

## **THE CORPORATE SOCIAL RESPONSIBILITY – A GLANCE OVER THE ROMANIAN AGRIFOOD ENTERPRISES**

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### **ABSTRACT**

*Nowadays corporate social responsibility has gained a great importance among most companies worldwide, no matter their field of activity. In Romania, companies started to take such actions especially in the last decade, still most of them realize only in the present its importance. The paper aims to analyse the importance of corporate social responsibility in the Romanian agrifood enterprises, by presenting actions of corporate social responsibility that some of them do. It was observed that most of the agrifood enterprises that take such actions are part of international companies.*

**KEYWORDS:** corporate social responsibility, agrifood sector, agrifood enterprises

**JEL CLASSIFICATION:** M14, Q01

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### **1. INTRODUCTION**

Corporate social responsibility has known a great importance in the past decades, most companies worldwide taking such actions in order to either gain customer's loyalty, profit or a good reputation. In Romania, companies have begun to get involved in such actions only in the past decade. Even so, there are still a lot of companies for which being social responsible has a little importance. When referring to the agrifood sector, unfortunately there are very few companies that believe corporate social responsibility should be a part of the firm's strategy and act like it. It is believed that Romania's future should be based on agriculture due to the large potential our country has, yet Romanian agrifood enterprises get involved in a small manner into social responsible activities. It is our opinion this is due to the fact that most of them believe social responsibility to be an abstract term or do not think it should involve also the agrifood sector.

The paper aims to present some of the most know agrifood enterprises from Romania get involved into social responsible actions.

### **2. LITERATURE REVIEW AND USED METHODOLOGY**

It is estimated that corporate social responsibility (CSR) has emerged in the early 1900s. According to some authors (Frederick, 1994) the term corporate social responsibility, as we understand it today began to take shape in the second decade of the twentieth century.

Most often companies see the corporate social responsibility as a means to contribute to society while improving their image and reputation among stakeholders (Nunez, 2007). Social responsibility can be defined as an organization's obligation to act in a manner aimed at both its interest and that of its stakeholders (Constantinescu et al., 2003).

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Even if taking into account the interests of stakeholders is an option or an obligation for companies, the aim of the social responsibility actions is the same. The aim of social responsibility is to develop decision-making capabilities within organizations to enable them to consider the interests of stakeholders in a rational and legitimate manner (Whincop, 2008).

For some authors (Reinhardt et al., 2008) social responsibility means to sacrifice a portion of profits in order to ensure the social interest. However, the same authors realize that despite a rich literature that exists on the subject, that evidence showing that companies really sacrifice their profits for the social interest is lacking.

Friedman argues that any action can be considered a social responsibility action only if it is not generating profit (Friedman, 1970).

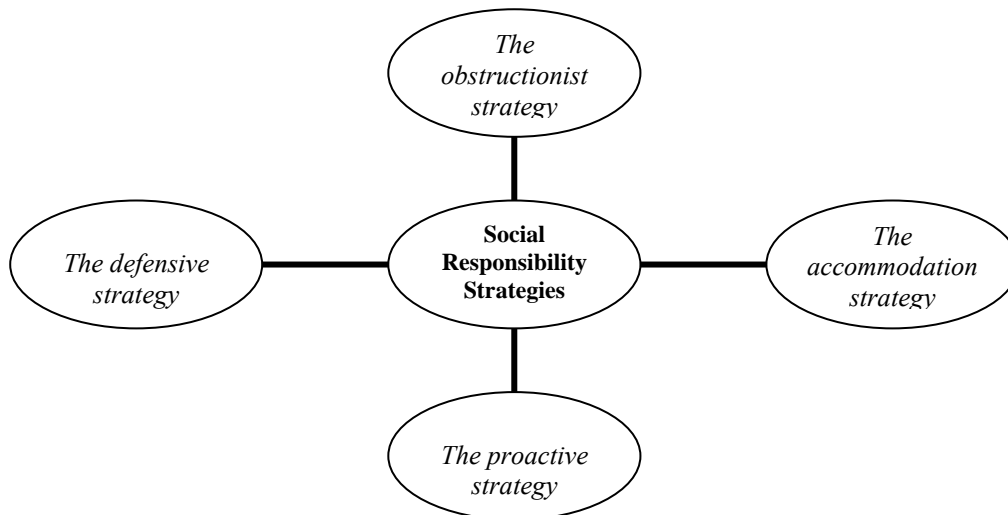
From the issues raised above, it can easily be noticed the two opposing approaches on social responsibility, namely: the classical approach and the socio-economic approach.

