

## **ENVIRONMENTAL RESPONSIBILITY - FUNDAMENTAL COMPONENT OF CORPORATE SOCIAL RESPONSIBILITY**

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### **Abstract**

*In recent years, the doctrinal debates and the various international fora, highlighted the idea that economic operators regardless of their size need to be determined to make the transition from an economic and financial policy based solely on maximizing profits to one known as social responsible that considers the needs of local communities in which they operate. Among these primary needs those relating to environmental protection and sustainable development are essential. In this respect, the article presents the essential characteristics of ecological management and a series of ISO standards that govern the conduct of companies in this area.*

**Key words:** *corporate social responsibility, green marketing, ISO 14000 - Environmental Management Systems*

**JEL classification:** *M14*

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### **1. Introduction**

In recent decades, the major impact of modern production technologies on the environment was acknowledged in the international community. Huge amounts of gas and debris discharged both into the atmosphere and in the seas and oceans, as well as in soil or underground, threaten the existence of flora and fauna, and, accordingly, the human species.

Therefore, relevant voices from around the world have emphasized the idea that the need to ensure sustainable development, that takes into account the ability of adapting social and economic systems to developments taking place in natural resources sector and environmental responsibility, is

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considered a core value of social responsibility (Crane, A., Matten, D., Spence, L. J, 2008).

Thus, it was stressed that business (conducted by companies) are not separate, but are an integral part of the whole ecosystem (Frederick, C. W. 2006). The dynamics of the complexity of the ecosystem requires that companies seek sustainable strategies.

From this to defining corporate social responsibility in close connection with environmental objectives was no longer but a step. The concept, mentions an author, "defines the orientation and attitude of a company or companies to integrate in the strategy and current activity, on a voluntary basis, of the concerns (projects and activities) having a social character as well as those for a clean and friendly environment, in terms to ensure economic success of the business they conduct" (Toia Adrian in D. Borțun 2011).

Consistent with these requirements, companies are increasingly aware that to ensure the success of their businesses it is necessary to take steps to protect the environment and to ensure safe working conditions in terms of health and safety. In fulfilling these goals, they are more open towards the cooperation with local communities in the area of residence, with trade unions, NGOs and public authorities.

## **2. Environment protection actions and methods**

Businesses, in assuming their role as socially responsible actors, must develop actions and methods of environmental protection, such as: (Toia Adrian in D. Borțun 2011)

- Assessing the environmental impact of manufacturing processes and technologies used;
- Participation in the development of environmental policies at local, regional and national levels;
- Including objectives relating to environmental protection in the investment programs of the company, in the business strategies and current activity;
- Adoption of necessary precautions and establishing contingency plans in case of necessity to prevent and avoid environmental accidents;
- Organizing ecological training courses for employees and shareholders;

- Informing the public about cases of "best practice" and "good management".

The quoted author groups the directions of action as "environmentally sound administration", a term that we consider slightly ambiguous by the use of a phrase that may belong to the financial sector.

Besides those mentioned above, we must stress also the attention that businesses should give to minimizing the impact of their activities on the environment by identifying ways to optimize the use of resources, storage and recycling, by taking measures to control and reduce air, water, soil and subsoil pollution as lowering negative effects on biodiversity.

As to terminology, in the specialty literature there have been proposed several concepts that define mechanisms and policies to promote sustainable development with clearly outlined environmental objectives, such as: "eco-development", "ecobusiness", "environmental management" "ecotechnics ", "environmental excellence ", " green marketing ".

### **3. The role of green marketing**

In the specialty literature the concept of green marketing that considers not only strict compliance with anti-pollution laws but also the design of strategies to help reduce or eliminate any future possibility of environmental pollution has established itself. For example, the concerns of companies to make recyclable packaging, which, if entering the environment, are able to self-destruct under the influence of natural factors (Lefter, C., Brătucu, G., Bălăşescu, M., Chiţu, I., Răuţă, C., Tecău A 2006).

Environmental marketing influences, directs consumption towards those goods and services that protect both the current generation as well as the future generations by providing the right to resources and at an appropriate environment in terms of quality.

