

SUSTAINABLE DEVELOPMENT AND NEW APPROACHES FOR SOCIAL RESPONSIBILITY

Raluca Miruna ZAPCIU¹, Cătălin DUMITRAŞ², Miron ZAPCIU³

Rezumat. Articolul prezintă utilitatea informațiilor consolidate ale produsului în ceea ce privește conformitatea cu nevoile sociale și de mediu. Tendințele convergente din ultimii ani au conturat un mediu de afaceri diferit pentru următorul deceniu. Sustenabilitatea producției vizând prelucrarea și transportul produselor este un instrument puternic pentru crearea unei comunități viabile economic, ecologică, diversă și echitabilă din punct de vedere social. Identificarea caracteristicilor sustenabile este o provocare majoră nu numai pentru producători și consumatori, cât și pentru factorii de decizie. Politica de dezvoltare durabilă trebuie să se materializeze în grija pentru mediul înconjurător și într-o prioritate corporativă. Acest lucru poate fi realizat dacă rentabilitatea unei companii devine din ce în ce mai mult legată de performanța de mediu. Responsabilitatea socială devine un concept din ce în ce mai cuprinzător.

Abstract. This article shows the usefulness of enhanced product information regarding the consistency with environmental and social needs. Converging trends over the last decade have shaped a very different business environment for the coming decade. The sustainability of the production concerning the processing and the transporting is a powerful tool for achieving more environmentally sound, economically viable, biologically diverse, and socially just communities. The signalling of sustainable characteristics is a major challenge not only for producers and consumers, but also for policy makers. Sustainable development policies must, among other things, make caring for the environment a corporate priority. This can be achieved if profitability becomes more obviously linked to a company's environmental performance. Social responsibility is becoming more inclusive.

Keywords: Sustainable Development, Social Responsibility.

1. Introduction

In recent years, the largest, strongest and most profitable companies of the world began to speak increasingly often about social responsibility and sustainable development. Because of the newly created economic context, these companies become even obliged to address this issue. With the economic and financial crisis, almost without any exception, the forces that a company must endure are real and growing.

¹ PhD, Faculty of International Economic Relations, Bucharest University of Economic Studies, Romania (e-mail: miruna.zapciu@yahoo.com).

² Prof., CMMI Faculty, "Gheorghe Asachi" Technical University of Iași, Romania (dumitrascat@yahoo.com).

³ Prof., IMST Faculty, University POLITEHNICA of Bucharest, corresponding member of the Academy of Romanian Scientists, Romania (miron.zapciu@upb.ro).

Whether it's the economy of a country or a company, a change is needed in the optics of business. The economic and financial crisis was generated by the current market model, a model that should be rethought from scratch, and the companies need to address the aspect of sustainability and social responsibility. The forces that a company has to put up with are multiplying and continuously changing. First of all, the society is changing, becoming more and more conscient about its rights and its force in shaping the competition on the economical the market. Second of all, the natural resources limits are constraining the company's operations, are realigning the markets and, most probably, they threaten the planet's welfare. The companies are facing a growing number of shareholders that are directly interested by the environment.

2. The Sustainable Development concept and its dimensions

Definition: the Sustainable Development concept was defined since 1987 by the World Commission on Environment and Development (WCED) as being the development that meets the needs of the present without compromising the ability of future generations to meet their own needs

The Sustainable Development must satisfy all social, environment and economical needs (Fig.1).

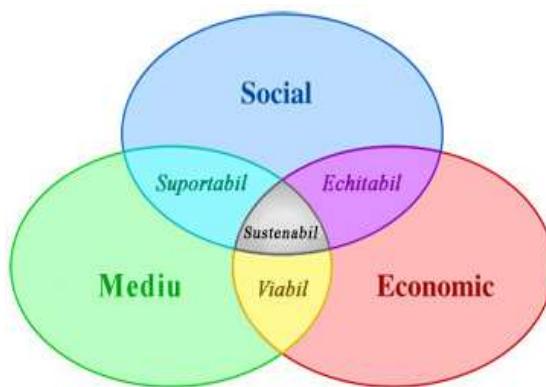


Fig. 1. The Sustainable Development concept

Source: Adaptation after Bumbu I., „Dezvoltarea durabilă, curs de prelegeri”(eng. Sustainable Development, prelection course)

As a manifestation of the macroeconomic dynamics, the economical development requires an ensemble of quantitative, structural and qualitative transformations, both from the economic point of view and in the scientific research and manufacturing technologies, the operating mechanisms and organizational structures of the economy, as well as people's way of thinking and their behavior. In this context, the sustainable development concept was brought forward, a concept that represents that form of economical development which

aims at (as the definition says) satisfying the current consumers' demands while not harming the future consumers' demands.

