A GENERAL FRAMEWORK OF CORPORATE SOCIAL RESPONSABILITY

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In recent years, businesses, policy makers and the media have begun to employ the term CSR to describe a broad range of corporate activities which do not directly relate to the pursuit of profit. The aim of this paper is to provide a timeline approach on corporate social responsibility at the European Union level. It will provide a short description of the most important steps made regarding the governance of corporate social responsibility at a European level and also the main networks created in time.

Key words: corporate social responsibility, sustainable development, CSR networks

The social and political changes brought about by globalization have raised new questions as well as expectations about governance and social responsibilities. More and more companies of all sizes and sectors are recognizing the importance of their role in society and the real benefits of adopting a proactive approach to Corporate Social Responsibility (CSR).

For the past three decades, business has been undergoing the most intense scrutiny it has ever received from the public. As a result of the many allegations being levelled at it – charges that it has little concern for the customer, cares nothing about the deteriorating social order, has no concept of acceptable ethical behaviour and is indifferent to the problems of minorities and the environment – concern is continuing to be expressed as to what responsibilities business has to society. These concerns have generated an unprecedented number of pleas for corporate social responsibility (CSR).

An increasing number of European companies are promoting their corporate social responsibility strategies as a response to a variety of social, environmental and economic pressures. They aim to send a signal to the various stakeholders with whom they interact: employees, shareholders, investors, consumers, public authorities and NGOs. In doing so, companies are investing in their future and they expect that the voluntary commitment they adopt will help to increase their profitability.

By stating their social responsibility and voluntarily taking on commitments which go beyond common regulatory and conventional requirements, which they would have to respect in any case, companies endeavour to raise the standards of social development, environmental protection and respect of fundamental rights and embrace an open governance, reconciling interests of various stakeholders in an overall approach of quality and sustainability. While recognizing the importance of all these aspects, this paper focuses mainly on companies' responsibilities in the social field.

The corporate social responsibility concept is mainly driven by large companies, even though socially responsible practices exist in all types of enterprises, public and private, including SMEs and co-operatives.

Nowadays, the guiding line is ensuring a sustainable development in the context of globalisation and a knowledge based society. We know that information is not power but the way you use information means power. At the business level, it is very important how the information is used and disseminated.

For all the organisations it is a challenge to keep up with the latest changes and the successful organisations are those which manage better the resources they have. Organisations that take a strategic view of their future and seek to anticipate their knowledge demands of the future will be the successful one.

The European Union is concerned with corporate social responsibility as it can be a positive contribution to the strategic goal decided in Lisbon: "to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion".

The actors and the policies related to corporate social responsibility differ from country to country, form region to region but most of them are guided by the multinational corporations which are the promoters of this concept. The multinational corporations can provide faster social change at a local level rather than the local government or other local institutions.

The first sustainable development strategy was launched in 2001, based on the idea that in the long run economic growth, social inclusion and environmental protection should go hand in hand. The latest EU Strategy for Sustainable Development (SDS) of 2006 takes into account the situation of an enlarged European Union and pinpoints the importance of creating sustainable communities able to efficiently manage and use resources and to tap the ecological and social innovation potential of the economy, ensuring prosperity, environmental protection and social cohesion to improve present and future quality of life. In order to know how to act on the local level, we need to have a global image on the issue. Here applies the concept think globally, act locally, especially in the context of globalisation.

The corporate responsibility, far from being ignored or viewed with apathy, is simply expected in some sectors of Romanian business. The standard CSR terminology and language is not universally understood, but fair pricing, health and safety, good working conditions, community involvement and environmental protection are all high on the list of public/consumer concerns.

Despite the historical context, it seems that Romanians have no strong objections to foreign, capitalist, profit-making businesses operating in their country. This is primarily because they are aware that it is FDI that is fuelling much of their rapid economic growth. Having said that, they are not willing to accept growth at any expenses, nor are they willing to see the already significant inequity in their country grow further.

As Romanians come to terms with rapid economic growth, there is an opportunity for businesses to stand up to the challenge and help fill the social vacuum left by the demise of Communism. By doing this, businesses can help to guarantee the stability of Romanian society. It is at this juncture that inherent self-interest and responsibility join forces. I do not need to point out that a stable society is an ideal environment in which to conduct business.

Life in business organizations was once simpler. First, there were the investors who put up the money to get the business started. This was in the pre-corporate period, so there was only one person or a few at most, financing the business. Next, the owners needed employees to do the productive work of the firm. Because the owners were frequently the managers, another group was needed to get the business going. Then the owners needed suppliers to make raw materials available for production and customers to purchase the products or services they were providing. All in all, it was a less complex period with minimal and understood expectations among the various parties. Mainly, the societal transformation led to the shift to the complex state of affairs we face in today's society.

The business organization today is the institutional centre piece of a complex society. Our society consists today of many people with a multitude of interests, expectations and demands as to what major organizations ought to provide to accommodate people's lifestyle.