The strategic nature of environmental marketing forces companies to develop and use appropriate strategies in a long-term planning, ecologically oriented.

*Marketing objectives* show and describe long-term orientation of the environmental policy of the company. To achieve these objectives, the economic units develop their *marketing strategies* through which, they take into account the economic and financial potential at their disposal to carry out and adapt their activities in line with environmental requirements.

Also, marketing strategies are effective when an enterprise must respond to the challenges of the real ecological problems, or when significant changes in the environment are possible due to its activities.

Green marketing strategies must include consumer behavior. Can be considered in this regard, issues such as ecological or non-ecological behavior of existing and potential consumers, systematic evaluation of the environmental performance of competitors, environmental improvements of products and placing on the market of new products that are fully supported by environmental consumers. Through such behavior a contribution is made to environmental awareness and perception of their own products as organic.

#### 4. ISO Standards

Materialization of different strategies can be achieved by consiring the *ISO 14000 series standards - environmental management systems* (<http://www.iso14000-iso14001-environmental-management.com/> accessed on 03.09.2014) adopted by the International Organization for Standardization. These standards govern five strands, namely:

- Environmental Management Systems,
- Environmental Audit,
- Evaluate the protection of human communities against industrial activities with a negative impact,
- Classification in terms of environmental policy
- Life cycle assessment of products and services.

Guide offered by ISO 14000 provides requirements for the integration of environmental management into the overall structure of the organization management. Its practical application is made according to environmental policy adopted by the organization.

ISO 14000 standards are general standards on environmental management systems designed to control the overall impact of organizational processes on the environment.

These standards *define models* of environmental management systems which, implemented by an organization for internal or external purposes, *provide the tools* needed to *assess compliance* of environmental management system with the chosen referential, *environmental performance evaluation, preliminary analysis and environmental assessment* of the sites of the organization.

The main standards of ISO 14000 are:

#### **4.1. ISO 14001: 2004 - Environmental Management Systems. Requirements with guidance for use.**

This standard establishes requirements for an environmental management system that enables an organization to formulate and to implement its policy and objectives taking into account legal requirements and other requirements to which the organization subscribes, and information about significant environmental impacts. It applies to those environmental aspects that the organization identifies and can control and which may influence, the standard does not establish specific terms of environmental performance.

ISO 14001:2004 is applicable to any organization that wishes to establish, implement, maintain and improve an environmental management system, to ensure its conformity with its stated environmental policy, and to demonstrate compliance with ISO 14001:2004 by:

- a) preparing self-assessment and own statements, or
- b) obtaining acknowledgment of compliance by the parties with an interest in the organization, such as customers, or
- c) obtaining confirmation of their statement by a party outside the organization, or
- d) obtaining certification / registration of its environmental management system by an external body.

#### **4.2. ISO 14004: 2004 - Environmental Management Systems. Guidelines on principles, systems and application techniques**

It is a guide on establishing, implementing, maintaining and improving an environmental management system, and its coordination with other management systems.

This international standard is consistent with the concept of sustainable development and is compatible also with different cultural, social and organizational frameworks and other management systems. However, it can be used by organizations of all types, all sizes and all levels of maturity, and in all sectors and in all regions.

ISO 14004:2004 provides examples, descriptions and options that help both the implementation of an environmental management system, and also to articulating with the overall management of the organization.

Designing an environmental management system, is the result of a dynamic and interactive process. The structure, responsibilities, practices, procedures, processes and resources necessary to implement the policies, objectives and environmental targets can be coordinated with existing efforts in other areas (such as operations, finance, quality, hygiene and safety at work).

An effective environmental management system helps an organization to avoid, reduce or control the adverse environmental impacts of activities, products and services, to ensure compliance with applicable legal requirements and other requirements to which the organization subscribes, and helps to continuously improve the environment performance.

Implementation of environmental management system can generate profits from economic point of view. An organization whose management system, includes an environmental management system, has a structure that enables to balance and integrate economic and environmental interests.

