

The New Business Challenges Faced in the European Union: Understanding the Idea behind Corporate Responsibility

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Abstract

Nowadays the corporate sector is a prominent stakeholder in the sustainability field. Companies across the world are starting to look at more environmentally friendly business practices, largely because of the urgent climate situation and because of the highest demand for these practices from the market. Furthermore, sustainability disclosure, formerly entirely optional, has progressively become required in several nations during the past years, especially in the European Union and among businesses and production sectors. Plus, the Non-Financial Reporting Directive (NFRD), which requires certain major corporations with EU headquarters to provide sustainability data, was adopted by the European Parliament in 2014. Later, additional regulatory actions have been taken, and in 2021 the European Commission has launched a new political agreement on the Corporate Sustainability Reporting Directive (CSRD), to respond to the growing criticism regarding the reporting criteria, while increasing the reporting obligations' level of detail. The given paper is focused on the analysis of the processes of sustainability of Romanian and European companies, more exactly about the most common CSR practices of companies. This paper aims to provide further implications for policymakers, students and researchers whilst promoting sustainability and being of use to business leaders.

Keywords: European legislation, corporate responsibility, financial performance, business challenges, companies.

JEL Classification: K29, M14, L25, M21, F23

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1. Introduction

Corporate social responsibility (CSR) has attracted rising attention in recent years from both the business and academic communities, being considered a notion that encompasses a wide range of elements, making it a challenging topic to investigate. Subsequently, in the corresponding literature, there are multiple viewpoints in connection with CSR and business management or financial performance (Okoye, 2009, pp. 613-615). According to them, understanding what CSR is or how to be understood can lead to some difficulties for researchers. As mentioned by Okoye,

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‘although CSR is widely accepted as a concept, a major problem identified in CSR discourse is the lack of an agreed normative basis underpinning CSR practice and this has been linked to the absence of an agreed universal definition of CSR’ (2009, p. 614). For example, reporting on political, social, and environmental issues fall under the category of CSR. This type of reporting, which is different from an annual regular report, focuses on how well a company performs in relation to social and environmental issues such as health and safety, pollution or human rights (Vartiak, 2016, p. 177).

Business performance is today considered to be impacted by CSR reporting, particularly in terms of financial impact, company image and reputation. In the competitive market of this day, the strong rivalry in all marketplaces has compelled companies to stand out further than the usual ways (such as through price, product quality and advertising), emphasizing the relevance of some intangible resources like the company’s image in the market and the relationships with relevant parties and stakeholders. Nowadays (Diez-Cañamero *et al.*, 2020, pp. 7-9), both in developed and developing countries CSR has come to be an important publicity means for companies, as there are various rankings, indexes and indices that compare businesses based on their level of sustainability, (World’s Most Sustainable Corporations Global 100 ranking, Sustainability Index (DJSI), KLD Global Sustainability Index Series, Romania CSR Index, Azores Sustainability etc), and the growing necessity for corporate social and environmental responsibility is getting more awareness from companies and governments that experience the need to respond amid worries that globalization is affecting the environment, applicable also in the national case of Romania, and consequently fostering social unrest, but especially considering various ethical scandals encompassing large companies (Waste Management Scandal, Enron Scandal).

Yet alongside the preoccupation for CSR reporting, there has gradually also appeared a concern that some companies, without having consistent CSR reporting standards to follow, are presenting more of a communication tool meant to help investors and stakeholders gather enough information to make decisions rather than a completely truthful representation of their business reality (Muslu *et al.*, 2019).

According to Porter & Kramer, although many companies have already started and made great progress in the process of improving social and environmental effects of their actions, the process is still under development (2006, p. 3). As per the authors, one of the reasons is how business is turned against society, ‘when clearly the two are interdependent’ (Porter & Kramer, 2006, p.1), while the second reason identified refers to the pressure companies have to deal with leading them to think of CSR ‘in generic ways instead of in the way most appropriate to each firm’s strategy’ (p. 1).

One of the first critics of the CSR concept as a whole and also one of the most prominent, is the Nobel Prize winner in economy Milton Friedman, who considered that there is ‘one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits’ (Friedman, 1970, p. 17). Yet the business perspective appears to have changed notably in recent decades and new policymakers or scientists argue that CSR does in fact improve the performance of a business.

