

# Corporate social responsibility – sustainability and profitability

**Mirela Teodorescu<sup>1</sup>, Dan Ionescu<sup>2</sup>**

<sup>1</sup>University of Craiova, 13 A. I. Cuza Street, Craiova, 200585, Romania

<sup>2</sup>Nicolae Titulescu High School, Craiova, Romania

E-mail address: [revistaderecenzii@yahoo.com](mailto:revistaderecenzii@yahoo.com)

## ABSTRACT

In present, the image of a company, its corporative identity became of a fundamental importance. An organization has to show transparency and correctness, in our time is not enough to perform only a high quality product, moreover, organization must prove it is also a good corporative “citizen”. There is no doubt that many of the actions of some major corporations have shown the worst side of commercial operation, whether this has been in the form of social or environmental operation or through manipulation conducting to major financial catastrophes that have harmed a lot at all levels of society. For this reason, there has been a growth in support for NGOs that have set their sights on raising awareness and stopping exploitation of any natural resources, using any and all means to further their special cause irrespective of the impacts on others in society, even the business community.

**Keywords:** corporate social responsibility; sustainability; environmental change; social change; pollution trading

## 1. INTRODUCTION

Corporate Social Responsibility, as definition, represents corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to company efforts that go beyond what may be required by regulators or environmental protection groups corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change (Barney, 2001; Borowski, 2013; [www.investopedia.com/terms/c/corp-social-responsibility.asp](http://www.investopedia.com/terms/c/corp-social-responsibility.asp)/on 20140303).

In specific literature, we find also for Corporate Social Responsibility (CSR) terms as corporate conscience, corporate citizenship, social performance, or sustainable responsible business/ Responsible Business, all of them defining a form of corporate self-regulation integrated into a business model. The goal of CSR is to assure the regulations and procedures that function as a built-in, self-regulating mechanism whereby a business monitors and ensure its active compliance with the spirit of the law, ethical standards, and international norms (Bărbulescu, Țătu & Țătu, 2007; Stavre, 2012).

David E. Hawkins, asserts “there can be few in the business community who have not had to address some aspect of sustainability within the past few years. It has proved almost

impossible in recent times to pick up any business publication or newspaper and not be faced with an article addressing some aspect of corporate social responsibility (or CSR). The focus of these initiatives has ranged across a wide and diverse landscape of social and ethical challenges, from tree-hugging to criminal exploitation. These in turn have led to regulatory and non-governmental organization (NGO) pressures raining down on corporate leaders, in addition to the changes that have emerged at both customer and shareholder levels towards an expectation of more responsible approach to business" (Hawkins, 2006; Borowski, 2014).

The term "corporate social responsibility" appeared in the 1960s and has remained a term used by many to cover a lot of legal and moral responsibility narrow elaborated (DeGeorge, 2010)

David Henderson (2001) asserts strong argues against the way in which CSR broke from traditional corporate value-setting. He also questioned the "lofty" and sometimes "unrealistic expectations" in CSR. The governments are expected to be the watchdog over powerful multinational corporations. In the context of globalization, neo-liberalism and late capitalism theories, some political sociologists were interested of corporate social responsibility objectives, emphasizing that CSR transformed the social movement into a business model and a risk management device with questionable results (Shamir, 2011; Borowski, 2012).

The objectives of Corporate Social Responsibilities are:

- to aid the mission of the organizations as well as a guide to what the company stands for and will uphold to its consumers. Development business ethics is one of the forms of applying ethics that examines ethical principles and moral or ethical problems that can arise in a business environment.
- corporate philanthropy, including donations and aid given to local and non-local nonprofit organizations and communities, including donations in areas such as the arts, education, health, social welfare, and the environment, among others, but excluding political contributions and commercial sponsorship of events;
- incorporating the CSR strategy directly into the business strategy of an organization.
- Garnering increasing corporate interest, called Creating Shared Value (CSV), based on the idea that corporate success and social welfare are interdependent (Porter & Kramer, 2006).

The resource-based-view (RBV) of sustainable competitive advantage, as concept is used in the cost-benefit analysis regarding positive financial outcomes upon implementing a CSR-based strategy. Further, J. B. Barney (2001) said "formulation of the RBV, sustainable competitive advantage requires that resources be valuable (V), rare (R), inimitable (I) and non-substitutable (S)."An organization can conduct a cost benefit analysis through a RBV-based lens to determine the optimal and appropriate level of investment in CSR, as it would with any other investments. An organization introducing a CSR-based strategy might only sustain high returns on their investment if their CSR-based strategy were inimitable (I) by their competitors.

