Social Responsibility as a Means for the Sustainable Development in the Lower Danube River Basin

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Abstract: Sustainable development of the world and the EU in particular is a priority outlined in a number of strategic documents. Social responsibility is an important topic covered by standards such as SA 8000:2001 and ISO 26000:2010. This paper presents a case study of the practical implementation of corporate social responsibility activities in a Bulgarian company. Several key initiatives have been undertaken to prove the company's commitment to all interested parties including local communities as well. Social responsibility is where the interests and benefits for all stakeholders meet, namely employers, employees, contractors, academics, authorities and society as a whole. This paper presents a critical and original point of view on the advantages of using standards for social responsibility as a means for sustainable development.

Keywords: SA 8000; ISO 26000; social accountability

1. Introduction

Sustainable development is a hot topic in today's world. The factors which made it such are not only our individual hopes to preserve the way we live for the generations to come, but also the substantial political will and determination on international, regional and national level. A number of directives, regulations, laws and standards have been issued in the last decade and their primary focus is sustainable development. (EU SDS, 2006; COM, 2011; MLSP, 2009)

The economic disparity which exists in the countries in South-East Europe and their partners in the West brings to the surface problems such as economic growth, environmental protection, and social responsibility. The short-term gains must be balanced by long-term considerations if we believe in a better future.

Typical of the countries in the Lower Danube river basin is that they share not only a common geographical area, but also- common history, traditions, culture. Their differences are negligible in relation to their similarities. Hence, for the sustainable

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development of the region, these countries should come up with a common framework and local adjustments to the overall idea.

The backbone of the framework for sustainable development can be the common EU policies such as Horizon 2020, the EU strategy for the Danube region, ICPDR, etc. (EUSDR, 2011). Then each country can learn from best practices outlined in international standards such as SA 8000 and the recently issued ISO 26000, and devise its specific implementation roadmaps by providing stimuli for the stakeholders involved- governmental and non-governmental organizations, customer and labour unions, employer guilds, communities, and society as a whole.

2. Current State of the Problem

Social responsibility (SR) is a problem which has not been acted upon sufficiently in the past. In order to have a clear understanding of the topic one should understand the meaning behind the term. Merriam-Webster's dictionary defines SR as "*a duty or task that you are required or expected to do*" or "*something that you should do because it is morally right, legally required, etc.*" The first explanation of the definition suggests a reference to laws, regulations, normative documents, and standards. The second definition adds yet another dimension to the term SR, namely the cultural characteristics of the socially responsible person.

The history of the people from the Lower Danube river basin or the Balkans can help explain the motivation to follow or disregard this undoubtedly positive idea. In the beginning of the Common Era different tribes inhabited the Balkan Peninsula. Typical for these pre-Christian times is the loyalty and caring for family and kin. Religion expanded this sphere of responsibilities with the Ten Commandments and appeals such as "*Keep on loving your Christian brothers*" and "*Take strangers to your home and care for them* ". The Revival brought patriotism to the focus of public attention and the love of one's people and nation was at its peak. The Bulgarian poet Hristo Botev has written several poems (such as "Struggle", "Patriot", "To my mother", "My prayer", "In the pub" etc.) which reflect the change of social relationships and the attitude towards the status quo. The liberation of the Balkan countries from the Ottoman Empire has coincided with a change to a capitalist society. When making profit was the ultimate goal, then there was little room for people's feelings and environmental consciousness. Consequently, trade unions have been formed to counter the negative consequences on the health employees. The greater social disparity proved to be a "fertile soil " for the development of communist and socialist ideas. This period in Bulgarian history has seen the beginning of urbanization. Family and kin ties were becoming looser, people in the towns and cities were strangers to each other and alienation became a common phenomenon. Most people were detached from what happened outside of their doorsteps. The years of socialism have provided more social

security and comradeship, but yet again the social differences between the people in the villages and in towns, between the countryside and the capital, between industry and agriculture became more pronounced.