Whilst the majority of findings indicate a beneficial link between the two dimensions: CSR and business performance (Hasan *et al.*, 2016), the reality is that there are multiple studies that suggest an impartial or even detrimental relationship (Maqbool & Bakr, 2019). In accordance with Kramer and Porter (2006), as mentioned previously, what several policy makers miss when it comes to CSR is that business and society shouldn’t be considered independent from each other, as it is rather an interdependent relationship: ‘the consequence of this fragmentation is a tremendous lost opportunity. The power of corporations to create social benefit is dissipated, and so is the potential of companies to take actions that would support both their communities and their business goals’ (2006, p. 5). Presently, the EU has developed legislation and has adopted various directives that demand companies to provide them with information regarding the approach they employ to conduct environmental and social matters. In accordance with the EU, this is a great way for stakeholders ‘to evaluate the non-financial performance of large companies and encourage these companies to develop a responsible approach to business’ (European Commission, n.d.).

This paper is looking to examine the CSR concept and its implications, considering its impressive growth across the world, including governments, businesses, but also policymakers in various disciplines. In order to get a clearer image of the CSR at a national level, we have selected and examined the available data for sustainable companies based in Romania, aiming to establish what makes a CSR strategy sustainable and feasible. From the point of view of business performance, we chose to provide a framework for companies (large companies with more than 249 employees, and medium-sized companies with 50 to 249 employees), looking at sustainability reporting, certification practices, as well as considering various rankings of CSR performance.

Although CSR has been widely discussed in literature, we have determined that most studies focus on regions or countries, most of them in Western Europe or USA, and very few take into consideration the Romanian reality. For this reason, our focus is to develop the understanding of CSR and its ramifications for the business environment in Romania. This paper includes a revision of the concept of CSR while proposing a literature review that covers existing research on the topic.

Secondly, the aims of research are introduced, considering what this paper seeks to demonstrate, which is to determine how CSR can be implemented for Romanian businesses. Subsequently, the research methods are presented and developed, as well as the findings of our research. Finally, we identified certain limitations of the paper, and proposed further lines of study for policymakers, students and researchers.

2. Problem Statement

In reality, considering there are multiple approaches to CSR practices, along with various data collection methods and different models, this could be one cause for the apparent absence of permanent consensus between CSR and business performance. The multiple viewpoints mentioned are reflected in literature through a variety of theories, definitions or studies that each support the idea that there is no unique definition of CSR or way to specifically and completely apply it to the business domain. As stated by Cornelissen (2011, p. 186), CSR could be defined as discretionary activities that ‘do not have purely financial implications and that are demanded or expected of an organization by society at large, often concerning ecological and social issues’.

In today’s literature there are several authors that developed conceptual models aiming to describe corporate social performance or responsibility, one of them being Carroll’s model from 1979, that has become a source of inspiration for many researchers (for example Alvarado and Schlesinger, 2008). After reviewing different definitions on the matter, Carroll has chosen to define CSR taking into consideration 4 interconnected areas: economic, legal, ethical and discretionary. According to them, ‘though all of these kinds of responsibilities have always simultaneously existed for business organizations, the history of business suggests an early emphasis on the economic and then legal aspects and a later concern for the ethical and discretionary aspects’ (Carroll, 1979, p. 500).

Another conceptual model concerning CSR was developed by Elkington (1998), who identified three defintory elements of corporate sustainability in general: the economic dimension, the social dimension and the environmental dimension, motivating that successful economic operations, contributions to social development and environmental conservation are significant for socially conscious companies and organizations. In their article from 1998, Elkington drew attention on the following situation:

Most company directors are fairly comfortable with the idea of commercial partnerships and many accept the need for social and community partnerships. But environmental and sustainability partnering is still down the curve. Environmentalists, in particular, are often seen as a form of virus which should be

kept as far away as possible from the vital organs of a company or industry. *That view will change* (Elkington, 1998, p. 47).

One more conceptual model regarding CSR is focused on stakeholder theory (Donaldson and Preston, 1995) that emphasizes the role of the various stakeholders that could bring impact to the business, as it is considered that a socially aware company has the obligation to include in their list of priorities all the groups of people they could, willingly or unwillingly, affect (employees, partners, society etc). In agreement with Wheeler and Sillanpää (1997), the stakeholders can be classified according to their importance for the business, in two categories: primary, indispensable for the activity of the company, and secondary, representing stakeholders that have some influence for the company's activities, but without any direct involvement in the main activities of the business.

Additionally, it is important to mention the pressing requirements from the modern exigent society, which has become more reactive to companies acting in an unsustainable or imprudent manner. For example, according to the Brundtland Commission (1987), it is vital for a company to 'meet the needs of the present without compromising the ability of future generations to meet their own needs', and therefore each company should consider the impact their actions and behavior can have on society.

