

## REPORTING CORPORATE SOCIAL RESPONSIBILITY ACCORDING TO GRI STANDARDS

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**Abstract:** *Corporate social responsibility is no longer considered an optional activity by companies. The changes that take place worldwide have determined an increasing number of companies to elaborate instruments of implementing CSR principles into their business strategy. A CSR policy adapted to the specifics of the company's field of activity and to the community in which it is present will bring advantages for both parties. The way through which a company makes their CSR activity results public is by writing a sustainability report which corresponds to international practices in the field. In recent years, an increasing number of companies publish their yearly CSR reports. This reporting originated in the USA, but in the last decade, the number of reports from Europe is increasing. In order to answer to the needs of reporting of the companies, a series of nongovernmental organisms have involved in trying to find the most accessible way that would correspond to the needs of the companies and of the stakeholders. Global Reporting Initiative is a platform that came to the aid of the companies by creating reporting standards which to guide companies through the process of creating the sustainability report. In this paper, we have analysed the evolution in the number of CSR reports worldwide, having then analysed their distribution on continents. We have given attention to the situation in Romania, which in the past ten years, due to multinational companies coming in the market. The presence of multinational companies has helped develop this concept. In the past five years, Romanian companies have submitted CSR reports according to GRI standards. Although the percent of companies of Romanian companies that submit reports according to the GRI standards is small (0.0017%), we believe that it will grow in following years, due to companies realizing the role they have in the society and because the European Commission's 2014/95/EU Directive will enter into force, according to which all companies with more than 500 employees will be forced to report a series of nonfinancial indicators.*

**Keywords:** corporate social responsibility, reporting, GRI Standard.

**JEL classification:** M14, F 23.

### 1. Introduction

During the last decades, the impact of companies in the society and on the environment has increased; nowadays companies have an increasingly greater influence on the societies where they operate.

The concept of CSR has appeared during the last century and developed rapidly, as an efficient proposal according to which companies should voluntarily assume responsibility for certain society problems.

The 70's are marked by the rise of pressure groups focused on environmental issues and

on the impact companies have on it. In the years that followed, the image of the company and its relationship with society become more important.

The World Commission for Environment and Development, through the Brundland Report (1983), draws attention on the environmental problems and on how to solve them in the long term without harming the economy. Freeman (1984) developed the theory of stakeholders, according to which companies need to take the stakeholders interests into account, not only the interests of the shareholders, because the company has relationships with all interested parties, everyone is contributing to its performance.

Once with the expansion of the globalization process, the CSR concept sees a greater development, companies become more aware and involved in the communities where they are present.

At the level of the European Union, after the Lisbon summit, CSR has become a priority. After the initiative of the European Commission, the European Multi-Stakeholder Forum was created. It deals with CSR problems for Europe. It deals with promoting experience exchanges between companies and creating instruments for evaluating standards. (EMS, 2004)

In 2011, through the “*A Renewed EU Strategy 2011-2014 for Corporate Social Responsibility*” Act, the European Commission highlights the economic, social and ecological role a company has in society, in the context of the economic-financial crisis and business globalization.

Steadily, the concept of CSR became a norm for successful companies. They consider CSR to be an integrated part of their culture and image.

## **2. CSR Activity reporting**

Due to the increasing number of companies that have implemented CSR policies and strategies, at a worldwide level the need has been felt for a common approach strategy to it.

CSR reporting began 20 years ago and has become a frequently seen business practice. Although the first reports came from some of the great chemical and oil industry companies from North America due to implementing a law that forced companies from this field to publish their data for gas emissions and the impact on the environment, in the last decade, the number of European companies that create CSR reports is steadily increasing.

If in America, the first reports came as an answer to the pressures from environmental organizations which obliged companies to be more transparent and to explain their impact on the environment, the pressure now comes from investors, employees and the local community.

Thus, in recent years, a series of guides, principles and guiding lines have been created for companies that want to report their CSR activity in a formal manner.

Global Reporting Initiative (GRI) is a nongovernmental organization with the purpose of promoting sustainability for companies by combining long-term profitability with an ethic and respectful attitude for the environment.

