

# Green Marketing and Corporate Social Responsibility in the Romanian Banking Sector

Kiss Marta

University of Medicine, Pharmacy, Sciences and Technology of Targu Mures  
[kovacs\\_marta@yahoo.com](mailto:kovacs_marta@yahoo.com)

## Abstract

*This article intends to highlight the importance of green marketing and Corporate Social Responsibility (CSR) focusing particularly on Romanian banking sector. The benefits of CSR have been also presented.*

*Analyzing the main interest areas for CSR in the Romanian banking sector, we find that banks focuses on culture, education, sports and humanitarian and environmental protection. These activities offer a great opportunity to live up the corporate responsibility and promote business activities at the same time.*

**Key words:** Corporate Social Responsibility (CSR), green marketing, banks

**J.E.L. classification:** M14, G21

## 1. Introduction

The global financial and economic crisis, with climatic and environmental changes, have all required new marketing practices and innovative approaches to create a better *green* future.

The concept of *green* means, in business, especially energy efficiency and low resource consumption. In all areas of economic activity – from agriculture, energy to FMCG or finance and banking – companies around the world are concerned with this type of approach, which they implement in their investment and development strategies. *Green* has started from ecology, but has now reached the economy. *Green* also means a sustainable approach to business strategy, but community support, as well. We can say that the element from which everything started - the concern for the environment - remains at the heart of this concept and is integrated into economic activities.

Banking sector plays an important role in the economic growth of a country. The Romanian commercial banks are generally adopting „green” activities for the environmental sustainability. *Green* marketing can be considered as a tool for sustainable development and for satisfying different stakeholders.

According to Scholtens (2009) „socially responsible banking is evolving as a well-established series of principles in the financial services market, as most banks offer financial products that consider sustainability issues, and have become more transparent in reporting their Corporate Social Responsibility (CSR) activities” (Lympelopoulos *et al*, 2012).

Several academic researchers tried in multiple forms to highlight the importance of corporate social responsibility in the business strategy of companies or organizations. Also, a number of studies have been conducted to explore the role of CSR. Some authors even consider that „initiatives of corporate social responsibility should be integrated and internalized by an organization so as to be placed in the heart of the organization to obtain benefits such as: improving corporate reputation, winning customer's trust, motivating employees or increasing market share” (Dey and Sircar, 2012).

However, businesses should be aware that the inclusion of social responsibility objectives in the strategy of the organization must be triggered not only by the desire to build a positive image, by operational efficiency or the prospect of competitive advantage, but as a condition of building

sustainable businesses (Ganescu, 2012).

The prudent choice of strategies of corporate social responsibility can ensure the sustainability of the business by obtaining benefits for the organization (improving the image and reputation of the bank, increase of operational efficiency, increase in sales and customer loyalty, achievement of competitive advantage, providing benefits to shareholders, increase in financial performance), benefits for employees (increase of their motivation, improvement of teams unity, decrease of internal conflicts, elimination of unethical practices, development of social solidarity) and environmental benefits (reduction of the impact of economic activity on air, water, soil, depleting natural resources, energy consumption reduction, promotion of recycling and material reuse).

This paper aims at exploring the various dimensions of green marketing in the banking sector, focusing primarily on corporate social responsibility.

In following we present some relevant current studies referring to environmental or green bank marketing and then we have carried out a comparative study on some Romanian banks relating to corporate social responsibility.

## 2. Theoretical background: Green marketing and corporate social responsibility in the banking sector

According to Preda (2013) „the importance of the marketing activity is shown first by the continuous development of competition in the financial-banking sector in despite of the difficulties of entering and exiting a market, and secondly, by the globalization and the increased interest of the market players which determine high levels of intensity of the commercial activities in this sector”.

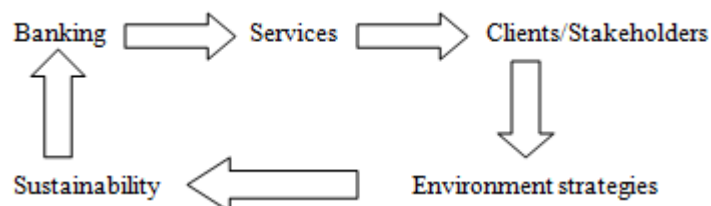
Parallel with the need for corporate social responsibility, Kärnä *et al* (2003), consider that „environmental or green marketing has emerged as a key issue that could potentially resolve the present crisis, and it can be considered as a tool for sustainable development in business and society”.

Green marketing is a broad concept, „appears to offer a solution for ‘the day after’ in the bank market, by contributing towards sustainable development” (Portney, 2008).

We can say that green marketing is the marketing of products that meet the environmental criteria on the entire product life cycle and involves those activities that are related to consumer behavior and their attitudes towards the environment.