The existence of an environmental management system can help an organization to generate stakeholders' confidence on the fact that:

- there is a commitment of the management to comply with the policy and objectives and its targets,
- the emphasis is on prevention,
- can prove the emphasis on environmental issues and on ensuring compliance with specific requirements
- designing the system includes continuous improvement process.

#### **4.3. ISO 14015: 2005 - Environmental Assessment of the site.**

##### **Guidelines for the environmental assessment of the site**

This International Standard provides guidance on how to conduct such an assessment through a systematic process of identifying environmental aspects and environmental issues and determines, if any, consequences for the business.

Organizations are increasingly interested in understanding the environmental issues associated with their sites and their activities or those with purchasing potential. These problems and consequences associated to business can be assessed through the environmental assessment of sites and organizations. Such evaluation can be performed during operation, at the time of acquisition or disposal of goods and may be performed as part of a broader process of business evaluation often called "due diligence".

#### **4.4. ISO 14040: 2007 - Environmental management. Life Cycle Assessment. Principles and framework**

Increased awareness of the importance of environmental protection and the possible impacts associated with products manufactured and consumed, increased interest in developing methods to better understanding and approach to these impacts. One of the techniques developed for this purpose is life cycle assessment that can help:

- identifying opportunities to improve the environmental performance of products at various points in their life cycle;
- informing decision makers in the industry, government or non-governmental organizations (e.g. for the purpose of strategic planning, prioritization, design or redesign the product or process);
- selecting relevant indicators of environmental performance, including measurement techniques, and
- marketing (e.g. implementation of eco-labeling schemes, development of an environmental statement or issuing an environmental statement for the product).

#### **4.5. ISO 14006: 2011 - Environmental management systems- Guidelines for the integration of eco-design**

Eco-Design can be defined as an integrated system in design and development activities, aiming to reduce environmental impact and continuous improvement of the environmental performance of products throughout their life cycle from raw material extraction to end of life.

ISO 14006 is the first standard whose provisions cover and bring together the three areas of skills necessary to eco-design as part of an environmental management system, namely:

- a) assessing the environmental impacts of products;
- b) identifying appropriate ecodesign measures to reduce environmental impacts;
- c) the design and development process and how the process of eco-design and its management are part of an environmental management system.

## 5. Environmental policy of enterprises

By analyzing the content of ISO standards we can see that environmental policy of the economic organization is achieved through the development of activities related to:

- Planning activities and their integration into the company's system with highlighting the issues and objectives pursued through the environmental program;
- Implementation and functioning of the system with an emphasis of the structure, responsibilities, training and awareness of the necessary skills, communication between sectors, control and prevention of emergency situations that may arise in the system, design and implementation of the documentation of those activities;
- Checking and corrective action on specific activities in the production process, namely audit of the system.

In essence, the proposed environmental management systems by ISO standards follow the quality management model, namely: *plan, execute, check and act*.

To evaluate the results of policies and strategies in the field of environmental protection, internationally has established itself the notion of **eco-efficiency**, which refers to a method of using as few resources to get the same services or better services to reduce environmental impacts and social impacts.

The concept, that appeared relatively recently, was defined by the *World Business Council for Sustainable Development* (WBCSD) as the delivery of competitively priced goods and services that satisfy human needs and quality of life, progressive reduction of environmental impacts and resource intensity across the whole life cycle (<http://www.wbcd.org/Pages/EDocument/EDocumentDetails.aspx?ID=13593&NoSearchContextKey=true>, accessed at 27.01.2014).

Achieving this imperative requires, especially (Mihail Dumitrescu, Lavinia Țoțan, in D. Borțun, 2011):

- A reduction in material intensity of goods and services;
- A reduction in the energy intensity of goods and services;
- Reduced dispersion of toxic materials;
- Improved recyclability;
- Maximum use of renewable resources;
- Greater durability of products;
- Increased service intensity of goods and services.



## 6. Evaluation of environmental performance

Very recently it has been adopted in matters an ISO Standard that contains guidelines for *evaluating environmental performance*. With the code number *ISO 14031:2013* (<https://www.iso.org/obp/ui/fr/#iso:std:iso:14031:ed-2:v1:en> accessed on 09.03.2014), it establishes a process called environmental performance evaluation that enables organizations to measure, evaluate and communicate their environmental performance through key performance indicators based on reliable and verifiable information.