Beyond advocacy and marketing, CSR is seen as a rational and effective approach to business that must harmonize and take into account social, environmental, and economic factors: 'There are numerous ways scholars define CSR, yet it typically refers to economic, social and environmental responsibilities that an organization is expected to fulfill' (Panwar *et al.*, 2010, p. 20). Also, it ought to be considered as an asset that can raise a company's degree of competitiveness.

The companies were found to use CSR to attract, motivate and retain human resource talents and this in turn improved their competitive positions. In fact, being perceived as an attractive workplace, especially if the company reputation and image is valuable, rare and not easily imitated companies can attract and maintain a high quality workforce to achieve a competitive advantage (Inyang, Awa & Enuoh, 2011, p. 122).

However, the outcomes of the variety of research that have examined the connection between CSR and corporate productivity in recent years cannot be considered completely exhaustive (Mishra & Suar, 2010), which keeps researchers willing to engage in improving their knowledge of this. As cited by Mishra and Suar, 'though a positive relation between CSR and firm performance has prevailed in many studies, results still remain inconclusive. Such inconclusiveness creates ground for further investigation' (2010, p. 571).

As per Kemp (2001), the concept of CSR used to be considered a western phenomenon, as there are 'numerous obstacles to achieving corporate responsibility, particularly in many developing countries where the institutions, standards and appeals systems, which give some lives to CSR in Northern America and Europe, are relatively weak' (Kemp, 2001, p. 1). Although geographically Romania is located in Europe, our research revealed there is relatively little research on the CSR level of the national business environment, thereby rendering the current paper valuable for further CSR studies. According to the Netherlands Enterprise Agency, 'Corporate Social Responsibility (CSR) is still very much in development as a business strategy in Romania' (2016), being seldomly regarded as an option for increasing the competitiveness of Romanian companies.

Previously in Romania, multinational corporations with strong organizational cultures were the ones that developed social responsibility programs; but with Romania's entry into the European Union, Romanian businesses also needed to adopt a proactive stance in order to thrive on the market. Stancu (2012), as cited in Tiron-Tudor and Ivan (2021, p. 4), argues that the emergence of CSR practices in Romania started only after the 1990s, with the assistance of various NGOs that were pursuing humanitarian causes. In 2005, Korka (p. 2-3) also explained that 'Romanian managers do not yet recognize a general need for CSR. (...) Other local managers, addressing CSR, tend to account only the costs side and often ignore the added value of CSR', while advising the business community in Romania to enlarge their understanding of CSR reporting and CSR activities in general, as these 'can lead to long-run profits, competitive advantage, innovative thinking, and overall health of the firm'.

However, after 2007 and Romania's integration into the European Union, more businesses have started to apply important CSR practices, especially multinational corporations (Raiffeisen Bank, Coca Cola, Petrom OMV etc) that entered the national market and brought alongside them a desire to support the community, gain their trust and respect through transfer of knowledge together with the implementation of best practices.

In the upcoming years, considering Romania follows the directions coming from the OECD and from the EU, the Romanian government has adopted the so-called *National Strategy to Promote Social Responsibility in Romania 2011-2016*, which consisted of a number of initiatives of the authorities to promote and develop sustainable practices at a national level (Romanian Government, 2011). As a threat, among others, there was mention of the absence of a coherent legislative framework and even delays regarding the acceptable standards in CSR-related fields in relation to other EU member states, which again proved that CSR standards in Romania were a step behind those from other European states (France, Norway etc). The concern

over the regulation of CSR legislation in the European Union region grew steadily, and this resulted in demands for companies to 'disclose information on the way they operate and manage social and environmental challenges'. First, in the strategy adopted for the period between 2011 and 2014, in the report on *A renewed EU strategy 2011-14 for Corporate Social Responsibility* (2011), the EU exposed the relevancy of CSR, mentioning it is 'applicable to all enterprises' (2011), while at the same time admitting the given agenda consisted of 'suggestions for enterprises, Member States, and other stakeholder groups' (European Commission, 2011).

The Commission (...) recognises that CSR contributes to and supplements social dialogue. Innovative and effective CSR policies have also been developed through transnational company agreements (TCAs) concluded between enterprises and European or global workers' organizations (...) By giving public recognition to what enterprises do in the field of CSR, the EU can help to disseminate good practice, foster peer learning, and encourage more enterprises to develop their own strategic approaches to CSR (European Commission, 2011, pp. 7-8).

