Instruments for Evaluating the Performance of Corporate Social Responsibility. The Romanian Case

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The demand for greater corporate accountability, transparency and credibility determined businesses to take into account their social and environmental impacts, but also to report on their performances in these areas. The idea of the present paper is to emphasize the role of different corporate social responsibility (CSR) instruments in forging the general strategy that a company should apply in order to respond to the community requirements and to benefit from its social performance. First part of the paper briefly analyses the main CSR instruments: codes of conduct, management standards, corporate sustainability reporting, social and environmental labels, socially responsible investments, surveys on sustainability performance, award schemes, benchmarking. The second part of the paper presents the situation of the companies acting on the Romanian market considering the transparency and credibility of the CSR actions carried out by them, as well as the instruments used in order to reinforce their community involvement. Last part of the paper comprises conclusions and recommendations on the topic.
Key words: *corporate social responsibility (CSR), codes of conduct, management standards, corporate sustainability reporting, social and environmental labels, socially responsible investments*
JEL classification code: *M14*

1. Introduction

Defined by the European Multistakeholder Forum on CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis" (EMS Forum on CSR, 2004, p. 3), corporate social responsibility is about considering the interests of all the stakeholders and elaborating a long-term corporate social involvement strategy to be integrated into the corporate development and communication general strategy (Oancea & Diaconu, 2007).

Empirical and theoretical evidence suggest that acting in a socially responsible way is mandatory for the companies complying with societal demands (the 'moral argument' for CSR), but it also helps companies to perform better financially (the 'business case' for CSR). In order to establish a correlation between corporate social and financial performance, CSR instruments should be emphasized. This is an impending issue as long as companies around the world are still struggling with their incapacity of identifying the most efficient and suitable CSR instruments for achieving their economic, ecological and social objectives.

In a communication of the European Commission called *ABC of the Main Instruments of Corporate Social Responsibility* (2004), Mrs. Odile Quintin, the General Director for Employment and Social Policy, considers that "CSR instruments play a vital role in providing guidance and benchmarks for sustainability performance and thus underpin the effective promotion of CSR. They establish minimum levels of performance, help organizations manage the quality of their processes, systems and impacts, and encourage best practice. While it is clear that they are becoming a significant part of the business environment, the proportion of companies in Europe which use any of the many recognized CSR tools is low, and the majority of the companies remain unconvinced, confused or ignorant of the benefits of doing so" (2004, p. 5).

There is a high variety of instruments to manage, measure, communicate, monitor, verify and reward CSR performance; this ranges from broad guidelines, codes of conduct setting out general principles for corporate behaviour, to complex management systems, auditable and communication tools or investment screening methodologies.

2. Main instruments of CSR

In the above mentioned paper (*ABC of the Main Instruments of Corporate Social Responsibility*, 2004, pp. 1-57), the European Commission emphasized the main instruments of CSR, namely *codes of conduct*, *management standards*, *labels*, *reporting* and *socially responsible investment (SRI)*, and grouped them under three main headings:

A. ***Socially responsible management*** includes instruments setting out standards of performance and management issues used by companies to embed corporate social responsibility values into their strategy and operations and drive performance improvement (*codes of conduct*, *management standards*, *corporate sustainability reporting*). These three instruments are complementary and mutually reinforce one another: in order to translate principles into practices, a code of conduct needs to be backed by a management system defining targets, processes, roles and responsibilities, and management systems often include measurement and reporting mechanisms which allow for progress assessment and for identifying targets for improvement.

B. ***Socially responsible consumption*** describes market-based instruments (usually, *labels*), mainly addressed to consumers, certifying that the production and trading processes of a specific product have respected a given set of social-ecological criteria.

C. ***Socially responsible investment*** illustrates the various approaches, products and instruments offered to responsible investors (*so-*

cial, green and ethical funds, *pension funds*, *sustainability indexes*, *screening*, and *shareholder engagement*).

2.1. Codes of conduct

A code of conduct is a formal statement of rules and principles defining standards for specific company or industry behaviour. These standards envisage a high variety of issues, such as human and labour rights, the use of security forces, bribery and corruption especially in countries where public authorities fail to enforce minimum standards, health and safety issues linked to the use of a product and environmental standards.

