

## CORPORATE SOCIAL RESPONSIBILITY OF ROMANIAN COMPANIES ON THE BRICOLAGE MARKET- A METHOD OF SOCIAL DEVELOPMENT

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**Abstract:** *Corporate social responsibility represents the managerial concern to undertake actions that protect and improve both the wellbeing of the society as well as the interests of the company. The Worlds Business Council for Sustainable Development defines Corporate Social Responsibility as the permanent commitment of companies to behave in an ethical manner and contribute to the economic development by improving in the same time both the quality of the life of the employees and their family and local communities and society". The objectives of the paper is to offer a conceptual understanding, identify the advantages generated by social responsibility for the society as a whole. The business environment is not independent from the rest of the society. These two are interconnected and it has to be assured that through mutual understanding and responsible behavior, the role of bricolage companies in building a better future is recognized and encouraged by society.*

**Key words:** *corporate social responsibility, sustainability, economic development, socially responsible behavior, bricolage market*

### INTRODUCTION

Corporate Social Responsibility – CSR is a subject that is becoming more and more present in the Romanian business market and it appears to be continuously growing.<sup>1</sup>

The raise in the number of business responsible practices implementation in Romania has increased significantly after the European Union integration. The main actor were the multinational companies that transferred the organizational culture and practices from the headquarters to the local level, followed by the opportunity to have access to European funds.

As a result of the European integration, Romania has developed a number of "responsible industries", companies which had a responsible business objective. These kind of companies have developed a business objective based on the activities that benefit the environment and/or the communities. The responsibility of these companies is the indirect result of the products and services they supply.

Also, after Romania became part of the EU, a significant development of the renewable energy and waste management industries, rural tourism and eco-tourism as well as the commercialization of organic and ecologic products has been registered.

Howard Bower, known as the "father" of corporate social responsibility, defined CSR as: "the obligation of business man to follow those policies, to take those decisions and follow those directions that are agreed in terms of valor and objectives by society"

Both corporations and mass media are accepting the fact that in the relationship between companies and the community, social responsibility is mutually beneficial. On the other hand, it generates profit for the companies, while according support to disadvantaged communities or groups thus taking act in the local development. Attention to social responsibility was until recently concentrated mainly on bricolage companies as how to ensure a link between business operations and the communities where the companies operate. The vision according to which social responsibility is applicable to all organizations has developed in time as other stakeholders, not only companies admitted to also having the responsibility to contribute to the social improvement.

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\* In this paper the term CSR is under for the abbreviation of Corporate Social Responsibility

The understanding and application of the social responsibility concept by the bricolage companies from Romania is influenced by a variety of factors such as the dimension of the organization, degree of internationalization (e.g. Supply chain or clients), geographic position within the country, the time passed from the first contact to this concept / domain.

### **MATERIALS AND METHOD**

The research is focused on the combining of two methodologies. First the quantitative secondary information available to the public were gathered from various sources( studies made at European level, national and international reports, national networks of CSR/SR, websites, CSR/SR reports of certain organizations, news websites and other online media sources), the investigation was developed as an ample research.

Second, according to the purpose of the research, the quantitative information were supplemented with a qualitative research that has the purpose of underlining the understanding and meaning of certain factors and processes that influence the CSR/SR activity and to connect these meanings with the environment in which they operate. The qualitative approach is justified by the fact that the study is looking to explore “how” certain experiences and activities take place, how certain decisions are taken, recorded and what lessons can be learned from them.

This choice proves to be even more appropriate since the CSR/SR domain is one of the few less explored from the research point of view, especially in Romania. This way, the purpose was obtaining data and comprehensive descriptions, which offer the possibility to identify potentially latent subjects, unidentified until now, subjects that were not obvious at the beginning of the research.

### **RESEARCH RESULTS**

The bricolage market is estimated at an approximate value of 2 milliard euro, being currently dominated by the Romanian players Dedeman, Arabesque and Ambient. Some other important players present on the market at local level are Leroy Merlin, Praktiker, Hornbach, Brico Depot or Mr. Bricolage.

#### **1. Social responsibility and the bricolage market**

The most common areas found in the social responsibility initiatives of bricolage companies in Romania are the welfare and education of children, arts, religion, the environment and sport. The CSR/SR initiatives are not limited to investing in the community, but also includes the responsibility along the supply chain, the relationship with clients and satisfying their needs, as well as the welfare of the employees. Depending on the community in which a company is doing business, certain issues such as the welfare and education of children, services for disadvantaged or at risk categories of people and religion are addressed more often than other community initiatives.

Dedeman in partnership with the Community Support Foundation has conducted in the program "Dedeman for the community." Among the main activities undertaken include: home care support services, sponsoring a children's camp and "Galei Premiilor Comunitatii Bacauane", donating construction materials needed for the renovations of the "Pistruiatul" Center.