The size and nature of the benefits of CSR for an organization can vary depending on the nature of the enterprise, and are difficult to quantify it. When a company develops its , CSR strategy, businesses may not be looking at short-run financial returns. CSR is a strategy for long-term, it is based on human resources, business development or public relations departments of an organization, or may be given a separate unit reporting to the CEO or in some cases directly to the board.

Regarding human resources, a corporate social responsibility can be an aid to recruitment and retention, particularly within the competitive graduate student market. In last year, the CSR

campaigns promoted event that involves young people, encouraging taking part to events. Potential recruits ask about CSR policy during interview, and having a comprehensive policy this can be an advantage (Bărbulescu, 2013). On the other hand, for organizations, this can improve the perception of the company among its top management, when top management can become involved through payroll giving, fundraising activities or community volunteering. (Bhattacharya, Sen & Korschun, 2008; Mangra, Coroc & Traistaru, 2013).

A special attention is given to managing the risk, as a central part of many corporate strategies. Reputations that take decades to build up can be ruined in hours through incidents such as corruption scandals or environmental accidents. These kind of incidents can also draw unwanted attention from regulators, courts, governments and media. Building a genuine culture of “doing the right thing” within a corporation can offset these risks (Kytte, 2005).

In order to reach the target audience is necessarily to plan an assisting engagement plan. The corporate social responsibility team will plan the goals and objectives of the organization.

Three are some steps in establishing the plan:

1. Determining the budget, according its level are decided the next functions;
2. Analysis of new set of risks into corporate decision-making;
3. Types of issues within company that NGO and advocates are representing in society;
4. Assessing on long – term future the needs to be thought of;
5. Prioritization of social and environmental projects with lack of corporate advocate;
6. To be aware of potential societal impacts even when a negative impact may not be immediate, and thus lessen liability;
7. making a positively influence decision where societal impacts are maximized, whilst ensuring efforts are within a given budget.

## 2. HOW TO DEVELOP AN ENGAGEMENT PLAN

Corporate social responsibility has a great impact on audience. The projects are concentrated on sensible issues of society, that organizations, like governments, has not enough resources to solve them. The subject pool is large (Țățu & Bărbulescu, 2007; Traistaru, 2013).

First stage of plan developing is committing to coming up with and improving on your companies goals. CSR commitments communicate the nature and direction of the firm's social and environmental activities and then, will help others to understand how the organization is likely to behave in a particular situation.

1. Do a catagraph of CSR commitments;
2. Initiate discussions with major stakeholders
3. Create a task force team to develop the commitments
4. Prepare a preliminary draft
5. Consult the involved stakeholders
6. Revise, improve and publish the commitments
7. Consider the major tasks feasible within the budget
8. Create a CSR working group, develop the vision and values. Establish working meetings, brain storming, collect suggestions, encourage employees to participate to process with ideas, thoughts.

9. Make a presentation, a visioning session and ask participants to think about what the firm could look like in the future as a CSR leader on the market.
10. Review the CSR priorities and policy to determine which codes of ethics or conduct fit best with the established firm's goals.

To approach an engagement plan for CSR activities is recommended to hire a consultant for all size of corporations, small, medium or large. To perform successfully these kind of projects it is necessary that all levels of management should be on board, and the support of high ranking corporate officials should be given (Siminică & Traistaru, 2013; Grabara, Kolcun & Kot, 2014).

### 3. ACTIONS TYPES OF CORPORATE SOCIAL

Activities belonging Corporate Social Responsibilities are diverse. When a company decides to develop one area of CSR, the final result is a really more profitable for company experiencing a higher level of employee engagement. Below we present a list of common actions implemented by companies as corporate social responsibilities (Dima & Vlăduțescu, 2012; Tegan, 2013)

**a. Environmental Sustainability:** Regarding environment we have to mention “the complexity of the environment and the impact of our actions should certainly be a factor in business strategies. The media flood us with reports on global warming but it is often difficult to be objective. Scientists are divided in terms of impacts and causes but most agree there is a change and the real debate is around the impacts and timing. Climate models predict increases in temperature, changes in rainfall and rises in sea levels over the next 100 years-of perhaps 50 centimeters, which is a serious problem for low-lying countries such as Bangladesh” (David E. Hawkins, 2006, p. 32). This area involves projects such as recycling, waste management, water management, using renewable energy sources, utilizing reusable resources, GHG (greenhouse gas), fossil fuels, using digital technology instead of hard copies, desertification, saving fauna, protect forests, reducing pollution, detection and stoppage of contaminants, etc (Vlăduțescu & Ciupercă, 2013; Ionescu, 2014; Smarandache & Vlăduțescu, 2014).