Codes of conduct could play different roles. For example, they are considered to be: main elements of corporate culture and functional or efficient ways for defining a proper relationship between private business and governments; instruments for decision making and preventing or solving different types of conflicts between the stakeholders; tools for human resource management; marketing or branding instruments.

Companies usually consider codes of conduct as valuable management tools and they adopt them mainly for four reasons: firstly, to state the values and ethical standards their business subscribes to; secondly, to influence the practices of their global business partners; thirdly, to consolidate a policy of good practice in the company; fourthly, to inform consumers about the principles they follow in the production of goods and services, and to respond to public pressure or to prevent criticism, especially if their sales depend heavily on brand image and consumer goodwill. Levis (2006, p. 51) also identifies a fifth reason for adopting a code of conduct: companies, especially the multinational ones, perceive codes of conduct as a viable alternative to public or governmental reglementations.

As a result of implementing a code of conduct, a company can entail a positive impact on its corporate reputation, but it can also obtain other business benefits, such as: an improvement in the relationship with

business partners, a promotion of good governance and legal compliance in countries of operations, and an increased quality and productivity of employees as a result of a healthier work climate.

But codes of conduct are a voluntary instrument and they can only complement and not replace national and international legislation or social dialogue and collective bargaining. Levis (2006, p. 50) considers that corporate reglementations, implemented by each and every company at an individual level, are not as efficient and stable as the ones imposed by public authorities or at industrial level are.

Basically, there are four issues that could influence the effectiveness of a business code of conduct as a CSR instrument: the transparency and credibility of the code; the existence of clear methods of implementing, verifying and certifying its compliance; the question of how to enforce legal responsibility for code infringements and how to impose corrective measures for redressing the problem; the acceptance of codes as 'sourcing guidelines' that apply to all workers in the supply chain, contractors and suppliers.

At a multinational level, codes of conduct have rapidly multiplied due to growing public interest in companies' social and environmental impacts, as well as in their ethical conduct. In the above mentioned publication of the European Commission, there are six types of codes of conduct:

- *company codes*, adopted unilaterally by companies;
- *trade association or sector-specific codes*, adopted by a group of companies in a particular industry;
- *European or international codes*, negotiated by the social partners (e.g. European codes in the sectors of trade, textiles, wood and sugar; framework agreements negotiated between multinational companies and international labour organizations);

- *multi-stakeholder codes*, adopted as a result of joint initiatives by companies, trade unions and NGOs (e.g. Ethical Trading Initiative base code);
- *model codes*, developed by trade unions, NGOs or other organizations, which serve as a reference for the development of a company code (e.g. Amnesty International human rights principles for companies);
- *inter-governmental codes*, negotiated within international organizations (e.g. OECD Guidelines for multinational enterprises; ILO Tripartite declaration of principles concerning multinational enterprises and social policy; ILO Declaration on fundamental principles and rights at work; UN Draft guidelines for companies) (*ABC of the Main Instruments of Corporate Social Responsibility*, 2004, pp. 7-14).

2.2. Management standards

Management standards, systems or frameworks are internal tools for companies and other organizations to integrate their values into everyday practice; they refer to a set of procedures, process steps and specifications that an organization uses to manage a process or activity. There are 'process standards', focusing on types of processes and implementation steps, and 'performance standards', which include measurement and reporting of performance and progress.

For an effective CSR commitment, companies are expected to develop systems for implementing, assessing and evaluating CSR policies and practices, including the definition of targets, processes, roles and responsibilities, training, mechanisms to measure and report on progress, and corrective measures. Management systems help improve the strategic management of CSR and enhance the company's CSR performance, accountability and credibility. They can help identify and manage efficiently social and environmental risks, involve stakeholders more actively and systematically, and increase the overall organizational effec-

tiveness through a rationalized collection and analysis of information on operations and impacts and a better coordination across departments. Management standards could be useful benchmarks and communication tools on corporate management performance.

Similarly with codes of conduct, management standards are voluntary and their success depends on the level of acceptance by the market. Although they can be useful tools supporting the implementation of legislation, the adoption of management standards does not remove the company's responsibility to fulfil its legal obligations.

Considering the management standards, three types of challenges should be taken into account: the transparency and independency of the standard awarding process; the issue of defining and measuring good business performance in this area; the debate over CSR standardization.

