

CHARACTERISTICS OF CORPORATE SOCIAL RESPONSIBILITY IN THE WATER PUBLIC SECTOR IN ROMANIA

Cristina BORCA¹, Anca DRAGHICI², Roxana SIRBU³, Andrada-Hanelore SZEDLAK⁴, Simina RADA⁵,
Petruța-Rodica CIOCIRLA⁶

¹ Politehnica University Timisoara, Management Faculty, cristina_borca1@yahoo.com

² Politehnica University Timisoara, Management Faculty, anca.draghici@upt.ro

³ Politehnica University Timisoara, Management Faculty, roxana.oarza@yahoo.com

⁴ Politehnica University Timisoara, Management Faculty, haneszk@yahoo.com

⁵ Politehnica University Timisoara, Management Faculty, simina_23_r@yahoo.com

⁶ Politehnica University Timisoara, Management Faculty, sorina_petruta@yahoo.com

Abstract—Services of water supply and sanitation in Romania has undergone major transformations in recent years, both from the technical point of view, but also from organizational point of view. All these changes have had and have effects on the communities, positive and negative (generated from construction sites). This paper highlights the particularities of Social Responsibility Campaigns, carried out by the public operators of water services from Romania in this transition to comply with the rules imposed by the European Union, with the identification of the benefits generated by these campaigns, both for operators and for the community. The ultimate goal is to justify the necessity of implementing corporate social responsibility strategies in a transparent and equitable manner in the area concerned.

Keywords—corporate social responsibility, sustainable development, stakeholders, costumer, water operator.

I. INTRODUCTION

CORPORATE Social Responsibility or C.S.R., in the literature, is defines in many ways, but all definitions converge around the contribution that organizations bring to the development of modern society. CSR is being promoted through a variety of terms: corporate citizenship, corporate philanthropy, societal marketing, corporate community affairs, community development etc. A lot of personalities in the field of management and marketing (Friedman, Porter, Kotler), teachers and researchers, media and managers were brought contributions to the conceptual outline of CSR. Supporting and respecting fundamental human rights, the right to freedom of association, elimination of all forms of forced labor, fighting corruption, promoting accountability environment are just a few of the principles of C.S.R. of organizations [1].

The European Commission has defined Corporate Social Responsibility 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”. C.S.R. is increasingly important to the competitiveness of enterprises. It can bring benefits in terms of risk management, cost savings, access to capital, customer relationships, human resource management, and innovation capacity. The Commission encourages those enterprises “should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders” [2].

According to [1], although a C.S.R. project requires cost, it is a profitable management strategy, to the extent that generate credibility and long-term confidence required for a company in dealing with shareholders, business partners, and customers. The concept of corporate social responsibility can be viewed as a component of the marketing policy, through which the company seeks an increase of reputation and image in the competitive context given. For example, frequent media association of the name with the name of a C.S.R. project can be considered a form of free advertising through economic entity becomes more popular, compared with a similar profile as not performing such actions.

The development of organization is represented by the following effects, as can be seen in Fig. 1.

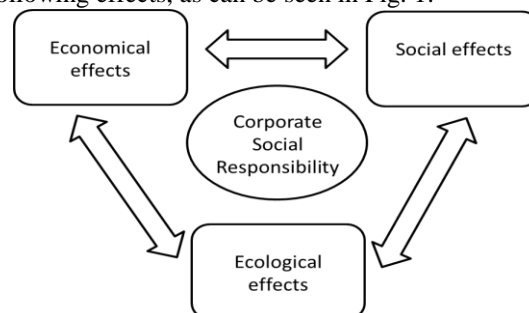


Fig. 1. Effects of the development of an organization

Effects of the development of an organization:

- 1) *economical - creation of wealth for all, based on the ways of production and sustainable consumption,*
- 2) *environmental friendly or ecologically - conservation and management of resources,*
- 3) *social - equity and participation of all social groups.*

Mohr, Webb and Harris [3] shows that many costumers reported that it is difficult to use C.S.R. in their buying decisions because they do not have enough information on what companies are doing, and they would have to work too hard to get it. They went on to express a desire for more readily accessible information on the social responsibility records of companies. Ideas for possible sources for this information varied, however. Some stated that companies should advertise and otherwise promote the good things they are doing, while others distrust advertising of this nature.