**b. Community and Social Involvement:** In last decades the humanity was confronted with a lot of social challenges all over the world, “the biggest challenge from globalization has been the impact of cultural diversity. Not only do we trade across the globe, but communications have bridged the cultural divides that historically played much less of an influencing role. At the same time transfers of production have meant the breakdown of traditional communities built around manufacturing centers. The result in developed countries is that individuals and families have in the past two decades become even more transient. This in turn has in many cases contributed to reducing the commitment to community responsibility” (Hawkins, 2006, p. 51). Also we have to mention that we live in a world that either we want or we don't want, we communicate, digital or analogous, verbal or non-verbal, we communicate (Vlăduțescu, 2013; Drămnescu, 2013). This area include raising money for local charities, supporting community volunteerism, supporting pauper families from communities, sponsoring local events, employing people from a community (decrease the unemployment), sustaining traditions, eliminate discriminations due religion, culture, supporting a community's economic growth, etc.

c. Ethical Marketing Practices: It is very important to assume that “ethical conduct is a requirement for all businesses, which means operating within the applicable laws, and respecting the rights of others in every sphere of operations. In the long term, operating in an ethical manner is crucial part of maintaining relationships with customers, suppliers, investors, employees and the wider community” (Hawkins, 2006, p. 76). The web of issues included in ethical agenda ranges over corruption, exploitation, manipulation, crime. Among persuasion methods to manipulate the audience are mentioned lie, myth, fiction, seduction with their action forms of influencing, intoxication, disinformation and propaganda (Vlăduțescu, 2013; Enăchescu, 2013; Vlăduțescu, 2014).

#### 4. CONFLICTS OF SUSTAINABILITY

During the process of manufacturing and delivery to customer, organizations are looking permanently to expand their business profile as a demand of customers. On the other hand, businesses have obligation to survive, to be prosper, to have profit, to be more competitive on the market, to attract the customers. There is also a relationship between employees and customers, that can generate conflicts (Colhon, 2009; Colhon & Tandareanu, 2010). Sustainability has a very complex specter with many items interacting between them such as wealth creation, exploitation, regulation, ethics, waste environment, technology social change, climate, pollution, energy, resources, poverty, governance. All of these items are parts of sustainability, all of them are sources and resources belonging of corporate social responsibility actions that can be objectives of corporations projects (Teodorescu, 2014; Avram & Traistaru, 2014).

Strategically the short-term pressures on business and demand-focused consumer aspirations create an environment that tends to push sustainability down the strategic agenda. The medium-term influence and responsibility of governments is to create targets and regulatory pressures on business community, whilst trying to maintain the support of their local community (Hawkins, 2006).

#### 5. ETHICS TRAINING

Inside corporation it is very important to rise ethics trainings sessions for all employees regarding government regulation, changing the behavior and culture of corporations. The purpose of training is to teach, to guide, to help employees make ethical decisions when the answers are confused (Smarandache & Vlăduțescu, 2013). New Age technology improves methods of learning, of presentations, perception of information through social networks, data collection, data and information sending/receiving (Vlăduțescu & Ciupercă, 2013).  
Technological impacts

It is a truth that technology advanced dramatically in the last 50 years. There isn't domain that not use technology. “As with most things, technology can be both benefit and curse in terms of sustainability” (Hawkins, 2006, p. 86). Technology has to support activities of sustainability, we can't go back to rudimentary. Technology based on knowledge, process, culture has a strong impact on people through relationship, benefits and impact. Technology can improve the industrial process, can intervene in the most complex domain as astronautics, such as asteroid protection programm. We are aware of the potential impact if an asteroid crashed into our planet, but in the mean time there are a billion starving people who don't know

or perhaps care. Technology has the potential to change the face of the global community over the next 50 years. One hopes that not only will it find new benefits but it will also find solutions to some of the key challenges we face (Hawkins, 2006; Lis & Bajdor, 2013).

