

FACTOR ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY AS A KEY ELEMENT FOR SUSTAINABLE DEVELOPMENT. CASE STUDY- THE EUROPEAN ECO-LABEL

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Abstract

The corporate social responsibility is a much debated concept and becomes more and more important in the companies market strategies. This notion is strongly linked to a sustainable development which includes three factors: social, environment and economic. The article aim is to focus on the environment factor and mainly on the eco label as an important instrument for companies. The method used was the study case among the Romanian eight regions of development. In order to evaluate the corporate social responsibility, two indicators were analyzed: the number of eco labels awarded to the Romanian companies and the amount of investments for environment protection. Results indicate a low level of corporate social responsibility among the Romanian companies, but there is a strong potential of increasing it by future actions like a better information and awareness from the consumers.

Key words: corporate social responsibility, ecological label, environment, sustainable development

INTRODUCTION

The concept of corporate social responsibility is a long debated subject since it first appeared, in the second half of the 20th century and many scholars proposed different definitions. Garriga and Mele (2004) have performed an inventory of different theories and approaches for the term where the main elements are related to notions like: responsibility, ethics, charitable contribution, socially conscious, legitimacy and fiduciary duty that imply higher standards for businessmen unlike ordinary citizens.

McWilliams et al. (2006) when referring to the corporate social responsibility, consider that the notion consists in actions beyond the interest of the firm or by special legal regulations but for the pure interest of social good which is the key element for a sustainable development.

According to Porter and Kramer (2006) people that support the concept of corporate social responsibility rely on four major elements like: „moral obligation”, „sustainability”, „license to operate” and „reputation”.

The moral obligation involves that the company should act like a good ordinary citizen meaning showing respect to the community but most of all to the environment, in order to achieve a proper sustainable development.

Luo and Bhattacharya (2006) conducted a study that indicated the link between corporate social responsibility, market value and increased customer satisfaction.

Zaharia et al., (2010) consider that there is a strong link between social responsibility and a proper sustainable development but the association between the two notions is relatively new because of the fact that both notions have evolved in the same direction, following a human dimension because of the desire to ensure the natural resources affected by the development of the society. A viable sustainable development should rely according to the authors on three main factors such as: economical, socio-cultural and environmental. Moon (2007) argues that the corporate social responsibility is a key element for sustainable development aspect that could be explained by the firms' interest in ecological issues. Giddings et al., (2002) divide the sustainable development into three main sectors: economy, society and environment which are interconnected.

MATERIAL AND METHODS

The article aim is to focus on a particular component of the sustainable development as part of a corporate social responsibility – mainly the environment throughout the “eco label” which is a strategic instrument.

Research methodology of the case study consists of a dynamic factor analysis conducted in the period 2008-2011 of correlations the number of eco-labels and amount of Investments Awarded for protecting the environment. Research area was represented by Romanian Development Regions: North-West, North-East, Central, South-East, South West, South, Center and Bucuresti-Ilfov. Two indicators of sustainable consumption were analyzed: number of eco labels awarded and amount of investments for protecting the environment. The purpose was to identify the particularities of eco-labeling in Romania and the process stage of development. Data were collected from the Romanian National Institute of Statistics. They also use external data sources, represented by European Union Report.

The eco-label symbol is The Flower (Fig. 1). Kralj and Markič (2008) appreciate that this label is a voluntary scheme used for a better identification of the green companies. The symbol is used all around the European Union including countries like Norway, Liechtenstein and Iceland.



Fig. 1 The Flower, symbol for environmental friendly products Source: European Union Report

RESULTS AND DISCUSSIONS

In Romania the process of eco labeling is an attribute of the Ministry of Environment and began in 2008. The certification follows five steps (checking the eligibility of the product, eligibility of the company, contacting the Authority, completing the form and the evaluation process followed by certification) and it costs 200 Euro (www.mmediu.ro). The main limitations of the process consist in the lack of information both for companies but for consumers which are not aware of the advantages of buying products environmentally friendly and data from Table 1 confirm it. Since its' implementation in Romania, in 2008, only 12 labels were awarded until 2011. In the Bucharest-Ilfov Region was awarded the highest number of ecological labels (6), followed by the North-East Region with 4 labels. The negative aspect consists in the fact that there are four regions were no company was interested in being environmentally friendly.

Table 1
Eco Labels Awarded in Romania by Regions of Development 2008 – 2011

Region	2008	2009	2010	2011	Total
North West	0	0	0	0	0
Center	0	0	0	1	1
North-East	0	0	0	4	4
South-East	1	0	0	0	1
South	0	0	0	0	0
Bucharest - Ilfov	2	1	0	3	6
South-West	0	0	0	0	0
West	0	0	0	0	0
Total	3	1	0	8	12

Source: own processing after data from the National Institute of Statistics, Romanian Statistical Yearbook

Deeply related to the eco label is the amount of investments for environment protection by regions of development because analyzing this type of indicator could reveal the companies general tendency to support the environment (Fig. 2). Therefore, the large amount of investments for environment protection was implemented in 2007 the Western region followed by Bucharest-Ilfov region. Five regions out of eight performed investments below 600.000 lei while three regions were more preoccupied in environmental protection allocating more money in order to improve their machinery, constructions, vehicles etc. Bucharest-Ilfov region is the mostly concerned for environment protection both regarding eco labels but also regarding the environment investments.

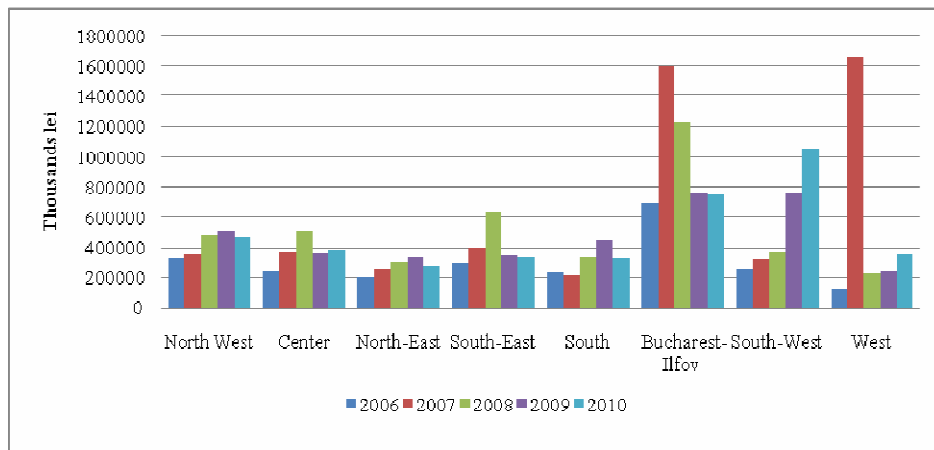


Fig. 2 Amount of investments for environment protection made by Romanian companies
Source: own processing after data from the National Institute of Statistics, Romanian Statistical Yearbook

CONCLUSION

In order to evaluate the Romanian corporate social responsibility two indicators were analyzed: eco labels and amounts of investments. Results indicate that the Romanian companies are not so concerned about the environment except the Bucharest-Ilfov region. Being a voluntary scheme of environment protection, eco labeling is not yet a priority for the Romanian companies because the massive lack of information both for companies but for consumers. The companies should be aware that a proper environment strategy could attract the consumers and become an instrument for added value to their products.

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