

ETHICS AND CORPORATE SOCIAL RESPONSIBILITY**Liliana SCUTARU***Stefan cel Mare University of Suceava, Romania
liliana.scutaru@usm.ro***Abstract**

The main theme of the paper is the concept of corporate social responsibility (CSR) of companies, based on the fundamental principles of business ethics. CSR is perceived as an evolving concept, In the 50s, being seen as a philanthropic act on the part of companies for the community in which they conduct their business; as a multiple approach, at the end of the twentieth and beginning of the Twenty-First Century, which includes economic, social and environmental aspects and, currently, as a complex vision and a responsibility totally assumed by companies, based on the UN Sustainable Development requirements of today's society. As a case study, the situation of CSR in Romania in its evolution in the last almost 10 years is presented, considering the number of companies that participated in the evaluation of their activity regarding the CSR approach, which are the companies that conduct business in Romania responsibly, what is their field of activity, what industries do they come from, etc. The conclusions that emerge from the analysis show that CSR has evolved slowly in Romania, but more and more, has gradually increased the number of companies that have a responsible behavior towards society as a whole, through the publication of sustainability reports, the industries from which these companies come, being more and more numerous. The top of the most involved companies is almost the same for the analyzed period, with some additions along the way.

Keywords: *ethics, CSR, indicators, companies, industries, Romania*

JEL Classification: M14, Q56

I. CORPORATE SOCIAL RESPONSIBILITY – AN EVOLVING CONCEPT

We can state that the concept of Corporate Social Responsibility (CSR) is an evolving concept. In 1953, the American economist Howard Bowen used it for the first time in his paper *Social Responsibilities of the Businessman*, encouraging companies to get involved in social programs, which is a particularly beneficial action that brings long-term benefits economically and socially, both companies as well as society as a whole. The author attributes to the concept a behavior on the part of the companies in accordance with the principles of moral values which, practically, constitute the basis of the fundamental principles of business ethics. In 1970, Milton Friedman denied the need to involve firms in actions other than purely economic ones, stating that "the social responsibility of business is to increase its profits" (Friedman, 1970). Therefore, company managers have only the responsibility to maximize the company's profits and not to worry about the implementation of ethics programs.

Such a unilateral approach has been sanctioned by many authors, concerned with ethics and the concept of corporate social responsibility. Kenneth Arow, for example, believes that any company must be concerned with ethics in its business, by establishing a code of ethics and continually promoting ethical conduct, which is "an element of trust and credibility" (Arow, 1973).

Carroll follows the evolution of the concept of CSR, both in its dynamics and in terms of terminological changes that have taken place during its use, and creates, at some point, the well-known pyramid of social responsibility, consisting of four steps or, better emphasized, components of CSR: economic responsibilities (source of existence of the company on the market), legal responsibilities (compliance with applicable law), ethical responsibilities (compliance with moral laws by establishing codes of ethics) and philanthropic or voluntary responsibilities (involvement of the company in actions social) towards the community in which the company conducts its business (Carroll, 1991).

Elkington, in turn, brings its contribution in the field, through the concept of triple balance (triple bottom), defining the sustainability actions of companies through the three components of sustainable development: economic, social and ecological (Elkington, 1998).

The beginning of this century mobilizes the EU in terms of ethical business concerns and sets out a systematic CSR strategy for companies. The European Union's Green Paper defines social responsibility as "a concept whereby companies integrate social and environmental concerns in their business operations and in their

interaction with their stakeholders on a voluntary basis" (European Commission, 2001). In 2002, it followed a communication to companies on the promotion of CSR, communication which goes beyond the principle of volunteering and aims to balance actions taken in the economic, social and environmental spheres, as well as those in relation to consumer interests. This much broader vision translates into respect for Human Rights, ethical employment and work practices, combating bribery and corruption, environmental concerns, and so on. (Bohinc, 2014).

In 2011, the EU redefined the concept of corporate social responsibility. According to this communication, CSR plays an important role in the competitiveness of companies and can bring benefits in terms of investment and access to capital, risk management, human resource management and innovation capacity. This time, CSR is redefined as the responsibility of companies for their impact on society as a whole. (Bohinc, 2014). It can be seen that the need to find innovative ways to develop CSR is being discussed for the first time. At the same time, there is the issue of publishing sustainability reports from companies.

In 2014, the scope of CSR increased with notions such as equal opportunities, integration of people with disabilities, ethical investments, training programs for managers, community prosperity. Therefore, the EU aims to promote CSR, which takes into account both the interests of companies and all stakeholders: companies, SMEs, NGOs, public authorities, shareholders, buyers, individuals, etc. (European Commission, 2014).

