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SOCIAL RESPONSIBILITY IN PUBLIC SECTOR: CASE OF ROMANIA

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Abstract

Organizations around the world are becoming increasingly concerned with need of a responsible approach. The performance of any organization, regardless of its form (private or public), is narrowly connected to the level of community development in which it operates, organization' impact on environment or on society in general. Since the early 21st century, the public sector has joined other stakeholders in taking a more active role in promoting social responsibility vector at company level. In this paper we propose, through an exploratory research of the literature, to approach the role of institutions and public authorities, the public sector, in general, in supporting, promoting and developing social responsibility initiatives. Theoretical research is accompanied by an empirical research on the manner in which in Romania, a country EU member, the public sector managed to have a strategic approach in terms of social responsibility.

Keywords: Social Responsibility, Public Sector, Strategic Approach, Public Sector Involvement, Romania

1. Introduction

The concept of social responsibility has become known since 1970, being focused mainly on the business sector. Therefore, the term corporate social responsibility (CSR) is better known than social responsibility (SR). Social responsibility is considered a deliberate choice of companies to achieve the three dimensions of sustainable growth and development (people, profit and environment) and to maintain relations with various stakeholders on transparency and dialogue coordinates (IOB Study, 2013). In the last decade, the public sector has joined other stakeholders in taking a more active role in promoting social responsibility vector (Moon, 2004), in collaboration with nongovernmental organizations, recognizing that public policies are crucial to encourage responsible behavior of private sector (Fox *et al.* 2002).

Public institutions and authorities are interested in implementing social responsibility, as responsible behavior of private actors can facilitate the fulfillment of public policy objectives. (Liston-Heyes and Ceton, 2007). In addition, policies of social responsibility can be a successful substitute for legal regulations if does not exist the political will to adopt them. A decline in the level of state regulation could facilitate the emergence of new forms of voluntary responsible behavior (Moon, 2005). Social responsibility begins to be "not just a feature of corporations, but increasingly more a characteristic of the new social governance" (Moon, 2007, p.302). Given that social responsibility involves managing relationships with stakeholders, organizations and public authorities play an important role in these relationships, being stakeholders for private companies that operate in their areas of competence.

In the second part of the paper we conducted an exploratory research of the literature

on the role of public institutions and authorities. In the third part we conduct an empirical research on the manner in which in Romania, the public sector handled to have a strategic approach in terms of social responsibility. Conclusions summarize the results of theoretical and empirical research.

2. Role of the Public Sector in the Area of Social Responsibility

Initially, in the early 21st century, the debate regarding the role of governments centered on the necessity to adopt legislation that regulate social responsibility activities. As it was found that the social responsibility of private companies can address a range of social and environmental issues that cannot be solved by legislation, it was concluded that social responsibility should be subject to a soft intervention or soft regulation process (Joseph, 2003). Most researchers who have studied the area have concluded that public policies concerning social responsibility should use soft forms of government intervention in order to model the voluntary behavior of companies (European Commission, 2001, 2002 and 2006; Fox *et al.* 2002; Zappala, 2003; Lepoutre *et al.* 2004; Bell, 2005; Albareda *et al.* 2008). The literature highlights the roles of governments in corporate social responsibility development (Fox *et al.* 2002).

In their research Aaronson and Reeves (2002), Fox *et al.* (2002), Zappala (2003), Lepoutre *et al.* (2004), Nidasio (2004), Bell (2005), Albareda *et al.* (2008), IOB Study (2013) identified various roles of public institutions and authorities in promoting social responsibility. One of the most frequently cited classifications was introduced by Fox *et al.* (2002). Fox *et al.* (2002) believe that social responsibility within the public sector fulfills four functions: mandating, facilitator, partner, endorse. The challenge for public sector organizations' is finding those priorities that are relevant in the context of regional and national initiatives, supporting and enhancing generated by the private sector.

Most of these analyzes of the roles played by institutions and public authorities covers cooperation mechanisms between the various categories of stakeholders. In this regard, the literature indicates that one of the themes emerging on the role of public institutions and authorities in developing social responsibility is mainly focused on his role as mediator, facilitator and partner. Pioneers in analyzing partnership established between the public and private sector in social responsibility area are Nelson and Zadek (2000), Gribben *et al.* (2001), Kjaergaard and Westphalen (2001).

