

# Social responsibility of projects investments

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**Abstract:** The over-all appreciation and evaluation of the organization's performances cannot ignore the social – economic performances. The wide transformations within the social performances evaluation plan have generated the concept of corporate social responsibility, a relatively new concept, through capable of capturing and orientating the organizations within the global competitiveness background. Sustainable development and responsible business behavior and ethics are high on the investments project.

**Keywords** - performance, corporate social responsibility, project investments.

The specific transformations of the present outline the fact that the economy represents one of the fields with complex dynamics determined by at least 2 opposing directions. On the one hand, we can talk about a significant evolution in people's and society's needs and on the other hand we should take into account the limited characteristics of resources, generated by massive consumptions and the necessity of assuring lasting periods in the processes of exploitations and administration.

The contemporary world becomes more and more a reality unconceivable without preoccupation for performance, accomplishment and success. These elements have become the motivation for every enterprise that is trying to achieve the market economy standards and take part in the world-wide competition.

The rough competition within the unique European market imposes the relation performance – results to represent an inseparable “whole”, capable of placing the organization in a favourable position, comparing to its main competitors.

The author's opinion is if results measure and even define performance, when they are at a high standard, the enterprise's range of performances is much wider; it must contain other quantifiable “performances” or not, such as economic, technical – economic, social involvement, protecting the environment, management ones etc.

Taking into consideration such an extension, there have been built several evaluation systems of the organization's performances, grouped by their content in: technical – technological, economic, financial or social – economic.

The technological performances have a great deal of importance in any microsystem: through them, we can stress upon the values series of progress, within its continuous development and it emphasises on the technical capacity of the organization to accomplish competitive products and services.

After all, the dynamics of such performances represent premises for the system's viability, in the conditions of an accelerate transforming environment.

Such performances generate a complex chain of social – economic effects, manifested primarily within the organization's range of performance, and secondly at a macrosystem scale, the latter being equally of general “interest” to the large community.

Actually, the economic performances form the “mirror” that reflects mostly the effect of the technical and technological performances (the turnover increase rate or the profitability rates etc. reflect a superior level of the technical performances, a high potential of research and development).

The over-all appreciation and evaluation of the organization's performances cannot ignore the social – economic performances. The classic behaviour still has serious deficiencies concerning the social – economic performances background. On the other hand, assuring the population's health, protecting the environment, developing the activity by taking into consideration the tasks of the durable development would determine more rigorous constraints than the economic ones.

The main support of assuring performances of an organization is represented by the implication in investment projects capable of assuring information access, latest technologies and their implementation in the present activities.

Attracting and using investment money available are conditioned by the convergence of proposed objects with the ones of financier institutes, of the coherence of the way of estimation, allocation and consumption of available resources, of the existence of some teams of specialists capable of administrate correctly and clearly an investment project.

Within this context, the social background has become a permanent preoccupation for the current activity of the organizations who wish to accept and generate performance. The wide transformations within the social performances evaluation plan have generated the concept of corporate social responsibility, a relatively new concept, though capable of capturing and orientating the organizations within the global competitiveness background.

Initiated as an abstract and bizarre concept, disapproved by the administrative committees of many public and private companies, the social responsibility has imposed itself both inside the business world and society, as being a useful instrument for identifying solutions for a large amount of social problems. Some factors have eased the concept's spreading, such as: the informational technologies revolution, the globalization process, the consolidation of the consumers' rights and the increase of

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the public disbelief towards the global market's institutions.

The Corporate Social Responsibility (CSR) wishes to achieve economic success in an ethic way, with respect towards people, communities and environment. This means taking into consideration the legal, ethical, commercial or other expectations that society has towards companies and making decisions that balance the needs of all who have a certain role inside a company.

The concept of "social responsibility" involves, relating to the approach, a multitude of valuable judgments. Therefore, the concept is a subjective one and it is influenced by the context. It's not surprising that there are many definitions and debates over the content of CSR. Nevertheless, it should be mentioned even since the beginning that most of the authors and companies that have social responsibility understand the fact that CSR does not mean a mere money donation within some charity actions, but rather a different style of doing business, an integrated style within the company culture at all its operational levels and present at any time.

Some researchers define CSR as "the situation when a firm does more than it is compulsory and it involves itself in actions meant to be useful to society, actions that surpass the immediate economic interest of the firm and the minimal standards imposed by the law". [6] Within the spirit of this approach, the actions taken by companies, as part of CSR should represent something more than the minimal legal requests or the fiscal obligations, in order to be qualified as social responsibility.

The European Commission has agreed with a definition for CSR, in which it represents "a concept through which companies integrate social and environmental preoccupations within their commercial activities and the interaction with the factors involved, on a voluntary basis". [3]

As a conclusion, we can state that CSR represents a whole business culture that includes business ethics, consumer's rights, economic and social balance, technologies that do not harm the environment, the just treatment of the working force, transparent relations with public authorities, moral integrity and investments in the community. We also state that through this concept we take into consideration the impact that business has over society and that tends to maximize positive outwards and minimize the negative ones.