The last 25 years of democracy have brought the freedom to express opinions, to travel, to buy a great variety of products, to cooperate with colleagues west of the former "Iron Curtain ". Unfortunately, the poorest new members of the European Union- Bulgaria and Romania, are now facing even greater social challenges-ageing population, emigration due to economic hardships, unemployment, unstable health system, lack of motivation of young people to learn. Thus, social responsibility is a factor in a far greater issue, namely how to preserve our very societies?

Before we jump to implement hasty solutions, we must find the root cause of the problem. As William Edwards Deming – the guru who shaped modern quality, once said *In God we trust, all others bring data*. A proven source of data on sustainable development in the EU is EuroStat. On its webpage specifically designated to monitor the EU Sustainable Development Strategy (EU SDS), every two years EuroStat provides a list of ten themes of Sustainable Development Indicators (SDIs) and their trends. These themes are: Socio-economic development, Sustainable consumption and production, Social inclusion, Demographic changes, Public health, Climate change and energy, Sustainable transport, Natural resources, Global partnership, and Good governance. (EuroStat, 2013). The latest report from 2013 shows *Clearly unfavourable changes for the indicator People at risk of poverty or social exclusion' (since 2008)*

More information regarding the state of sustainable development in the Balkans comes from recent reports by the European Commission (COM 36 (2014); COM 37 (2014)) on the progress with judicial reform, the fight against corruption and, concerning Bulgaria, the fight against organised crime show that Bulgaria has serious issues with the confidence in the Bulgarian judiciary, widespread corruption, and lack of overall progress on the fight against organised crime. Even though Romania shows progress in the defence of judicial independence, the European Commission invites Romania to ensure that "*there are no exceptions to the applicability of the laws on incompatibilities, conflict of interest and unjustified wealth* " and in the fight against corruption "*the resolution with which the law has been applied to high-level corruption needs to be maintained and extended to small-scale corruption* ". According to Şchiopoiu Burlea A. et al. (2010), who has performed a study on the relationship between financial crisis, corruption, and corporate social responsibility in Romania "*In order to reach a low corruption level and to alleviate the effects of the financial crisis, it is important for CSR to be perceived by the Romanian organisations as a beneficial voluntary process with strong strategic and financial implications.* "

At times like these, troubled and endangered nations should turn to proven practices and success stories, adapt them to their national characteristics, and assure sustainable development and prosperity.

2.1. Guidance Documents and Initiatives of the European Union and the Bulgarian Government

The European Union has developed and published a Strategy 2011-14 for Corporate Social Responsibility (CSR) which is part of the Europe 2020 Strategy of the European Commission. (COM 681, 2011). The Commission has proposed a new definition of CSR as "*the responsibility of enterprises for their impacts on society*". In order to demonstrate their corporate social responsibility, "*enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations* " while respecting applicable legislation and collective agreements between social partners.

The 2011-2014 EU strategy points out that 'guidance is provided by internationally recognised principles and guidelines, in particular the recently updated *OECD Guidelines for Multinational Enterprises*, the ten principles of the *United Nations Global Compact*, the *ISO 26000* Guidance Standard on Social Responsibility, the *ILO Tri-partite Declaration of Principles* Concerning Multinational Enterprises and Social Policy, and the *United Nations Guiding Principles on Business and Human Rights*.'

In 2009 the Government of Bulgaria, and more specifically the Ministry of Labour and Social Policy, has adopted a National strategy for corporate social responsibility. MLSP (2009). This strategy presents the vision and priorities, defined by the Bulgarian government in an effort to promote CSR. This initiative is motivated by the *EU Sustainable Development Strategy (EU SDS)* originally developed in Göteborg in 2001 and reviewed in 2006. (EU SDS, 2006). The National Strategy for CSR stresses on the importance of CSR for fulfilling the vision of the EU for a social model based on sustainable development. The strategy is of great importance in Bulgaria due to the fact that prior to its publication even the terms 'corporate social responsibility' and 'corporate accountability' have not existed in any national legislative documents. The National strategy for CSR has five main objectives:

- increasing the stakeholders' awareness regarding the nature and application of CSR;
- expert capacity building and strengthening;
- promoting the creation of a legal and institutional context which is supportive of CSR application;
- establishing transparency in the implementation of CSR initiatives;

- increasing the responsibility of enterprises in respect to environmental protection.