The preoccupations regarding the sustainable and viable economic development at both country and international level are becoming more and more intense, and are connected to a series of problems that the entire world is facing, like: poverty in the midst of plenty; environmental degradation; uncontrolled expansion of the urbanization; employment insecurity; youth alienation; removal of traditional values; inflation, unemployment, monetary, economic and geographical crises etc.

In the report entitled "Our Common Future" elaborated by the World Commission on Independent Environment and Development, presented at the United Nations Conference in Rio of Janeiro in June 1992, the sustainable economic development is conceived in the vision of reconciliation between man and nature in the sense of establishing a new partnership between the two entities, and finding a balance and harmony between the two "on a new path of development, to support human progress not only in some places and for some years, but for the entire planet for a long future."

The World Human Development Report (1996), developed under the United Nations Development Programme (UNDP), summarizes four essential components of the sustainable development paradigm:

- a. Productivity:* the population must increase its productivity and to participate fully in the process of income generation, the economic growth patterns representing a subsystem of human development;
- b. Equity:* the population must have equal access to options;
- c. Sustainability:* the access to options must be provided not only for present generations but also for future generations. All forms of physical capital, human and environmental must be reunited;
- d. Participation:* the people must participate fully in the decision making processes that are life changing. To achieve the compatibility conditions of the four requirements, the sustainable development strategy includes as an essential element, the simultaneous progress in all four dimensions.

The concept of sustainable development appeared over a decade ago and it still sparks discussions, and is interpreted in a different way by economists, sociologists, philosophers, environmentalists etc. Thus, the sustainable development is conceived by some authors as maintaining opportunities and living conditions for future generations, especially renewable natural resources, at least at the level of those of the current generations, and reduce pollution of the environment affected.

Other authors consider sustainability as a way of presenting economic efficiency in the management of services – offered on the natural resources endowment basis [1] (M. Stoica, 2010). Another group of authors consider that

the criterion of economic efficiency is related to conventional equity and future generations involvement in the management of environmental factors.

The core of the concept of sustainable development is the interaction between population, economic progress and the potential of natural resources, emphasizing the crucial issues of the following elements: optimizing the needs and resources, goals to be achieved, the necessary means, based on their mutual compatibility between time and space. It must be designed and built such an economic environment that, through its inputs and outputs, would be in a dynamic compatibility with the environment, and would also meet the needs of present and future generations.

Broadly speaking, the concept of sustainable development is accepted and supported worldwide, its message being taken by the conference in Rio de Janeiro in 1992, where discussions were focused in particular on:

- a) *the definition of sustainable development;*
- b) *determining the conditions for achieving this development;*
- c) *measuring, quantifying sustainable development* by finding an indicator to express the fact that a nation or an economy is going towards a sustainable development.

The overall objective of sustainable development is to find an optimal interaction and compatibility of four systems: economic, human, environmental and technological, in a dynamic and flexible operation. The optimum level corresponds to that long-term development that can be sustained by all the four systems. For the system to be operational, it needs support or durability to be applied in all the subsystems forming the four dimensions of sustainable development - starting from the energy, agriculture, industry, to investments, human settlements and biodiversity.

The minimum requirements for achieving sustainable development include resizing the economical growth, given the emphasis on the qualitative aspect of production; eliminating the poverty in terms of satisfying the basic needs - work, food, energy, water, housing and health; ensuring an acceptable level of population growth (reducing uncontrolled population growth); conservation and enhancement of natural resources, ecosystem maintenance, monitoring the impact of economic development on the environment; technological reorientation and putting the risks under control; decentralized forms of government, increase participation in decision-making processes regarding the environment and economy.

The issue of sustainable development has remained and will remain among the most talked about economical subjects especially because of the gap between the theoretical recognition of its importance and the practical results achieved so far, subsumed to the idea of social progress. In recent decades, worldwide, it has

been registered a progress in all areas and significant changes in human development.

