

ON THE UTILITY OF ENFORCING DIRECTIVE 2013/34/EU IN THE FIELD OF THE SOCIAL RESPONSIBILITY OF THE PUBLIC ORGANISATIONS

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Abstract: *This work analyses the utility and possibility of extending the legislation adopted at the European Union level – in the field of reporting the socially responsible results of the joint-stock companies, limited liability companies, partnerships limited by shares, general partnerships, and limited partnerships – also in the case of the public organisations. The scientific work starts from the concept of the corporate social responsibility, a concept including five types of responsibilities: ecologic responsibility, economic responsibility, juridical responsibility, ethical responsibility, and philanthropic responsibility. Further to the analyses of the results of a quantitative marketing research performed in 2014 in Brașov municipality, Romania, and Directive 2013/34/EU of the European Parliament and Council regarding the annual financial statements, consolidated financial statements and related reports of certain types of enterprises, as well as of the special situation, in most of the cases, of the performed activity and profit achieved by the public organizations, the de lege ferenda proposals have been exposed regarding the possibility of extending the juridical regulations concerning the philanthropic component of the social responsibility also on the public organisations. The marketing research on "Attitudes and opinions of the Brașov citizens regarding social responsibility" has had the final sample made up 386 persons, with a random error of $\pm 4.99\%$, which can be considered a minimum limit of representativeness. Thus, the results of this research are representative for Brașov town, and can also be extended in the case of other large towns from Romania. The analysed results have revealed the view of the questioned Brașov citizens regarding the reporting activity and the manner of reporting from the business operators of the socially responsible activity. The juridical analysis of the provisions of Directive 2013/34/EU of the European Parliament and Council regarding the annual financial statements, consolidated financial statements, and related reports of certain types of enterprises have determined an answer to the question: "Is it useful and necessary the extension – de lege ferenda – of the legislation regarding the philanthropic component of the social responsibility also in the sector of the activities performed by the public bodies?"*

Keywords: public organization, philanthropic responsibility, social responsibility, quantitative marketing research, juridical analysis.

JEL classification: M31.

1. Conceptual aspects regarding the corporate social responsibility

The social responsibility can also be characterized as being the firm obligation of a economic operators to act beyond the legal obligations or those imposed by economic restrictions, and to pursue long-term objectives to the use of the community. The

respective economic operators is considered responsible not only towards their owners (shareholders) but also towards clients, providers, employees, governmental organisms, creditors, local communities, public opinion.

At present, the social responsibility of the economic operators must be regarded from a complex perspective. We consider that the social responsibility of the economic operators is what the community expects from a economic operators ecologically, economically, legally, ethically and philanthropically. In my opinion, the social responsibility includes all these types of responsibilities: ecological responsibility, economic responsibility, legal responsibility and philanthropic responsibility. [Poțincu, 2012]

Being aware of this fact, several economic operators globally have started to change their way of reporting their results to the public and shareholders. Some economic operators have started to add a section related to the environment in their annual reports, although in some cases, it only contains a simple formal statement related to the environmental policy. Other economic operators submit to the public annual detailed environmental reports. This section has forced other economic operators to start doing the same, and even submit reports related not only to their financial results, but also to attaining ecological and social objectives.

One of the Romanian economic operators submitting such reports is SIVECO Romania. The corporate social responsibility report of 2008, published by SIVECO Romania, is the first of this type in the Romanian IT industry. Its concept, methodology and implementation are original steps taken in the Romanian business environment.

The corporate social responsibility report evaluates the social and environmental performance of an economic operator. On the one hand, one considers the positive impact generated by the company at the level of the management structures, production processes, and relations with the main partners of the company. On the other hand, the social and environmental challenges are evaluated, so that the management would approach them proactively.

This report is a changing instrument within the economic operator, an instrument through which the economic operator communicates to the co-interested groups the standards, objectives and economic and social performance, takes the feed-back of these groups and redefines their priorities according to it. The report suggests a series of essential social responsibility principles: transparency, good corporate governing, sustainability, corporate civism. The report promotes a set of current corporate social responsibility themes such as proactive evaluation and approach of the social and environmental impact, research and technological investment, education investment with the purpose of informational inclusion, preoccupation for quality. Prepared periodically, the report intends to suggest a set of standards which would provide good practice models to the IT community and the Romanian economic operators. (Crahmaliuc, 2009)

2. Analysis of the results of a quantitative marketing research on the consumers of the Brașov municipality regarding the implementation of the social responsibility to the business operators from Romania

We consider it necessary to mention that the term business operator does not distinguish between the private or public form of the capital, as long as it is an "authorised natural or legal entity, that within its professional activity, manufactures, imports, stores, transports, or markets products or parts of them, or provides services," as stipulated in the annex of the Romanian Consumption Code, Law no. 296/2004, republished in 2008.