The strategy has outlined three action plans (2009-2010, 2011-2012, and 2013-2014) with measures for achieving the above-mentioned objectives. In addition, the Bulgarian Institute for Standardization has been very active in promoting knowledge about CSR. (Peycheva, L., 2011). The results from the implementation of the National Strategy on CSR will be fed back to the European Commission and will be used in the review of the EUSDS, scheduled for mid-2014.

2.2. International Standards

- **SA 8000:2008 - Social Accountability 8000**

The international standard on Social Accountability SA8000 is prepared by Social Accountability International (SAI). The latest edition of this standard is the third issue of SA8000 after its initial release in 1999, and the second edition of 2001. The standard specifies requirements for the employers which they can be audited against. The SA8000 management system is designed to protect employees' basic rights, to improve working conditions, and to enhance worker-manager communication. (SA8000, 2008). This third-party assessment improves the image and credibility of the company.

The standard should be used together with its Guidance Document which provides interpretations and examples of application of SA8000's requirements. The most obvious and most direct link between ISO 9001 and SA 8000 is chapter 9 "Management systems" of the standard for social accountability. (ISO 9001, 2008)

This standard is required for participation in public tenders for construction projects.

- **ISO 26000:2010 - Guidance on social responsibility**

In contrast to SA 8000 and ISO 9001 this standard is not meant for certification since it focuses on principles for social responsibility, and at the same time does not impose requirements. (Bowens, R., 2011). ISO 26000 can help organizations in contributing to sustainable development by not only complying with legislation. (ISO/WD 26000, 2007; ISO, 2010). In this respect, an analogy can be drawn between the pairs of standards ISO 9001 - ISO 9004 on one hand, and SA8000 - ISO26000 on the other. (ISO 9004, 2009) The standards ISO 9001 and SA 8000 are the ones for which a company gets a certificate because it has satisfied certain requirements. The organizations which invest in sustainable development and work towards continued success go the extra mile, implement ISO 9004 and ISO 26000, and in fact do more for themselves and their stakeholders. In addition to

augmenting the SA8000, this international standard for SR complements other initiatives for social responsibility such as the United Nations Global Compact, the Accountability AA1000 Series, the EFQM Framework for CSR and Excellence Model, and the Business Social Compliance Initiative (BSCI). (ISO, 2014).

ISO 26000 advises that "*an organization take into consideration societal, environmental, legal, cultural, political and organizational diversity, as well as differences in economic conditions, while being consistent with international norms of behaviour.* "

The structure of ISO 26000 consists of 7 clauses, two of which are general followed by clause 3 devoted to *Understanding social responsibility*. The main *Principles of social responsibility* are outlined in clause 4. These principles are: accountability, transparency, ethical behaviour, respect for stakeholder interests, respect for the rule of law, respect for international norms of behaviour, and respect for human rights. (ISO, 2011).

Clause 5 presents guidelines for *recognizing social responsibility and engaging stakeholders*. It concentrates on recognizing social responsibility and discusses stakeholder identification and engagement.

ISO 26000 devotes most of its text to clause 6 *Guidance on social responsibility core subjects*. In Table 2 the standard explains the core subjects and associated issues relating to social responsibility - scope, principles and considerations, and related actions and expectations. The holistic approach applied in this standard unites seven interdependent core subjects- Organizational governance, Human rights, Labour practices, The environment, Fair operating practices, Consumer issues and Community involvement and development.

The last clause of ISO 26000- *7 Guidance on integrating social responsibility throughout an organization*, provides guidance on the implementation of social responsibility in a company. This guidance is divided in the following 7 sub-clauses: the relationship of an organization's characteristics to social responsibility; understanding the social responsibility of an organization; practices for integrating social responsibility throughout an organization; communication on social responsibility; enhancing credibility regarding social responsibility; reviewing and improving an organization's actions and practices related to social responsibility, and voluntary initiatives for social responsibility. (ISO 26000, 2008).