*The classical approach* is based on the assertion stipulated by Milton Friedman, who believes that business is mainly made for profit. According to him and the followers of this approach, by obtaining profit, companies create jobs, ensure the working conditions of employees, pay taxes, and so on, in other words they fulfill certain obligations aimed at social interest.

*The socio-economic approach*, as opposed to the first one, is focused on the idea that firms must focus on the welfare of society and believes that companies should not have only an economic motivation. The main representatives of the socio-economic approach are Paul Samuelson and Keith Davis.

Keith Davis defines social responsibility as constituting the acceptance of social obligations beyond what the law requires. It begins where the law ends (Davis, 1973).

In the literature we can find several types of social responsibility strategies that can be adopted by companies according to the economic circumstances existing at a given time.



**Figure 1. Social Responsibility Strategies**

Source: adapted from (Constantinescu et al., 2003)

Among the social responsibility strategies we could mention (Constantinescu et al., 2003):

- *The obstructionist strategy* ("Fight against social demands") mainly reflects the economic priorities; the social demands that are beyond the interests recognized by organization are rejected.
- *The defensive strategy* ("Satisfy the minimum required by law") the organization complies with legal requirements, the competitive market pressures and the demands that may come from the militants for social responsibility.

- *The accommodation strategy* ("Meet the minimum requirement of ethics") the firm accepts its social responsibility, seeks to satisfy the economic, legal and ethical criteria. The company behavior is consistent with the norms, values and expectations prevailing in society, but sometimes this happens only as a result of the outside pressure.
- *The proactive strategy* ("Be a leader in social initiatives") seeks active involvement towards meeting current and anticipated social needs. The organization makes preventive actions to avoid negative social impacts of its activities and is involved in anticipating and solving social problems that may emerge.

The current orientation is, at least theoretically, towards assuming social responsibility by organizations in general and by the agrifood sector in particular.

Panapanaan and colleagues (2003) indicated that globalization, regulation, and sustainable development have fueled expansion of CSR, and there have also been examples of investment companies exerting power to drive social responsibility among corporations (Spector, 2003).

We have based our research on presenting the case of a few well-known companies from the Romanian agrifood industry. We have presented the social responsibility actions of prestigious companies in the agrifood industry by the type of processing enterprises (milk, meat, fruit and vegetables) based on the information and data regarding social responsibility on their websites.

### **3. CORPORATE SOCIAL RESPONSIBILITY AT THE EUROPEAN UNION LEVEL**

At European Union level, corporate social responsibility is part of social policy objectives and the Sustainable Development Strategy of the European Union. In the field of companies' social responsibility have been adopted at Community level, two acts that are of a device (recommendation) because some components of social responsibility do not imply the existence of legally binding rules (mandatory), they are primarily an ethical obligation supported by the community. These acts are: the European Union Council Resolution on the Green Card on social responsibility of companies 2002 / C 86/03 and European Union Council Resolution on the social responsibility of companies 2003 / C 39/02.

European Community Commission promotes CSR in the EU and worldwide. It sets priorities and actions in the field of social responsibility, to better exploit the business potential for sustainable development and strategy for growth and employment.

In the report of the Commission to the Parliament, European Council and the European Economic and Social Committee in 2006, CSR was defined as the voluntary integration of social and environmental objectives in the commercial activities of businesses and relationships with their partners.