The sustainable development strategy is to become operational by adequate national policies, and to be able to promote the compatibility of the systems that are interrelated in time and space, the collaboration and cooperation at a regional and international level.

The sustainable development is not a goal in itself but a means to boost economic and technical progress through a more equitable distribution of its effects on present and future generations. The common problem to all the countries of the planet is that the sustainable development strategy must be addressed taking into account the disparities in the world today, the division among developed and underdeveloped countries, and among rich and poor. Although the ultimate goal of the sustainable development strategy is the same for all countries, the specific issues that need to be resolved are very different from one country to another. Table 1. contains a summary of the concepts of sustainable development, according to the Center for Sustainable Concept from the Surrey Institute (UK).

Table 1. Concepts of Sustainable Development
Adapted source: The Centre for Sustainable Design, University College (UK)

<i>Levels in Sustainable Development</i>				
Corporate Social Responsibility	Corporate Responsibility	Industrial Ecology	Industrial Symbiosis	Natural Capitalism
Factor 4, 10, 50	Circular Economy	Closed Loops	Lifecycle Thinking	
<i>Specific concepts in Sustainable Development</i>				
Energy	Resources and Waste	Manufacturing	Products and Technologies	Other
Climate change Clean energy Carbon footprinting Clean technology Energy efficiency Renewable energy	Water conservation Resource productivity Resource efficiency Waste minimization Recycling Remanufacturing	Pollution prevention Cleaner production Sustainable consumption	Eco-innovation Sustainable design Sustainable products	Biodiversity Sustainable transportation Sustainable buildings Poverty tempering Social inclusion Health Equity

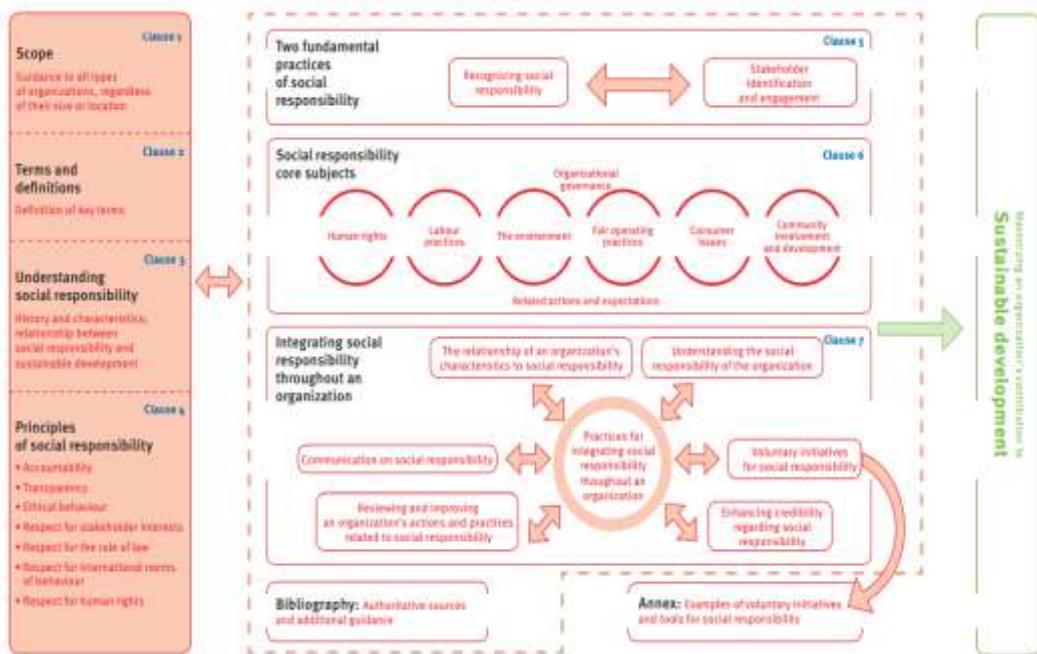
New approach for Social Responsibility

The organizations always operate in a direct relationship with the society and the environment in which they activate, which is a critical factor for their ability to continue to operate effectively. Also, this standard is increasingly used as a way of measuring their overall performance

**Fig. 2.** Central topics related to social responsibility

Source: ISO 26000:2010

The standard topics of governance refer to the organization on human rights, labor practices, the environment, fair operating practices, consumer issues and community involvement in sustainable development. They are all part of clause no. 6 of the 7 set to the standard ISO 26000 [2] (Fig. 2 and Fig. 3).

