

CORPORATE SOCIAL RESPONSIBILITY OF ROMANIAN ENTITIES REGISTERED AT THE BUCHAREST STOCK EXCHANGE. AN EMPIRICAL STUDY

Marinela - Daniela MANEA ¹

"Valahia" University, Târgoviște, Romania

Abstract

Using the score function model (I. O. Spătăcean and L. Ghiorghiuță, 2012, p. 79), the current research has analysed the degree to which the concepts and techniques typical to corporate social responsibility have been spread among 22 Romanian companies registered at the Bucharest Stock Exchange; the conclusion reached by the present study is that, although they are at the beginning of the road, the Romanian firms – and particularly those entities willing to gain a positive image – no longer see the CSR process as a program or campaign, but as a philosophy, as an ethical and responsible behaviour towards all the actors involved in their activity.

Key words: *corporate social responsibility, Bucharest Stock Exchange, Romanian entities, the score function, public policies.*

JEL classification: F02, M14.

1. Introduction

Taking into account the reality of the latest EU regulations regarding the non-financial reporting², according to which the companies with more than 500 employees will have to publish relevant information regarding environmental and social aspects inside their annual reports, the current study aims to identify the extent to which the Romanian entities listed at the Bucharest stock exchange are preoccupied with corporate social responsibility (CSR).

¹ Faculty of Economics/Department of Accounting and Finance, *m_manea7@yahoo.com*

² The European Parliament approved the Directive No. 2014/95/UE in 15 April 2014, while the European Council in September 2014

The contemporary world lives in the presence of three great challenges: globalization, sustainable development and competitiveness. In this context, companies are more and more evaluated in accordance with not only their economic performance, management quality and communication policy, but also in accordance with the contribution which they bring to the social life of the community to which they belong. Corporate social responsibility means acquiring economic success in an ethical manner, by respecting people, the community and environment. This goal requires a certain responsibility in front of the legal, ethical, commercial or other types of expectations which the society has in front of companies, but also taking decisions which consider the needs of all the actors involved in the activity of the company.

2. The research and sampling methodology

Taking into account the Romanian reality – dominated by exclusively accounting reports, as a result of the requirements within the national legislation in force – we have checked the CSR profile of the companies with Romanian and mixed capital activating on the local market (<http://www.responsabilitateasocială.ro/companii>); our aim was to create a working cell/sample for testing the application within the Romanian territory of the principles and techniques typical to the corporate social responsibility. Although the data obtained (from both the annual reports published by the entities and the website mentioned above) has not been externally checked for most of the companies, there being no information on the quality of reporting, we considered appropriate to create a first sample of entities preoccupied with this new reporting field, different from the accounting one. The main limitation of the present research initiative has come from the impossibility to test the proposed model in the field of Small and Medium-Sized Enterprises (SMEs), where the CSR concept is little known, as local public authorities are not involved in its promotion and publicity.

The present study has initially focused on an important number of companies, with both Romanian and mixed capital, listed at the Bucharest Stock Exchange. The research has involved the following 29 companies: Antibiotice S.A. Iași, Aerostar S.A., Boromir S.A. Buzău, Banca Transilvania, Banca Comercială Carpatica, Banca Comercială Română, BRD Groupe Societe Generale S.A., Carpatcement S.A., Dacia Groupe Renault,

Electromagnetica S.A. București, ENEL România, GSK România, Holcim S.A., KMG International, LUKOIL România, MOL România, Nuclearelectrica S.A., OMV Petrom, Raiffeisen România, Romgaz Mediaș, Romstal, Ropharma S.A. Brașov, Smithfield Prod România, Teraplast Bistrița, Terapia Ranbaxy, Transelectrica S.A., Transgaz Mediaș, Unilever România, Vel Pitar. After the analysis of the documents published by these companies, the lack of information has determined us to reduce the sampling at only 22 of them: Banca Transilvania, Banca Comercială Română, Banca Comercială Carpatica, BRD Groupe Societe Generale S.A., Carpatcement S.A., Dacia Groupe Renault, ENEL România, GSK România, Holcim S.A., KMG International, LUKOIL România, MOL România, OMV Petrom, Raiffeisen România, Romgaz Mediaș, Romstal, Smithfield Prod România, Teraplast Bistrița, Terapia Ranbaxy, Transgaz Mediaș, Unilever România, Vel Pitar.

The current study involves both a qualitative and quantitative approach, based on the empirical data gathered from sampling 22 entities – 17 companies from the productive sector, with both Romanian and mixed capital, and 5 credit institutions. The qualitative side of the approach is explained by the fact that the study has required interpretations, explanations, understanding of the phenomena analysed, while the quantitative side has been focused on quantifications and numerical expressions, using a score system based on a function determined for each entitie. During the data gathering, we used techniques of mediated gathering of the information from platforms dedicated to the CSR field (<http://www.responsabilitateasocială.ro/companii>), from the *Social Corporate Responsibility Reports* identified on the websites of the entities analysed, and from the *Annual reports published* by the entities involved, when the latter existed. Afterwards, by applying the scoring function, the data with declarative and qualitative character has been transformed into numerical and quantitative data.