In the same report, the Commission maintains forming an alliance to serve as a framework for social responsibility initiatives. The Commission encourages the exchange of experience and best practices between enterprises, communicating results to the public and dedicated resources development of social responsibility. Exchanges are open to voluntary participation of all European enterprises, whatever the size. Participation is flexible without existing a certain procedural requirement.

In addition the Commission undertakes actions to promote social responsibility through:

- ✓ establishing a strengthened partnership aimed at both enterprises and stakeholders and regional and national authorities;
- ✓ supporting multilateral initiatives that involve NGOs and social partners at the sector level;
- ✓ cooperation with the member states in the group of national representatives at high level for social responsibility in order to mobilize national and regional instruments;
- ✓ consumer awareness about the impact of their choices;
- ✓ integrating social responsibility in the education offered by business management schools and other educational institutions;
- ✓ promoting social responsibility for small and medium enterprises;
- ✓ compliance with international criteria references.

#### **4. LEVEL THE CORPORATE SOCIAL RESPONSIBILITY OF ROMANIAN ENTERPRISES**

The affirmation of social responsibility is manifested in terms of contemporary society as a requirement, a louder necessity, being governed by a set of ethical rules or being required by legally binding rules, and also by general interests of the community. In Romania the affirmation of company's social responsibility began to take a larger area, with the accession of Romania to the European Union.

In a study developed by Romanian researchers in 2007 ([www.opendrum.utt.ro/rse\\_ue/docs/RSE-2007.pdf](http://www.opendrum.utt.ro/rse_ue/docs/RSE-2007.pdf)), it is shown that only 17% of the Romanian enterprises with more than ten employees have a clear strategy of developing in the future collective activities of social responsibility. 12% of the enterprises have completed a report regarding the activities and programmes in the CSR field. Among these, 7% have filled in an annual report while 5% did it only sometimes. In 2006 in 28% of the Romanian companies the CSR activity did not appear in the job description of any employee and only 2% of the companies had a CSR department (Stancu A, Olteanu V, 2008).

In Romania the field of corporate social responsibility based on its components (economic, legal, moral, social and ecological) is stipulated by the ethical requirements imposing social sanctions from the community, consumers or employees and also by the legal requirements.

#### **5. GOOD PRACTICE EXAMPLES IN THE ROMANIAN AGRIFOOD ENTERPRISES**

As it was defined at the beginning of this article, corporate social responsibility should be a means for companies to contribute to society while improving their image and reputation among stakeholders. This definition is intended to be generally valid and applicable to all companies or businesses. However on a closer look of the enterprises that are Romanian ones (as you can see below) it is observed that in general, those who have become part of a multinational or international group are carrying out such actions. Of course one of the explanations is related to issues of finances since small and medium enterprises do not have the necessary financial resources.

As it will be seen from the practical examples presented below in the Romanian agrifood industry can be observed the same phenomenon, most enterprises of the same type that carry out social responsibility actions are part of leading international groups. Maybe one of the reasons consists in the fact that the last decade has witnessed a dramatic rise in global trade in food and agricultural products (Busch and Bain, 2004).

We have tried to present the social responsibility actions of prestigious companies in the agrifood industry by the type of processing enterprises (milk, meat, fruit and vegetables). However, we were surprised to find out that few of Romanian agrifood enterprises (established in Romania and who have tradition in their field) carry social responsibility actions. Taking the model of their sisters in the West and not only, most businesses make known to the public the social actions they make via the websites they have. However when searching for information on this topic on the website of some of the best known companies, Romanian agrifood brands it was found that there is no reference to social responsibility actions.

Of course, we could continue the discussion by asking how social responsibility can be defined in particular for agrifood businesses. If we think that social responsibility for them means more than providing a sponsorship then you might find the explanation for the lack of information about the social responsibility of the successful Romanian agrifood enterprises.

We believe CSR should consist also in ensuring a sustainable food chain and a sustainable agriculture. Of course, this responsibility does not belong only to them but it should involve also the farmers and consumers. But agrifood companies could help by supporting farmers from which they obtain their raw materials through proper and timely payment, by showing interest in making

business also with the small farmers, by creating partnerships with NGOs (of profile but not only), education institutions, public institutions, etc.