**Fig. 3.** ISO 26000 / 2014: Overview on social responsibility

Source: ISO 26000:2010

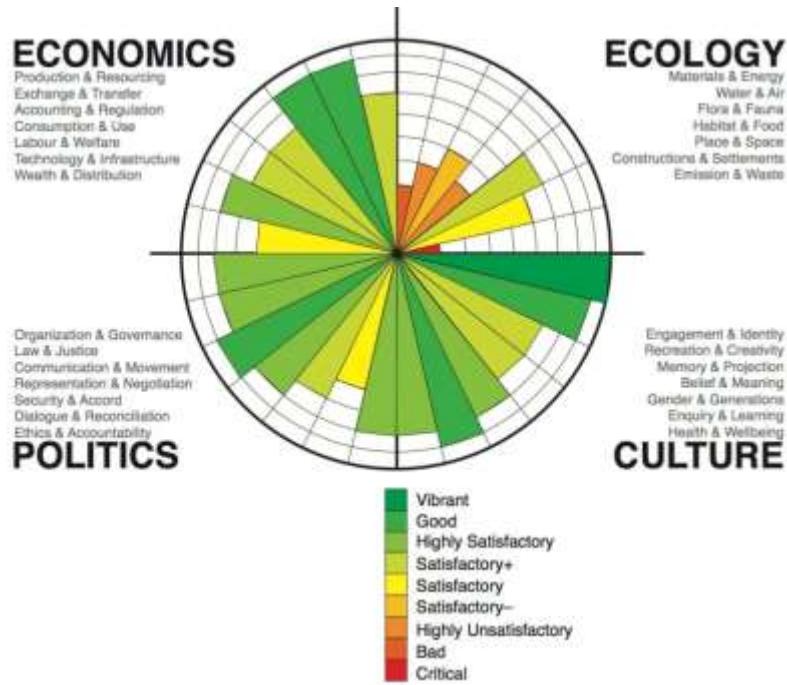


Fig.4. Sustainability Circle (Melbourne 2011)

Source: ISO 26000:2010

In terms of reporting, another milestone is given by the Circle of Sustainability, graphical representation on 4 chapters, each chapter (dial) having reporting 7 parameters (Fig. 4).

The European Commission published in 2013 a study on the extent to which European companies refer to international standards when presenting its CSR strategy. The study by the European Commission shows that the UN Global Compact and the GRI standards are the most popular among companies [3].

3. Analyzing the CSR in Romania

A variety of different actors are involved in CSR / SR in Romania. This is because the area contains a diverse range of activities that involve shared responsibility of public authorities, the private sector and the society.

A summary of the key players and their strategies as outlined in the following sections can be found in the following scheme (Fig. 5):

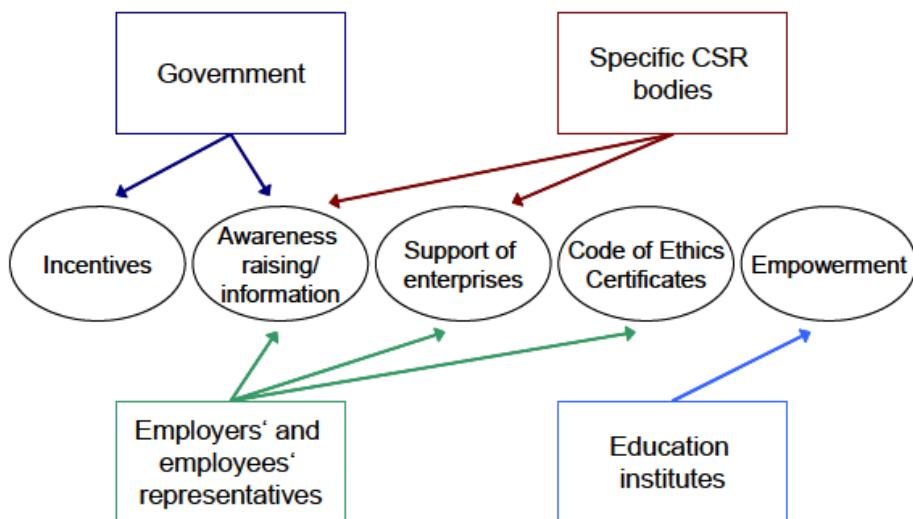


Fig. 5. Key actors and strategies in the field of CSR / SR
Source: the Austrian Institute for Research on SMEs

In Romania, the concept of corporate social responsibility emerged in the 1990s with the advent of several NGOs, particularly humanitarian ones, founded with the support of international public or private institutions [4].