Furthermore, 42% of consumers believe that a company should be partially or completely responsible for solving social problems of the communities in which it operates and 49% of consumers take into consideration related to ecology [4].

II. CHARACTERISTICS OF CORPORATE SOCIAL RESPONSIBILITY IN ROMANIA

A. Key figures

According to [4], the major problems that Romanian investors raise in the link with C.S.R. activities are costs involved and profitability. In the short term all the activities of C.S.R. involves the company's costs, but over the long term the company has earned the trust of consumers and strengthen a favorable image among them. Responsibility towards society may constitute an element of very powerful differentiator for companies, as consumers begin to be more receptive to messages of companies pursuing sustainable development of society, than those who are passive at this and are perceived as having unique direction as profit.

According to [5], relevant data to the field of C.S.R. in Romania and other countries are presented in a report of a survey request by the European Commission, conducted in the 27 Member States including Romania, also in Croatia, Turkey, Israel, China, India, Brazil and the United states. The survey was developed in 2012. At a general level, the survey shows that just 52% of respondents believe that the impact of companies on society is positive, compared to 41 percent who see it as negative. At the same time, 71% of respondents believe that European small and medium enterprises exhibit socially responsible behavior, compared to a figure of 48% for large companies.

Same report shows that Europeans are interested in the social impact of the action of companies but just 36% feel well-informed, this contrasts with respondents in

countries outside the European Union where citizens seems to be significantly better informed.

Results of a public opinion poll [6], described in the mentioned report, shows that in Romania, population expected from organizations to:

- 1) *create new jobs - 60% of the respondents,*
- 2) *contribute to economic growth - 20% of respondents,*
- 3) *produce training programs for their employees - 19% of respondents.*

B. Principles

According to [1], Corporate Social Responsibility is perceived as a commitment that any economic entity, regardless of size, assumes a "standardized" caring for:

- 1) *environmental protection and sustainable development of society,*
- 2) *ensuring the health and safety of the population,*
- 3) *reduce poverty and increase education of the population;*
- 4) *develop relationships with employees through the creation of civilized working conditions, the adoption of measures relating to the health and safety of employees,*
- 5) *providing personal and professional motivation of employees;*
- 6) *promoting a fair attitude in the relationship with business partners upstream and downstream suppliers and customers respectively;*
- 7) *the adoption of transparent strands of activity of the company to employees, consumers, the community and administration;*
- 8) *involvement in community life through actual participation, investment and development with specific destinations in this regard;*
- 9) *ensuring human rights, including the fundamental right to employment and social integration; respect for the rights of indigenous populations and the involvement in improving the quality of life; implementation of the measures against corruption etc.*

III. THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN THE CONTEXT OF WATER SECTOR

A. Characterization of the water sector in Romania

Public services of water supply and sewerage systems are situated in the sphere of public services of general interest, the provision of the following principles and fundamental objectives defined in the Green Paper of European Union, having regard to the following main characteristics:

- 1) *have an economic and social nature;*
- 2) *respond to needs and requirements of public interest and utility;*
- 3) *have an administrative and technical nature;*
- 4) *have a permanent and continuous operation mode;*
- 5) *are established, organized and coordinated by local public administration authorities;*
- 6) *are organized on principles and economic efficiency.*

Romania has developed, in a last years, a major programme in the field of the environment, known as Sectoral Operational Project Environment, which consists basically in bridging the infrastructure environment that exists between European Union and Romania, both in terms of quality and in quantity. The European Union offers to Romania grants that provide an average over 70% of the necessary investments in infrastructure for water and sanitation. Secure co-financing for these projects is provided by the water operators and from the state budget.

