

# Environment-Oriented CSR Activities of Romanian Companies

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## Abstract

*Corporate Social Responsibility (CSR) is a concept largely adopted by companies in the last decennia. CSR initiatives undertaken by companies cover several domains, among which the environment appears to be a preferred one. Presently, more and more organizations initiate specific actions supporting the protection of the environment and the education in this domain. This work aims to present the main CSR programs and activities initiated by Romanian companies in the field of environment protection and their benefits in the support of environmental management system.*

**Key words:** corporate social responsibility, corporate environmental responsibility, environment protection

**J.E.L. classification:**M14, Q57

## 1. Introduction

The Corporate social responsibility (CSR) concept was introduced by H.R. Bowen, as representing "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are *desirable in terms of the objectives and values of our society*" (Bowen, 1953, p.6). CSR idea is supposing that the organizations integrate voluntarily social and environmental issues into their business activities and into the relations with their stakeholders. A socially responsible company is considered the one investing in human resources and the environment, over the level conforming with the law (Chahoud et al., 2007, p.17). However, as emphasized by EU Commission documents (2001, p.8), "CSR should not be seen as a substitute to regulation or legislation concerning social rights or environmental standards, including the development of new appropriate legislation". Regarding the definition of CSR, there are opinions conditioning their nature on the lack of profitability for the company (Friedman, 1970, p.6). Kotler and Lee (2005, p.3) consider the CSR as "a corporate commitment to improve community well-being through discretionary business practices and allocation of corporate resources". Reinhardt, Stavins, and Vietor (2008, p.7) define CSR as "sacrificing profits in the social interest". Baron (cited by Lyon and Maxwell, 2008, p.2) is distinguishing "CSR actions" (driven by philanthropic reasons and being unprofitable) and "strategic CSR actions" (which are gainful for company). Carroll (1979, p.4) has named four types of CSR's (economic, legal, ethical and philanthropic), related to three levels: institutional, organizational and individual. Mc Williams, Siegel and Wright (2006, p.3) examined the strategic values of the CSR, by the prism of the resource-based-view-of-the-firm (RBV) principle. The authors consider CSR as a form of strategic investment, viewing it as a mean of 'reputation building or maintenance', and consequently there are necessary predictions regarding the organization's investment policy to support its CSR agenda.

Lyon and Maxwell (2008, p.1) define the environmental CSR as “environmentally friendly actions not required by law, also referred to as ‘going beyond compliance’, the private provision of public goods, or voluntarily internalizing externalities”.

In a thorough analysis of CSR phenomenon, Portney (2008, p.263-265) is underlining the reasons determining the firms to engage in CSR activities and the impact of these on business, investments and environment policies. The main reasons of CSR activities inventoried by author are: (i) to help companies to win favor with their current and potential future customers; (ii) to encourage employee loyalty and goodwill; (iii) to make them more attractive to potential investors; (iv) to increase the goodwill in the communities in which companies have their customers, headquarters, and/or operating facilities; (v) to improve their relationship with the government or local agencies monitoring and regulating their activities; (vi) to improve the company’s bottom-line (the belief that customers will be more loyal and more eager to pay for the products and services of companies with rich CSR achievements).

Presently, the European Union pay a particular attention to developing and implementing this concept, creating in 2002 a CSR Forum, having as objectives to promote CSR by improving the knowledge about the relationship between CSR and sustainable development and by facilitating the exchange of experience and good practices in this domain (EMS-CSR, 2004, p.3).

In spite of the popularity of CSR, there are also critics affirming that it is dominated by more by rhetoric and less by action or that “it has made corporations too risk-averse and redirected management time and financial resources away from the corporations’ core economic mission” (Vogel 2005, p. 12).

This work debates the development of corporate social responsibility, with special focus on environmental issues. The analysis refers to companies of different sizes, active on the Romanian market, conducting business in various areas.