## 6. PUBLIC POLICIES

National governments included in their public policy agendas Corporate Social Responsibility issues. So CSR reminded governments to promote socially and environmentally responsible corporate practices. Some European governments have implemented public policies on CSR enhancing their competence to develop sustainable corporate practices (Knopf Juttaw 2013). CSR critics such as Robert Reich argue that governments should set the agenda for social responsibility by the way of laws and regulation that will allow a business to conduct themselves responsibly. Actors involved in CSR: governments, corporations, civil societies

In each country the roles, responsibilities, procedures, programs, policies are different defined for each country regarding governments, corporations, and civil societies. The rules are different but the goals are the same, wealth creation, social change. An important key debate in Corporate Social responsibility is to determine what actors are responsible to ensure that corporations are behaving in a socio-economic and environmentally sustainable manner.

## 7. CONCLUSION

It is our duty to be aware of the consequences of uncontrolled processes, of technologies used inappropriate, to focus on principle that is easier to prevent than to treat. In many cases of issues presented we are making decisions to treat the effects and not to find the root cause, to fix it. In Corporate Social Responsibility, NGOs have the mission to observe and outlaw those who will not follow protest legally and who prohibit business going about its legitimate purpose. We only have one planet and our behavior has to be to save it, to conserve it for the future, for the next generations.

## References

- [1] J. B. Barney, *Academy of Management Review* 26(1) (2001) 41-56.
- [2] C. B. Bhattacharya, S. Sankar, D. Korschun, *MIT Sloan Management Review* 49(2) (2008) 37-44.
- [3] R. Bărbulescu, D. Țățu, L. Țățu (2007). *Investment in human capital. EU integration opportunities, Romania within EU: opportunities, requirements and perspectives* (pp. 430-435). V1. Sibiu: Editura Universității Lucian Blaga.
- [4] Richard T. DeGeorge (2001). *Business Ethics*. Upper Saddle River: Pearson Education, Inc.
- [5] A. Borowski, *International Letters of Social and Humanistic Sciences* 11 (2014) 1-168.
- [6] Ș. Vlăduțescu, E. M. Ciupercă (2013). *Next Flood Level of Communication: Social Networks*. Aachen: Shaker Verlag.

- 
- [7] Aurelia Traistaru, Elena Antoanela Cotoc (2013). *Archiving, Keeping Records and Financial Accounting Documents*. International.
- [8] M. E. Porter, M. R. Kramer, *Harvard Business Review* (2006) 78-92.
- [9] Maria Nowicka-Scowron, Ioan Constantin Dima, Ștefan Vlăduțescu (2012). *The IC concept in the Strategies of Developing in the Urban and Regional Communication Networks*. International.
- [10] O. Arhip, C. Arhip (2012). *Beyond 'Customer is King': Sales and Marketing Promotion*. International Conference on Business Excellence 2007.
- [11] Vladimir-Aurelian Enachescu, *Journal of Community Positive Practices*, 13(2) (2013).
- [12] Dan Ionescu, Cristina Pretorian, *International Letters of Social and Humanistic Sciences* 9 (2014) 49-56.
- [13] D. Țâțu, R. Bărbulescu, *Theoretical and Applied Economics* 11(516)(supplement (vol2)) (2007) 189-192.
- [14] Ștefan Vlăduțescu (2013). *The Communication Membranes*. European.
- [15] Marin Drămnescu (2013). *Postmodern Society and Individual Alienation*. Revista de PSIHOterapie Experiențială.
- [16] A. Borowski, *International Letters of Social and Humanistic Sciences* 3 (2013) 69-74.
- [17] V. A. Enachescu, D. A. Hristache, C. E. Paicu, *Review of Applied Socio-Economic Research* 4(2) (2012) 93-96.
- [18] M. Siminică, A. Traistaru, *International Journal of Education and Research* 1(12) 2013.
- [19] Janusz Grabara, Michal Kolcun, Sebastian Kot (2014). *The Role of Information Systems in Transport Logistics*. International.
- [20] Ioan Constantin Dima, Ștefan Vlăduțescu (2012). *Persuasion elements used in logistical negotiation: Persuasive logistical negotiation*. Saarbrücken: LAP Lambert Academic Publishing.
- [21] Aurelia Traistaru (2013). *The components of economic record and the research object of Accounting*. European.
- [22] Ștefan Vlăduțescu (2013). *A Completion to the Traditions Matrix-Standard - R. T. Craig, Induced by the Transformation of Communication-as-a-Field Membrane in Communication-as-a-Universe Membrane*. American International.
- [23] M. G. Mangra, E. A. Cotoc, A. Traistaru, *Journal of Studies in Social Sciences* 6(1) 2013.
- [24] M. G. Păun, *International Letters of Social and Humanistic Sciences* 6 (2014) 42-48.
- [25] Ștefan Vlăduțescu (2013). *What Kind of Communication Is Philosophy*. Jokull.
- [26] A. Borowski, *International Letters of Social and Humanistic Sciences* 4 (2013) 70-74.
- [27] J. Tittenbrun, *International Letters of Social and Humanistic Sciences* 2 (2014) 20-40.
- [28] David E. Hawkins (2006). *Corporate Social Responsibility –Balancing Tomorrow's Sustainability and Today's Profitability*. Palgrave MacMillan.