3. Proposed Solution

The integration of CSR in organizations can be achieved relatively easy if they have already implemented an internationally recognized management system. The improvement process can be additionally boosted if the company has an integrated management system, extending from the popular ISO 9001 into domains such as Occupational health and safety (BS HSAS 18001 / ISO 45001), Environmental management systems (ISO 14001), Managing for the sustained success of an organization — A quality management approach (ISO 9004), Guidelines on people involvement and competence (ISO 10018) etc.

According to the *"ISO Survey 2012 "* presenting official data by the International Organisation for Standardization (ISO), 18399 Romanian companies have had ISO 9001 certificates, and the figure for Bulgaria was 6090. Romanian companies also have 8633 certificates for the Environmental management systems standard – ISO 14001, and respectively1395 certificates in Bulgaria.

3.1. Methodology

The fact that a significant number of companies in Bulgaria and Romania maintain ISO 9001 certification hints that it is possible to add to their existing management systems the necessary SR modules, based on the standards SA 8000 and ISO 26000. Table 1 (below) presents the correspondence between the chapters of the standard for social accountability SA 8000 and the clauses of the international standard for quality management systems (*Remark:* the **bold** font designates direct relationship). Using this table any competent quality manager will be able to prepare a working quality management system for an 'upgrade' to meet the requirements of SA8000.

Table 1. Correspondence between SA 8000 and ISO 9001 requirements

SA 8000:2008 Social Accountability	ISO 9001:2008 Quality management systems - Requirements
1. Child labour	4.2.3,5.5.3, 6 (**6.2**, 6.4)
2. Forced and compulsory labour	5.5.1, **6.2, 7.4**
3. Health and safety	4.2.3, 4.2.4, 5.5, **6.2, 6.3, 6.4**,8.2 (8.2.3, 8.2.4), 8.3, 8.4, **8.5.2, 8.5.3**
4. Freedom of association and right to collective bargaining	5.5 (**5.5.1**, 5.5.3), **6.2**
5. Discrimination	**6.2**, 6.3, 6.4
6. Disciplinary practices	**6.2**
7. Working hours	4.2.3, **6.2, 7.1**, 7.2, 7.5
8. Remuneration	4.2.3, 4.2.4, **6 (6.2), 7.4**
9. Management systems	

9.1 Policy	4.2.3, 4.2.4, **5.3**, 5.5.3,7.2.3, 7.4
9.2 Management representative	**5.5.1**, 5.2.2, 6.2
9.3 SA8000 worker representative	4.2.3, **5.5.1**, 6.2
9.4 Management review	4, 4.2.3, 4.2.4, **5.6**, 8.5.1
9.5 Planning and implementation	**5.5.1, 6.2.2**, 8.2.2, 8.2.3
9.6 SA8000 guidance document	**4.2.3**
9.7 Control of suppliers/ subcontractors and sub-suppliers	4.2.3, 4.2.4, **7.4**, 8.2, 8.3, 8.5.2, 8.5.3
9.8 Establish, maintain, and document in writing appropriate procedures to evaluate and select suppliers/ subcontractors	4.2.3, **7.4**
9.9 Requirements of SA8000 are being met by suppliers and subcontractors within their sphere of control and influence	4.2.3, **7.4**
9.10 Ensure that home workers are afforded a level of protection similar to that afforded to directly employed personnel under the requirements of SA8000	4.2.3, 4.2.4, 5.5.1, 5.5.3, **6.2, 7.4**, 8.2
9.11 Addressing concerns and taking corrective action	5.5.1, 5.5.3, 5.6.2, **8.3, 8.5.2**
9.12 The company shall identify the root cause, promptly implement corrective and preventive action, and allocate adequate resources	5.6.3, **6**, 8.3, **8.5.2, 8.5.3**
9.13 Outside communication and stakeholder engagement	4.2.3, 5.5.3, 5.6.3, 6.2, **7.2.3**, 7.4, 8.2
9.14 Demonstrate willingness to participate in dialogues with all interested stakeholders, including, but not limited to: workers, trade unions, suppliers, subcontractors, sub-suppliers, buyers, nongovernmental organizations, and local and national government officials, aimed at attaining sustainable compliance with SA8000	4.2.3, **5.5.3, 7.2.3, 7.4.2** Quality management principles: Customer focus, Leadership, Involvement of people, Mutually beneficial supplier relationships
9.15 Access for verification	4.2.4, **8.2.2**
9.16 Records	4.2.3, **4.2.4**