A definition of green marketing on banking sector is given by Evangelinos *et al* (2009) and refers to the development of new „green financial products, such as loans that finance cleaner technology, and environmental strategies, such as energy efficiency and waste management programmes, that improve banks' environmental performance and reputation”. Also, they made an interface between banking, environmental and sustainability that is outlined in *Figure no. 1*.

*Figure no. 1. Interface between banking, environmental and sustainability*



Source: (Idowu and Filho, 2009, 158)

According to Kärnä *et al* (2003), „green bank marketing should refer not only to the services offered, but also to the methods and practices that are followed”. In Savu (2012) opinion, *green banking*, as a term, covers several different areas, but in general refers to how environmentally *friendly* the bank is, and how committed to green and ethical policies they are, but there are many differences between these commitments, from bank to bank.

In addition, in Yadav and Pathak (2013) opinion „Green Banking is an umbrella term referring to practices and guidelines that make banks sustainable in economic, environmental, and social dimensions. It aims to make banking processes, the use of IT and physical infrastructure as efficient and effective as possible, with zero or minimal impact on the environment.”

Corporate responsibility is simply a way for companies and organizations to take responsibility towards the community and environment (both ecological and social) in which they operate.

Although the first corporate social responsibility activities appeared on the local market in the early of 2000s, the trends shaping the international market for sustainability have begun to reach, step by step, Romania as well. Companies that became concerned about reporting at that time were those with majority foreign ownership and which came from markets with a strong sustainability. The first CSR report in Romania was published by Orange Mobile Telephony provider in February 2004 for 2003.

In 2007-2009, banks have begun to develop policies of social responsibility. In this period banks like BRD, BCR, OTP Bank have made short CSR reports, and they have been published on their website.

In Romania, most commercial banks have included in their management corporate social responsibility programs. These programs are available on their website.

### **3. Green bank marketing and corporate social responsibility in Romania**

In recent years a lot of attention has been given to green marketing as well as to corporate social responsibility in Romanian banking sector. Most of the Romanian commercial banks already implement environmental strategies and green banking, investing heavily in their environmental image in order to deal with contemporary challenges. It is known that banks by the color of their logos try to transmit messages. Generally, dark green is associated with money, the banking environment, the financial world. The green colour symbolizes ambition, growth, stability.

Chang and Fong (2010) define green corporate image as „the perceptions developed from the interaction among the institute, personnel, customers and the community that are linked to environmental commitments and environmental concerns”.

Most commercial banks in Romania are concerned about green (ecological) and environmental activities, but these commitments are different.

In Romania, banks whose logos contain green are the CEC Bank, the OTP Bank, GarantiBank, Credit Agricole Bank. CEC Bank changed its own image in a process of rebranding, adopting a new logo and other green colours. The various shades of green intend to symbolize the rebirth of the institution as these colours suggest the revival of nature in spring. Also OTP Bank aims to operate by the principles of green, i.e. green used in the bank logo signifies the source of positive feelings in every culture: the colour of expertise, freshness and revival; the circle used in the design of the logo is an ancient symbol of the coin, expressing excellence, stability and completeness, the central disk surrounded by a semicircle symbolises knowledge and the resources entrusted to bank, while their growth is secured by the protective circle around it, and the smaller disk is the symbol of progress, development, and the advantages that the bank can offer.

Other banks developed different loans for SMEs (small and medium enterprises) and for farmers that helps them business to perform better. These loans are intended for investments in energy efficiency and in technologies that produce renewable energy, as well as for activities that enforce environmental measures. Such a bank is ProCredit Bank.

In Romanian banking sector, corporate social responsibility is a relatively new concept, implemented by international companies that operates locally. However, there is interest, there are even national recognition (eg. *Green Bank Award*), revealed by the existence of awards to companies that have demonstrated active involvement in local community life and ongoing commitment to satisfying its needs.

Of Romanian banks that have conducted successful activities of CSR in recent times we mention the following:

Table no. 1 The CSR of some Romanian banks

Bank	Purpose	Areas
<b>Market share higher than 5%</b>		
BRD	Conducting businesses in a sustainable manner	Art and music Sports Employee volunteering Respect for the environment Investment in the communities in which it operates
Transilvania Banc	Conducting business in a sustainable way	Financial education courses Culture Sports
BCR	Brokering and supporting the development of value in the communities in which it operates	Education for the development of practical skills Support and promote leaders Civic leadership The energy sector
UniCredit Bank	Sustainable development	Art and music Education and Sports Promote volunteerism, civic involvement and charity Environmental protection projects
Raiffeisen Bank	Community involvement and conducting business in a sustainable way	Arts and Culture Financial education Sport as a healthy lifestyle Urban Ecology Social assistance
<b>Market share less than 5%</b>		
AlphaBank	Sustainable development	Culture Education Sports Green Alpha platform (with a focus on environmental protection)
EximBank	Development of real sector of economy	Social, cultural, sports, humanitarian and educational projects
OTP Bank	To believe in change and the power of the desire to do good	Actions to protect the environment Supporting the community in which it operates Education Culture Sports Health
Patria Bank	Community development	Cultural, sporting and humanitarian projects

Source: The banks' websites

These banks have been involved in such areas as arts and culture, education, sports, humanitarian and environmental protection. Art, culture and sports bring people together, and devise programs that benefit the public as well as customers and employees. Promoting art, culture and sports means helping to shape our society, to give it new impetus, and enabling people to have unforgettable experiences.