With the adoption of the Directive 2014/95/EU (also called Non-financial Reporting Directive - NFRD), the Commission made a further step in the process of sustainability reporting standards, and appealed to companies with more than 500 employees (listed companies, banks, insurance companies), to start the non-financial reporting (in the case of Romania, it started from the year 2017). Some of the topics that should be taken into consideration when filling in a report, and some of the information requested under the Directive 2014/95/EU are the following: 'environmental matters, social matters and treatment of employees, human rights, anti-corruption' and more (European Commission, n.d). These same practices are also integrated into the Order No. 1938/2016, issued by the Ministry of Public Finances with the purpose of legally acknowledging the regulations and CSR policies adopted by the EU whilst adding a few specific topics applicable to the national landscape (paragraph 492 - point (6) and (7)).

Given the importance CSR policies have achieved in the European Union, the European Commission has created various sets of guidelines for companies to support companies with their reports. If at first the recommendations were allowing companies to follow national guidelines or international guidelines, depending on the specificity of their business and what applied best to the company, in 2021 the Commission adopted a new proposal for a Corporate Sustainability Reporting Directive (CSRD), amending previous 'reporting requirements of the NFRD' and introducing 'more detailed reporting requirements, and a requirement to report according to mandatory EU sustainability reporting standards' (European Commission). The first set of sustainability reporting standards is to be developed by the European Financial Reporting Advisory Group, and is expected to be 'adopted in October 2022' (European Commission, n.d).

In spite of that, there are also authors (Rezaee & Tuo, 2019), that question the relevance of the reporting and of disclosure in general, considering it is not necessarily a proof of quality CSR reports.

‘despite the widespread popularity of these CSR practices, concerns have been raised as to whether their introduction and development is designed simply to suggest a positive image of the organization, being essentially one-sided and incomplete, or to communicate its effective commitment by recognising and discussing environmental and social challenges and problems’ (Michelon et al., 2014, p. 3).

In recent years, CSR reports in Romania were reviewed by the Azores Sustainability and CSR Services, which evaluates the Sustainability Index in Romania by analyzing not only large companies with more than 500 employees, but also companies with less than 500 employees, that chose to participate in the study. The founder and managing partner of the Azores declared for the Business Review magazine that the year of 2020 brought various important changes for the indicators measuring the sustainability index in Romania, and explained that ‘between August and September, there was an extensive process of engagement of important stakeholders for the ranking: companies, consultants, CSR and corporate sustainability experts and representatives from the university environment, both from Romania and internationally’ (Liciu, 2020). It is also worthwhile to mention that according to the newest Index available, for the year 2021, the most sustainable companies in Romania, that registered the highest scores in conformity with the Index, are Coca Cola HBC Romania (headquarters in the USA, score 99), Kaufland Romania (headquarters in Germany, score 99), Heidelbergcement Romania (headquarters in Germany, score 94), Antibiotice (headquarters in Romania, score 93) and Raiffeisen Bank (headquarters in Austria, score 91).

3. Research Questions/Aims of the research

This paper aims to respond two main research questions:

- how to measure CSR performance for Romanian and EU companies, considering the actual economic context and the way CSR is adjacent to today’s markets and society;
- which elements a CSR strategy needs to be achievable and authentic.

There are multiple methodological approaches for measuring CSR, as there are various data collection methods and models used to understand the link between the two. This multitude of information and models can cause an absence of a permanent consensus between CSR and its practices. Therefore we consulted a wide range of literature, where different researchers and studies mentioned in the above

literature section, revealed that constant and diligent CSR practices can bring an improvement to the overall company performance.

4. Research Methods

To answer the first research question about how to measure CSR performance we proposed a framework which considers various strategy and consultancy operations and practices such as the presence in global surveys, or ISOs certificates, the KPIs construction etc. Even though the literature on how to measure CSR's level of a company is evolving rapidly, there is still no generally method or rigorous way of measuring it (Gjølberg, M., 2009) on a national, international or European level.

A further challenge of the research was the lack of comparable data of companies, and comparing practices related to a concept for which there exists neither common definition nor sufficient data (Gjølberg, M., 2009). Therefore, we pursued an alternative approach based on constructing a feasible framework that fits for large companies with more than 250 employees, and for medium-sized enterprises (SMEs) with 50 to 249 employees. This model aims to measure CSR in a broad sense, covering sustainability reporting, certification practices, as well as considering various rankings of CSR performance. Our model doesn't aim to measure CSR in terms of giving outcomes obtained during the years by companies, since several indicators are unrelated to success in CSR (Gjølberg, M., 2009). In the present circumstances we chose a model, whereby the elements jointly determine the conceptual meaning of the construct.