Thus, the term business operator represents both the public and private organisations. In this respect, the marketing research, performed in 2012 in the Brașov municipality, Romania, has aimed at getting to know the view of the Brașov citizens regarding the adoption of a socially responsible behaviour both from the public and private

organizations, as long as they perform a commercial activity.

Within the marketing research, performed in 2014, on "Attitudes and opinions of the Braşov citizens regarding social responsibility", their opinion has been analysed regarding the reporting of the socially responsible results.

The final sample was made up of 386 persons, with a random error of $\pm 4.99\%$, which can be considered a minimum limit of representativeness.

Considering the fact that the size of the sample has been established probabilistically, simply random, and taking into account the fact that the level of the admitted error is $\pm 5\%$, and the probability of guaranteeing the results is 95%, we consider that the results of the research are representative for the entire adult population of Braşov municipality, and – also – these could also be extrapolated at the level of other municipalities with a similar size and structure of the population from Romania.

Thus, to the question "Do you consider that the reports regarding the social responsibility of the business operators from Romania should be notified to the public?", the answer of the questioned Braşov citizens is presented in diagram no. 1.



Figure 1: Analysis of the question "Do you consider that the reports regarding the social responsibility of the business operators from Romania should be notified to the public?"

Source: Quantitative marketing research performed by the authors

According to the data in table no. 1, more than 8 out of 10 questioned citizens think that reporting the social responsibility activities is important. The transparency regarding this reporting is considered to be very important for the questioned Braşov citizens.

Table 1: Do you consider that the reports regarding the social responsibility of the business operators from Romania should be notified to the public?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NO	34	8,8	10,1	10,1
	YES	303	78,5	89,9	100,0
	Total	337	87,3	100,0	
Missing	88	4	1,0		
	99	45	11,7		
	Total	49	12,7		
Total		386	100,0		

Source: Quantitative marketing research performed by the authors

As for the evaluation of the way the reports regarding the social responsibility of the business operators are notified to the public, the questioned Braşov citizens consider that these are either not transparent, or are only partially notified to the public; only 6.8% of them consider that the business operators notify, to a great extent, their own social responsibility reports to the public.

Table 2: How do you evaluate the way different business operators notify their own social responsibility reports to the public?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	They are not notified	139	36,0	41,4	41,4
	They are only partially notified to the public	174	45,1	51,8	93,2
	They are notified to the public to a great extent	23	6,0	6,8	100,0
	Total	336	87,0	100,0	
Missing	88	5	1,3		
	99	45	11,7		
	Total	50	13,0		
Total		386	100,0		

Source: Quantitative marketing research performed by the authors

Based on the analysis of the two previously asked questions, one can note an interest of the citizens in knowing the social responsibility reports of the business operators, as more than 8 out of 10 questioned citizens have expressed their opinion on the reporting activity and way of reporting by the business operators on their socially responsible activity.

3. The field of enforcing the provisions of directive 2013/34/EU, and uselessness of the extension in the field of the public enterprises/organisations

Directive 2013/34/EU of the European Parliament and Council regarding the annual financial statements, consolidated financial statements, and related reports of certain types of enterprises, amending Directive 2006/43/CE of the European Parliament and Council, and abrogating Directives 78/660/CEE and 83/349/CEE of the Council, is the main normative document adopted at the European Union level in the social responsibility field, a normative document which is mandatory for the European Union member states.

Directive 2013/34/EU imposes the European Union member states, including Romania, the obligations to request the reporting of the socially responsible results from the medium and large business operators.

The rest of the normative documents adopted up to now in the special field of the social responsibility are not mandatory. In this respect, we are considering the Resolution of the European Union Council regarding the Green Card on social responsibility 2002/C 86/03, and the Resolution of the European Union Council on social responsibility 2003/C 39/02.

We shall further analyse the provisions of Directive 2013/34/EU, a normative document adopted at the European Union level regarding the private organisations operating on the

European market, including Romania, an European Union member state.

The object of the directive is the preparation of the annual and consolidated statements, and related reports, in order to understand the evolution of the activities, results and status of an enterprise. One can note the use of the term enterprise, without distinguishing between the form of the public or private capital, but the European normative document mentions in its annexes that it refers to the joint-stock companies, limited liability companies, partnerships limited by shares, general partnerships, and limited partnerships. Thus, directive 2013/34/EU of the European Parliament and Council mentions, in its preamble, the fact that it complies with the fundamental rights and principles acknowledged by the Charter of the fundamental rights of the European Union. Obviously, the promotion and legislation of the CSR development rights considers, as a fundamental element, the compliance with the rights of all categories of stakeholders, including consumers or employees.

In its initial form, i.e. draft, the directive stipulates the obligation to include in the annual financial report, also non-financial information, including information related to environmental and personnel matters, only for the enterprises with over 500 employees.