The European Commission identified five categories of relevant initiatives in this field:

- *workplace standards* (e.g. SA 8000 – Social Accountability on supply chain labour conditions; ILO-OSH 2001 – International Labour Organization Guidelines on Occupa-tional Safety and Health Management; OHSAS 18001 – Occupational Health and Safety Zone);
- *quality management standards and other frameworks* (e.g. ISO 9000 – International Standard Organization requirements for an effective quality management system; EFQM Excellence Model – European Foundation for Quality Management model for business excellence; AA 1000 – AccountAbility stakeholder engagement standard; ISO CR MSS – International Standard Organization procedure on Corporate Responsibility Management System Standards; ISO 26000 – International Standard Organization providing guidelines for social responsibility);

- *environmental management standards* (e.g. EMAS – Eco-Management and Audit Scheme; ISO 14000 series – International Standard Organization in the field of social and environmental performance);
- *national standards* (e.g. SIGMA project – Sustainability Integrated Guidelines for Management – UK);
- *sectoral standards* (e.g. FORGE – Guidance on corporate social responsibility management and reporting for the financial services sector – UK) (*ABC of the Main Instruments of Corporate Social Responsibility*, 2004, pp. 15-27).

2.3. Corporate sustainability reporting

Corporate sustainability reporting addresses the issue of communicating economic, environmental and social performance ('triple bottom line') of an organization. Whereas the sustainability report is the end-product, there are two different phases in the corporate reporting process: *the accounting or measurement process* concerns the collection and evaluation of data to measure the company's social and environmental performance against specific indicators, while *the auditing or assurance process* is the verification and assessment of the information given in the report (verification statements often accompany the report).

The development of *key performance indicators* determines the measurement process in this field. Efforts to measure and report a company's impact on society have largely focused on environmental practices, while social performance indicators are still at an early stage of experimentation. In this context, various organizations are developing standards and guidelines for social and environmental accounting, reporting and assurance, ranging from voluntary to mandatory, single-issue to multiple-issue, process to performance standards.

Social and environmental reporting is a *communication tool*, addressed to the internal and external stakeholders of the company, and also *a management tool*, enabling the company to have a more systematic approach

to sustainable development, measuring progress and defining the strategy and targets for improvement. The main drivers that determine companies to report are shareholder and stakeholder pressure, legal compliance, competitive advantage and public relations.

Sustainability reporting is still largely a voluntary exercise, in a way similar with codes of conduct or management standards. Yet new requirements calling for reporting on aspects of sustainable development performance are being introduced in corporate accounting and disclosure laws. This trend is likely to amplify, along with pressure for independent assessment of reported information.

Corporate sustainability reporting is strongly influenced by the following aspects: the maintenance of a dynamic equilibrium between flexibility and comparability of the data presented in a corporate report; the evaluation of all the necessary information regarding the sustainability of a company; the role and the challenges associated to non-financial indicators (for an exhaustive analysis of the social indicators that could be used by companies in their process of social reporting as well as the most suitable ways of measuring them, see Anne Weiss, *Developing Social Indicators for Use in GRI Sustainability Reporting*, 1999, and Global Reporting Initiative, *Sustainability Reporting Guidelines*, 2000-2006); the impact of the reporting; the verification and the assurance of the quality of the information presented; finally, the acceptance of voluntary versus mandatory issues in the process of corporate sustainability reporting. A good corporate sustainability report includes the offering of quantifiable and relevant data, the acces to a complete range of information and the assurance of comparability and consistency of the reporting.

There could be emphasized three main categories of reporting initiatives in this field:

- *national public initiatives*, especially in the European countries, are increasingly supporting the development of social and environmental reporting;

- *multistakeholder initiatives* (e.g. GRI – Global Reporting Initiative – Multistakeholder initiative for developing and disseminating a global framework of sustainability reporting guidelines for voluntary use by organizations; AA 1000s – AccountAbility Assurance Standard);
- *others* (e.g. BITC – Business in the Community corporate impact reporting initiative) (*ABC of the Main Instruments of Corporate Social Responsibility*, 2004, pp. 28-40).

2.4. Social and environmental labels

Labels are market-based instruments which seek to promote a more equitable and sustainable development from the demand side, influencing the purchasing decisions of consumers, retailers, manufacturers, traders and others. They are symbols that accompany products or services certifying that in the production and marketing processes a given set of ethical, social and ecological criteria have been respected.