Despite the multiple approaches of the concept, several main characteristics can be identified, in order to separate the concept from other attitudes or concepts. From these characteristics, we have selected the most important, as next shown:

➤ CSR assumes that the organizations voluntarily adopt measures which contribute to solving social and ecological problems;

➤ there is a strong bond between CSR and the concept of durable development, determined by the fact that business should also include economic, social and environmental impact in all its activities;

➤ CSR actions do not represent an optional "accessory" of the main activities in business – we are

referring mainly to the way in which business is being administrated

➤ CSR actions should not be mistaken for simple money donations within charity manifestations. The main element that makes a difference between corporate social responsibility and charity is the fact that CSR involves developing an implication strategy within the community and a partnership out of which the company gains, too. We can therefore refer to a partnership, in which all members involved gain something in the medium and long run.

➤ the reasons why companies get involved in CSR programs may be altruism, personal interest, spirit, competition or a combination of these factors.

The global performance of the organization is conditioned by taking into consideration principles of social responsibility, from the starting phase of analyze and base of opportunity and necessity of an investment project.

While the traditional perspective over conflict between industrial and social objectives is far from being forgotten, many organizations redefine the relation among financial, social and environmental performances. The management of these companies takes into consideration aspects such as environmental integrity or the existence of a healthy social community, factors which are capable of generating bigger profits.

The consequences of this approach are also found in the elaboration of the investment strategy, at an organizational level or even at a range of activity. The classic investment processes may now become socially responsible investments for a variety of reasons that base on profit, sales increase, more innovations, production inefficiency decrease, future risks decrease and a better capital access. Within this context, social and environmental excelency become the main strategical instruments of business.

The signals come from different players, including:

- investors - seeking to invest in line with their own values, or in line with an expectation that companies with a CSR approach will be better investments;

- consumers and others in the supply chain - choosing one product, service or company over another on the basis of their understanding of its environmental or social credentials;

- public authorities - through a range of mechanisms including promotion and information provision, their own role as purchasers, regulatory and fiscal signals;

- NGOs - monitoring and assessing the environmental and social impact of business and campaigning for improvements;

- trade unions - seeking to influence company behavior through mechanisms such as collective agreements;

More and more companies are developing CSR departments and are redefining their mission, in order to include ethical objectives, and, at the same time, they are developing behavioural procedures which extend from employees to business partners.

Statistically speaking, by the end of 2003, over 2000 companies had a CSR activities raport. [7]

CSR may also be used as a strategic marketing instrument, capable of allowing the buy up of a market segment or of assuring a very good reputation, that will be rewarded later. Within the same context, social responsibility may also accomplish a differentiation between trade marks, potential clients will look for those organizations who have the image of exemplary community members.

In addition to the direct support in the direct sale to the customer, CSR may increase the demand for “company to company transactions” and it may contribute at achieving a connection with community. Organizations cannot develop inside an isolated world, and a relatively big part of the business involves connections with several partners and commitments in different sectors. CSR actions may assure good competitive advantages inside this sector. The direct consequence of not getting involved in CSR actions is reflected in several critics on the approach ways of a large social and environment problems.

Another direct benefit generated by CSR is related to the human resource selection process. Studies made in 2005 have shown that over 75% of the MBA graduates would set aside the financial benefits in order to work for an organization that has a better reputation in CSR and ethic. Actually, the connection between CSR and human resources is so obvious that many organizations do not even admit the excellent treatment towards the employees as a social responsibility practice.

Strategic investments in CSR that are made in time may improve the products and services’ quality, avoid law-suits costs and prevent, or at least decrease, the negative press apparitions effects. Adopting rules and ethical codes towards suppliers may help organizations to avoid future implications of a poor quality production, business relations that lack trust, financial management errors, or even some activity interruptions in order to optimize the quality of products and services.

Also, since it is one of the first organizations that acts in a certain sector of social responsibility, this may transform into a competitive advantage, in the sense of anticipating or even contributing to the elaboration of law projects.

The key obstacles all relate to the choice which a company will make about whether there is a net benefit in taking a CSR approach, and adopting a particular CSR practice or tool. Adopting a CSR approach involves continuous effort and adaptation. There may be costs, such as the time and investment needed to plan and implement new ways of doing things. For smaller companies in particular, even when there are net benefits in prospect, there may not be the resources available to deploy, or other more immediate pressures and competing priorities may mean that CSR is not pursued.

Obstacles to obtaining help - some companies may be reluctant to seek help, unsure about the organizations which are offering help, or unable to find suitable sources of help. CSR can be a complex and uncertain area, taking in impacts and influences across the environmental and social field as well as the economic, and suggesting an approach which favors engagement and dialogue with relevant stakeholders.