B. S.W.O.T. analysis for the water sector in Romania

In terms of basic infrastructure, Romania is still far below the European Union average and has recovered significant backlogs in most major indicators. According to the National Strategy for Sustainable Development of Romania [7], only 65% of the country's population has access to existing systems of water supply. The quality of water supplied is often below accepted standards in terms of chemical parameters. Only 33% of the inhabitants of the villages are connected to water-supply systems streams (of 87% in the EU) and only 10% to sewerage systems. Among the main objectives of the strategy are to increase the quality and access to water infrastructure and water supply in most urban areas by 2015, and the establishment of efficient regional structures for the management of water/waste water.

TABLE I

S.W.O.T. ANALYSIS AT THE LEVEL OF THE MAIN ASPECT OF THE WATER AND SANITATION SECTOR IN ROMANIA

Strengths
Environmental laws are almost completely harmonized with European Union legislation.
The existence of strategies and implementation plans for the sector, also for monitoring.
Experience in carrying out projects with international financing.
Increasing awareness of decision makers within applying environmental policies.
Weaknesses
The existence of a number of places without proper water infrastructure.
Poor awareness among the population regarding the correct management of sanitation systems and the protection of resources in general.
The low levels of the corresponding investment needs. Lack of communication and coordination between different sectors and different administration levels.
Threats
Low management capacity of both, the water operators benefiting from investments, but also entrepreneurs, which can result in the end in the loss of international financing.
Difficulties in sustaining the co-financing costs in case of small and

medium communities.
 Availability of lands destined for infrastructure development.

Opportunities

Grants provided by the European Union Cohesion Fund through the Sectoral Operational Project Environment (S.O.P. Environment).
 Increasing the standards of living as a result of providing quality services and increasing the degree of access to water supply services and sewerage.
 Reducing discrepancies between the regions, especially between cities and villages. Improving access to water and sanitation. Improvement of the performance of operators.
 Business opportunities for foreign companies to invest in the water sector.
 Development of eco-tourism.

IV. CASE STUDY

Aqua Company is water supply and sewerage operator in Timis County - a public company that extended its area of operation in 60 localities, in the last years. The operator has experience in implementing large scale investment financed through international and local sources. A major investment project, of 45 million Euros was completed in 2011. The modern treatment technology ensures the compliance with the European and domestic environmental regulations. Another project, of 119 million Euros, was launched in February 2012. The financing is provided by the European Union Cohesion Fund, through the Sectoral Operational Project Environment and the funds shall ensure the development of water infrastructure in the county in order to meet the water compliance obligations as per the European Union Accession Treaty and the objectives of the S.O.P. Environment under which water projects were submitted.

The main objectives are assurance of water quality at the European standards and increasing access to the water services till the end of 2020 year. The targets are - 99% of the population connected to the safe water supply network and the connection to the sewerage system will reach an average of 99,8% in the aria.

The implementation of the projects will also affect positively other communities, as additional connections to the regional infrastructure implemented by this project will be provided.

Every year, company organizes and participates at a series of events in the local and professional community. The company pays special attention to the environmental education and organizes on various occasions actions to raise awarness of general public on water resources and usage. The most important events are "Opened Doors for the Public" organized with divers occasions: World Water Day - in March, World Environment Day - in June; Expo Apa Event - in June and Quality Week - in November. On these occasions, company invites stakeholders, water authorities, professional associations, initiates and conducts events, cultural activities and educational programmes adressed to children, young students and to the specialists of the field.

Aqua Company invests in professional and personal development of their employees, their productivity growth is one of the most important concerned also, the

occupational safety and health at work, create a pleasant work environment and a corporate culture development. In this way were developed a Code of Ethics with rules and procedures.

As a public company, organization works for permanent improving relationships with customers and suppliers. Also, organization offers sponsorships, donations, engage in partnerships with N.G.O.s and the authorities.

According with [8], a good corporate governance deals in part with how to manage the involvement of an organization with its stakeholders and balance their interests. The ideal is to optimize by maximizing the benefits that are derivable from stakeholders while minimizing their potential impact. More, stakeholders must be managed in each undertaking to avoid any of their negative influences, especially those that could be contrary to a firm's objectives.

