilitates such initiatives and recognises that CSR contributes to and supplements social dialogue.

At the same time, innovative and effective CSR policies have also been developed through Transnational Company Agreements (TCAs) concluded between enterprises and European or global workers' organisations. The EU also actively supports TCAs and a searchable database of such agreements is expected to be operative in a near future.

3. How did Romania address the updates?

The implementation of the concept of sustainable development is a process still in its early stages of development in Romania. While multinational companies and large companies in the country have begun to develop gradually their own culture of CSR, the concept is not so known at all in case of small and medium enterprises (SMEs). Moreover, in most cases public authorities at central, local and regional level are not involved enough in the promotion of CSR principles and practices, and so, this can be highlighted as a weakness at the moment, even when in the context of globalization and European integration, Romanian companies and organizations will have to adopt a social responsible attitude to withstand the market and its new challenges. However, this is not the only issue to be solved, and there are also some positive elements to take advantage of (see Figure 1).

3.1. The Romanian National Strategy for Promoting CSR 2011-2016

The *Romanian National Strategy for Promoting CSR 2011-2016* has declared the principles, objectives and the measures for an active and coherent policy to promote the application of social responsibility in business, organizations and public bodies. Not only Public Administration authorities with direct attributions in the implementation of promotional measures were involved in the elaboration process, but also representatives of the civil society and foreign experts with experience in the field.

Figure 1. SWOT analysis regarding the development of CSR in Romania

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Openness and interest of society at large towards the CSR concept and the relative novelty of the concept in the public space • Implication of the multinational companies and some Romanian large companies in CSR initiatives • Increase growth in the number of initiatives and best practices in the field at national level • Increase of the consumer interest for products/companies socially responsible 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Insufficient knowledge of the CSR concept at societal level • Lack of education, research and large sociological evaluation of the knowledge degree and the application of CSR in Romania • Poor knowledge and implication of organizations and SMEs in CSR initiatives • Poor application of social responsible investments and acquisitions • Low levels of information and insufficient application of consumer rights • Corruption, with direct effects on business and its ability to implement CSR practices • Insufficient capacity to organize stakeholders and to represent their interests • Insufficient development of a business culture focused on moral values
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Benefits for companies, communities, society, businesses, environment of a strategic approach from the companies, that integrates CSR • The importance given to CSR at European and international levels • Development and involvement opportunities in the European and international market for SMEs • Generation of competitive advantages for Romanian enterprises on European and international markets • Learning opportunities, taking and adapting best practices and lessons for the experience of more development countries 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Absence of coherent public policies for promotion of CSR • Lack of a legislative framework, coherent and consistent • Deficiencies in the application of legislation • Lag regarding the accepted standard in the fields connected to CSR by comparison with other member states • Exclusion risk or restricted access of Romanian companies in certain markets • Insufficient support and implication of public authorities in promotion and application of CSR • Lack of budget for the promotion of CSR

Source: Romanian National Strategy for Promoting CSR 2011-2016 (General Secretary of the Romanian Government 2011, p. 6)

This new CSR framework adapts the definition on the concept at national level to the recent definition by the European Union (2011), that is, claiming CSR as the responsibility of enterprises for their impacts on society. The *National Strategy* does not only moves at the “European pace” but also links CSR to other relevant issues as sustainable development, aligning to worldwide trends in the field. In this sense, the *National Strategy* declares itself in accordance with the existent European and international principles and guidelines, like the *Green Paper* or the *ISO 26000* standards.

The main purpose of this new approach is to increase the awareness regarding the importance and the benefits of applying social responsibility principles and practices and to increase the involvement of all involved agents in the development of CSR in Romania: public sector, Romanian companies, multinational companies and civil society.

The aim of the involvement of Public Administration is to sustain the development of conditions for implementing social responsibilities in companies and organizations through a series of active measures, as well as to raise motivation and capacities of the organization to sustain social responsibility, by means of training, openness to cooperation, partnership, dialog and import of good practices among authorities, private sector and civil society.