To build and construct KPIs it is necessary to consider a specific formula as the KPI is equal to X/Y , where X is the total input and Y is the total output on a yearly basis. This formula can be applied to most constructed Indexes, except for those results that provide different metric units. If necessary, the results can be normalized, if values exceed the upper score of 100 or the lower score of 0 of our grids. After establishing the bounds exceeding or lowering the 0-100 grid, scores are transformed using the following formula with range $[0;100]$: $x' = (x - \min(x)) / (\max(x) - \min(x))$ where x' is the final (normalized) value, x represents the raw data value and \max/\min denotes the bounds for best and worst performance.

5. Findings

To understand the ongoing economic situation of a country we consider the state of the gross domestic product (GDP), a measure of economic activity that refers to the value of the total output of goods and services produced within a certain period of time. GDP indicates an economy's potential to satisfy people's needs and it can be used to monitor economic development. Based on Eurostat Data and 2022 European Economic Forecast, real GDP in the EU saw strong and continuous

growth of around 2.0% per year between 2014 and 2019. In 2020, due to the COVID-19 pandemic, there was a hit resulting in a 6.0% contraction compared with 2019. In 2021, after the COVID-19-related drop, the overall EU economy grew by 5.4%, (European Commission, 2022). According to the OECD, Romania in less than 20 years has reduced the gap in GDP average per capita from 70% to 35% (OECD, 2021). However, the crisis had a negative impact on the economy and the GDP fell by 3.7% in 2020. After the crisis at the end of 2021 it shows a growth of 6.3% and remaining stable with 4.5% during 2022 and 2023 (OECD, 2022). After an overview of the economic context, Table 1 presents a model for measuring CSR performance that fits Romanian and EU companies and shows a scheme of CSR measurements and variables while Table 2 indicates how results fit to today's markets and society by giving concrete numbers and identifying which companies of our cluster perform better.

Table 1. Description and Measurement of Variables

Construct	Name of the Variables	Abbreviation	Measurement
Corporate	The Global Reporting Initiative The most popular framework for voluntary reporting about environmental and social performance by businesses worldwide	Ic ₁	Presence =100 otherwise =0
	International Standardisation Organisation certifications A generic management tool, applicable to companies that covers planning, implementation, monitoring and review*	Ic ₂	Presence =25 otherwise = 0
	Labour contracts & collective agreements	Ic ₃	Presence =100 otherwise =0
	Environmental and social reports	Ic ₄	Presence =100 otherwise =0
Social	Health and Safety Index	Is ₁	The sum of health and safety contracts divided the total number of employees
	Existence of a code of ethics	Is ₂	Presence =100 otherwise =0

Construct	Name of the Variables	Abbreviation	Measurement
	Diversity rate Index	Is ₃	The no. of total women employed in the company divided the total employees
	Fatalities Index	Is ₄	The no. of fatalities divided the total employees
	Women in charge Index	Is ₅	Percentage of women in charge divided the tot. number of personnel in charge
Environmental	Environmental costs Index	Ie ₁	The total environmental costs divided the tot. number of internal costs
	Percentage of renewable energy of total consumption	Ie ₂	Percentage of renewable energy of total consumption
	Percentage of recycled material	Ie ₃	Percentage of recycled material in the company
	Energy Productivity	Ie ₄	the total revenue divided total energy in m ²

*A set of certifications related to CSR are a) ISO 14001, for the environmental management, b) ISO 45001 for an occupational health and safety management system, c) ISO 26000, as a guidance on social responsibility for businesses and organizations d) ISO 9001 for business sustainability, in the quality management systems.

Source: Author's own creation

For testing this model, we selected different international business realities based also in Romania from various industries. From the point of view of business selection, we consider companies looking at markets and productivity among others, and dimensions such as business reputation, image around the involved stakeholders and diversification of industries. Three companies chosen for the applicability of the model are BNP Paribas, Schneider Electric, and UniCredit. All of these have their Headquarters in Europe and are also present in different European rankings. We selected only three Indexes from the proposed model and calculated or indicated their presence as we wanted to have a concrete example of how the model works.