Social, ecological and fair-trade labels appeared due to an increased interest of the consumers regarding the production and the marketing of the products they were purchasing. These instruments are 'issued' by individual producers (self-declared labels), certain industrial sectors, non-governmental organizations, multi-stakeholder organizations and public authorities; labels may cover a single issue, such as child labour or forest conservation, or more issues, such as employment conditions, fair-trade, community development, protection of natural ecosystems. Unlike organic or safety labels, social and fair-trade labels do not provide information about the intrinsic characteristics of a particular product, but rather on its production and trading conditions.

Social and fair-trade labels mainly apply to imported products, targeting consumers in developed countries and producers in developing countries, but have a different focus: social labeling schemes refer to labels or certification systems which certify companies' compliance with international labour standards, while the fair-trade initiatives have a de-

velopmental approach, with a broader focus on a wider community and sustainable development.

The label's criteria and requirements are set by labeling organizations such as the Fair Trade Labeling Organization and the Forest Stewardship Council. Compliance with these criteria by producers or traders can be certified either by the labeling organization or by a certification agency accredited by the former.

In general, labels are limited in scope and potential impact, as they are restricted to particular niches within the retail market and often apply only to imported products. This is why there is a need to promote a wider offer of labeled goods and increase their market share through enhancing their visibility and transparency and by raising consumers' awareness of their availability and significance. Also, other issues that should be considered regarding the labeling initiatives are the following: the offering of accurate, accessible and transparent information to the beneficiaries of the respective products; the maintenance of an accurate equilibrium on the market between the multiplication of schemes and their convergence; the monitoring and verification process of the way in which certified agencies respect the initial certification criteria; the problem of funding the labeling initiatives; the removal of potential adverse effects.

The European Commission considers that there are three relevant initiatives in this field:

- *fair-trade organizations and labels* (e.g.: the labels of fair-trade standard setting and certification organizations: FLO International – Fairtrade Labeling Organization; IFAT – International Federation for Alternative Trade; EFTA – European Fair Trade Association; NEWS! – Network of European World Shops; FINE – an informal international structure gathering all fair-trade organizations such as EFTA, IFAT and FLO, set up in order to harmonize criteria, definitions and fair-trade monitoring methods);

- *social labels* (e.g.: Belgium Social Label; Rugmark Label; Flower Label Program);
- *environmental labels* (e.g.: EU eco-label – The "EU flower"; Forest Stewarship Council label; Pan-European Forestry Certification) (*ABC of the Main Instruments of Corporate Social Responsibility*, 2004, pp. 41-47).

2.5. Socially responsible investments

Socially responsible investments (SRI) consider simultaneously the financial objectives of the investors and their concerns about social, environmental and ethical issues by integrating sustainability commitments in investment decisions. SRI also represent an efficient way to induce change in companies' behaviour, translating corporate values into positive action and promoting social and environmental progress.

In the last few years, the importance of socially responsible investments increased significantly, following the general trend on the market. Basically, there are two types of SRI: *consumer or retail SRI*, which refers to individuals' investments made according to their personal values, and *institutional SRI*, which refers to investments made within a SRI framework by institutions such as pension funds, foundations, banks, and asset management and insurance companies. Considering the corporate level, only the second type of SRI is analyzed.

The institutional investors materialize their ethical, social and ecological engagements by *screening the companies* to invest in or through *shareholder activism*. The analyzed companies are selected considering the following criteria:

- *negative criteria* (the exclusion from investment portfolios of different companies or industrial sectors due to their incapacity of complying with ethical, social and ecological standards; for example: companies in weapon, nuclear or tobacco industries);

- *positive criteria* (the active inclusion in specific investment portfolios of different companies or industrial sectors due to their sustainable performance in ethical, social or ecological issues; for example: the existence, at the corporate level, of environmental policies, codes of conduct, management systems, and respect for human rights and decent work conditions);
- *community engagement* (the constant dialogue between investors and the board of the company or other management representatives in order to induce specific changes in corporate behaviour according to ethical, social and ecological criteria; for example: the lack of a policy regarding the weather changes and the corporate price policy for selling medicines in developing countries); and
- *shareholders' activism* (the strong influence of the shareholders by protesting in general annual meetings and by supporting socially responsible investments; for example: the rejection or voting against the decision of approving the corporate annual report unless social and ecological performances of the company are also reported) (Székely and Knirsch, 2005, p. 633).