GRI has developed a reporting system which to coordinate companies in their sustainability reporting activities. The main purpose of the GRI was to harmonize how sustainability reporting was being made, to create a free access to standardization, in order to compare and analyse corporate performances (Brown, 2011)

GRI has been established in 1997. In 1999, it comes up with the first reporting standard: GRI 1. In the years that followed, GRI has adapted its reporting standards according to the reporting needs of the companies so that until today, four generations of reports have been created.

### 3. Reporting stages according to the GRI Standards

Companies have been using GRI standards since 1999. In Romania, companies make reports according to this Standard since 2009.

According to the data made available by the GRI, we can see that from year to year, more and more companies report their activity according to GRI Standards principles and methodology. At present, on the GRI site, there are 22.449 CSR reports belonging to companies from all over the world.

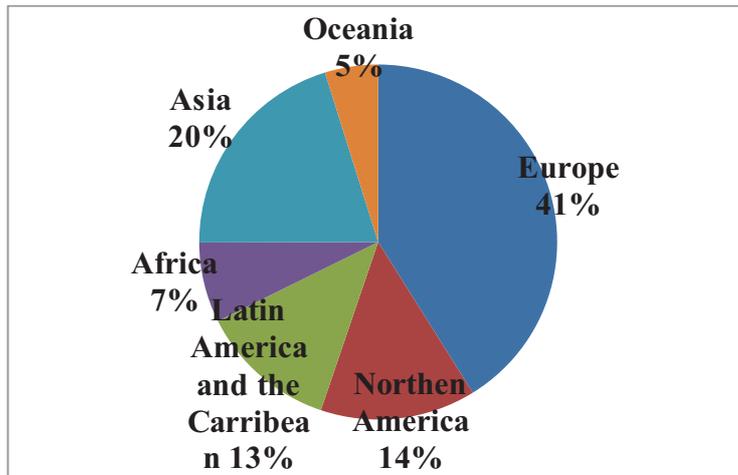
#### Figure 1. Evolution of the number of CSR reports

**Source:** made by the author according to the GRI database.

If in 1999 only eleven companies submitted CSR reports, in the following years their number has increased exponentially.(2000 – 44 reports, 2001 – 125 reports, 2002 – 150 reports etc.) (GRI Database, 2015), and in 2013, a number of 4187 companies have reported their activity, while in 2014 their number was of 3616. (Some companies have not yet published their 2013 reports yet, that is why the recorded number until March 2015 is smaller).

By analysing the repartition on continents of the number of reports, we can see that in Europe reporting has become a major interest factor. Thus, in Europe, a number of 9234 reports have been submitted, which represents 41% out of the total reports from 1999 until today. The repartition on main geographic areas of the reports made by the companies during 1999 – 2014 is such:

Europe	9234 reports;
Northern America	3155 reports;
Asia	4542 reports;
Latin America and the Caribbean	2799 reports;
Africa	1640 reports;
Oceania	1079 reports.



**Figure 2. Continent situation for the number of CSR reports**

**Source:** made by the author according to the GRI database.

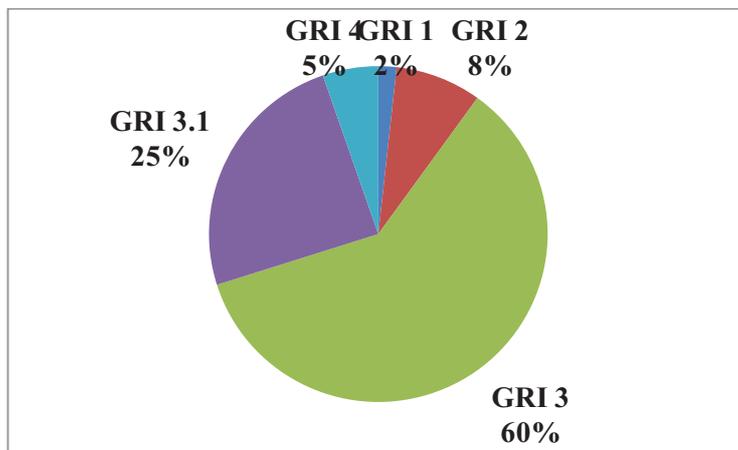
It can be seen that European and North American economic operators have submitted 55% of the reports, which proves once again the active role companies play on the two continents and ensuring required transparency according to GRI exigencies.