Only through such a set of actions it can really be discussed the corporate social responsibility of agrifood enterprises to support sustainable agriculture and then to ensure a sustainable development. We believe that the development of social responsibility actions and their integration into the overall business strategy will enable a sustainable development of the Romanian agrifood companies based on ethical concepts such as fairness, involvement, interest, dignity, altruism, that companies should promote constantly.

In the followings we will present the ways in which certain Romanian agrifood enterprises involve in corporate social responsibility actions.

**Vel Pitar** is the leading company on the Romanian market of bakery products. This enterprise activates in the field of production and distribution of biscuits, wafers, and confectionery and pastry specialties. The company owns more than 10 production facilities in several counties from Romania.

Vel Pitar gets involved in actions of social responsibility in the social and education fields.

In the social field Vel Pitar is known through the campaigns 'A smile' (campaign that helps affected people) and 'Together closer to people' (campaign conducted in association with Tuborg Romania through which were provided holiday gifts to socially disadvantaged people). The company also offered sponsorship and supported numerous projects undertaken by NGOs and various public institutions and not only (pediatric centers, special schools, retirement centers, hospitals and monasteries).

In education, the company developed several projects including: 'Open doors to future', an education program for students from middle school. By participating in this project, 33,000 students have learned how to make bakery products, how it looks and how it works a factory. At the same time, they found out what are the conditions that need be met by a "baker" in order for its products to be healthy and nutritious. In addition, the company has sponsored the educational project on topics of nutrition, "I want to know – I eat healthy", organized by Junior Achievement Romania.

**Kandia Dulce** was established in 1890 being the first company to produce milk chocolate in Romania. After more than 120 years, Kandia Dulce is the largest Romanian producer of sweets, with an extensive portfolio of brands present in product categories such as chocolate, confectionery, biscuits and confectionery.

The company was involved with his collaborators in various social responsibility projects particularly in the field of environment. The campaign 'Together we learn to recycle', held in 2012, aimed at educating children about protecting nature through recycling.

#### **Dobrogea Grup**

Officially founded in 1961, the parent company of the famous eugenics and Neptune bread is the largest manufacturer of bread in southeastern Romania. In the over 50 years of operation the company has opened its own network of stores and later in 2000 has become the largest producer of flour in Romania.

As the company itself states: 'Dobrogea is a company socially involved that supports both disadvantaged categories of populations and those of the elite-talented children, young athletes, and not least the state institutions, hospitals, canteens, schools and places of worship through sponsorships, assistance and social responsibility projects.'

**Cargil Romania** is part of the reputed international group Cargil provider of food, agricultural and risk management services.

Cargill has been active in Romania since 1996, having first only commercial activities. The company headquartered in Bucharest has over 23 locations throughout the country and over 900 employees. Because of the importance it attaches to the local market the company is present in several lines of business such as: marketing of cereals, oilseeds and soybean meal, distribution of seeds, pesticides and fertilizers, production and marketing of bottled oils, manufacture and marketing of refined vegetable oils and others. The company has become famous especially for the



oil 'Untdelemn de la Bunica'. The company's policy of social responsibility is based on four engagements: activities developed at the highest level of integrity, accountability and responsibility; developing ways to reduce environmental impact and to support the conservation of natural resources; treating people with dignity and respect; investments and involvement in community. The five large pillars covered by the company's social responsibility actions are: innovation and environment, food safety, responsible supply, rural development and involvement in community support. One of the projects the company has been actively involved is 'Every child in kindergarten' held in Dolj County. The project aimed at providing equal education opportunities for all children in this community.