There are various SRI specific products and instruments; the most important are: *green, social and ethical funds* – mutual funds that select investment portfolios using ethical, social and ecological criteria; *pension funds* – that invest part of their funds according with social responsibility criteria; *sustainability indices* – DJSI, FTSE4Good, Domini 400, Ethibel etc., that play a vital role considering the relationship between the funds allotted to socially responsible investments and their corresponding financial performance; and *listing processes* – that should offer to investors complete, accurate and relevant information in order to evaluate the companies.

In the last years, a series of stock indices appeared in order to evaluate the corporate performance considering sustainability criteria and to support the socially responsible investors. The most important global indices are *Dow Jones Sustainability Index (DJSI)*, established in 1999, and

Financial Times Stock Exchange for Good (FTSE4Good), launched in 2001. The main disadvantage of these sustainability indices is represented by the fact that they are based on a self-evaluation procedure.

DJSI was the first stock index attempting to evaluate the ability of business organizations to create long-term value for their shareholders by exploiting the opportunities and managing the risks associated to economic, ecological and social development. This index envisages the best companies in certain activity areas and it is based on an efficient methodology: in the last years, DJSI has surpassed constantly DJ index considering its capacity of identifying the best companies.

FTSE4Good is an index of socially responsible investments especially designed by FTSE. The index comprises a whole series of standard indices that support investments in socially responsible companies. The screening criteria for FTSE4Good reflect a general consensus regarding corporate socially responsible practices at a global level; the criteria is revised regularly, following an extended process of market analysis in order to constantly reflect the ever changing standards of business responsible practices and the progress registered in the area of the socially responsible investments (Székely and Knirsch, 2005, p. 634).

Some of the key issues considering socially responsible investments are: the strengthening of the conditions to promote SRI; the enhancement of their credibility by transparency and accountability; the continuous dialogue between companies, financial analysts and actual or potential institutional investors.

In the paper of the European Commission there are emphasized three main types of relevant initiatives in the field of socially responsible investments:

- *retail and pension fund investment decisions and disclosure* (e.g.: Transparency guidelines for sustainable investment funds – 'Eurosif transparency guidelines');

- *rating agencies and screening research* (e.g.: CSRR-QS 1.0 – Quality Standard for Corporate Social Responsibility Research);
- *dialogue between companies and financial analysts or investors* (e.g.: Association of British Insurers (ABI) Disclosure Guidelines) (*ABC of the Main Instruments of Corporate Social Responsibility*, 2004, pp. 48-52).

2.6. Other methods and instruments

Apart from the instruments presented by the European Commission, two German authors (Székely and Knirsch, 2005, p. 632) emphasized other methods and instruments that could be used by companies in order to measure, monitor and evaluate their progress on sustainability issues: *surveys on sustainability performance*, *award schemes*, *benchmarking*, *external communication tools*, *accreditation processes*, *methods of determining sustainable performance*, *non-quantifiable sustainable initiatives*.

Surveys on sustainability performance are studies aimed to examine especially how stakeholders perceive the ecological performance of a company. These surveys could be internal or external and are generally carried out by industries that are directly surveyed, lobby groups on business problems (e.g.: World Business Council on Sustainable Development, WBCSD), non-governmental organizations, professional associations (e.g.: CSR Europe, ISR Compass), international organizations (e.g.: UN, OECD), academic institutions. The practice revealed that these surveys are not objective instruments for measuring the sustainable performance of a company and an additional problem is the lack of a clear methodology for elaborating and conducting surveys on issues of corporate sustainability (2005, p. 632).

Award schemes are an instrument for 'gratifying' the responsible companies. The public confirmation of corporate sustainability is achieved through community initiatives that recognize companies trying to reduce their impact on the environment, innovate ecological products and services and integrate corporate sustainability principles in their business strategies. The number of ecological and sustainable develop-

ment awards and recognitions increased dramatically in the last years, leading to confusion for potential sponsors or new comers on the market that do not have the certainty that those awards are highly qualitative or general accepted (2005, p. 633).

Benchmarking refers to reporting the corporate performance considering certain pre-established criteria and it could be carried on internally or externally by appealing to reference standards and indicators. Benchmarking is based on examining and copying the corporate excellence sustainable processes and activities and on measuring the achieved results. A good quality benchmarking implies 'business process reengineering' (BPR) by selecting the respective process and studying it into detail. This study is realized through specific BPR techniques that include a logical scheme of the process and a detailed analysis of it in order to identify the process stages, the quantity of the resources used in each stage, the quantity of resulted waste, the energy used and the number of persons implied. This analysis also identifies the stages that bring value for the company considering the stakeholders, in general, and the consumers, in particular (2005, pp. 633-634).

