



**WAYS OF REPORTING CORPORATE
SOCIAL RESPONSABILITY
CASE STUDY: THE STATE OF REPORTING OF COMPANIES
OPERATING IN THE FIELD OF TEXTILES AND APPAREL**

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Abstract: *In this paper we have analysed the current state of reporting CSR activity of companies activating in the textiles and apparel industry. Noticing that the number of companies that invest in CSR programs is increasing on a world-wide level and in the last years even in Romania, we wanted to analyse the situation of the companies from a field of activity less involved in CSR programs. The importance of CSR programs has increased more and more in recent times, from a reputation point of view but mostly of reasons of a stronger involvement of companies in the communities where they are present, but also in educating their own employees which become more motivated if they can participate in various actions undertaken through CSR programs. The implementation of such programs adds value to the businesses developed by the company, taking into account that more segments of consumers have expressed their availability to buy products made by companies that promote such programs. The visibility of CSR projects is made by presenting the programs that the company promotes in sustainability reports, by using means and indicators defined under the Global Reporting Initiative. Following the study we have made, we found out that although world-wide the number of companies that have CSR programs and make sustainability reports is increasing, the number of companies in the textiles and apparel industry that make such reports is very small.*

Key words: *corporate social responsibility, company, reporting, GRI.*

1. INTRODUCTION

The impact that companies have in our society and in the environment has risen with the increase of globalization. Corporate social responsibility is an essential condition for the development of a company through innovation and offering opportunities for differencing in a competitive environment. We believe that CSR needs to be put in the center of the company's strategy, because it is based on the set of moral values and principles that reflect its objectives.

In countries with a developed economy, the companies understood that in order to build a CSR policy aligned to the needs of the society, a dialogue with all its stakeholders must be promoted and that links need to be set between the social and economic performance, because stakeholders become more and more interested in the moral conduct of the company, the decisions of the investors are influenced by the ethical behavior, a collaboration between companies that guarantee to respect the principles of CSR up to the end of the contractual chain is encouraged, employees become more preoccupied on improving work conditions and have a greater productivity at their jobs.

Positive results of applying CSR programs highlight advantages for the company and for the community (improving the security and quality of products, developing social programs for the community in which the company operates); advantages for the environment, being well known that companies that have a CSR program have a chapter destined to finding innovating solutions for a greener world.

2. CONCEPTUALIZATING CSR

A company is, by definition, is a legal entity, a legal person, not a natural person. In these conditions, a question arises: How can a company be responsible, given the fact that responsibility is a human attribute, only found in natural persons?

Friedman's point of view (1970) presented in his paper, "*The Social Responsibility of Business Is to Increase Its Profits*" [1] has stirred a number of controversies along the years, and for a time, splitting the opinions into two different currents: those who said that the only responsibility of the company is its financial responsibility towards the stakeholders and those who supported the social responsibility of the company towards the stakeholders. Friedman's argument has been criticized for not taking into account the active role of the company in the society. In recent years, these two points of view are no longer supported; most of the authors now consider that businesses also have a moral component, a social responsibility.

The European Commission has defined Corporate Social Responsibility as "a concept through which companies integrate, voluntarily, social and ecological aspects in their business operations and in the interactions with their stakeholders", [2] while at the same time considering CSR as "the responsibility of companies for their impact in society", [2] highlighting the economic, social and ecologic roles that these companies have in the present context, marked by the economic and financial crisis and the globalization of business.

Corporate social responsibility refers to the actions of the company that go beyond their legal obligations towards the society and environment. They are voluntary obligations taken by the companies in order to create a more favorable environment for the society in which they operate.

The Organization for Cooperation and Economic Development (OECD) defines CSR as "the multitude of actions taken by companies to consolidate their relations with the societies in which they operate". [3]

By studying specialized literature, we can observe that there are three approaches to CSR, each new approach covering and integrating the one before.

a. The approach to corporate responsibility as an obligation only towards the stakeholders

This approach has been described for the first time by Milton Friedman: "the only social responsibility of business is to contribute to the increase of shareholder's profits without using fraud or deception." According to this approach, considered as being a classic, maximization of profits for stakeholders represents the central preoccupation of any company. [1]

b. The approach to corporate responsibility as an obligation to all stakeholders

According to this approach, companies are responsible not only to their owners, but they also need to take into account the interests of their stakeholders, because, in turn, they can influence the activity of the company. [4]

c. The approach to corporate responsibility as an obligation towards society in its entire form.