With regards to companies and other private organizations, the strategy aims the effective application of the concept of social responsibility in their activities, while public authorities have the role of creating the conditions and generating the dialog required to achieve this goal.

3.2. Principles and basic concepts in the Romanian National Strategy for Promoting CSR 2011-2016

The final goal from applying CSR practices and principles at any organization should be maximizing its contribution to sustainable development. Such approach demands the application of a set of general principles in its activities, which refer to responsibility, ethical behaviour, transparency, respect for stakeholders, respect for the rule of law, cooperation and coherence, performance management, predictability, respect for human rights.

When talking about the basic concept, the strategic plan should start from the assumption that CSR is founded on the responsibility that organizations have towards people that could be affected by their operations and, in a broader sense, the society and the environment.

Besides the contribution that organizations bring to society by creating jobs, by the taxes they pay and by other collateral positive economical outcomes, they can also develop goods, services, production methods and business practices that could contribute to the sustainable development of society and the development of the community as a whole.

So, and taking in mind the relationship among organizations, stakeholders and society as showed in the ISO 26000 approach (Figure 2), certain types of relations can be identified.

Figure 2. The relationship between an organization, its stakeholders and society



Source: ISO 26000 (ISO 2010, p. 15)

Specifically, we can talk on:

- *Relationships between the organization and the society*: the organization must be aware of the way in which its decisions and activities impact the society and the environment. Moreover, it must know and understand the expectations from the organizational impact on society and environment.
- *Relationships between the organizations and its stakeholders*: the organization must react to the needs and requirements of its stakeholders.
- *Relationships between stakeholders and society*: the organization must differentiate the concrete stakeholders from the society as a whole, as their interests could differ.

The *Romanian National Strategy* points out a range of specific objectives to be achieved in different fields, including financial and economic, social, environmental, research and educational issues.

Economic and financial objectives concern the contribution of companies to the economic growth of Romania by reducing the risk of possible negative impact decisions on society, the prevention and minimization of economic losses by planning the decisions of companies and public policy, a coherent conceptualization of decisions and their consequences, a sustainable development of exports by applying the international CSR standards to Romanian companies, and a efficient and equitable administration of financial funds, both public and private.

Social objectives aim increasing the information and consultation both in the public and private sector with regards to CSR principles and practices, but also the promotion of their participation in these activities, ensuring the achievement of superior standards in diverse areas such as health, security and work conditions, ethics, corruption, civil protection, gender equality, integration of vulnerable categories. They also aim increasing the performance management by developing the necessary capacity to respond to social needs, and increasing the predictability of decisions and actions of companies by understanding the social responsibility they have in the process of decision making.

At the same time, environmental objectives are related to the cost efficiency towards environment, water pollution, preserving the ecosystems and sustainable management of resources.

Research and education issues are for the first time mentioned as objectives in the document, and refer to the integration of CSR in educational programs of management, universities and encouraging research efforts.

Finally, another significant novelty in the new *Romanian National Strategy* deals with the detailed action plans and the results and indicators sheet which is present for the first time in a public strategic document.

4. Conclusions

The *Romanian National Strategy for Promoting CSR 2011-2016* offers an overview of the initiatives and expectations that the Romanian authorities have regarding social responsibility of organizations. First of all, authorities and the public sector in general are responsible for maintaining high standards in their activities. Authorities play also an important role as owners, investors and acquirers, which will provide them the opportunity to promote the direct application of the concept of CSR. The *National Strategy* implies that, at the same time, the public sector must be actively involved in the promotion of CSR in companies and other private organizations by counselling and providing information and CSR training.

With the development of the *National Strategy*, the Romanian Government also recommends to all companies to actively implicate themselves in the implementation of CSR, based on the premises that those companies that actively pursue social responsibility practices can strengthen and enhance competitiveness and reputation, while companies that fail to do so will suffer negative consequences when trying to access capital facilities, to recruit workers or to interact with the community. Another recommendation from the Government is to apply international principles and transparency standards when providing information on CSR and promoting good practices in other companies and organizations.

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