This phenomenon was followed in 2000 by major reforms as part of the preparation for the EU accession, reforms that influenced the involvement of small and large companies in CSR / SR activities which consisted largely in restructuring / replacement of production technologies with more "friendly" environment, and social measures that targeted the employees or the company. Due to extensive legislation in these areas, there is constant competition with regard to the technologies that must ensure environmental and employees protection, and to promote sustainable development [5].

The implementation of responsible practices by the private sector has become stronger after the EU accession and was driven mainly by the involvement of multinational companies that have transferred their practices and organizational culture from the headquarters to a local level and, later, by the opportunity to access European funds.

Besides the transfer of knowledge and best practices in the country, a different kind of companies and "responsible industries" were developed after the European integration – the companies whose business objective itself is "to be responsible". These companies are engaging in activities which by their nature bring benefits to the environment and / or communities and their "responsibility" comes as an indirect result of the goods and services they produce / provide. The most relevant examples in Romania include the renewable energy industries and

waste management, rural tourism or eco-tourism, and marketing of organic or ecological products. For the purposes of this study, we continue to pay attention to the integration of the responsible practices into the organizational policies and practices of the companies, regardless of their main business objective [6].

The responsible corporate behavior was evaluated initially in Romania based on commercial image and reputation considerations of and not in terms of sustainable development and the needs of stakeholders. In the last years an increase was noted in the implementation of the second approach, the responsible practices being increasingly associated with long-term success, directly proportional to the community development, the environment and welfare practices and the relations in their sphere of influence.

As in other countries, there are several levels of awareness and practical implementation of the CSR / SR.

In Romania, the development of the field of CSR / SR is still at its early stage. While multinationals and large Romanian companies have gradually developed a culture of responsible behavior, in many cases CSR / SR is still associated with philanthropy and focuses on donations, sponsorships and public relations activities. The instruments of CSR / SR are most commonly considered to include: codes of corporate conduct, social investment, and social and environment auditing. A small number of companies have adopted a strategic approach by integrating CSR / SR in their basic practices, thus influencing the company's decisions and activities. The concept itself is insufficiently known to SMEs, although such practices seem to be implemented unknowingly of their nature on the long term. Like in other countries, there are several levels of awareness and practical implementation of CSR / SR.

Embedding CSR / SR as part of the way the business is conducted makes this "responsible activity" to be resistant to market changes and economic difficulties, by ensuring responsible business behavior constantly. As long as CSR / SR is adjacent to the central business activity, as a separate function or activity (ex. Philanthropy), it is subject to external and internal constraints and pressures.

The areas that are most often covered by CSR / SR initiatives in Romania include child welfare, education, art, religion, the environment and sports. The CSR / SR initiatives are not limited to investing in the community, but they also include responsibilities to the sphere of influence and to customers, as well as employee welfare. Depending on the community, some causes such as child welfare and education services, services for at-risk social groups or the religion are more often approached than other types of initiatives.

An exploratory study conducted in 2006 on a sample of 205 Romanian companies, large organizations and SMEs, stressed out that external pressures (NGOs, media, public authorities), the better reputation and the popularity of the

topic itself are the main motivations to implement CSR / SR in an organization (Table 2 and Fig. 6).