## **2 Corporate environmental responsibility**

The responsibility towards the environment represents a main component of CSR. It refers principally to the impact of company activities on the environment and is called, alternatively, ‘corporate environmental responsibility’ (CER). Mazurkiewicz (2004, p.2) defines environmental responsibility as “the duty to cover the environmental implications of the company’s operations, products and facilities; to eliminate waste and emissions, maximize the efficiency and productivity of its resources and minimize practices that might adversely affect the enjoyment of the country’s resources by future generations”. According to Dumett (2008, p.47), CER is “complex and multi-dimensional”. It includes the organizations approaches and policies regarding the use of natural resources, wastes recycling and disposal, orientation towards environmental friendly technologies and products, limitation of pollutant emissions in atmosphere and tight control of polluting sources. CER may take various forms, depending on organization profile, dimension, priorities and needs (Jamison,2005, p.9). Concerning the relation between management of environment and CSR, Patil (2014, p.2) notes that “The answer to the basic question why corporate sector should focus on environment and its sustenance is controversial”. The actual global problems of environment deterioration and climate change represent a complex combination of a multitude of impacts of various human activities, difficult to explain, avoid or even diminish. As pointed by Cairncross (1995, p. 16 and p.20), there are two ways to diminish the impact of economic activities on the environment: (i) adequate governments policies and decisions makers’ education to include in their analyses the environmental issues; (ii) by changing technologies, making them more sustainable and more green.

Nevertheless, there are many evidences proving that all the new technologies are cleaner, greener, more efficient and have an increased degree of sustainability, especially in terms of energy and raw materials consumption. There are also opinions that without effective environmental policies, including economic motivations such as carbon taxes and backing to invest in environmentally friendlier and more sustainable technologies, it is unlikely to achieve the results desired by society in the domain of environment protection and climate change (Jaffe et al., 2004, p.11-12).

The main factors, driving the businesses sector to become environmentally responsible are government legislation or threat of legislation, cost savings, market advantage, protection or enhancement of reputation and brands, avoiding risk or responding to accident or environmental threat, pressure from shareholders, pressure from consumers, pressure from non-government organization, societal expectation (Dummett,2007, p.107). The way in which a company affects the environment in which operates depends on its characteristics, as well as the pressures that are exerted by external stakeholders and of course by the desire to improve relations with the community. As a response to the pressure of politicians, regulators, customers, competitors and local communities, more companies became concerned of the need to protect the environment and to initiate activities in this regard. As an example, a company which activates in industry must minimize the effects it has on the environment in production processes, the effect of products itself, packaging, distribution and other activities. Consequently, the company could take initiatives leading to identify ways to diminish electricity and gas use, attracting customers to care about the company's environmental footprint, protect natural resources and find alternate resources for their products and services. These initiatives are taken in consultation with consumer groups. As a result, appear opportunities for developing new products and manufacturing technologies minimizing the environmental impact.

The companies adopting environmental initiatives in their own business strategies, reducing the impact on the environment and contributing to preservation of natural resources (by using renewable raw materials or using recycled materials) are usually gaining some advantages, as compared with companies not involved in such activities. These include increase loyalty, attract and retain staff, new customers, attract new investors, extend their supply chains, realizing greater cooperation with members of community, creativity and innovation in technology and production process, good reputation and a good brand name. It is appreciated, by quantifiable data, that the CSR initiatives in the domain of environment have produced, so far, the greatest positive financial results (Mazurkiewicz, 2004, p.17).

### 3. Initiatives of Romanian companies adopting corporate environmental responsibility

CER is a subject approached in numerous papers analyzing the implication of Romanian companies in environment protection. The main sources used are the specific information available on the websites, and the annual reports of companies. Table 1 gives an overview of the main CER projects and achievements of the Romanian companies in the last decade. The data given in this table are evidencing that the Romanian companies recognize the importance of environmental issues confronting our society. The actions of the companies include ecological education, conservation of biodiversity, collection of waste, energy consumption reduction, recycling, reduction of electronic waste, protection of water source, protection and rehabilitation of urban green space, the use of bicycles as a means of transport etc.

