

## **CSR APPROACHES IN ROMANIAN CONTEXT OF THE ECONOMIC CRISIS**

**SIMA Violeta<sup>1</sup>, GHEORGHE Ileana Georgiana<sup>2</sup>**

Universitatea "Petrol-Gaze" Ploiești

<sup>1</sup>e-mail: [simatv@yahoo.com](mailto:simatv@yahoo.com)

<sup>2</sup>e-mail: [ileghe@yahoo.com](mailto:ileghe@yahoo.com)

**Key-Words:** Corporate Social Responsibility, economic crisis, social investment.

**Abstract:** This article starts from a short review of definitions of corporate social responsibility and looks at theories to explain how such behaviour can contribute to the companies' strategy in order to identify appropriate methods to cross as easy the crisis period.

In conditions of recession, most Romanian managers reduce social investment, in their effort for cost reducing. In this context, the concept of CSR must be explored and promoted in terms of tangible economic benefits it brings.

A company acquires long term economic performance if it is accepted by the community. In this way, the company reputation is built not only taking into consideration the competitive context, but rather social context, too.

### **1. Foreword**

CSR is a concept whereby economic organizations and financial institutions consider their profitability and growth, and also the interests of society and the environment by taking into consideration of the responsibility for the impact of their activities on stakeholders, employees, shareholders, customers, suppliers, and civil society. [3]

On 22 March 2006, the European Commission defines CSR 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". [6]

Presenting the European Competitiveness Report in 2008, the EU executive stressed in an accompanying working document that "CSR needs to be part of core business strategies if it to be a competitive differentiator". With that in mind, the EU executive concluded that if CSR activities remain a peripheral concern, primarily confined to a public relations exercise, companies are "likely to miss opportunities for competitiveness gains". [4]

This argument appears to have been strengthened by a falling level of public trust in business. This year, however, the 2010 Edelman Trust Barometer reports a modest global rise in trust in business, driven by Western economies. [5]

The current economic crisis has caused companies to move away from 'business as usual' economic-social models in an effort to behave more responsibly.

Taking stock of this new context, the Commission flagged in its Europe 2020 strategy, published in March 2010, the need for "a new agenda that puts people and responsibility first".

[7] The European Commission called for the EU strategy to be renewed to promote CSR "as a key element in ensuring long-term employee and consumer trust". According to Mattia Pellegrini, responsible for CSR in Commission Vice-President Antonio Tajani's cabinet, CSR is a priority for the new industry and entrepreneurship commissioner.

### **2. The actual Romanian crisis context**

When the financial resources become more and more inaccessible, the entrepreneurs need to think of diversifying their funding sources and of reducing their risks by making partnerships.

The number of those who understood that they need money is increasing because they couldn't access funding from the banks or other financial institutions. The financial crisis,

which was already felt in the business medium, was percept too late by the Romanian government. In this context, the entrepreneurs can't expect to receive money from the banks too soon. They need to manifest caution for their next three-four years investments, to spend less and to collect money from the market if they can.

**Table 1 SWOT Analysis of the Romanian business medium in this crisis period**

<b>Advantages</b>	<b>Vulnerabilities</b>
Adaptability	Address 'secondary needs' to the consumers
Changing of the products offer depending on the consumers demands	Important impact of the economical recession upon the demand
Intelligent use of limited resources	Pressure on profitability from the suppliers and clients
Relative reduced financial needs	More difficult access to funding
All kind of sizes funding suppliers can be accessed	A very limited offer of products/services from the funding suppliers
Simple requests and flexibility	Small capacity of negotiation
Small and stable client base	Reduced warranties
Possible survival in a period of decrease of consumption demand	Important funding costs
Less affected by the competition from the 'big players'	

Source: Proposed by the authors [1]

### 3. CSR approaches in the Romanian economic crisis

Market shares admitted that CSR can improve images or even build brands. But such a strategy can be successfully only if it is designed from a consumer perspective.