Corporate social responsibility can be distinguished as *"internal"* or *"external"* depending on the beneficiaries and the involved parties in a corporate social activity[189]. The internal corporate social responsibility refers to the corporations' human resources and it constitutes a prerequisite and a proof of honesty for its extension in the external environment. The field of its implementation includes the respect of employees' rights, the caring for their health and security, their training and the open communication within the corporation.

Companies have to treat their employees as citizens with multiple social roles (e.g. parents). The professional role cannot replace or cancel the other ones. The external corporate social responsibility refers to the consumers, the customers, the suppliers, the stakeholders, the physical and social environment. The citizen-consumers believe that the quality of the product or service is the most tangible proof of corporate social responsibility. They demand total quality during the production process and certification from independent organizations (ISO). Their relation with the products is experimental and symbolic. The principles, the philosophy and the honesty of corporate intentions reflect on the quality of products and services offered.

The ability of a corporation to bind its customers and suppliers into common values and procedures is rarely mentioned by the interviewees. They place emphasis on the compliance with the rules of fair competition and the transparency of transactions.

It is expected from corporations to undertake more initiatives for the viable management of the physical environment. They are also invited to invest in social areas that are neglected until today: health, education, social minorities, people with special needs or with "special qualifications", good working conditions. Until now, it appears that corporations have put more emphasis on the quality of their product, their employees, the environment, culture and sports.

Regarding the typology of companies, we distinguish five types of companies[190], based on the way that they perceive and implement social responsibility programs.

- The "*non – sensitized*" company does not recognize willingly its social responsibilities and remains immobile and uninvolved. It considers that corporate social activities do not offer direct benefits; on the contrary, they demand capital, know-how and networking that the company does not have. In this typology we find the company that only adheres to the law in order not to be a burden to society.
- The "*philanthropist*" company acts based on the moral values and choices of its founder. Its charitable work is not part of the corporate strategy and most often it is not communicated to the public.
- The "*random sponsor*" aims at forming a good corporate reputation through its sponsorships. Activities are selected on the basis of proposals or the pressure placed by society, as well as the publicity opportunities offered, without any further connection to its broader strategy.
- The "*consistent sponsor*" aims at contributing to the improvement of the physical and the social environment. It selects projects that link with the corporate strategy and involves its employees.
- The active "*corporate citizen*" places corporate social responsibility into the heart of the corporate philosophy and restructures the decision-making process in order to serve it. In cooperation with other parties it seeks to contribute to the sustainable development without looking for short-term profits. The employees of this corporation are not just an internal audience but they take a rather active part in the development of socially responsible programs.

CSR is fast becoming a global expectation that requires a comprehensive strategic response. In the 21st century, companies are expected to do the following:

- demonstrate their commitment to society's values and their contribution to society' s social, environmental and economic goals through actions
- share the benefits of company activities with key stakeholders as well as with the shareholders
- doing well by doing good will reassure stakeholders that the new behaviour will outlast good intentions (Grigore Georgeta, 2008)[191].

Changes to society and the business environment at the beginning of the 21st century brings CSR and Corporate Governance under the spotlight with ever increasing levels of shareholder, public and governmental scrutiny. CSR and CG are quickly becoming "*watchwords for every boardroom*"[192], major investor and all other organisational stakeholders. The emerging need is to demonstrate that the organisation is directed, managed and internally controlled with thorough consideration of stakeholders' expectations and of the impact of the organisation on stakeholders – economically, environmentally and socially.

Both are concepts that allow the organisation to operate profitably in a socially and environmentally responsible manner to achieve business sustainability and stakeholder satisfaction. CSR is concerned with the impacts that the activities of an organisation have on a social, environmental and economic environment in which it operates. CG is concerned with the manner in which the senior management direct, manage and control the organisation and relate to shareholders. The concepts can be mutually exclusive but merge together, each offering a different yet complementary perspective on the activities of an organisation, to form a robust strategic business management tool.

The aim of CSR and CG management system is to define, understand and improve the balance between entrepreneurship and ethical practice. Organisations must demonstrate this core organisational competence, not only to investors but also to other stakeholders, to comply with requirements of the escalating CSR and CG.

It is necessary to point out that the term corporate can be misleading. It is often implied that the CSR and CG agendas are related to multinational corporations and human rights issues. On the contrary, the term should be understood in a broader sense. Both CSR and CG concepts are generic in nature and are applicable to organisations regardless of their type and size – from public to private, small-to-medium enterprises (SMEs) to multinational enterprises (MNEs) manufacturing to service organisations, public service and not-for-profit organisations. All of these organisations have the same dynamic of balancing stakeholders' needs.

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Conclusions

To conclude with, CSR is becoming more and more important for the process of doing business. In order to understand CSR, it is necessary to understand the different concepts used related to this issue and the stakeholder model. A general overview on CSR has been established – the basic concepts, a historical perspective, the main types of companies, the arguments pro and against using CSR in doing business and the relation with CG. Having this general framework it will be easier to understand and analyse the strategies and policies adopted at a local or national level. In the following chapter, the CSR will be presented from a European perspective. After a timeline approach, the main policies and activities related to CSR will be briefly mentioned together with the main actors involved in the decision making process.

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