

## Corporate Social Responsibility and Sustainable Development

Senior Lecturer Tureac Cornelia Elena, PhD  
“Danubius” University of Galati  
*tureaccornelia@univ-danubius.ro*

Associate Professor Turtureanu Anca Gabriela, PhD  
“Danubius” University of Galati  
*ancaturtureanu@univ-danubius.ro*

Associate Professor Bordean Ioan, PhD  
“Danubius” University of Galati  
*ioanbordean@univ-danubius.ro*

Senior Lecturer Modiga Georgeta, PhD  
“Danubius” University of Galati  
*georgeta.modiga@univ-danubius.ro*

**Abstract:** For that the enterprises can proceed at implementation in practice of the generous humanitarian principles of sustainable development is necessary to find and dowering of those with specific operational tools, accessible to the height of each economic unit. The concrete proposed solution globally lies in the concept of social responsibility of the enterprise in their policy of sustainable development. Social responsibility of the enterprise can be considered as a new framework that allows putting the security and health in work on a strategic position within an organization. The principles of sustainable development and of integration of the knowledge results in the entire socio-economic life, have been confirmed and recognized by the Lisbon Agenda (2000), reaffirmed at the European Council in *Göteborg* (June 2001), highlighting the close link between sustainable economic growth, social cohesion and environmental protection. The urgent actuality and immense potential for development of the concept, allows that though enrichment of knowledge in this area to increase the awareness over the importance of CRS, maximizing its positive effects. The work aims to highlight issues linked to the necessity of approaching and in Romania of this concept, in the current context of globalization and of new competitiveness as a major vector of knowledge society.

**Keywords:** sustainable development, social responsibility of enterprise, stakeholders, innovation centres, centres of technological diffusion.

**Jel classification:** M14O33, Q01

### 1. Introduction

Globalization, sustainable development and competitiveness, these are the three major challenges and milestones of our present.

The sustainable development as concept and objective has in view building “a better life quality for us, for our children and for our grandchildren” and it involves the integration of the economic, social and environmental dimension. In order to achieve this goal it is “necessary an economic growth that would favour the social progress and would respect the environment, a social policy that would stimulate the economy and the environmental policy that should be effective and economical.” The production and the consumption are at the heart of the sustainable development.. Moreover, if there will be a drain on the essential resources before finding affordable alternatives, there will be a serious threat to the economic development. These problems occur not only in the countries where their own resources are consumed, but also in the countries where raw materials and finite products are imported. They appear obvious interdependences between the economic, social and environmental process, and the fact that it may not be possible to analyze the performance of a state on only one dimension. This aspect was acknowledged at the World Summit on Sustainable Development from Johannesburg (2002), where it was noted the fact that changing modes of non-sustainable consumption and production must become two major and global priorities, according to the requirement for poverty eradication.

This broad issue was also on the agenda of important international and European bodies; there were concerns established as objectives, that may be found in international speeches and documents, such as: OECD guidelines for Multinational Enterprises (1977), the Brundtland Report, the Final Declaration of Conference in New York on the rights of children (1990), the conclusions of the Conference on Environment and Development and Agenda 21 (Rio 1992), the conclusions of World Summit for Social Development (Copenhagen 1995), the Pact on Economic and Social Rights and the Additional Protocols, the Tripartite Declaration of the International Labour Organization (1999), the Millennium Development Goals (2000), the EU Strategy for Sustainable Development, *Göteborg* (2001), the Doha Development Agenda (2001), and the Summit on Sustainable Development from Johannesburg (2002).

We point out, supporting this work’s thematic, the fact that the EU Strategy for Sustainable Development, *Göteborg* (2001), aimed at achieving a reconciliation between the economic development, social cohesion and environmental protection. Also, the Action Plan resulting from Johannesburg Summit (2002) refers primarily to the collective social responsibility towards the social and environmental impact that the enterprise decisions of public administration and consumers have, stressing upon the important role that the enterprises have today in ensuring sustainable development, in poverty eradication and in sustainable management of natural resources. The social, environmental and economic dimensions should be integrated into all stages of the products life cycle.

## **2. The Perception of Corporate Social Responsibility CRS**

### **2.1. Basic Concepts**

Although the concept has been developed since the early 1970s, there is no single, commonly accepted definition of “Corporate Social Responsibility”(CSR). There are different perceptions of the concept among the private sector, governments and civil society organizations. Depending on the perspective, CSR may cover:

- a) a company running its business responsibly in relation to internal stakeholders (shareholders, employees, customers and suppliers);
- b) the role of business in relationship to the state, locally and nationally, as well as to inter-state institutions or standards;
- c) business performance as a responsible member of the society in which it operates and the global community.