At the same time, we can see that the Standard has gone through changes to come to the aid of companies and it has tried to level the reporting means so that they become more accessible to stakeholders wanting information about a company's sustainability.

Starting from 1999, when the first series of the Standard – called GRI 1 – appeared, and until 2014 – when GRI 4 has been elaborated – companies have chosen according to the reporting model and have updated this reporting model each time to new requirements.

From the point of view according to which organizations do their reporting, during 1999 – 2014, the number of reports submitted based on the type of the standard is the following:

GRI 1	307 reports;
GRI 2	1454 reports;
GRI 3	10639 reports;
GRI 3.1	4348 reports;
GRI 4	942 reports.



### **Figure 3. GRI Standards based on the reports submitted by companies**

**Source:** made by the author according to the GRI database.

According to the chart above, we can see that most sustainability reports have been made according to the GRI 3 and GRI 3.1 Standards – 60% and 25% out of the total number of reports. We consider that this result is due to the high number of reports submitted since 2006. We mention that the GRI 1 Standard has been used by companies during 1999 – 2014, GRI 2 beginning with 2004, GRI 3 since 2006 and GRI 3.1 since 2011. GRI 4 Standard has entered into force in 2014, and until today a number of 942 companies have submitted their reports according to this latest standard, while reporting for 2013 has not been closed yet. (GRI, database) Companies are still using GRI 3 and GRI 3.1, because GRI 4 will be made compulsory only from 2016. Up to that point, companies can chose the reporting model.

Although GRI 4 will be made compulsory only from 2016, companies have already started reporting according to this new standard, because its structure is different from previous generations. Companies can choose their reporting mode according to the specifics of their activities, for the indicators they consider to be relevant. (GRI 4, 2013)

### **3. The state of reporting for companies from Romania according to GRI Standards**

In the above pages we have seen the general situation of CRS worldwide company reporting according to reports made and submitted in accordance with GRI Standards. In what follows, we want to analyze the situation of CSR reports submitted by companies from Romania in order to find out the way in which this aspect is accepted in the economy and how it is approached by organization.

We see that in recent years, Romanian companies have given budgets to and started considering CSR as an integrated part of business, betting in the strategic role of social responsibility projects. Thanks to the impulse given by the European Commission through new regulations in the field (2014/95/ EU Directive), social responsibility practices reporting has become more important for companies.

According to the GRI database, from 2009 to 2013, seventeen Romanian companies have submitted their corporate social responsibility reports, with a total of forty reports being submitted. Although the percent of companies of Romanian companies that submit reports according to the GRI standards is small (0.0017%), we believe that it will grow in following years, due to companies realizing the role they have in the society and because the European Commission's 2014/95/EU Directive will enter into force, according to which all companies with more than 500 employees will be forced to report a series of nonfinancial indicators.

### **Conclusions**

The importance of CSR programs has increased more and more lately, from reasons regarding the reputation of companies but also from reasons of a stronger involvement in the community where these companies do their business, in order to answer to challenges and changes happening in society in regards to company involvement in communities.

Public authorities define various initiatives for encouraging support through CSR programs, for those projects that answer to the challenges that they, the authorities, need to face in this period.

The differences in approaching business related issues, of the social and environmental issues, have led to outlining some particularities of CSR programs in the USA, as compared to those of the European Union.

Although CSR activity reporting started in the USA, in recent years the European Union has implemented a strong company accountability policy towards the communities and have created European Union-level strategies that create the possibility of a greater

involvement of companies in communities.

In the last decade, companies from Central European countries, under the impulse from multinational companies, promote specific CSR projects and their numbers are increasing. NGOs have actively gotten involved in creating standards and procedures for facilitating company CSR reporting. They have constantly adapted these standards and procedures to the changes that happen globally.

Companies from Romania have implemented CSR programs in the past ten years, and during the last five years, some of them have started reporting this activity according to globally agreed standards.

We consider that the number of companies from Romania that create sustainability reports will grow in the following years, due to legislative changes that will be effective from 2016, but mostly due to the fact that companies become aware of the role they have in the communities where they do their business.

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