Table 2. Sample description of the participating organizations
Source: Austrian Institute for SMEs Research

No of employees	Percentage	Turnover (EUR)	Percentage
Below 9	20,59%	Below 50 000	16,83%
10-49	24,51%	50 001 – 500 000	26,24%
50-249	21,08%	500 001 – 5 mil	18,81%
249-1000	20,10%	5 mil – 10 mil	7,92%
Above 1000	13,73%	Above 10 mil	30,20%
Total			100,00%

The motives for CSR involvement

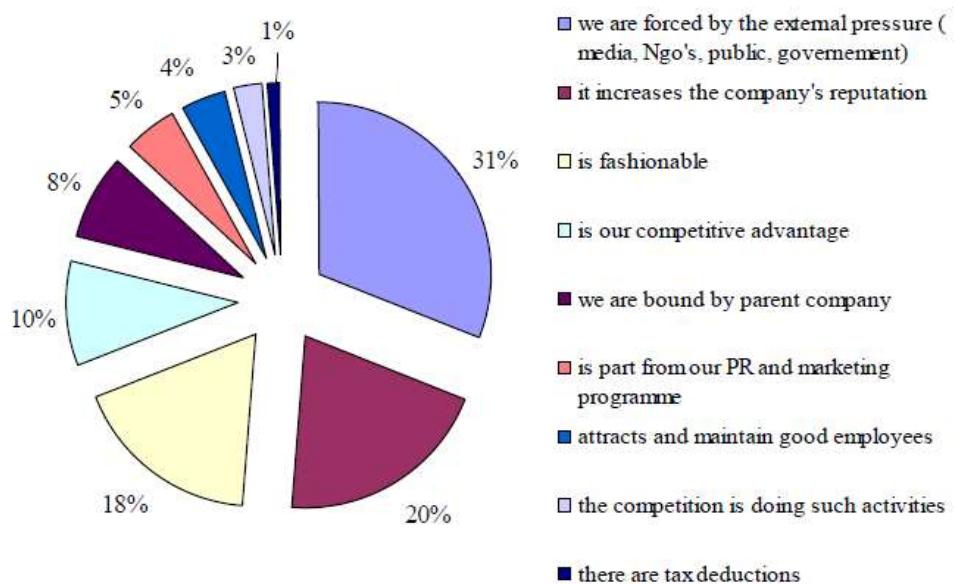


Fig. 6. Motivations for implementing CSR / SR
Source: the Austrian Institute for Research on SMEs

Stancu and Olteanu (2008) pointed out that most of the times the general manager is responsible for managing the CSR / SR activities, followed by the marketing and public relations departments. They also pointed out that only 2% of companies seem to have a specific department and that about 28% of the CSR / SR responsibilities are not formally included in the job description of employees.

Table 3. SWOT analysis on the development of CSR / SR in Romania
Source: Adapted by the National Strategy for the Promotion of Social Accountability 2011 - 2016

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> ➤ The openness and the interest of society regarding CSR / SR and the relative novelty of the concept in public ➤ The involvement of multinational companies and the number of large Romanian companies taking CSR / SR initiatives ➤ The continuous growth in the number of CSR / SR initiatives and best practices at national level ➤ The increasing level of consumer interest in products / services provided by socially responsible companies 	<ul style="list-style-type: none"> ➤ Very few knowledge about the CSR / SR concept ➤ The lack of studies, extensive sociological research and evaluation on the awareness and the application of CSR / SR principles in Romania ➤ The lack of knowledge and involvement of the organizations and SMEs in CSR / SR initiatives ➤ Weak enforcement of socially responsible investment and acquisitions ➤ Superficial involvement of the organizations in CSR / SR activities, without addressing the causes of social problems ➤ Low level of awareness and insufficient enforcement of consumer rights ➤ Corruption with direct effects on the business and its ability to apply SR practices ➤ Insufficient development of a business culture focused on moral values
<i>Opportunities</i>	<i>Threats</i>
<ul style="list-style-type: none"> ➤ The benefits for the companies, communities, society, environment, business environment, etc. of a strategic approach for companies integrating CSR / SR practices ➤ The importance attached to CSR / SR practices at international level ➤ Development opportunities and involvement on the European / international market ➤ The opportunity to learn, take on and adapt the best practices and lessons learned from developed countries ➤ The increasing importance of corporate reputation, environmental policies regarding the consumers' choice ➤ Funding opportunities provided by the EU for CSR / SR initiatives ➤ The positive attitude of citizens about the companies' involvement in community / society ➤ A protected environment from the adverse effects of the human activities 	<ul style="list-style-type: none"> ➤ The lack of coherent public policies to promote CSR / SR ➤ The absence of a coherent and consistent legislative framework ➤ Shortcomings in law enforcement ➤ Delays regarding the acceptable standards related to CSR / SR areas (ex. Environment) compared to other EU Member States ➤ The risk of exclusion / foreclosure of Romanian companies on some markets ➤ Support and insufficient involvement of the public authorities in promoting and implementing CSR / SR ➤ Lack of economical funds for promoting the application of CSR / SR