3. The Romanian Case

At the European level (see, for example, *Greenpaper – Promoting a European framework for corporate social responsibility*, 2001), the last years were significantly marked by substantial progresses in the corporate social responsibility area, especially regarding the process of reporting and auditing on the socially responsible policies conducted by the multinational corporations: governmental and non-governmental organizations have begun to offer solutions regarding the reglementation of the methodology and the standards used by companies for reporting CSR policies in order to obtain comparable results at a global level; also, specialized companies in verifying, monitoring and auditing CSR processes appeared in order to reduce the lack of objectivity existent in the re-

ports realized by companies themselves; research in the field identified the best indicators for measuring social and environmental corporate performance.

In Romania, the business practice of and research on CSR began to develop in a way similar with the one in the European countries.

In March 2007, the foundation *Forum for International Communications* – through its program *CSR Romania* – published the results of a survey carried out on-line during 19 February – 2 March 2007 on 250 representatives of corporate socially responsible companies acting on the Romanian business environment. The above mentioned survey was titled *Transparency and credibility of corporate social responsible practices in the Romanian business environment* (*Transparență și credibilitate în practicile de responsabilitate socială corporatistă*, March 2007) and it envisaged the key issues of CSR policies in Romania: *social and environmental auditing and reporting* (relevant issues for auditing and reporting, publication and credibility of social and environmental reports, reporting target groups), *socially responsible investment programs* (evaluation of investment programs and publication of evaluation results, methods of evaluation, main areas of socially investments, impact of investments on target groups) and *corporate codes of conduct* (existence and publication of ethical corporate codes of conduct). The research had two stages: a *quantitative* and a *qualitative* one.

The main scope of the research was to emphasize the most controversial CSR problems: *transparency* in CSR policies and *credibility* of the companies involved in social programs in Romania, as well as the way in which Romanian companies use the three already mentioned instruments (*social and environmental auditing and reporting*, *socially responsible investment programs*, and *corporate codes of conduct*).

Forum for International Communications (*CSR Romania*) considers that the CSR strategies of the Romanian companies could be improved through intensive research, analysis and communication. The issue of CSR is not completely understood in Romania and it is often associated with a corporate image campaign or a promotional program; there is some in-

formation regarding socially investment programs in Romania (sponsorships, donations, corporate philanthropy), but there is a lack of relevant information considering CSR strategies, quantifiable social or environmental objectives and corporate policies influencing the different groups of stakeholders.

The quantitative research set off a number of relevant figures.

The response rate was low (22%), proving a lack of corporate interest in participating in this type of survey.

The majority of the companies acting on the Romanian business environment (61%) are not *socially audited* and do not publish social and/or ecological reports; these companies operate in areas such as: production and commercialization of alcoholic drinks, banking services, pharmaceutics, software, telecommunications, and energetics. Only 24% of the respondent companies are socially audited and the vast majority of them are multinational corporations. The research also emphasized that the main issues to be taken into account when a company is socially audited should consider the relationships with local communities (78%), the employees' rights and work conditions (74%), the consumers (67%), and the environment (67%).

On the other hand, in an interesting way, a high percentage of the respondents (37%) declared that the companies they are working for do publish *social reports*, although the majority of the companies do not have the above mentioned reports posted on their web-sites. The figures for the social reports also emphasized the following: 17% of the respondents never heard about Romanian companies that do socially report, 11% of the respondents consider that the corporate social reports lack the credibility, and a relevant percentage (54%) declared that the social reports carried out and published by the the companies acting on the Romanian business environment seem to be transparent and highly credible.

A third aspect was represented by the existence and publication of *corporate ethical codes of conduct*. The majority of the respondents (76%) said

that the companies they were representing do have ethical codes and promote them through: internal communication channels (74%), training of the employees (46%), and corporate web-sites (43%). These codes of conduct are particularly addressed to employees or trade unions (81%), to corporate clients (46%), and to employees (41%).