This International Standard establishes guidelines on the design and use of environmental performance evaluation within an organization. ISO 14031:2013 is applicable to any organization, regardless of its category, size, location and complexity.

In a report from GreenBiz publication entitled "*The State of Green Business 2014*" (<http://www.responsabilitatesociala.ro/stiri-csr/raport-greenbiz-evolutii-si-tendinte-in-domeniul-csr.html#sthash.nuMhyXPu.dpuf> accessed la 15.02.2014), after making an analysis of the sustainability performance of about 500 U.S. companies, concluded on economic sustainability trends in relation to environmental issues. These findings are interesting as far as the United States are not very receptive to the adoption of global standards of environmental protection.

According to the report there is progress on efforts of the companies to become more sustainable. In 2012, these reduced their carbon emissions, energy consumption and waste, reported to increased turnover. However, the authors noted that their efforts, though noticeable, are not enough to offset the negative impact they have on the environment and society.

Authors of the Report identified 10 trends observed in corporate social responsibility practices, such as:

- *Collaboration with stakeholders of the companies intensifies*

In addition, the report gives many examples of coalitions (Roundtable on Sustainable Palm Oil, Roundtable on Sustainable Forests, Better Cotton Initiative, The Sustainability Consortium) designed to ensure effective governance, taking into account the interests of all stakeholder groups.

- *Companies recognize that water becomes a risk factor*

The report cites a global risk index (a new edition of the Global Risk Report), which includes water among the items with the highest risk factor, along with the economy, unemployment, famine and natural disasters.

Today, over one billion people lack access to safe drinking water and over 2.5 billion do not benefit from a health system. Companies compete with these communities to a resource without which their economic activity would not be possible. And this affects both efficiency and image.

In these circumstances, the report's authors noted that some companies have begun to consider water a risk factor and to take measures to limit consumption. An example is the Coca-Cola plan to become neutral in terms of water consumption until 2020 (giving to the communities the same amount of drinking water as the one it uses in its activity).

*- Companies no longer see sustainability only as environmental responsibility, but also to people*

Until recently, "sustainability" was synonymous with "environmental concern". According to the report, this association is no longer valid, as the companies integrate social aspects in their CSR strategies, creating value for several categories of stakeholders.

For example, Procter & Gamble's has pledged to replace petroleum-based substances with alternative from sustainable sources, to reduce waste (including packaging) and use renewable energy. In addition, they proposed to "provide sufficient water to save a life every hour", meaning that by 2020 they must deliver 2 billion liters of drinking water.

The authors noted that such initiatives can create, in addition to a favorable image, and competitive advantages or even new market opportunities.

*- Companies take into account ensuring food from sustainable sources*

The report warns that we use 40% of dry land to produce food and we waste about 30% of it, generating losses of 750 billion dollars annually (as Switzerland's gross domestic product). Associated with population growth and an increasingly demand, this phenomenon can lead to a food crisis.

In these circumstances, companies are starting to look for alternative sources for the production of resources such as: eggs (from plants), oil (from

seaweed) or protein (from insects). The report also notes a trend of food companies to replace the meat they process with meat from sustainable sources.

- *Employee involvement in sustainability efforts becomes a strategy for companies*

According to the report, engagement programs of employees in the community are seen not just as a nice gesture, but as a strategic plan.

## **7. Conclusions**

It is unfortunate that many of the companies mentioned in the report do not adopt the same conduct in states where they have subsidiaries or production facilities, including Romania. Furthermore they seem not to take into account the specific needs and opinions of local communities. Perhaps the most illustrative example is the Chevron group that seems to ignore the fears and ongoing protests of the population on the damage of water reserves necessary for human and animal consumption in areas where they should explore and exploit shale gas deposits.

Therefore, more intensive awareness is needed from enterprises in our country to adopt an economic behavior that takes into account issues of social responsibility in general and environmental protection in particular.

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