CSR brings benefits to companies, both by improving their image on the outside and by supporting ethical behavior within the company at the level of each employee. We can say that, practically, CSR is born from the universal concepts of morality, on which the company's code of ethics is built, and, at the same time, it supports the code of ethics through which business is conducted in a company. In other words, we can say that there is a two-way relationship between these two terms: the code of ethics and CSR of a company.

CSR involves, beyond economic and legal responsibilities, investments in green technologies, human capital, human rights support, concerns for the development of the community in which the company operates, innovative management and innovative ideas in all areas of activity of the company. As can be seen, the concept of CSR has evolved a lot in about 50-70 years, from the simple act of philanthropic actions, voluntarily performed by companies, to a concept with multiple meanings.

II. CASE STUDY – CSR IN ROMANIA

The paper analyzes the evolution of CSR and the impact on the environment of large companies operating in Romania. As documents that provide information in this approach, we will use the CSR Index Romania reports published since 2015 by The Azores consulting agency in Romania, established "in order to contribute to increasing the performance of national and multinational companies in addressing sustainable development and social responsibility" (www.theazores.ro). We take into account the number of companies that participated in the evaluation, the industries they come from, the fields in which they operate, the main categories of indicators evaluated and, of course, the results of the studies conducted.

In Romania, CSR actions evolved slowly, with small steps, more obviously after the year 2000, when more and more multinationals made investments in the country, on the forecasted background of EU accession. Multinational companies are, moreover, the ones who brought the experience of CSR and implemented this concept, increasingly understanding the impact that their own activities have on their employees, customers, shareholders, the environment, the community as a whole. (Mateescu, 2005).

It is worth mentioning that, in 2011, Petrom Company sponsored the "European CSR Lessons" project, in partnership with several other multinationals in Romania, taking over and sharing the experiences of European companies in the field of CSR (Scutaru, 2013).

CSR Index Romania analyzes companies that want to conduct business responsibly in Romania, taking over and processing data published by them since 2014. International CSR standards used by The Azores consulting agency in the methodology of evaluating companies for reporting CSR Index Romania are:

- Directive 2014/95 / EU of the European Parliament as regards disclosure of non-financial and diversity information by certain large companies and groups;
- Global Reporting Initiative Standards;
- The Dow Jones Sustainability Index methodology, and, starting with 2017,
- The 17 UN Sustainable Development Goals (SDGs).

Studying the CSR reports Index on the number of participating companies, the analyzed indicators and the corresponding categories of indicators, the following results are obtained:

Table 1. Number of companies participating in the realization of CSR Index and number of the analyzed indicators by categories

| CSR Index Report | Participating companies | Analyzed indicators | Categories of indicators |
|------------------|-------------------------|---------------------|--------------------------|
| 2015 | 100 | 36 | 9 |
| 2017 | 100 | 43 | 9 |
| 2018 | 696 | 49 | 9 |
| 2019 | 712 | 57 | 10 |

Source: CSR Index 2015, 2017, 2018, 2019

From Table 1 we can draw a first conclusion, namely, that the number of companies registered for evaluation has continuously increased over the analyzed period, fact that shows that they become interested in the field of CSR, preparing sustainability reports, especially as a result of EU Directive 2014, which entered into force in 2017.

The indicators considered in the analysis are grouped into 9, subsequently 10 categories: Corporate Governance, Diversity, Economic Impact, Environment, Human Rights and Anti-Corruption Policy, Employees, Marketing & Creating Awareness, Community Investments, Value Chain (of suppliers).

The analysis of sustainability reports highlights the companies most concerned about the approach of social responsibility, with the scores related to the 4 years analyzed for which there are data:

Table 2. Top companies in CSR approach in 2015-2019

| YEAR | COMPANY | SCORE |
|----------|-----------------------|-------|
| 2015 | COCA-COLA HBC ROMANIA | 87,14 |
| | RAIFFEISEN BANK | 83,33 |
| | URSUS | 69,12 |
| | HEINEKEN | 61,76 |
| | PETROM | 57,35 |
| | TELEKOM | 54,84 |
| | ROMPETROL | 47,06 |
| | ALRO | 36,00 |
| | CEZ DISTRIBUTIE | 33,33 |
| | AUCHAN ROMANIA | 33,33 |
| 2017 | COCA-COLA HBC ROMANIA | 94,57 |
| | URSUS | 82,56 |
| | RAIFFEISEN BANK | 82,35 |
| | SIVECO | 81,94 |
| | OMV PETROM | 72,62 |
| | ARCELORMITTAL GALATI | 68,42 |
| | HEINEKEN | 66,28 |
| | TELEKOM | 64,44 |
| 2018 | COCA-COLA HBC ROMANIA | 94 |
| | KAUFLAND ROMANIA | 94 |
| | RAIFFEISEN BANK | 92 |
| | OMV PETROM | 91 |
| | CEZ | 91 |
| | TELEKOM | 90 |
| | LIDL DISCOUNT | 79 |
| | GLAXO SMITH KLINE GSK | 78 |
| | URSUS BREWERIES | 72 |
| | SIVECO | 65 |
| | AZOMURES | 58 |
| | GRUPUL ELECTRICA | 56 |
| 2019 | KAUFLAND ROMANIA | 98 |
| | COCA-COLA HBC ROMANIA | 98 |
| | CEZ | 93 |
| | OMV PETROM | 92 |
| | TELEKOM | 92 |
| | URSUS BREWERIES | 91 |
| | RAIFFEISEN BANK | 90 |
| | GLAXO SMITH KLINE GSK | 85 |
| | ALRO | 73 |
| | ROMGAZ | 68 |
| | TRANSELECTRICA | 55 |
| GROUPAMA | 53 | |

Source: CSR Index 2015, 2017, 2018, 2019

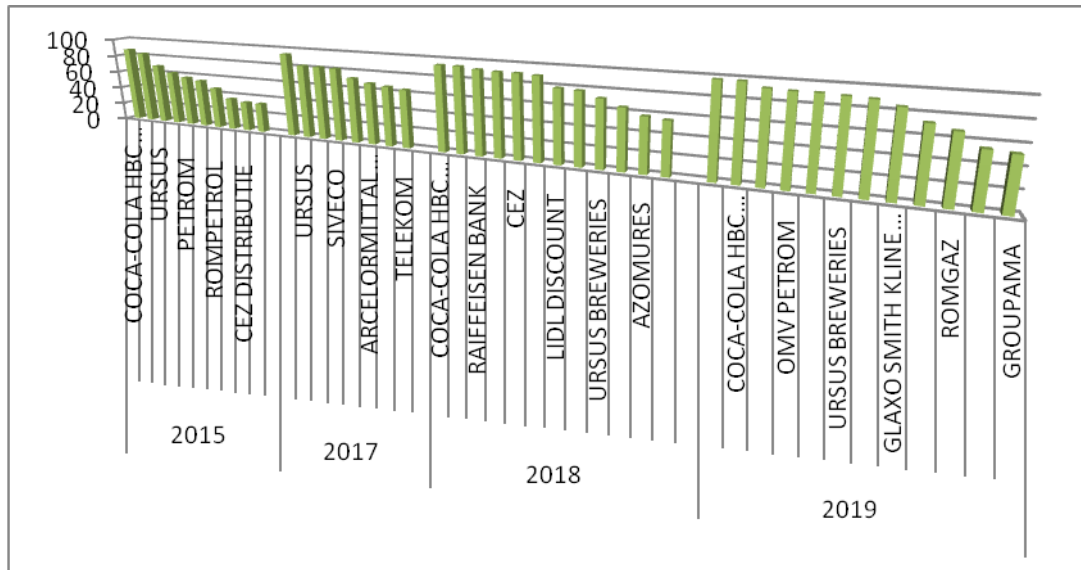


Figure 1. Top most responsible companies in the period 2015-2019

Analyzing Table 2 and the related graph, we can conclude that the companies most concerned about CSR during the 4 years analyzed, which achieved the highest scores, are, among others, Coca-Cola, Raiffeisen, Ursus, Heineken, Petrom, Telekom, Rompetrol, Alro, CEZ Energy Distribution Group, to which is added from 2018 the Kaufland Company.

With regard to the industries in which the companies operate, the situation is as follows:

Table 3. Top 10 industries involved in the CSR approach in the period 2015-2019

| Year / Top 10 | 2019 | 2018 | 2017 | 2015 |
|---------------|------------------------|------------------------|------------------------|------------------------|
| 1 | Beverages | Beverages | Beverages Beer | Beverages |
| 2 | Beverages Beer | Telekom | Retail | Beverages Beer |
| 3 | Telekom | Chemicals | Construction Materials | Construction Materials |
| 4 | Oil and Gas | Construction Materials | Oil and Gas | Oil and Gas |
| 5 | Chemicals | Oil and Gas | IT&C | Banks |
| 6 | Pharmaceuticals | Electric Equipment | Banks | Telekom |
| 7 | Automobiles | Home Furnishing | Telekom | Transportation |
| 8 | Electric Utilities | Machinery | Chemicals | Heavy Industry |
| 9 | Construction Materials | Metals and Mining | Heavy Industry | Retail |
| 10 | Metals and Mining | Retail | Retail | Services |