Finally, the last aspect for the quantitative research considered the issue of *social investments*, 87% of the respondents declaring that their companies are active in investing in social causes. This high percentage of active companies is due to the fact that the business general opinion (93% of the respondents) is in favour of corporate investments in social problems. A negative aspect here is the lack of evaluation for the programs of corporate social investments; 35% of the respondents declared that their companies do not evaluate the respective programs and their results. The main ways for evaluating the social investments of the companies acting on the Romanian business environment are: the invested budget (70%), the press articles (56%), and the reports of the non-governmental organizations that are partners in the social projects (48%). The favoured areas for corporate social investments are: specialized training and professional development opportunities for the employees (94%), education (70%), work conditions for the employees (69%), culture and arts (63%).

The qualitative research confirmed that transparency in CSR policies and corporate credibility are highly determined by the way of publishing the results of the social programs (the evaluation of the social investment programs, the type of social reporting, and the publication of different reports considering CSR programs of the companies). In this way, five main aspects were emphasized.

First of all, *there is a need for social reporting* in the Romanian business environment because social reports are a proof of business transparency and do respond to specific public needs.

Secondly, *social reports are not credible CSR instruments* because they tend to amplify the positive results in order to exclusively attract different bene-

fits in terms of corporate image; using social reports as marketing or PR instruments decreases their intrinsic value. On the other hand, companies lack the experience of developing CSR reports and do not sufficiently assume the necessity of measuring the effects of CSR actions. Finally, social reports are not credible in the Romanian business environment because they are instruments for CSR – a concept that, for the moment, is not well-known or profoundly trustworthy.

Considering *the arguments for transparency in social reporting*, the credibility of CSR programs is directly connected with transparency and frequency of communication, as well as with instruments and channels used in transmitting the message. A social report should emphasize the corporate strategy and the registered progresses (quantifiable objectives) in order to be trustworthy. There were respondents declaring that publishing the social reports is a corporate duty considering the community, the employees, and the shareholders.

The main problems associated with CSR policies in the Romanian business environment are: the need for a common language and perception regarding CSR in general and the way it could be developed in Romania (only multinational companies operating in our country, but having the abroad experience, do really understand what CSR is about); the necessity of clear reflecting the achieved results in quantifiable terms; the strengthening of the clear-cut difference between 'charity' and 'CSR' (vague and non-quantifiable reports, even though are dedicated to social good causes, lack credibility); the elementary constraint for all social reports to be based on eligibility, sustainability and evaluation criteria in order to deal with community real social needs.

Finally, the fifth aspect considered *the evaluation of social investment programs*. The most important issue emphasized here is the need of the Romanian society for real CSR programs and not just philanthropic initiatves; there are only a small number of CSR programs in Romania having quantifiable objectives, budgets, evaluation methods, and performance indicators. The evaluation of the CSR programs is a pre-

requisite for increasing transparency and credibility of the sustainable companies that are generally result-oriented.

4. Conclusions

The pressure for a higher corporate responsibility and transparency put by the society on companies determined them to also take into account the impact their business operations could have on the social and ecological environment and to report on their performances on these issues. The role of CSR instruments is to consolidate the corporate strategic approach regarding the social performance of the companies in order to transform their implication in a real competitive advantage.

In *Greenpaper – Promoting a European framework for corporate social responsibility*, the European Commission confirmed the necessity of a consolidated research and a quantitative evaluation of the CSR impact on the financial and business performances of the responsible company. Also, firms, public institutions and the academic environment should determine together the best ways for ensuring, developing and evaluating the effectiveness and reliability of different CSR specific instruments such as codes of conduct, social reporting and auditing, social and eco-labels, socially responsible investing.

Many of the companies acting on the Romanian business environment consider that CSR could be reduced to social investment campaigns (as, for example, donations, sponsorships, philanthropic initiatives) addressing community issues. *CSR-Romania* considers that the main problems associated with the social programs carried out by companies are: their lack of efficiency, transparency, and credibility; their lack of clear-cut social and marketing objectives; their lack of professional evaluation and promotion. The result is a lack of mass-media or community interest regarding the corporate social initiatives which could finally lead to a decrease in the CSR actions performed by companies.

A final recommendation is to strengthen the knowledge about CSR instruments and the way they could be used in order to become efficient tools for the company and for the society at large. Transparent, credible, and quantifiable CSR instruments are positively perceived by all stakeholders directly or indirectly affecting corporate activities and financial results.

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