Albareda *et al.* (2008) concludes that implementing social responsibility in public policy entails the need to manage a complex set of relationships that are established between the three sectors: private, public and non-governmental. There is a general consensus among all public institutions and authorities all over the world on the fact that a social responsibility policy involves establishing a strategic framework that includes public-private partnerships and multi-stakeholder approaches. To apply such an approach, it is necessary to analyze the different perceptions and expectations of stakeholders.

Moon (2004) believes that governments generally have failed to successfully engage in ensuring necessary framework for responsible governance. Based on previous research findings of Fox *et al.* (2002), Nelson (2002), Ward (2002), Albareda *et al.* (2004), Albareda *et al.* (2008), IOB Study (2013) we believe that social responsibility in the public sector can be addressed in the following issues:

- drafting laws and regulations and their enforcement,
- initiation of responsible public policy,
- ensuring efficient and effective organizational governance,
- public investments respecting the principles of efficiency, effectiveness and economy,
- philanthropy and involvement in community issues,
- stakeholder engagement in the activities of public organizations and their representation in management or advisory councils,
- increasing of institutional transparency in all the activities of public organizations.

Drafting of laws and regulations *and* their enforcement is a default function of public institutions. The way in which these normative documents are issued influence the contents of

social responsibility codes and how they are put into practice. The partnerships moreover have an important role in the development of laws and regulations which must reflect the needs of companies and society as a whole.

Another area in which public sector organizations can influence the development of companies' responsible behavior refers to those acts that encourages and facilitates citizen actions against companies that have an irresponsible behavior. The role of the public sector is to establish the legal minimum requirements on environmental and social issues, to facilitate the redressing ways for problems found by citizens (Ward, 2002). This is the case, for example, of consumer protection laws in all EU countries and at community level, that in addition to the minimum requirements to be met by products and services include ways to complaint for product and services non-compliance.

By initiation of responsible public policy, public sector institutions can establish a clear and transparent framework that facilitates alignment of business practices at sustainability and social responsibility objectives. Public institutions may also constitute a catalyst for the conduct of debates on public policy proposals.

Efficient and effective organizational governance can be achieved through the creation of codes of ethics and codes of professions that can facilitate the professionalization of civil service, carrying public sector activities with maximum transparency and fairness. Public organizations are required to take international principles and good practices in the area where they operate and integrate them into codes, statutes, regulations and other documents governing its activities.

Public investments must be made in compliance with the principles of efficiency, effectiveness, economy, and include in the methodology practices from social responsibility area. These practices aim eco-friendly technologies use, transparency and efficient use of public money, community involvement in the selection of investment projects, development and implementation of a clear rules on investment, participation in community investment through the development of public-private partnerships.

Philanthropy and community involvement issues are usually social responsibility actions specific to private sector. Public organizations can participate in social responsibility programs initiated by private organizations to boost their impact. This participation may be direct or may be in the form of granting incentives to organizations with social responsibility initiatives.

Stakeholder engagement in the activities of public organizations and their representation in management or advisory councils is essential to correctly identify the needs of the community in which public organizations operate and of the direct beneficiaries of its activities.

Increasing institutional transparency in all the activities of public organizations is important because of the fact that the public is informed about how public money is spent using practices that are recognized as socially responsible (Steurer, 2010). Public organizations must take the best practices in the field of reporting on public policies and their impacts ("triple bottom line" reporting: environmental, social, and economic).

According to Ward (2004), public sector organizations should be more involved in the social responsibility programs generated by the private sector or should be the initiator of such programs. This active or passive involvement can be achieved through the following actions:

- aligning national strategies of promoting investment to the multinational investment programs that have provided massive programs of social responsibility,
- transforming social responsibility programs into a competitive advantage,
- increasing national competitiveness,
- supporting social responsibility programs of multinational companies that can be a catalyst for social responsibility programs of local companies going down on the supply chain or investment lines, helping to ensure long-term sustainability of local social responsibility programs,
 - social responsibility can generate new strategies or policy that can substitute classical drawbacks public policy,
 - social responsibility could generate synergies by creating partnerships between civil

society actors, private sector and public sector regarding public policy objectives related to sustainable development.

3. The Strategic Approach of Social Responsibility in Romania

With the integration into the European Union, Romanian companies gradually began to get involved in the communities in which operates. The technological environment is most visible in this respect: as a result of environmental pressures and legislation, there is a constant competition on the technologies which must protect the environment and ensure human and sustainable development of society. It takes, in this context, an increasing awareness of the positive effects of social responsibility implementation, a more developed organizational culture and involvement in the wider sense of all the actors (Sitnikov and Bocean, 2013).