The current economic situation of Romania affects in different modes distinct social categories. The most dramatic impact of this situation is on those who belong to disadvantaged groups - the elderly, abandoned children, families in isolated rural areas, etc. These people have no chance to counter through their own forces the negative effects of economic and social transformations. Dedeman wanted to reduce the number of problems faced by the disadvantaged population. To do so, the company has developed a partnership with the Community Support Foundation.

Starting from the 2008-2009 school year, Dedeman has been running a program granting scholarships to high school students in rural areas without financial possibilities. The first beneficiaries of the program were 9 IX grade students, who have been admitted to a state high schools in urban areas, having an average mark above 9.

The money received each month from Dedeman help cover the expenses for accommodation in the high school dorms and food. The fund allocated for grants this school year is 60,000 RON. Starting in August and ending in September, Dedeman stores posted advertisements in which students were invited to submit their file in order to receive a scholarship. The company appealed to the School Inspectorate in the counties in which they operate, to identify students with a difficult financial situation.

Praktiker supports initiatives and believes that they can change the world a little each day. Therefore, the company engages in social responsibility projects in areas such as social, education and environment. Praktiker Romania participates in Reciclioniada – a recycling marathon organized by Apa Nova Bucharest in partnership with Bucharest City Hall.

At the Praktiker booth at the eco Reciclioniada event, visitors who recycle old electrical tools and lamps receive in return a Praktiker shopping voucher worth 30 lei, respectively 10 lei. These can be used in any Praktiker store in Bucharest, for shopping worth at least 300 lei.

One of the core values of Praktiker is caring for the environment, care that has materialized, over time, in several campaigns and activities undertaken in the Praktiker stores, with the support of various specialized partners, such as ROREC and Recolamp. Moreover, in the Praktiker stores there are "green corners" where old electronics are collected customers being encouraged to recycle.

Praktiker Romania supports the professional development of students in their final years of college, who want to gain a better understanding of the opportunities and the working methods in a company. Praktiker believes that there must be an ongoing partnership between the education, training and business in Romania, because this is the beneficial the combination for both parties.

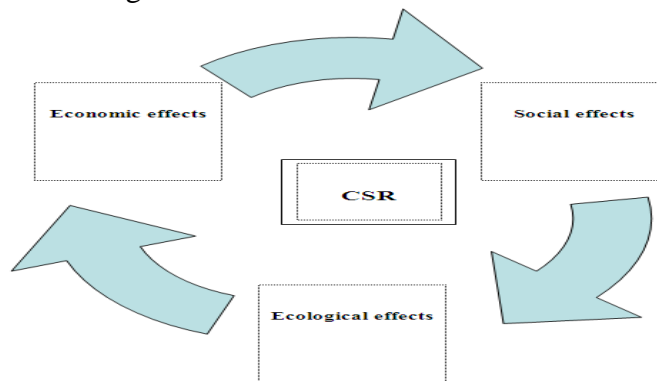
For Hornbach, social responsibility represents the implementation of concrete measures in a larger number of domains and marketing of sustainable products, from wall paint to the furniture and decorations used in the garden. This requirement is also applicable to its own brands and products launched on the market by Hornbach, their utmost priority being to achieving sustainable use of resources. This corporate initiative on sustainability is an essential component of the company philosophy. The most important is awareness of the fact that each individual can contribute in this regard.

Hornbach aims to reduce energy consumption. According to the estimates, 60% of the harnessed energy is used in a building for heat and hot water. This results in enormous potential for cost reduction if efficient measures are implemented in the energy sector. Such a responsible resource management ensures another very practical effect - this way the home climate can be significantly improved, regardless whether it is sealing the facade, replacing boilers or make minor changes, such as installing lighting with low energy consumption. The retailer decided to withdraw from circulation all standard mate bulbs, all standard transparent bulbs with power greater or equal to 100 watt as well as all standard bulbs with energy efficiency class F and G, but the company has prepared for this transformation and it offers instead both modern bulbs with low energy consumption, and new halogen bulbs with low energy consumption.

In order to protect the forest overexploitation and massive cuts Hornbach is an active member of the association WWF-Group association and Forest Stewardship Council (FSC). The Stewardship Forest Council certificate guarantees a high quality wood coming from forestry with long tradition. Wood products are not composed of substances harmful

to health. For this Hornbach has already received the Panda Award. The Forest Stewardship Council is a certificate for wood which is guaranteeing for ecological and social acceptable origin of the wood. During the subsequent processing it is guaranteed through verification that the timber is not mixed with unauthorized and uncertified wood and is marked accordingly.

Corporate social responsibility is a profitable managerial strategy, to the extent that lends to building credibility and confidence in the long term, aspects mandatory for a business in dealing with shareholders, business partners and customers. The European CSR approach enables the operationalization of the concept of sustainable development for businesses. In a practical sense, the term of social responsibility is associated with the concept "triple-bottom-line": economic prosperity, environmental friendliness, respect and enhancement of social cohesion. Development of the company is as a result represented by highlighting the following objectives: the economic one (the creation of wealth for all, based on production and sustainable consumption), the environmental one (conservation and resource management) and the social one (equity and participation of all social groups), as it can be seen in Figure 1.