3. The model

The current research initiative aims to identify the extent to which the Romanian entities analysed are preoccupied with making operational and putting in practice the concept of corporate social responsibility, more exactly the "*triple-bottom-line*" structure: *economic prosperity, respect for environment and improvement of social cohesion*. In order for us to reach this

objective, we have built a set of 10 hypotheses/pillar which test the enforcement of concepts and techniques typical to CSR:

Hypothesis no. 1: CSR Involvement Committee at the top management level

Hypothesis no. 2: The existence/elaboration of policies/strategies dedicated to corporate social responsibility

Hypothesis no. 3: The responsibility towards employees, environment and the community where the company activates

Hypothesis no. 4: Ethical behaviour inside the organisation/the entity behaves responsibly from an ethical perspective

Hypothesis no. 5: The transparency in the CSR field

Hypothesis no. 6: Cooperation, coherence and predictability inside the organisation in implementing CSR

Hypothesis no. 7: How is the CSR field looking at this moment? The CSR team and the involvement of employees in the CSR actions carried out by the company

Hypothesis no. 8: Measuring the impact which the involvement in the community has over the company and community (Key Performance Indicators)

Hypothesis no. 9: The existence of a policy regarding the sustainability of the supplying chain

Hypothesis no. 10: The vision of companies regarding environmental protection

By using the professional reasoning for the hypotheses mentioned above, we have assigned an importance coefficient k_i , typical to each pillar considered to be relevant for the enforcement of corporate social responsibility, as it can be seen in Figure no. 1. Moreover, to each answer analysed from the *Social Corporate Responsibility Reports* and from the *Annual reports published* (according to the case) it has been assigned a distinct conformity mark α_i , as it can be seen in Table no. 1. By starting from the importance coefficient k_i assigned to each pillar considered essential in the analysis initiated and from the marks α_i associated to each pillar, we have obtained the value of the score function $F(x)$ [Spătăcean I.O. and Ghiorghiu L. (2012), p. 79] for the 22 organisations studied.

The value of the score function indicates the final mark given to each entity (as it can be seen in Table no. 2), under the form of a conformity expression with the instruments of the corporate social responsibility concept.

The equation used for the score function is:

$$F(x) = \left(\sum k_i \cdot x \cdot \alpha_i \right) \times 100/3 \quad \text{where,} \quad \text{Equation (1)}$$

k_i – the importance coefficient assigned to each pillar of interest of corporate social responsibility, on the basis of professional reasoning,

α_i – the mark assigned to the information collected and interpreted from the reports published, on the basis of the professional reasoning, inserted in Table No. 1,

3 – maximum mark given.

4. The interpretation of results

Values of the score function:

Banca Transilvania: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 2 + 10\% \times 2 + 10\% \times 3) \times 100/3 = 93,33$

Banca Comercială Carpatica: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 2 + 10\% \times 2 + 10\% \times 3) \times 100/3 = 93,33$

Banca Română de Dezvoltare: $F(x) = (10\% \times 3 + 10\% \times 2 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 2 + 10\% \times 3) \times 100/3 = 93,33$

Banca Comercială Română: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 2 + 10\% \times 3) \times 100/3 = 96,67$

Carpatcement S.A.: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 2 + 10\% \times 2 + 10\% \times 2 + 10\% \times 2 + 10\% \times 3 + 10\% \times 3) \times 100/3 = 86,67$

Dacia Groupe Renault: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3) \times 100/3 = 100,00$

Enel România: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3) \times 100/3 = 100,00$

GSK România: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3) \times 100/3 = 100,00$

Holcim S.A.: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 2 + 10\% \times 3 + 10\% \times 3 + 10\% \times 2 + 10\% \times 3 + 10\% \times 3) \times 100/3 = 93,33$

KMG România: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3) \times 100/3 = 100,00$

LUKOIL România: $F(x) = (10\% \times 2 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 2 + 10\% \times 2 + 10\% \times 3 + 10\% \times 2 + 10\% \times 3 + 10\% \times 3) \times 100/3 = 86,67$

MOL România: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 2 + 10\% \times 3 + 10\% \times 2 + 10\% \times 2 + 10\% \times 3 + 10\% \times 3) \times 100/3 = 90,00$

OMV Petrom: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 2 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3) \times 100/3 = 93,33$

Raiffeisen Bank: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3) \times 100/3 = 100,00$

Romgaz: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 2 + 10\% \times 2 + 10\% \times 3 + 10\% \times 2 + 10\% \times 3 + 10\% \times 3) \times 100/3 = 90,00$