3.2. A Case in Point – VAPTECH, Pleven

VAPTECH is a modern Bulgarian producer of hydropower systems with century old traditions. (VAPTECH, 2014). The company has a number of international certifications (ISO 9001:2008 Quality management systems, ISO 14001:2004 Environmental management systems, and BS OHSAS 18001:2007 Occupational health and safety management systems). VAPTECH is a signatory to the UN Global Compact since 2009 and shares its core values- in the areas of human

rights, labour, the environment and anti-corruption.

In the years that followed, VAPTECH has been involved in a number of initiatives, both on-site and locally. In 2013 the company hosted a concert of the Pleven's Philharmonic Orchestra and Communal Choir 'Gena Dimitrova'. In 2012 and 2013 it also took part in the 'Green' initiative 'Waste Office Week' alongside the company's 5S system which is implemented in order to reduce organizational waste and to optimize productivity.

The CSR of the company naturally affects the wellbeing, satisfaction and engagement of its employees. By respecting regulations and conforming to international standards VAPTECH protects the health and provides safe working environment to its staff, insures personnel, subsidizes meals, assures free dental and medical care on company premises, etc.

Furthermore, the CSR program of the company has permitted the interests of its employees to become an integral part of its policy. VAPTECH assists its employees in developing their personal careers by enhancing their competence through job-related training courses, site visits, and team building activities.

VAPTECH employees do community volunteering work and the company allocates specific funds for charities, sponsorships, and projects for integration of minorities.

3.3.University Curricula – an Investment for the Future

The European Commission devotes special attention to integrating CSR in all stages of education, in teaching and learning processes. (European Commission, 2011). Higher education is particularly important because the corporate managers of tomorrow should be exposed to the scientific and practical aspects of CSR. Bulgaria's CSR strategy and Action Plan on CSR from 2009 include a specific objective to establish and strengthen the capacity of expert stakeholders in the field of CSR. Tasks aimed at achieving this objective are:

- development and implementation of educational programmes on CSR;
- integration of knowledge and skills in business ethics in various courses and modules in secondary education;
- development of training modules on CSR for civil servants.

The University of Ruse has taken active steps towards updating the curricula for bachelor, master and doctoral degree programs. Currently, the Bachelor degree in "Industrial Management " and the Master degree in "Public Administration " offer a course in "Corporate Social Responsibility ". Other degree programmes such as "Quality Management and Metrology " and "Quality Management " cover the standards and regulations in the field of ISO-based management systems. The

future revision of ISO 9001- the main quality management systems standard, is expected to be "*recognized and respected worldwide, and used by organizations as an integral component of their sustainable development initiatives*". (Croft, 2012; ISO, 2014).

4. Conclusion

Based on the research and case study described in this paper the following conclusions may be drawn:

- social responsibility is a key issue on a global, European, regional, national and local scale;
- international organizations and national ministries have developed strategies, action plans and guideline documents aimed at facilitating the implementation of social responsibility initiatives in companies and including corporate social responsibility (CSR) in curricula;
- CSR is implemented in enterprises in order to demonstrate engagement, compassion, and also to be more attractive on a sub-conscious level;
- enterprises are implementing international standards and are joining specialized organizations in their efforts to be more socially responsible and to contribute to the sustainable development of the Lower Danube river basin;
- the fragile balance between social responsibility and economic growth should be maintained by enforcing regulations and in the same time by taking into consideration cultural differences.

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