CSR means organizations creating a positive impact in people's lives at three levels:

1. *At individual level* - helping individuals to meet their needs, goals and personal aspirations;
2. *At community level* - helping to develop cultural movements, arguing cases, networking;
3. *At global level* - finding solutions for the threats to the environment, stimulating more "green" lifestyle etc.

Currently several directions can be identified for the CSR practices in the Romanian companies (fig.1):

- *'Think global, act local'*. In a complex, interconnected, globalised world, companies will have to become far more sophisticated in combining international norms with local contexts, finding local solutions that are culturally appropriate, without forsaking universal principles.
- *Replacing pressure downwards, with consumer demands drivers*

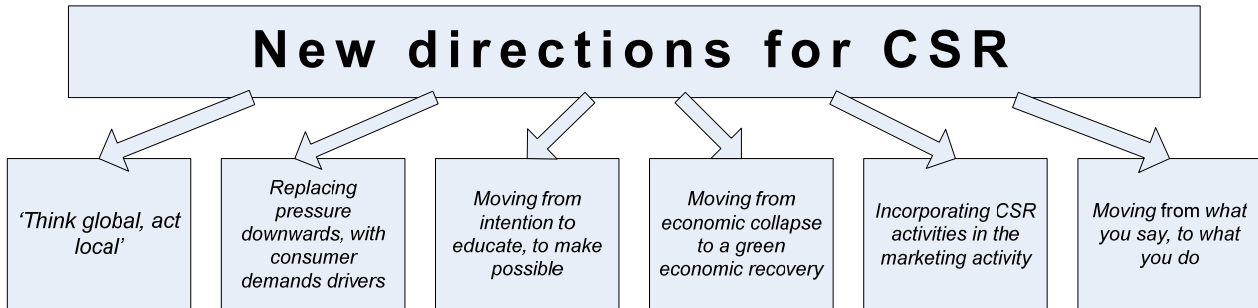
Increasingly more consumers aim to avoid institutional and formal business structures, to build their own way of doing things. Much of this trend is stimulated by the progress of the IT industry. Provided that the public begins to challenge formal institutional structures, brands have to realize what role they play in this new landscape, stimulated by the pressure of the consumers' requests.

- CSR practices move *from intention to educate, to make possible*.

Nobody really managed to cover the gap between attitude and behaviour that is why when people say they are determined to protect the planet, but, in fact, they do to little in order to reduce environmental impact. In this context, social responsible companies can play a major role enabling them to really do things differently and better, which is not a simple matter of education.

Petrom is involved in an educational effort aiming to form a responsible generation and launched this year the second edition of the national contest on eco-civic themes "Andrei's

School". The competition addresses to teachers and students from I-VIII grades and aims to educate children in the spirit of respect for environment and to promote citizenship through their involvement in community issues. Andrei's School is an eco-civic contest developed as part of the social responsibility program TaraluiAndrei.ro, initiated by Petrom.



**Fig.1. New directions for CSR**

Source: Proposed by the authors

- CSR practices move *from economic collapse to a green economic recovery*

The climate change, resources decrease and economic crises represent an opportunity to reinvigorate the economy through investment in clean, sustainable, low carbon initiatives. A green stimulus and recovery package - larger capital-intensive low carbon infrastructure projects such as new public transport and renewable energy generating facilities - can create more jobs with a dependable domestic economic multiplier effect.

Vodafone Romania launched in March 2007 the National Program for recycling mobile phones. The program has a permanent character, and its goal is to reduce the amount of electronic waste. Phones collected were reconditioned for reuse in developing countries, or have been recycled components. After a year of starting the program, the money obtained from recycling the phones will be donated to environmental organizations. European directives recommend that each EU member country to be recycled annually at least 4 kg of electrical equipment and household waste per capita. Romania is below the level stipulated by European policies.

- *Incorporating CSR activities in the marketing activity*

In Romania, CSR is often reduced to PR. CSR is oriented to improve the company' image and to increase its notoriety and not to the rights or expectations of main stakeholders. Stakeholders include investors, customers, employees, business partners, local communities, the environment and society. The CSR activities are evaluated according to the performance indexes in PR or are superficially evaluated or even are evaluated without showing their real impact in face of interested public.