Romstal: $F(x) = (10\% \times 3 + 10\% \times 2 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 2 + 10\% \times 3 + 10\% \times 3) \times 100/3 = 93,33$

Smithfield Prod România: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3) \times 100/3 = 100,00$

Terapia Rambaxy: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3) \times 100/3 = 100,00$

Teraplast: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 2 + 10\% \times 3 + 10\% \times 3) \times 100/3 = 96,67$

Transgaz: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 2 + 10\% \times 3 + 10\% \times 3) \times 100/3 = 96,67$

Unilever România: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3) \times 100/3 = 100,00$

Vel Pitar: $F(x) = (10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 3 + 10\% \times 2 + 10\% \times 2 + 10\% \times 2 + 10\% \times 3 + 10\% \times 2) \times 100/3 = 83,33$

By analysing the values of the score function for the 22 organisations sampled, the following ideas could be reached:

✓ From the scoring obtained, it can be generally noticed that the top management and the co-interested parts pay attention to the key-elements of corporate social responsibility, while the companies with mixed capital are

rather interested in promoting and implementing the CSR instruments and techniques – inspiration sources and good practices models to CSR and for the entities with Romanian capital which can use the experience of the former for acquiring and developing the concept;

✓ The average resulting from the scores, corresponding to the entities sampled, is of 94,84 points out of a maximum score of 100. Out of the 22 organisations analysed, only 50% have been over the average (Banca Comercială Română, Dacia Groupe, ENEL România, GSK România, KMG Internațional, Raiffeisen Bank, Smithfield Prod România, Terapia Rambaxy, Teraplast, Transgaz, Unilever România). Out of the 11 organisations which were above average, 8 marked a maximum score and belong to the category of mixed capital firms, with branches in Romania, having a strong culture related to CSR. By building a business strategy which aligned economic, social and environmental record with the value of the business on a long term, they integrated the CSR phenomenon as a part of their business, therefore contributing to adding value on a long term for both the company and society. The other organisations, although they marked a score under average, showed a considerable interest for knowing, analysing and applying the key-elements of corporate social responsibility, by making considerable efforts for understanding the role, necessity and importance of these for the sustainability and improvement of the business in process.

✓ And although were identified also absences/flaws in enforcing the policies and techniques of corporate social responsibility, as a result of an either too vast application of them or as a result of the absence of a clear distribution of implementation roles and responsibilities, the sampled organisations have nonetheless taken the path of implementing and analysing the CSR basic techniques and concepts.

5. Conclusions

Lately, corporate social responsibility has become a discussion topic for more and more sources within the Romanian literature, but also for several companies with mixed and local capital activating on the Romanian territory. Nonetheless, we can speak of social corporate responsibility in some circumstances in which this process is only at the beginning, being neither applied within small and medium-sized enterprises, nor known by the public at large and, as a consequence, not that much appreciated as in other countries.

In this context the engine of the CSR development in Romania are the international companies activating locally, as the strategies existing at a local scale are those implemented by these companies at a global level and adapted to national features. It should be reminded that these companies (see Unilever România, GSK România, Terapia Ranbaxy) have promoted a rational behaviour, by means of policies attempting to fill the gap left behind by the vague Romanian government regulations, becoming like this models of good practices for CSR initiatives at a local level.

For a start, after year 2000, the managers of Romanian organisations understood quite difficult that the success of the activity of a company cannot be accomplished without ethical business, social involvement, a superior quality of the products and services and the attention towards the environment and the employees protection. The management strategies proposed lacked the vision, while the results were aimed at being immediate and short, the CSR initiative being often considered a charity process or even a caprice, so that all these factors rushed the unhappy end of many Romanian companies which failed. At present (Nemoianu, 2010, p. 5), the organisations implementing social responsibility programs are willing first of all to achieve notoriety and to be seen as those entities which noticed the problems of the society which the authorities failed to see, so as to gain a better capital of image.

6. References

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Table no. 1 The significance of the marks given to the information collected and interpreted

Mark	Significance
0	The company has not published any relevant document regarding CSR (The CSR Reports, Annual reports)
1	The company has published satisfactory information (partial data, not-updated information) which do not allow for settling the cases related to CSR and making recommendations.
2	The documents regarding CSR are found on the websites of the credit institutions analysed in a proportion of 80%; the information available allows for settling the cases/issues related to CG at a optimal level.
3	The dissemination of information meets the maximum of 100%, by offering complete transparent reports, which are also according to an efficient CSR