The local and regional public authorities are often insufficiently involved in promoting the concept of CSR / SR to the benefit of the communities and in creating a supportive framework and favorable conditions to encourage organizations to engage in responsible practices. Public authorities' efforts regarding CSR / SR campaigns are still weak. Despite this fact, in the context of globalization, it is recommended that Romanian organizations adopt a responsible behavior in order to be competitive on the market.

"National Strategy for Promoting CSR" was launched, thereby emphasizing the priorities, objectives and main directions for implementation. A SWOT analysis was adapted (Table 3).

Despite the significant progress since joining the EU regarding the integration of responsible practices into the core business of the companies, a number of challenges continue to be present and they need to be addressed by all stakeholders, such as:

- Raising the awareness of the significance of CSR / SR and the integrated approach implied by the implementation of responsible practices;
- Raising the awareness of the needs and benefits associated with incorporating responsible practices in business operations and objectives and to ensure a sustainable success;
- Increasing transparency, monitoring and assessing the impact of CSR / SR initiatives on all stakeholders.

Conclusions

Social affairs have become in recent years a course of action and have received a stronger implication from both NGOs and entrepreneurs. More and more non-governmental organizations are becoming involved in social entrepreneurship, as they become increasingly aware that it is a viable solution to secure their financial independence and to increase their level of sustainability.

At the increasing of this phenomenon in Romania have also contributed the „classic” entrepreneurs, that discovered the sustainable social affairs to be a good alternative to the traditional way of doing business, thus creating a situation where both the contractor and the company wins.

More and more companies are already starting to treat social responsibility as an integral part of the business.

Reporting the responsibility practices has become increasingly important for companies, and the impulse given by the European Commission, particularly by introducing the 2014/95 / EU Directive on the obligation of big companies to annually report a series of non-financial information and information on diversity.

The EU Member States are required to transpose the directive into their national law by 6 December 2016, thus requiring big to comply with the Directive's provisions starting with the financial year of 2017.

Company leaders need to consider the wide range of social responsibility initiatives in order to achieve a better financial performance, to attract better qualified staff, to enhance the company's performance on the market and to increase the value of the company on the market.

Acknowledgment

This work was partially supported by the strategic grant POSDRU/159/1.5/S/134197 – PERFORMANCE, of the Ministry of Education and Scientific Research, Romania, co-financed by the European Social Fund – Investing in People, within the Operational Sector Program Human Resources Development, 2007-2013.

R E F E R E N C E S

- [1] Stoica M. *Investițiile și dezvoltarea durabilă*. Editura Universitară, Bucharest, 2010
- [2] http://www.iso.org/iso/iso_26000_and_ir_international_integrated_reporting_en - lr.pdf
Accessed on 10.06.2015.
- [3] <http://business-humanrights.org/en/pdf-an-analysis-of-policy-references-made-by-large-eu-companies-to-internationally-recognised-csr-guidelines-and-principles>, Accessed on 10.08.2015.
- [4] Alin Stancu - *Marketing și responsabilitate socială*, Editura ASE, 2012, ISBN: 978-606-505-491-2.
- [5] Alin Stancu - *Marketingul și societatea. Integrarea activităților de responsabilitate socială*, Contract de cercetare. Editura ASE București, 2007.
- [6] Adriana Elena Reveiu et al.- *Studiu privind transformarea politicilor de responsabilitate socială corporativă în părghii ale dezvoltării durabile a României: RSC-DDR*. 2010, contract nr. 91030/2007. ASE Bucharest, 2009.
- [7] John Ehrenfeld - *The Route of Sustainability*. MIT Sloan Management. <http://sloanreview.mit.edu/article/the-roots-of-sustainability> Accessed 02.09.2015.
- [8] Wouter Spekkink - *Building capacity for sustainable regional industrial systems: an event sequence analysis of developments in the Sloe Area and Canal Zone*. Journal of Cleaner Production, Vol. 98, 2015, pp. 133-144. ISSN: 0959-6526.