The stakeholders can be divided into:

- 1) *Internal stakeholders, that is those who are members of the organization or those who provide finance,*
- 2) *External stakeholders, that is those affected by the organization's activities in a significant way.*

Templates are useful for mapping stakeholders. Table II is a simple and popular tool for mapping an organization's stakeholders [8]. In table II, there are a clasification for Aqua Company's stakeholders in order to establish a proper manner to communicate with them.

TABLE II
 AQUA COMPANY' S POWER – INTEREST MATRIX

Power	High	Employees Unions, suppliers, utility providers, land owners.	Shareholders, board of directors, management organization, local authorities, local councils and county, customers, contractors, consultants, other firms, organizations.
	Low	Recommendation: maintain these stakeholders in a happy state. Intercommunity Development Association, responsible for investments in Timis County, schools, universities, research institutes.	Recommendation: manage these stakeholders closely. Governmental authorities, banks, political groups, the European Commission, accreditation / certification, professional associations, the mass-media.
		Recommendation: keep an eye on these stakeholders and act when prompted.	Recommendation: keep these stakeholders happy and informed.
		Low	High
		Interest	

V. CONCLUSION

Fundamentally, stakeholders affect and are affected by an organization and its activities. Stakeholders can affect

an organization's functioning goals, development and even survival. Stakeholders are beneficial when they help you achieve your goals and they are antagonistic when they oppose your mission. Organization often depend on external stakeholders for resources, services, information, etc [8].

According to [5], reduction of natural resources consumption, in our case, water consumption, pollutant emissions and waste can reduce environmental impact. It may be good for the costumers because they will lowering bills as well for operators because they will reduce the costs for raw materials and energy.

All 42 water operators held C.S.R. programs, smaller-scale or higher but they don't have any report regarding C.S.R. aspects on their websites, rather than in a small percent.

In order to improve performance and public image, a company has to constantly pay attention to all stakeholders which are relevant for its activity. It is necessary to increase the role and involvement of civil society represented by all stakeholders, in the development and implementation of the strategies for the development of public services of water supply and sewerage systems, thus ensuring the implementation of the concept of sustainable development).

Without engaging stakeholders, there can be no common enduring agreement and support for the investments. To increase the participation of civil society and the business environment in implementing development strategies in the field of water, it is recommended to organize information campaigns and awareness rising, as well as dissemination and multiplication of stimulation of good practice in C.S.R. practice.

REFERENCES

- [1] M. Hristea, "Corporate responsibility - between desideratum and reality" ("Responsabilitatea sociala corporative – intre deziderat si realitate"), *Economie teoretica si aplicata*, vol. XVIII, no. 10(563), 2011.
- [2] European Commission, "A renewed EU strategy 2011-14 for Corporate Social Responsibility", *Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions*, Brussels, COM(2011) 681 final.
- [3] L. A. Mohr, D. J. Webb and K. E. Harris, "Do consumers expect companies to be socially responsible? The impact of corporate social responsibility on buying behavior.", *Journal of Consumer Affairs*, 35(1), 2001.
- [4] A. Stancu, M. Orzan, "Romanian companies' social responsibility - a step for sustainable development", ("Responsabilitatea sociala a companiilor romanesti – un pas pentru dezvoltarea durabila") *Revista de Marketing Online*, 1(2), 2006.
- [5] T. C. Korontzis, "Corporate Social Responsibility: Impact of Corporation on Our Lives", *European Scientific Journal*, 9(22), 2013.
- [6] Flash Euro barometer 363, "How Companies Influence Our Society: Citizens", *Report European Commission*, 2013.
- [7] Romaniei, G., "National Strategy for Sustainable Development of Romania" ("Strategia Natională pentru Dezvoltare Durabila a Romaniei"), vol. 2030, *Orizonturi* 2013-2020, 2008.
- [8] E. Chinyio, P. Olomolaiye, (Eds.). *Construction stakeholder management*. John Wiley & Sons, 2009 .