CSR programmes are not strived together for research, professional development, consumers' expectations, business partners or communities' expectations, or environment protection. They are often reduced to philanthropic actions having a poor social impact on short term, to attractive for media actions. Frequently, investments in promotion of these so-called CSR activities exceed investments in programmes. In conception of these programmes no social impact is aimed, but media effect. Instead of programmes having long term impact, well mediated PR events are preferred.

Romanian business environment no assign a strategic dimension to the CSR programmes. The link between CSR and those elements which ensure long term development of the companies – research and new products development, sustainability, human resources strategies, innovation and education investments, good relationships with communities - is not, yet realized. [2]

A tighter relationship between CSR teams and the marketing ones will reveal the real value that CSR can bring about consumer engagement in a dialogue about things important to them.

- CSR practices move from *what you say, to what you do*.

There is a difference between public messages and actions of companies, as differences between intentions and actual effects of CSR programs made by companies, are. Credibility issue of corporate responsibility programs can be seen on the one hand, from a general perspective, that of cultural relations between members of a society. It requires a culture of social dialogue to create their own standards for transparency and own reliable communication channels. Thus, if an organization has credibility and reputation, it may sell CSR, too. However, a good CSR program will not be effective, if it is promoted by a vehicle lacking credibility. A CSR program limited to acts of philanthropy or sponsorship can not be credible. A company will become credible when it will propose CSR actions consistent with its goals. Through CSR, a company will seek to create a business friendly environment, and thus to engage in social programs. In a poor, uneducated, without prospects community, CSR in the private business has no chance.

#### **4. INSTEAD OF CONCLUSIONS**

Despite the enthusiasm enjoyed, the concept of CSR is still vulnerable to those who deny its strategic role and advocate, in case of recession, for reducing costs of social investment. To face critics, the concept of CSR has to be examined and promoted in terms of tangible economic benefits it brings.

Now more than ever, is the time to show leadership supporting our customers and our staff as they face challenging economic circumstances and tackling the issues that matter to communities and society.

The crisis has succeeded to establish a deeper commitment of CSR in economic life and, by the other hand, the local communities and companies began to understand the importance of social responsibility towards the environment and society in the world of corporate and of the consumer involvement in this irreversible process.

#### **REFERENCES**

1. Sima, V., Gheorghe, I.G. (2009), *Appropriate Marketing Strategies for Romanian SME for the Crisis Period*, The 11<sup>th</sup> IBIMA Conference, "Innovation and Knowledge Management in Twin Track Economies, Cairo, p. 1687-1691
2. Sima, V., Gheorghe, I.G. (2009), *CSR – an appropriate strategic management tool fro the Romanian enterprises for the crisis period*, ANNALS of the ORADEA UNIVERSITY, Fascicle of Management and Technological Engineering, Volume VI (XVIII)
3. Christian Noyer Governor of the Banque de France, as said by him in *The history and future of corporate social responsibility*, ( The welcome speech) given in Symposium ICCA – EABH held on 27 October 2008; [www.banque-france.fr/gb/instit/telechar/discours/disc081028.pdf](http://www.banque-france.fr/gb/instit/telechar/discours/disc081028.pdf)
4. The European Competitiveness Report 2008, retrieved from <http://www.pdfgeni.com/book/the-european-competitiveness-report-2008-pdf.html> at 15th of November 2009
5. [www.edelman.com/trust/2010/.../2010\\_Trust\\_Barometer\\_Executive\\_Summary.pdf](http://www.edelman.com/trust/2010/.../2010_Trust_Barometer_Executive_Summary.pdf)
6. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52006DC0136:EN:HTML>
7. [ec.europa.eu/growthandjobs/pdf/complet\\_en.pdf](http://ec.europa.eu/growthandjobs/pdf/complet_en.pdf)