The first perspective includes ensuring good corporate governance, product responsibility, employment conditions, workers rights, training and education. The second includes corporate compliance with relevant legislation, and the company's responsibility as a taxpayer, ensuring that the state can function effectively. The third perspective is multi-layered and may involve the company's relations with the people and environment in the communities in which it operates, and those to which it exports. All the concerns and problems that are associated with the CSR concept, as it has been stated before, have a global dimension. In fact, an increasing number of European companies, and not only, develops their activities in several other countries, obtaining profits as a result of these markets openings.

The globalization and trade relations, the investment and sustainable development have become the fundamental problems in addressing CSR. Acknowledging the issues and concerns related to CSR, favour the investments, develop the cooperation and stimulate the technologic transfer.

Furthermore, the CRS represents the microeconomic dimension of the macroeconomic concept of sustainable development. In another interpretation, CRS is perceived as an integral part of the sustainable development concept, a contribution to the business environment in achieving sustainable development objectives.

One of the CRS definitions, which comprise the broad consensus across Europe, is found in the document published by the European Community Commission in July 2001, known as the “Green Book”: “it is a concept whereby a company voluntarily integrates the concerns over the social and environmental issues, in business operations and in the interaction with their stakeholders”. We define corporate social responsibility (CSR) as: conducting business in a socially responsible and ethical way, protecting the environment and the health and safety of people, supporting

human rights, and engaging, respecting and supporting the communities and cultures with which we live and work.

## **2.2. The favourable premises of CSR development**

The premises which favour the adoption and the development of CRS attitude may be:

- the global tendency to reduce the state's role in the economy as a result of some reunited factors under the name of “globalization”;
- the liberalization of international trade and financial transactions;
- the consolidation of firms in the global transnational corporations;
- increasing information flows through the development of new technologies;
- reducing the state's role in achieving the expectations of its citizens, ensuring social and environmental protection.
- In this context, they are long term viable, but only those enterprises which:
  - stimulate the formation, providing suitable environment for the transmission of knowledge, access to culture, the formation of lifelong learning, expertise development and transmission, basic elements of knowledge society;
  - provide an environment adapted to diversity, equality, openness, transparency, taking into account the consequences of the decisions on sustainable development;
  - have important role in social responsibility;
  - answer to a large number of issues regarding the competencies in the enterprises domain;
  - negotiate the instruments capable of measuring the performance of enterprises and report;
  - negotiate targets;
  - ensure the necessary framework for exchanging the points of view between all stakeholders.

The globalization leads to complex economic change, where the enterprise, as major factor of this process, must redefine its position, being placed in a new interdependence with “stakeholders”, the implementation of generous humanitarian principles (Framework Program) mentioned above, sometimes too vague / general to

be able to work with them at a microeconomic level; it is necessary to find and integrate them with specific operational tools, accessible to the height of each economic unit.



Figure 1. Process Corporate Social Responsibility

The proposed solution consists of integrating the concept of CRS in their policy of sustainable development. Through this process, the idea of Sustainable Development can be found at the level of enterprises as concrete CRS (an accessible approach to any enterprise, regardless of its size), having as main objectives: *social ethics, environmental protection and economic efficiency*. In this way it can be ensured the durability of an effective and sustainable enterprise, in terms of social and societal peace.

### 2.3 About the explicit and implicit social responsibility

*The implicit social responsibility* relates to *formal and informal institutions* of a country through which the responsibility of companies towards the interests of the society is approved and allocated to companies. The implicit social responsibility includes values, rules, that are expressed (most often) in the binding rules for companies, on the base of which they should concern about those aspects that, from social, political and economical point of view, they are considered an appropriate and reasonable responsibility of the companies.

*The explicit social responsibility* refers to corporate policies that led to assuming responsibility by the companies for certain aspects of society. The explicit social responsibility includes usually policies, programs and strategies of companies adopted voluntarily and in their own interest, which it deals with those issues perceived by the company and / or the stakeholders in the area as part of the company responsibility towards society.

The implicit social responsibility is predominant in Europe, compared with the United States, due to higher level of taxation and to the more extended social protection, that induces the companies the perception that certain domains (such as education or the arts) are more in the sphere of the responsibility of the state. It has been noticed a recent tendency of transition from implicit social responsibility to the explicit one also in Europe.