Based on the Integrated Guidelines for Growth and Jobs developed in 2005-2008 by the European Council and the ISO 26000 - International Standard on Social Responsibility, Romania formed an initiative group for an active involvement of the public sector, the private sector and non-governmental sector in implementing a coherent strategy, in order to promote social responsibility in Romania. As the issuer and promoter of public policy, the Romanian Government, through the competent public authorities it has the responsibility to create favorable conditions for developing the concept of social responsibility (Burlea *et al.* 2009).

Romanian Government approved the National Strategy to promote Social Responsibility (SR) for period 2011 - 2016, which institutionalizes this area as a priority at national level. The aim of the strategy is to "raise awareness about the importance and benefits of applying social responsibility and increase public sector involvement" (Romanian Government, 2010). Within the strategy developed in 2010 are presented principles, objectives and measures for an active policy to promote coherent implementation of social responsibility concept in companies, organizations and public authorities and institutions. In developing the strategy were involved public authorities directly in charge of the implementation of measures, civil society representatives, and foreign experts with experience in social responsibility.

The way of working was to use foreign an internal expertise in social responsibility area during a period of 2 years, involving also a series of stakeholders in social responsibility: various public authorities, companies, employers' organizations, NGOs etc. at central and regional level. The comments and observations made during public debates and those received in writing from institutions, associations and persons were incorporated, after review in the final version of the strategy.

The strategy was developed in compliance with applicable European and international social responsibility framework. Besides a number of strategies, directives, resolutions, regulations and Council and EU Commission Communications have been used as basic documents ISO 26000 standard on social responsibility, Universal Declaration of Human Rights issued by the UN, the OECD Convention on Combating Bribery. The strategy's objectives are economic, social, environmental, and educational objectives. Each of these goals has attached a number of specific priorities.

Economic and financial objectives aimed to strengthen competitiveness and market position, maintaining a responsible relationship with employees, consumers, shareholders and other stakeholders. Social objectives aim to inform the population about the concept of social responsibility and increase the capacity of public administration and private sector to address social needs. Environmental objectives aim to increase accountability organizations on preservation and environmental protection, in order to ensure minimal impact on the environment. The objectives in educational and research areas aimed to increase awareness on the concept of social responsibility, to grow organizations' interest on research and development.

In the SR strategy are acknowledged three key areas where intervention is needed in order to endorse social responsibility in Romania: providing a framework for the development of social responsibility, both at central and local level; promotion of social responsibility implementation in organizations; active involvement of public sector in social responsibility. The strategy in social responsibility area provides an overview of initiatives and Romanian

authorities' expectations regarding social responsibility of organizations (Figure 1).