### **Tuborg Romania**

United Romanian Breweries Bereprod (URBB), also known as Tuborg Romania is one of the leading manufacturers and importers of beer and soft drinks in Romania. Social responsibility programs aim the field of environment and social field and are focused on two main areas: the contribution to a cleaner environment; developing a better life for community members affected by the vicissitudes. The main social responsibility programs of the company are the followings:

'Together closer to people' for people with material needs. The program brought together leading companies in the food industry. URBB employees volunteered in the program and offered packages for more than 35,000 people with social problems in Bucharest and other cities.

'The green umbrella' a program of social responsibility towards the environment, program that involved over 1200 volunteers from over 32 counties and over 1000 partner bloggers.

'The green capital of Romania' - this project is part of the Green Umbrella campaign and is supported by the Ministry of Environment and Forests. The project aims to empower the Romanian population on environmental compliance, while causing both local authorities and citizens to carry out environmental projects in order to improve the urban lifestyle.

**Coca-Cola HBC Romania** is a member of Coca-Cola Hellenic Group, the leading of the non-alcoholic beverage market in Romania.

In Romania, Coca-Cola HBC Romania is bottling a range of Coca-Cola products such as carbonated and non-carbonated soft drinks, nectars, teas, water, energy drinks and coffee.

Coca-Cola is among the most famous multinational which carry out social responsibility actions. It conducts CSR activities both nationally and internationally. In Romania, as well as internationally, the company promotes social responsibility by investing in four areas: work (employee development), marketing (consumer health), community and environment (conservation and protection of water resources, energy and climate recovery and recycling of packaging). The company focuses on social responsibility actions, especially in areas of education, culture and environment.

Among the social responsibility programs the company is or was involved in could be mentioned the followings:

'Program for ecological and responsible driving' – through which Coca-Cola HBC has 650 employees involved in a training program for environmental management and preventive driving. In six months, the program has led to important changes in drivers' behavior, but also reduction in the fuel consumption, CO2 emissions and accidents in the entire fleet.

The book of blue Danube'- focused on educating students in the spirit of the Danube settlements and protection of the environment. The organizers included in the curriculum an optional course dedicated to the protection of Danube. They also created a set of educational materials to inspire both those who teach the course and those who follow it.

Green 003- is a project of education and greening. Over 2,100 volunteers planted 10,000 trees and collected over 70 tons of trash from rivers Dorna, Bistrita and Siret.

'For Christmas, Coca-Cola next to you'. The amount of money obtained from selling the tickets to the show 'You can also be Santa Claus' was donated to Children's Hospital neurological recovery hospital Marin Pazon.

Ethics -the best label in business- the program aims to teach students the principles of business ethics and to encourage them to apply them in their future work. Coca-Cola wanted to help by raising standards in Romania business and restore the confidence of the young generation in the market economy and the real values of competition and the free market. Around 11,000 students have benefited from the program.

## 6. CONCLUSIONS

Analyzing the social responsibility strategies above, strategies that companies apply in general, based on the practical examples presented above it is clear that Romanian agricultural enterprises apply a strategy for accommodation if not quite a defensive one in terms of social responsibility. Very few of them apply a proactive strategy to engage in social responsibility actions.

Those who, however, have such a strategy, belong to multinational companies that usually have a different mindset to see things and have the necessary financial means to implement such a strategy. Also it is important to reflect on the fact that since most of the Romanian agrifood enterprises that are involved in social responsibility actions, are part of multinational companies does not ensure that the social responsibility actions they make are aimed on solving local problems. It is our belief that being part of a global company, most often implies adopting the strategy the headquarter wants. So, most times, the corporate social responsibility actions Romanian agrifood enterprises take are part of the strategy applied by the group on a multinational level and most often are not particularized to the local problems.

In order to obtain a better image on the market and, why not, a competitive edge, the managers of the Romanian agrifood enterprises should pay more attention to the issue and actions falling within social responsibility. They should keep in mind the potential the agrifood industry has to contribute through corporate social responsibility to a sustainable development and growth of the national and global economy.

In the end a positive attitude should be maintained towards the Romanian agrifood enterprises and their willingness to get involved in actions of corporate social responsibility, even though the start is a shy one.

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