#### **The social responsibility, the moral price for the company's success**

In some studies in Romania (Chişu V., INCSMPS 2008) it was observed that corporate social responsibility (CRS) does not only mean fulfilling a duty towards the society, but on the contrary, it is a new style of doing business, integrated into the company's culture at all of its levels. The study shows that only 17% of companies in Romania, with more than ten employees have a clear strategy for future development of CSR activities.

- 12% of enterprises have drawn up a report on the activities and programs of CRS domain. Out of these, 7% have drawn up a report annually, and 5% only occasionally.
- The communication related to CRS considered as a form of assumption of enterprise responsibility towards their own employees, customers, business partners and local community members, records very important values. The ratio of companies with specific CSR programs, which make them public, structure their activities, as it follows:
- appropriate behaviour of the market firm on the: 66% of the companies transmitted information about the company's efforts to impose an ethic marketing policy, advertising and consumer rights, the use of fair pricing, criteria for selecting business partners, shares for customer loyalty etc.

- policy towards company employees: 63% of companies transmitted information about the training and career development, the facilities for health and sport, equal opportunities in employment and promotion, the balance between work and personal life etc.;
- environment protection: 57% of companies transmitted information about the enterprise initiatives - other than the mandatory measures - which contribute to energy conservation, pollution prevention or reduction of air and water pollution, reducing the use of dangerous chemicals, maintaining biodiversity, recycling waste etc.;
- involve the enterprise in the community: 44% of companies transmitted information about the company's voluntary actions to support local suppliers, supporting healthcare and education in the community, cultural or entertaining activities, supporting the local development infrastructure, etc.

### **3. Conclusions**

Removing the obstacles that appear on the merge of a broad knowledge, the companies transmit and adopt social the responsible practices and they have the following leaving points:

- insufficient knowledge regarding the relationship between social responsible practices and economic performance of enterprises (“economic argument”);
- consensus among various “stakeholders” taking into account the global dimension of the CRS concept, and mainly the diversity of the national strategic framework where it s applied;
- training, general and individual, in some economic schools, such as the role that CRS has in the economic development, and the long-term development of an enterprise;
- transparency in the application, which comes mainly from the lack of widely recognized tools for designing and managing policies in the CRS domain;
- recognition and acceptance, both as consumers and investors, of the social responsible behaviour;
- the policy coherence of the public powers.

In the transition to a knowledge-based economy, a great importance has the continuous training and preparing the employees and the entire citizens. This way, the information on the consequences of some incorrect decisions made at the local or global level, may be better known and understood, so that long-term effects may be

prevented through a responsible attitude adopted by all “stakeholders”, including the public bodies.

CSR is a concept with a growing impact around the globe. Today, CSR goes far beyond the “philanthropy” of the past; it is about the business contribution to sustainable development. The promotion of CSR as a mandatory support for other policies and priorities and as proactive solutions to societal and environmental challenges, it can enhance the competitiveness in the Europeanization and in the globalization context.

#### 4. References

- Crowther, David & Capaldi, Nicholas (2008). *Corporate Social Responsibility*. Ashgate.
- Dopfer, Kurt (2005). *The Evolutionary Foundations of Economics*. New York: Cambridge University Press.
- Furubotn, Eirik G. & Richter, Rudolph (2000). *Institutions and Economic Theory*. Michigan: University of Michigan Press.
- Horrigan, Bryan T. (2007). *Macquarie Journal of Business Law 21st Century Corporate Social Responsibility Trends - An Emerging Comparative Body of Law and Regulation on Corporate Responsibility, Governance, and Sustainability*, Volume 4.
- Turtureanu, A. (2005). *Current Issues of Services and Tourism*. Galati: Zigotto Publishing-House.
- Turtureanu, A. (2008). *Economics of Services*. Galati: “Danubius” Academic Foundation Publishing-House.
- Yakovleva, Natalia (2005). *Corporate Social Responsibility in the Mining Industries*. Corporate Social Responsibility Series, Ashgate Publishing.
- Vogel, David, *Is There a Market for Virtue? A Critical Appraisal of Corporate Social Responsibility*. Manuscript presented at the Third Transatlantic Business Ethics Conference, ESADE, Barcelona, October 2004.
- \*\*\*United Nations Department of Economic and Social Affairs, Division for Sustainable Development, Guidelines for Major Groups on CSD, 12, April 2004.
- <http://www.weforum.org/en/initiatives/corporatecitizenship/index.htm>