All these banks give great importance to education and are actively involved in educational projects, because they realize that education is a step forward made for a better future.

The benefits and effects of active involvement in community life are the following:

- Improved relations with the community (customers);
- Influencing the target public, opinion leaders, media;
- Positioning the company to a higher level in society;
- A better image / more visibility for the company;
- Customer loyalty towards the company and its products;

- Motivating employees.

The benefits of CSR in case of Romanian banks are rather for the banks if we consider that every action, commitment appears in mass-media.

Adopting different CSR measures and policies in the Romanian banking sector could represent a good opportunity for the companies in the sector of gaining strong competitive advantages.

#### 4. Conclusions

In current market conditions, in the financial services sector, but also in other fields of activity, a distinct CSR profile serves as a strategic marketing tool to differentiate a company from its competitors and provides increased visibility in the media and community. Nowadays, corporate social responsibility towards the community and green marketing has attracted considerable interest in the Romanian banking sector.

The commercial banks considered above has taken various corporate social responsibility initiatives but we can find many similarities between these commitments like environment friendly initiatives, sustaining education, culture and sports. Banks is also involved in community welfare activities such as empowerment of the lower class by helping them in education, health, water facilities and so on. Such implications will help the banks to maintain long term relationship with the society. Community involvement has become necessary for those companies that want to ensure not only the success but also the respect of society.

We can conclude that corporate social responsibility is a smart investment that brings benefits both to the company and the entire community. Through community involvement programs, banks help build a more prosperous and sustainable future.

In the future, green bank marketing in Romania should be explored in continuation and enriched with insights from practitioners.

#### 5. References

- Chang, N. J., Fong, C. M. 2010. Green product quality, green corporate image, green customer satisfaction, and green customer loyalty. *African Journal of Business Management*, 4(13), pp. 2836–2844.
- Dey, M., Sircar, S. 2012. Integrating corporate social responsibility initiatives with business strategies: a study of some Indian companies. *The IUP Journal of Corporate Governance*, XI(1), pp. 36-51.
- Evangelinos, K.I., Skouloudis, A., Nikolaou, I.E., Filho, W.L. 2009. An analysis of corporate social responsibility (CSR) and sustainability reporting assessment in the Greek banking sector.
- Ganescu, M. C. 2012. Responsabilitatea socială a întreprinderii ca strategie de creare și consolidare a unor afaceri sustenabile. *Economie teoretică și aplicată*, Vol. XIX, 11(576), pp. 93-109.
- Idowu, S.O., Filho, W.L. 2009. *Professionals' Perspectives of Corporate Social Responsibility*. Berlin Heidelberg, Germany, Springer-Verlag, pp. 157.
- Kärnä, J., Hansen, E., Juslin, H. 2003. Social responsibility in environmental marketing planning. *European Journal of Marketing*. 37(5/6), pp. 848–871.
- Lymperopoulos, C., Chaniotakis, I., Soureli, M., 2012. A model of green bank marketing. *Journal of Financial Services Marketing*, 17, pp. 177-186.
- Portney, P. R. 2008. The (not so) new corporate social responsibility: An empirical perspective. *Review of Environmental Economics and Policy*, 2(2), pp. 261–275.
- Preda, O. 2013. The Romanian's banking system need to focus on marketing. *Romanian Economic and Business Review*, 8(1), pp. 34-42.
- Savu, I. F. 2012. It's time for green banking management in Romania. *Acta Universitatis Danubius. OEconomica*, 8(2), pp. 61-69.
- Scholtens, B. 2009. Corporate social responsibility in the international banking industry. *Journal of Business Ethics*, 86(2), pp. 159–175.
- Yadav, R., Pathak, G. S. 2013. Environmental Sustainability Through Green Banking: A Study on Private and Public Sector Banks in India. *OIDA International Journal of Sustainable Development*, Vol. 06, No. 08, pp. 37-48.
- <http://www.worldbank.org/>
- [www.brd.ro](http://www.brd.ro), [www.otpbank.ro](http://www.otpbank.ro), [www.bcr.ro](http://www.bcr.ro), [www.raiffeisen.ro](http://www.raiffeisen.ro), [www.eximbank.ro](http://www.eximbank.ro), [www.bancatransilvania.ro](http://www.bancatransilvania.ro), [www.carpatica.ro](http://www.carpatica.ro), [www.unicredit.ro](http://www.unicredit.ro), [www.alphabank.ro](http://www.alphabank.ro)