Table 2. Calculation of KPIs

Company name	Ic ₂	Is ₅ *	Ie ₄ *	Avg.	Rank
UniCredit SpA	75.00	40.00	32.00	49.00	2
BNP Paribas SA	75.00	17.00	30.00	40.67	3
Schneider Electric	75.00	44.00	90.00	69.67	1

*where an ISO certificate is equal to 25; the max is 100.00

**results are from The Global 100 Reports of 2022 by 'Corporate Knights

Source: Author's own creation

Table 2 meant to be a purely indicative example of how to calculate the data from the model proposed in Table 1. Companies were chosen according to their presence in various sustainability rankings but most specifically considering The Global 100, a list of “*The Global 100 Most Sustainable Corporations in the World*” developed by the Canadian magazine “Corporate Knights” and based on their existence in the Romanian market. This is because we want to highlight what it means to face sustainability's challenges and how complex it is for companies to align with precise CSR practices. To answer the second research question, we synthesize which are the main CSR elements that contribute to a sustainable and prosperous business and enable companies to work on long-term value creation and compete in the market. According to different press business releases and comparing consultancy companies' (Deloitte, PwC, EY etc.) strategies and reports, we provide a scheme including the main elements of a CSR strategy model. We focused on consultancy companies elements because they englobe different industries (from automotive, to energy, food industry etc.) and a wide range of practices in assisting CSR strategies for businesses. Figure 1 includes these 6 main elements:



Figure 1. CSR main strategy elements

Source: Author's own creation

As shown in Figure 1, our research indicates that a driven CSR strategy brings: 1. competitive advantages for companies, 2. transparent reporting, 3. a sustainable market and resources, 4. an alignment of the company's values and culture 5. a high rate of gender equality among employees and 6. receptiveness of labour standards and a specific system of implementation and accountability.

A goal-driven CSR strategy can help companies to think bigger and do more while also increasing their accountability to stakeholders. However, setting CSR goals is not easy, as a multinational company's goals may be very different compared to small local companies. The key is to develop a set of goals rooted in the company's own brand, business strategy, and culture, considering the six main elements indicated in Figure 1. It has also to be a commitment that aims to reduce emissions as well as to consider production climate impact or using renewable energies, so this analysis can be driven by introducing new KPIs in the main model proposed in Table 1.

Lastly, while in 2020 most companies focused on managing the pandemic situation, in 2021 and the first part of 2022, it appears that employers in various industries are concerned not only about labor shortages but also about ensuring the quality of future generations of employees. Results and literature suggest that companies pursuing constant CSR-based policies have better final performance and results than those that do not. Equally, during the financial and sanitary crisis, businesses

with CSR-based policies outperformed other companies (Gaio, C., & Henriques, R. 2020).

6. Conclusions

Companies with developed CSR policies have a higher corporate reputation that in turn generates benefits, leaving behind the idea of the traditional businesses that focused only on financial performance (Gaio, C., & Henriques, R. 2020). In this situation, the companies' main aim is to obtain productivity levels that provide self-sustainability while also getting balanced growth and an effective utilization of resources that minimizes negative impacts. However, based on the *Romania Environmental Performance Reviews* of the United Nations Economic Commission for Europe (UNECE) regarding the regulatory and compliance assurance mechanisms, not enough efforts are made to encourage the uptake of the Eco-Management and Audit Scheme (EMAS), environmental management systems or eco-labelling and sustainability reporting. The environmental liability regime is still at an early stage of development and the number of various ISOs certificates has recently declined, while EMAS has failed to attract companies. In Romania, sustainability reporting is still unclear, and does not place sufficient emphasis on environmental and anti-corruption matters (United Nations Economic Commission for Europe, 2022), but also on ecological questions. Even if during the last years, Romania's efforts regarding the implementation of the CSR principles have seen some results, these are not enough to compete with other realities or sustainable markets. High-quality CSR reporting is still relatively young to the Romanian economic landscape and is primarily limited to the country's major multinational corporations and significant domestic businesses. Romania needs a specific mechanism for the data collection on the number of CSR (United Nations Economic Commission for Europe, 2022) and some periodic sustainability reports delivered by companies. This last point, in our opinion, is the crucial element for evolving various sustainability foundations inside businesses' mentality.

Adding different KPIs to the model could change the result. This research focuses on a starting point for building a solid measurement model of CSR and aims to be a guideline for companies. Plus, it is challenging for governments and regulators to design, place, and launch appropriate frameworks. Therefore, this paper can bring advantages for future studies, governments, businesses, but also policymakers in various disciplines.

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