**Figure 1 The impact of corporate social responsibility on society**

As a result of the pressure from the surrounding environment and from legislation, the technology is the one that has to come up with solutions increasingly more efficient and to ensure the sustainable development of society.

In order to be able to keep up with the bricolage companies from the international environment the Romanian companies will be forced to:

- Follow the trends in legislation and standardization, which can create new markets and can destroy certain markets in a very short time. Governments change regulations for many reasons, including lobbying of various market players and those related to scientific progress.

- Get familiar with international environmental agreements. These international agreements can influence many regions and industries. The technologies will be developed to match these agreements and will be based on eco-efficiency, pollution prevention and sustainable development

- Actively monitor technological progress that can generate cost savings, can create the appearance of new services, products or even new kinds of activities.

- Pursue economic and social trends that push towards the development of sustainable technologies. These include the trend of increasing raw material price as well as the intensification of the government concerns to issue regulations on the standardization companies activities

Responsibility to society can be a very powerful element of differentiation between companies, as consumers begin to be more receptive to the messages of the companies pursuing sustainable development of society, compared to those who are passive in this and are perceived as having the sole profit. Approximately 39% of consumers believe that

a company should be partially or totally responsible for solving social problems of the communities they serve, while 49% of the consumers take into account ecological issues when buying a product.

## **2. Opinions, attitudes and behaviours about social responsibility**

In urma studiului calitativ se poate constata ca domeniul responsabilitatii sociale The results of the qualitative study show that the corporate social responsibility field in Romania lacks maturity and few objectives and results are clear enough.

The bricolage companies comprised in this study possess general knowledge and notions about this domain. Despite the fact that the definition of CSR is correctly understood in general and the development strategies of the companies comprise such objectives, in the case of many of the companies interviewed these strategies are not transposed into action. Only 55.5% had or are currently having projects that target social responsible activities in implementation, the majority them being companies with foreign capital that are doing business in Romania.

Field of intervention is quite limited targeting especially the most publicized problems sectors such as, education, health, environment, etc. and very little the areas of employment, culture or sport. Regarding the types of programs the mainly focus is on philanthropy, socially responsible business practices or social marketing programs. However, companies would like in the future to be involved in such programs and believe they are especially needed in the social context of Romania and still relying only on a few areas (education, health, etc.), which reflects the narrow limits of these kind of practice within the business sector. Another problem identified during the study is that these companies have targeted and currently targeting especially urban and local projects, which demonstrates the limits of this practice once again in the business.

The main purpose of the private sector is to generate profit and value. Through such activities, the private sector contributes to economic growth and social development. In the long term, it is both in the interest of society, and the bricolage companies to have a private sector that works responsibly and to develop products and services that help solve social and environmental problems.

The strategies and CSR activities of companies have to be developed and practiced by involving employees and/ or their representatives, through dialogue with suppliers, customers and other stakeholders. It is advisable that the trade unions to be also actively involved in the efforts made for the implementation of CSR within companies.

The ability to transform ideas into new solutions has never been more important to business success and to achieving a positive social development. Innovation is the key to competitiveness, sustainable growth and generating value for companies and society in general. By developing new products and services, technologies, production processes, forms of organization and partnership models, the private sector can contribute significantly to overcoming the challenges faced by society.

Innovation and the ability to adapt are fundamental in order to be able to undertake the social and environmental challenges.

## **CONCLUSIONS**

Corporate social responsibility is a reality of the contemporary world and an important premises of the business environment. In the last few years, the Romanian companies have registered a significant progress in developing and implementing of decisions and activities that address social or environmental issues in the attempt to diminish the externalities of their economic activities. In spite of the increase in the strategic integration of CSR/SR in the basic practices of the organization, the majority of the big and medium companies seem to continue to base their CSR/SR activity on sponsorships and punctual charity projects.

Currently the bricolage companies grant a high importance to social responsibility practices and durable development, while multinational companies implement the requirements and policies established by the headquarters

It is not up for debate the choice of a company between durable development and actions that establish social responsibility, but the company has to pursue the integration of both. In the future more and more companies are going to select their social responsibility projects based on elements that target durable development.

The strategic integration of CSR/SR in the basic activity makes a business responsible behavior less vulnerable to external factors (e.g. Budget cuts during periods of crisis), this way becoming part of the manner in which the activity of the company takes place.

The increase in the number of responsible business practices in Romania implies among others a common effort of all the stakeholders, good communication between all the parts involved and a better understanding of the private environment, of the impact of the companies, the causes of social problems and the role of each part in the reduction of the barriers, threats and meting opportunities and motivations in respect to the development of this domain.

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