This approach starts from the premise that companies work through public consent in order to serve social needs. It is a more recent approach and comes as an answer to the new internal and external company challenges, companies that are fundamentally reconsidering their position on the market and act in accordance with the more and more complex social context to which they belong. [5]

3. THE PRINCIPLES AND GUIDING LINES OF INTERNATIONAL REGULATIONS

For companies that want a formal approach to CSR, a series of guides have been created, in which guiding lines and principles are laid down. These acts are: Guiding lines for multinational companies belonging to the OECD, the 10 Principles created by the Global Compact of the United Nations, ISO 26000 standard, a standard referring to social responsibility, the Tripartite Declaration of the principles referring to multinational companies and social policy under ILO and the Principles relating to business and human rights, created by the United Nations.

United Nations Global Compact

U.N.G.C. is a platform for developing, presenting and implementing corporatist practices and policies. U.N.G.C wants to align the principles and strategies of companies to the ten principles of the human rights, work, environment and anti-corruption. [6]



With almost 8.000 companies participating in over 140 countries, the Global Compact is the largest volunteer initiative in the field of sustainability. The Global Compact is not a regulation instrument, but a volunteer initiative that is based on public responsibility, communication and transparency, which wants to offer a space for innovation and collective actions.

The U.N.G.C. proposes to companies to adopt and support the 10 principles, as well as to act according to their regulations, to transmit to the environment they belong this set of values with a reference to human rights, work rights, protection of the environment and the fight against corruption. This last principle forces companies to adopt concrete policies and programs for an efficient fight against corruption.

In order to join the U.N.G.C., the management of the company needs to take a commitment approved at the highest level, according to which the company obliges to respect the conditions and furthermore to integrate these principles in their business strategy and in its organizational culture. The principles of the U.N.G.C. must be incorporated in the decision making process. The company has to report on an annual basis the ways in which they implement these principles in supporting the development of the U.N.G.C. objectives.

U.N.G.C. develops a culture of dialogue which is a main characteristic for improving performances, promoting dialogue between companies and interested parties by organizing conferences and symposiums where sensible problems of a global, regional or local interest are brought into discussion.

ISO Standard 26000

The ISO 26000 standard for social responsibility has been elaborated after a decade of studies and negotiations, during an innovating and original international elaboration process. This has opened the way to a new category of standards, based on the participative and consensual approach, aiming to elaborate recommendations under the guise of “guiding lines” and not conformity demands for a specific managerial system, like the “certifications” proposed by other standards (ISO 9000, ISO 14001).

ISO 26000 identifies seven central subjects that the organizations (governmental institutions, companies, syndicates, consumer associations, NGO’s, etc.) need to use in an integrated fashion. For each of these, the standard offers information in regards to the purpose, relation with social responsibility, principles, reasons and correlated actions.

The standard states as fundamental practices: acknowledging social responsibility and involving the stakeholders (starting a dialogue with them, checking results, use of certifications, creating consultancy committees, publishing detailed reports regarding social performances of the company, creating mechanisms for solving stakeholder conflicts, etc.) [7]

Global Reporting Initiative (GRI)

The GRI wants to popularize and standardize at a global level the tripartite reporting of companies. In order to reach this objective, GRI comes up with reporting rules and common indicators. Together, these recommended directions form the Sustainability Reporting Framework. At present, over 1000 organizations in 60 countries use the GRI Sustainability Reporting Framework to build their sustainability reports. [8]

In May 2013, the Global Reporting Initiative has launched the fourth generation of sustainability reports. As a first objective of this guide, they want to offer a new model that sustains a standardized, transparent and consistent reporting. A second objective is aimed at guiding the organization in coming up with more credible and relevant reports, concentrating on themes that are specific for their activity and which will lead to practical standards. [9]

In order to facilitate reporting, the new guides are structured in two parts: Part I *Reporting principles and Standard Disclosures* and the second part is dedicated to the implementation manual for elaborating sustainability reports. The GRI standard is made up of a series of quality principles and criteria, which need to be respected in the CSR reports and in a series of communications that need to be followed for a relevant reporting.

4. CASE STUDY. THE STATE OF REPORTING OF COMPANIES OPERATING IN THE FIELD OF TEXTILES AND APPAREL

Companies have been using the GRI standards for reporting since 2009 in Romania and 1999 in the USA.