Weak or absent public governance and the rule of law, weak infrastructures, poorly resourced and developed local stakeholder capacity and civil society, limited possibilities for partnership, low or short-terms consumer, customer or investor interest, mean that it is even more challenging to establish effective and credible CSR. [5]

In Romania, the first social responsibility actions have been accomplished by multinational companies that have developed strategies and models, already verified in other countries. Generally, activities were not supported by corporate strategies or politics, but they were rather seldom and of season character. Most of them would take place around the holidays, when organizations suddenly became very generous. As time went by, more and more companies realized that CSR could generate an important image capital. Now, there are strategies, programs and events dedicated to this domain, there is more communication, there is experience-exchange. Research has shown that Romania is still far from the level reached by countries with experience in the domain, where a well-established percent of their companies’ turnover is assigned, and activity is being monitored and evaluated by specialized, independent organizations. In Romania, there is not yet a self culture regarding social responsibility, but there are premises for its shaping up: the existence of some multinational companies with a long tradition in developing social programs in the local business field, a media field that constantly shows punctual or permanent cases which business’ men generosity can lean over, and last but not least, people who are giving, sensitive and careful with community’s needs.

The main factors that determin people to make donations, as shown by research, are related mostly to: *emotional motivations, feelings such as pity, compassion, will of helping or stated motivations, imposed by society, colectivity, group of friends or religious group. There are situations when donation is being motivated by a mutual benefit, direct or indirect.* The fact that motivations are mostly emotional reflects that until now, coherent educational programs have missed, programs which could relate the citizens’ and organizations’ involvement within the community and the direct or indirect benefits generated by this action.

The business sector mainly donates as a result to individual solicits of some organizations, and less as an active involvement in society life. The partially reserved and sceptic attitude of organizations’ managers towards sponsorship is determined by the programs’ superficiality, by the lack of professionalism of the sponshorship soliciting organizations, by the lack of vision and education in the social responsibility domain or by the difficulty in evaluating those certain results and the legislation in the domain.

The over-all appreciation of organizations’ performances cannot ignore the social – economic performances. Performance is not an objective indicator, an attribute of a phenomenon measured independently from the observer, but it is built by actors in relation to the type of activity and targeted objectives.

Increasing the organization's performances involves combining a sustainable strategy that does not neglect at any time the interdependencies between the objectives of all stakeholders. The existence of companies that analyze their business in terms of environmental or social contributions is a reality. These ones, led by social entrepreneurs, charity people or ecologists, normally have an executive manager or another person in charge, with personal beliefs which are deeply rooted.

Their organizations are profitable, but their financial objectives are not more important than the social or ecologic principles. This ideology functions based on the next idea: organizations, as well as people, have moral obligations and responsibilities that go beyond the financial world. The future of CSR may be integrated in one of the three waves of its perception. A first option might be the one of failure in current campaigns of acknowledging the benefits generated by this practice, if it starts being neglected by governments of developed countries or if the governments of developing countries will not pay more attention and encourage the involvement of companies in society and environment. A second option, the most likely for the near future, is the one that continues the most spread wave, which is stating social responsibility as a secondary objective and investing only in actions that generate benefits primarily in the financial-economic domain.

This option is best suitable for most of the managers who start discovering the benefits of such actions, but who do not understand completely the point of view of the social or environmental supporters.

The last possible option for the future of CSR is spreading the social entrepreneurship concept and building future companies by taking into consideration in an even way both financial-economic and environmental and social objectives. The probability of such a "utopian" future, we might say, is pretty scarce, taking into consideration the fact that there are still many lacks at governmental level of developing countries, which treat this subject with complete indifference, therefore inevitably being a negative example.

When companies develop their CSR approaches, it is important that they take into account their nature, size, activities and location as well as costs, capacities and other competitive concerns, and the expectations of stakeholders, in order to further improve their environmental and social performance in an innovative manner.

More and more supporters of making Romanian companies responsible and acknowledging this practice as a success inside the business field are appearing. Unfortunately though, due to the incipient state of this concept and the incomplete crystallization of law status and market economy, many of the nongovernmental organizations forget to fine companies that offer financial support, but who develop current activities which are bad for society or nature.

Improving knowledge about the relationship between CSR and sustainable development (including its impact on competitiveness, social cohesion and environmental protection) by facilitating the exchange of experience and

good practices and bringing together existing CSR instruments and initiatives, with a special emphasis on SME specific aspects.

Business schools, universities and other education institutions have an important role to play in order to build the necessary capacity for relevant CSR strategies. In this capacity they need to help future managers and employees improve their capacities to coherently approach CSR. [3] They are essential to improve the knowledge on CSR for everybody in our capacity as consumer, employees, stakeholder and partners.

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