Source: CSR Index 2015, 2017, 2018, 2019

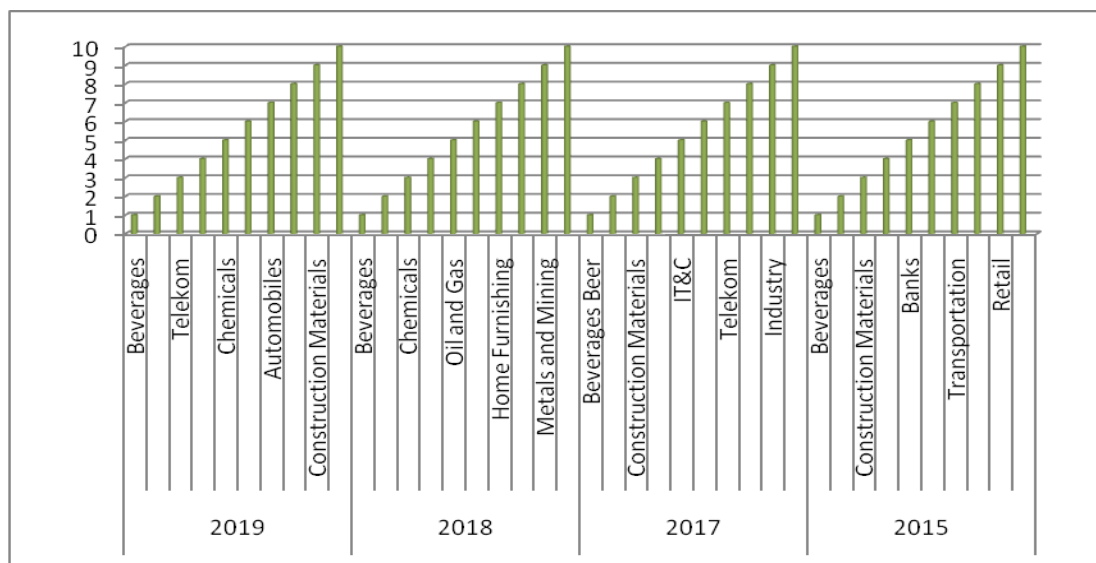


Figure 2. Top 10 industries involved in the CSR approach in the period 2015-2019

Table 3 and the related graph show that the industries with the companies most concerned with CSR are the alcoholic and non-alcoholic Beverages Industry, Construction Materials Industry, Oil and Gas, Banking, Telecommunications Services, Energy Supply, Automotive, Retail, to which is added from 2018, the Chemical Industry and Metals and Mining, and from 2019 Pharmaceuticals.

III. Conclusions

The concept of CSR has evolved over the 70 years of existence, from a simple act of voluntary philanthropic actions carried out by companies, to a concept with multiple meanings. Originally seen as an act of volunteering on the part of companies, it is now seen as a complex of activities through which the companies can benefit in terms of ethical investment, risk management, human resource management and innovation capacity, equal opportunities, integration people with disabilities, etc. Basically, it is monitored the impact of companies on the whole society. The concept of corporate social responsibility is an evolving concept.

CSR brings benefits to companies, both by promoting ethical behavior within the company at the level of each employee, and by improving their image on the outside, towards customers, shareholders, suppliers, competition, etc.

CSR is born from the universal concepts of morality, on which the company's code of ethics is built, and, at the same time, it supports the code of ethics through which the business is conducted in a company. In other words, we can affirm that there is a bi-univocal relationship between the Code of Ethics and the CSR actions of a company.

CSR involves, apart from the economic and legal responsibilities, an innovativemanagement, and new innovative ideas in all the operating fields of the company, concerns for the implementation of green technologies and investments in human capital, the promotion of human rights, and concerns for the development of the community in which the company operates.

Following the analysis carried out on the CSR Index Romania Reports between 2015-2019, it can be concluded that the number of companies concerned with CSR actions in Romania has increased from one year to another, especially as a result of the 2014 EU Directive, that entered into force in 2017, and requires companies with more than 500 employees to prepare sustainability reports.

The companies most concerned with CSR, which achieved the highest scores, are large multinational companies, including Coca-Cola, Raifeisen, Heineken, Petrom, Telekom, and CEZ, to which was added since 2018 the company Kaufland.

Another conclusion that emerges is that the best performing industries in CSR are Beverages, Beverages Beer, Oil and Gas, Construction Materials, Telecommunication, Energy, Automotive, Retail, starting with 2018 Chemicals, and in 2019 Pharmaceuticals was added.

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