*Table no.1 The activities of companies active in various areas on Romanian market directed towards environmental protection.*

<b>Areas/Company/Program/Details</b>
<b>a. Financial Services Industry</b>
<b>BCR (Romanian Commercial Bank – Erste Group)</b> <i>-Project Turceni – started 2009, participation in EBRD financing the rehabilitation of 6 units of Turceni Power Plant</i> <i>-Projects for improvement of water quality: participation in the public auction organized by Aries Water Company S.A for the expansion and rehabilitation of water and wastewater in Turda.</i> <i>-Recycling paper (2009): a system for collecting and reducing paper consumption by setting up e-banking service</i> <i>- Corporate Volunteering Campaign Orchard, BCR partner "MaiMultVerde" between 2009-2011.</i>
<b>BRD (Romanian Bank for Development – Groupe Societe Generale)</b> <i>-The "Botanical Garden", 2006-2008,"Cleaning Day" partner Teamwork, attended by 150 students who cleaned Bucharest Botanical Garden</i> <i>- Program to reduce carbon emissions from its own activities (energy, paper and business trips) - started 2010, 60000 euro investment.</i>

<p><b>OTP Bank Romania</b>  -Reduce the number of business flights with 50% in 2013 compared to 2012 by using video conferencing infrastructure. - Reduce the consumption of energy, water and paper in 2014 at the headquarters and branches in Bucharest. The result was the collection of waste paper (up to 10.5 tons), printer cartridges, electronic waste and used batteries.</p>
<p><b>Raiffeisen Bank</b>  -Reduce fuel consumption and paper with 8% in 2014 by bank employees.  -Project 'Velo' - bike-sharing,(2009)- there were created parks in several cities where bikes can be rented  - Investments to support actions for protecting the environment. These represented about 19% in 2013 and 35% in 2014 of total investments in social responsibility projects.</p>
<p><b>b. Food and Beverage</b></p>
<p><b>Coca Cola HBC Romania</b>  -Program for conservation and protection of water resources by 40% until 2020 compared to 2012 by treating and reusing wastewater.  -Program of reduction with 50% of CO2 emissions in 2014 compared to 2004 by building co-generation plants.  -Program for the reduction, recovery and recycling of packaging by using plastic with low density for packaging manufacture with 34% in 2012 compared to 2002.  -Education greening project "Verde 003", by the campaigns "Planteaza nu vegeta "(2007) and " Sa fie limpede " (2009), partners Tasuleasa Social and "MaiMultVerde".  -Driving schedule and environmentally responsible (2009) - winning the attention and education program staff .</p>
<p><b>Danone Romania</b>  -Reduce the carbon footprint by 30% between 2008-2012 and with 50% until 2020  -Reduce the amount of packaging by use plastics with low density for packaging manufacture and recycling them. Collection of packaging (an amount at least equal to that produced)  - The construction of a water treatment plant ( 2005), with a capacity of 1000 cubic meters, so the purified water is discharged into the public sewer system.  -Reduce Energy consumption by 28% in the factory in the last 4 years.</p>
<p><b>Tuborg Romania –</b>  - Program "Umbrella Verde "(2007), partners Fundatia Mereu Aproape si Ministerul Mediului, - collection of PET bottles by the beach Costinesti and Sinaia Cota 1400.  -Caravana Eco (2009), in towns Cluj, Timisoara etc, promoted positive examples of these cities.  -Competition "Capitala Verde a Romaniei"( 2010), aimed to educate citizens to respect the environment</p>
<p><b>c. Automotive</b></p>
<p><b>Dacia Groupe Renault</b>  -Program to reduce the carbon footprint by 3% during 2010-2016.</p>
<p><b>d. Energy</b></p>
<p><b>Enel Romania</b>  -Investment for renewable energy power plants in Banat and Dobrogea, through Enel Green Power, with an installed capacity of 500 MW as of end 2012  -Investment for research and development of low-pollution equipment.  -„Zero emission” program – partnerships with universities and research institutes in order to study how to prevent the emission of gas generating so called „Greenhouse effect”</p>
<p><b>GDF SUEZ Energy Romania</b>  -Project „Dâmbovița Verde”,  (2007) course planning and green space along the river Dambovita, between Calea Victoriei and Bridge Ciurel.  - 2009 – support the event „Curățenia de primăvară” organized by Asociația Team Work in order to clean botanical gardens in Bucharest and Craiova.  -Partnership with “Habitat for Humanity” for the renovation of 12 houses in the frame“SOS Casele Copiilor Bucuresti” in order to improve energy consumption.  -2011, Partnership with “Viitor Plus” – for project “ Valea Teleajanelui –Ecomunitatea ta” attended by 1000 students.</p>
<p><b>KMG International NV (former Group Rompetrol NV)</b>  - 2013 Investment in biodiversity conservation projects in areas in which the company operates (the rehabilitation of drainage system used in Petromidia, protecting groundwater, Lake Siutghiol and the Black Sea, decontamination of polluted land due to the industrial activity on the platform.</p>
<p><b>MOL Romania</b>  -Program “Scoli pentru mediu”( 2006-2007) in partnership with “Fundatia pentru Parteneriat” with the</p>