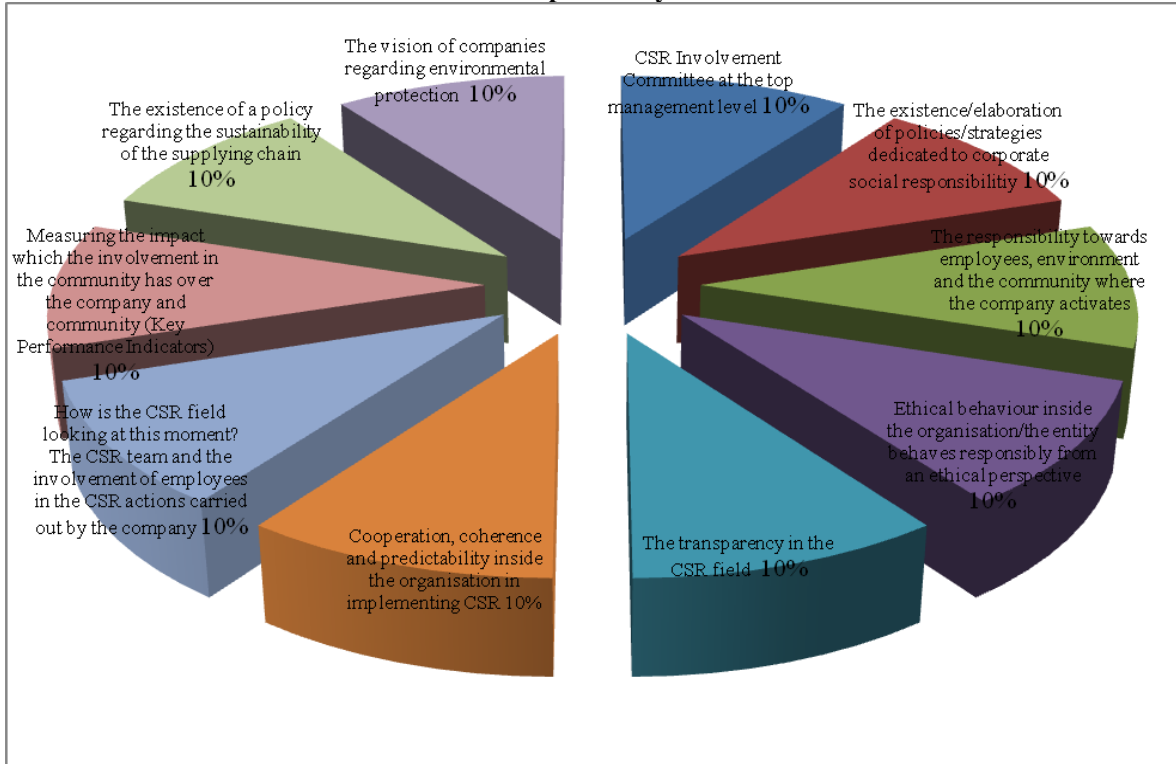
Source: Author's Projection

Table no. 2 Quantitative determinations regarding the conformity with the working hypotheses proposed

Area of interest	BT	BCC	BRD	BCR	Carpat ement	Dacia Groupe	ENEL România	GSK România	Holcim S.A.	KMG România	LUKOIL România	MOL România	OMV Petrom	Raiffeisen Bank	Romgaz	Romstal	Smithfiel Prod Rom	Terapia Ranbaxy	Teraplast	Transgaz	Unilever România	Vel Pitar
CSR involvement Committee at the top management level	3	3	3	3	3	3	3	3	3	3	2	3	3	3	3	3	3	3	3	3	3	3
The existence/elaboration of policies/strategies dedicated to CSR	3	3	2	3	3	3	3	3	3	3	3	3	3	3	3	2	3	3	3	3	3	3
The responsibility towards employees, environment and the community where the company activates	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Ethical behaviour inside the organisation/the entity behaves responsibly from an ethical perspective	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
The transparency in the CSR field	3	3	3	3	2	3	3	3	2	3	2	2	2	3	2	3	3	3	3	2	3	2
Cooperation, coherence and predictability inside the organisation in implementing CSR	3	3	3	3	2	3	3	3	3	3	2	3	3	3	2	3	3	3	3	3	3	2
How is the CSR field looking at this moment? The CSR team and the involvement of employees in the CSR actions carried out by the company	3	3	3	3	2	3	3	3	3	3	3	2	3	3	3	3	3	3	3	3	3	2
Measuring the impact which the involvement in the community has over the company and community	2	2	3	3	2	3	3	3	2	3	2	2	2	3	2	2	3	3	2	2	3	2
The existence of a policy regarding the sustainability of the supplying chain	2	2	2	2	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
The vision of companies regarding environmental protection	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	2
The total scoring	93,33	93,33	93,33	96,67	86,67	100	100	100	93,33	100	86,67	90,00	93,33	100	90,00	93,33	100	100	96,67	96,67	100	83,33

Source: Author's Projection

Figure no. 1 Relevant analysis axes and levels of importance associated to them within corporate social responsibility



Source: Author's Projection