- 
- [29] F. Smarandache, Ș. Vlăduțescu (2013). *Communication vs. Information, a Neutrosophic Solution*. Neutrosophic Sets and Systems.
- [30] Ion Stavre (2012). *Internet and digital technology – influences on audiovisual communication and on teaching at master’s degree level*, Valencia, 2012, Published by International Association of Technology, Education and Development -ISBN: 978- 84-615-5563-5.
- [31] F. Smarandache, Ș. Vlăduțescu (2014). *Neutrosophic Emergences and Incidences in Communication and Information*. Saarbrucken: LAP Lambert Academic Publishing.
- [32] Marioara Avram, Aurelia Traistaru, *International Letters of Social and Humanistic Sciences* 13 (2014) 79-88.
- [33] Răzvan Bărbulescu, *Romanian Economic Business Review* 8(1) (2013) 66-72.
- [34] Juttaw Knopf (2013). "Corporate Social Responsibility National Public Policies in the European Union". *European Commission*. Publication Office of The European Union. Retrieved 10, February 2013.
- [35] Ștefan Vlăduțescu (2014). *Eight computational-communicative operations of building information*. Mitteilungen Klosterneuburg.
- [36] A. Borowski, *International Letters of Social and Humanistic Sciences* 2 (2014) 110-121.
- [37] Răzvan Bărbulescu, *Romanian Economic Journal* 13(36) (2010).
- [38] David Henderson (2001). *Misguided Virtue: False Notions of Corporate Social Responsibility*. Institute of Economic Affairs.
- [39] A. Borowski, *International Letters of Social and Humanistic Sciences* 6 (2013) 86-90.
- [40] Beth Kytte, Paramveer Singh, *Social Responsibility Initiative Working* (2005), Paper No. 10.
- [41] Ștefan Vlăduțescu (2014). *Four Sources of Uncertainty in Communication Ontology*. Journal.
- [42] Lis T., Bajdor P. (2013). *Sales Logistics as a Model Used by Companies Fulfilling Individual Customer's Needs*. In: Challenges in Contemporary Management. Monograph. Scientific Editors Anna Lemańska-Majdzik, Piotr Tomski, Sekcja Wydaw. WZ PCzest, Czestochowa.
- [43] V. Dragotă, M. Dragotă, L. Obreja, L. Tătu, A. Ciobanu, A. Racșa (2005). *Abordări practice în finanțele firmei*. Editura Irecson, București.
- [44] O. Arhip (2012). *Characteristics of Meta-Referential Discourse*. Philologica Jassyensia.
- [45] Jason L. Powell, *International Letters of Social and Humanistic Sciences* 7 (2014) 22-30.
- [46] Ștefan Vlăduțescu (2013). *Principle of the Irrepressible Emergence of the Message*. Jokull.
- [47] Ronen Shamir (2011). *Socially Responsible Private Regulation: World Culture or World- Capitalism?* Law and Society Review

- [48] T. Jones (2007). *Talent Management. The Business Value of Virtue: Corporate Social Responsibility and Employee Engagement*. Retrieved 2013-11-19.
- [49] Bianca Teodorescu, *International Letters of Social and Humanistic Sciences* 12 (2014) 73-78.
- [50] Colhon M. (2009). Hierarchical Distibuted Systems Based on Semantic Schemas. The 9th International Conference on Artificial Intelligence and Digital Communications, 2009.
- [51] M. Dragotă, V. Dragotă, L. Țățu, D. Țățu, *Romanian Journal of Economic Forecasting* 1 (2009) 76-93.
- [52] Aurelia Traistaru, *Jokull* 63(9) (2013) 125-135.
- [53] Colhon M., Tandareanu N., *Annals of the University of Craiova-Mathematics and Computer Science Series* 37(1) (2010) 55-70.
- [54] Ștefan Vlăduțescu, *International Letters of Social and Humanistic Sciences* 10(2) (2014) 100-106.

( Received 18 March 2014; accepted 24 March 2014 )