<p>participation of students and young people in actions of afforestation and develop green belts (Harghita). In 2008 there were supported 28 initiatives involving 11,000 volunteers</p> <ul style="list-style-type: none"> <li>- Projects(2009) for protection natural areas.</li> <li>-Program (2012) to collect used cooking oil from households.</li> </ul>
<p><b>ROMGAZ</b></p> <p>-<i>Upgrading the energy efficiency of Medias Municipal Hospital</i> (2015) by reduce energy consumption with 10% by installing heat pumps and solar panels.</p>
<p><b>TRANSGAZ</b></p> <p>--The "Green Olympics" (2010), project with a budget of 3.000 lei, followed community awareness on environment protection (Medias at competitions on environmental issues, partners Eco-Sal and Primaria Medias).</p>
<p><b>e. Telecommunications</b></p>
<p><b>Orange Romania</b></p> <ul style="list-style-type: none"> <li>- <i>Reducing the carbon footprint</i> by implementation in the company's headquarters a locking system of computers after 8 o'clock p.m and a system for collection and recycling of paper and printer cartridges.</li> <li>- <i>Buy-Back program</i> (2009) through which in 2014 were collected 421.000 electronic waste..</li> <li>The "bike tie" (2010), in partnership with the Green Revolution;</li> <li>-<i>Projects for protecting biodiversity</i> and preserving agricultural landscapes (in conjunction with ADEPT). Financial resources granted ADEPT Foundation Orange exceeded 1 million euro in 9 years.</li> <li>-Orange and WWF launched an eco-labeling system that evaluates the environmental performance of mobile phone.</li> </ul>
<p><b>Telekom Romania (Cosmote Romania and Romtelecom)</b></p> <ul style="list-style-type: none"> <li>-Cosmote-Program accountability to the public and its employees. Campaign "I Love Recycling" (2013) partner "MaiMultVerde Association". Created a website (2014), teimplici.ro, where everyone can propose and vote domains and subdomains that will be introduced in the company's social responsibility strategies.</li> </ul>
<p><b>f. Constructions</b></p>
<p><b>Holcim Romania</b></p> <ul style="list-style-type: none"> <li>-Investment in product development with low carbon foot print by building plants for co-processing waste using waste as a fuel. In 2013 was inaugurated a station for heat recovery in Alesd, -15 million euros investment. Other participants were partners local and central authorities, ANRE, ministries etc.</li> </ul>

*Sources:*

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**Conclusions**

This work is evidencing the main definitions of CSR, the evolution of the concept and the advantages of the firms' initiatives in this field, as depicted by different researchers. Special emphasis is put on the CSR initiatives in the field of environment protection and its interlinks with the economic development. A general accepted conclusion of the published investigations is the necessity to adapt the governments' policies and technology development towards environmentally friendlier decisions, more green and more sustainable processes and products. The inventory of the main CSR initiatives of Romanian companies is evidencing an incipient stage in this domain, limited to small scale activities. Nevertheless, it is to underline a rather large number of activities reported and, more important, its trend to increase in frequency and consistency.

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