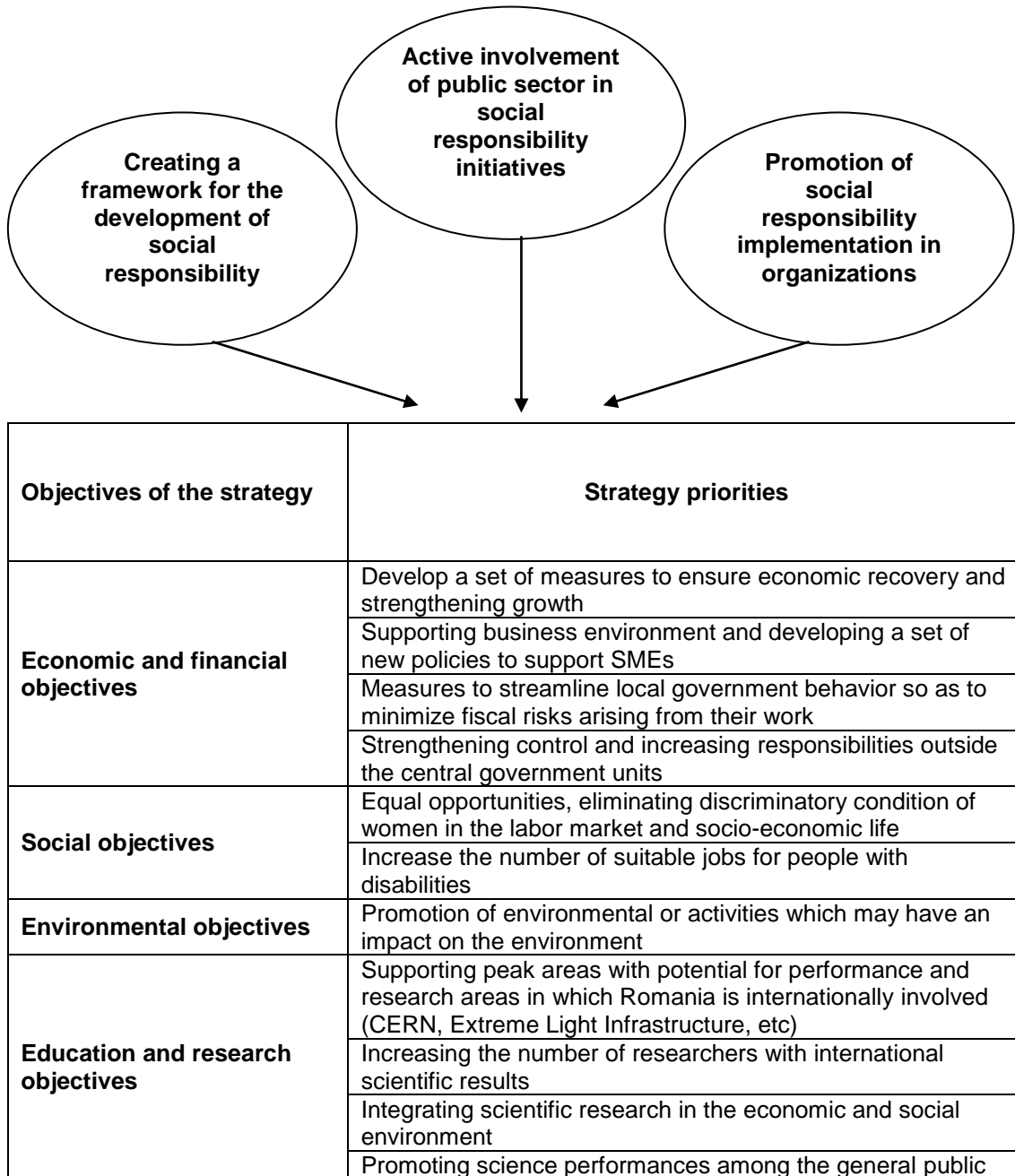


Figure 1. The strategy of social responsibility in Romania

Source: Romanian Government, 2010 and own considerations.

Public authorities and public sector as a whole are responsible for maintaining high standards in their activities. Authorities also play an important role as owner, investor and purchaser by having the opportunity to promote direct application of the concept of social responsibility. The strategy involves in the same time, the active involvement of the public sector in promoting social responsibility in companies and other private organizations by providing advice, information and training on social responsibility. This activity is monitored by ministries

in cooperation with the social partners, NGOs. The government also recommends to all companies to actively engage in social responsibility implementation, on the assumption that companies with social responsible behavior can strengthen its competitiveness and increase its reputation, while companies fail to do so will incur negative consequences when accessing capital, recruitment and when interact with society and local community.

5. Conclusion

Although social responsibility is primarily regarded as the attribute of private initiatives, having a voluntary nature, it cannot be separated from the public sector. Typically, social accountability in the public sector reflects the areas of intervention where the state has assumed a central role, since they are less likely to be the subject of private and voluntary interventions.

The role of public institutions and authorities involves far more than promoting and encouraging social responsibility. Public authorities and institutions should act as a mediator between the private sector and non-governmental sector, representing several interests, including the public interest. To develop a win-win relationship between companies and stakeholders, public sector must mediate and catalyze perceptions and expectations by establishing a national strategy to encourage and facilitate discussion and partnership projects. Promoting social responsibility in the public sector cannot be a stand-alone strategy; it must be accompanied by a legal and institutional framework to ensure effective enabling effectively addressing the public governance of environmental and social aspects.

In 2010, the Romanian Government approved the National Strategy for Social Responsibility which institutionalizes social responsibility as a national priority. In the strategy were identified three major areas of intervention: framework development, social responsibilities promoting and active involvement of the public sector. These major areas of intervention have been transposed by 41 goals, measures and operational activities. In Romania the goal of involving the public authorities is to support the development conditions for social responsibility implementation through a series of active measures in order to increase motivation and ability of organizations to enable social responsibility, openness to cooperation and partnerships, dialogue and exchange of experiences between authorities, the private sector and civil society. The involvement of public authorities does not replace or amend in any way the responsibility of public authorities to act in accordance with the public interest. Regarding private companies and other organizations, in Romania strategy contributed to social responsibility promoting, public authorities having the role to create conditions for generate social dialogue on this subject. The strategy has allowed a Romanian consumer responsible approach by multinational companies.

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