Art. 1 letter a) of the proposal provided that “the annual report contains a precise analysis of the evolution of the activities, results and status of the enterprise, as well as a description of the main risks and uncertainties it is facing. This is a balanced and exhaustive analysis of the evolution of activities, results and status of the enterprise, in relation to the volume and complexity of these activities.”

“For the enterprises with an average number of employees during the financial year of over 500, which, on the date the balance sheet has been prepared, either have a balance sheet exceeding 20 million euro total, or have a net turnover of over 40 million euro, the analysis also includes a non-financial statement containing information regarding at least the environmental aspects, social aspects and personnel-related, compliance with the human rights, fighting corruption, and bribery, including:

- a description of the policy adopted by the enterprise in relation to these aspects;
- results of these policies;
- the risks related to these aspects and the manner in which the enterprise manages the respective risks.”

In case an enterprise does not enforce policies regarding one or several of these aspects, the organisation is obliged to offer an explanation regarding the reasons why it does not proceed in this respect.

According to Directive 2013/34/EU, the medium enterprises are defined – in Art. 3 align. 3 – as “the enterprises which are not microenterprises or small enterprises, which on the date of the balance sheet, do not exceed the limits of at least two of the following three criteria: [have] the total balance sheet [lower or equal to] 20,000,000 euro, [have] the net turnover [lower or equal to] 40,000,000 euro; [have] the average number of employees during the financial year [lower or equal to] 250.”

The large enterprises are defined, in align. 4, as “enterprises which on the date of the balance sheet, exceed the limits of at least two of the following three criteria: [have] the total balance sheet [over] 20,000,000 euro, [have] the net turnover [over] 40,000,000 euro; the average number of employees during the financial year [over] 250.”

Align. 2 of Art. 3 shows that the provisions of Directive 2013/34/EU are applied to the public or private enterprises which fulfil two of the required criteria: [have] the total balance sheet [over] 4,000,000 euro, [have] the net turnover [over] 8,000,000 euro; the average number of employees during the financial year [over] 50. One notes an extension of the area of enterprises which are obliged to report their non-financial results, i.e. their socially responsible activity, from the public or private enterprises with over 500 employees, to the enterprises with over 50 employees, if they have the total of the balance sheet over

4,000,000 euro, or the net turnover over 8,000,000 euro.

Although, at a first sight, it would be interesting for these European provisions to be applied also to the field of the public organisations, we rally to the reason that the reporting of the non-financial results of the enterprises should not be extended to the field of the public institutions.

Firstly, in the case of the public enterprises performing commercial activities, the profit shall automatically be invested in social causes, being used by the state in several social fields or even for supporting that public institution whose activity has a social nature, the provided products or services having a very low price, or even being partially subsidised by the state.

Thus, we consider that the philanthropic component within the social responsibility should not be considered in the case of the public organisations, although the aspects related to the transparency of the performed activity have a great significance also in the case of these organisations.

In this respect, we state that the other types of responsibilities included in the social responsibility – the juridical responsibility, the economic responsibility, the ethical responsibility, and the ecological responsibility – must be considered and correctly and completely implemented in the activity of the public institutions. The management of a socially responsible public organisation leaves no room for abuses in relation to their own stakeholders – consumers, employees, natural environment – or the failure to comply with all the elements integrated in the juridical responsibility and ethical responsibility.

Also, the compliance with the economic responsibility has its own role in the development and self-support of the public organisation, while the compliance with the ecologic responsibility by the public organisation has its own sense in a global context.

Thus, any other legislation aiming at the social responsibility aspects, except for the one regulating its philanthropic component, must mandatorily be complied with by the public organisations, similarly as in the case of the private one.

4. Conclusions and proposals

Although there is an interest from the consumers regarding transparency, in performing the reporting activity of the socially responsible results to the public of the respective business operators, we consider that the provisions of Directive no. 34/2013 should not be extended also to the public organisations, considering the intrinsic nature of these institutions.

The philanthropic component of the social responsibility is not important, as compared to the rest of the components: juridical, economic, ethical and ecologic.

In order to develop good relations with several categories of stakeholders – consumers, employees – it is very important to integrate the social responsibility in the management of the public organisations, with the previously mentioned exception.

Even if there is no money invested in several social responsibility actions, a correct and transparent activity, while complying with the legislation in force, and the ethical norms regarding their own stakeholders, in order to obtain a profit, develop and support as many workplaces as possible, and paying attention to the natural environment, is very important in developing the management of the public organisations, i.e. adopting a socially responsible management.

De lege ferenda, we consider it important to extend the several legislative preoccupations available at national and European level regarding social responsibility also in the field of the activities performed by the public organisations, with one single exception: regulating the philanthropic component of the social responsibility, for reasons explained in the previous section.

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