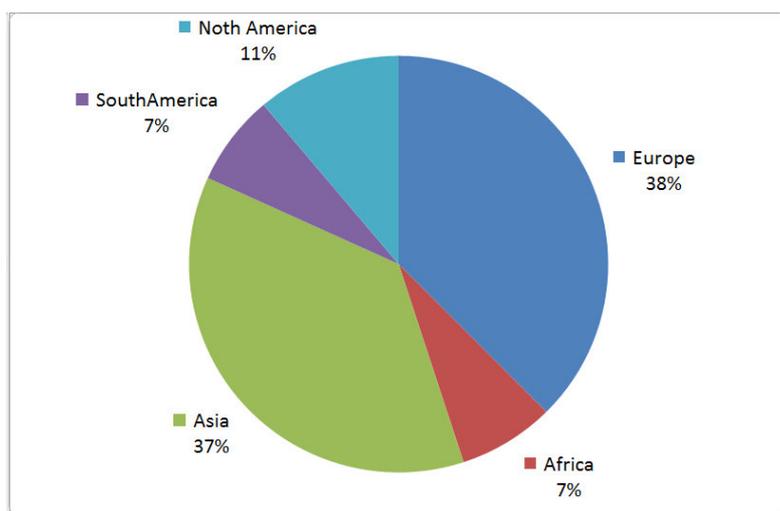
According to data from the GRI, we can see that year after year, more and more companies report their activity according to the set principles and methodology. At present, on the GRI site, there are 24.138 CSR reports, belonging to companies from all over the world.

By analyzing the situation of companies from Romania, we have found out that between 2009-2014, seventeen Romanian companies have published their CSR reports, a total of 40 reports – according to the GRI database – the first of which have been filed in 2009 [10]

If analyze the reports based on the field of activity of the companies that offer such documents, we will see that the situation is as follows: out of the 24.138 reports, only 269 belong to companies activating in the field of textiles and apparel, which represents only 1.11%.

The distribution on continents of the companies that have created such reports is the following:

Europa - 101 reports, representing 38%;
Africa - 20 reports, representing 7%;
Asia - 99 reports, representing 37%;
South America - 19 reports, representing 7%;
North America - 30 reports, representing 30%.



*Fig. 1: Situation based on continent of the number of CSR reports
Source: made by the author according to the GRI database*

By analyzing the repartition on continents of the number of reports, we can see that in Europe, the reports have become a major factor of interest. Thus, from Europe, a number of 101 reports have been filed, which represent 38% of the total reports made from 1999 until today in the field of textiles and apparel, but at the same time realizing that Asia comes strong from behind, due to the fact that in the last decades, the textiles industry made a great leap.

If we analyze the evolution of the number of reports filed since 1999 and until today, the situation is this:

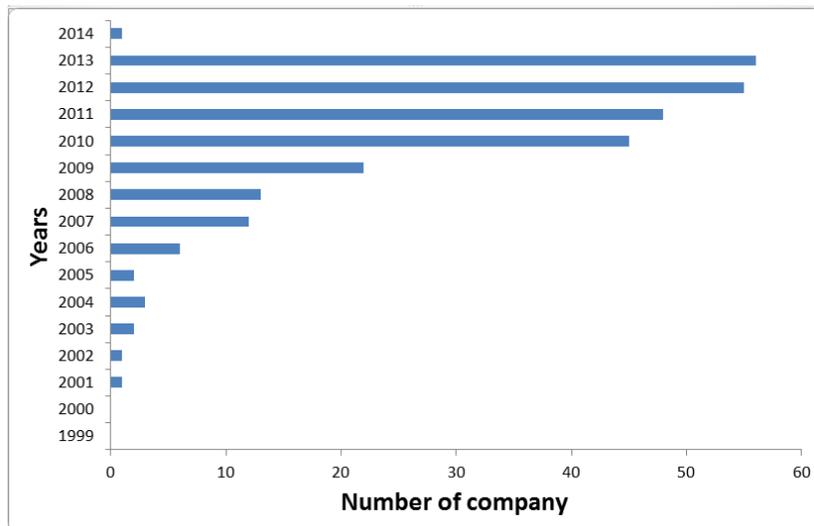


Fig. 2: The evolution in the number of CSR reports
Source: made by the author according to the GRI database

If in 1999-2000 no company from the textiles industry has filed a report regarding its CSR activity, starting with 2001, a company filed the first report regarding this activity. This company (Puma) filed a report yearly and continued its investments in this direction. [10]

We observed that beginning with 2007 the number of companies that report their activity in the field of sustainability has started to increase, a trend that is not showing signs of stopping. Although the economic crisis has affected many companies, which led to the diminishing of investments, we can see that in the CSR field, companies have continued to direct funds, being aware that only by investing in the community will they be able to obtain favorable results in the long run.

The small number of reports filed in 2014 is justified by the fact that in this period, companies file their reports for the precedent year, so, until the present date (march 2015) only a single company has filed its report.

5. CONCLUSIONS

The concept of CSR, which manifests itself more and more in companies, has radically changed the way in which they act. These companies stop being preoccupied exclusively on gaining immediate profit, being obliged that in order to develop, to give the same level of importance to social aspects as well as the protection of the environment. In this context, corporate social responsibility is not a subject that is promoted only for the reputation and visibility of the companies, but the implementing of these concepts has become a capital point for developing on a durable basis for companies and a major and essential objective in the globalization context of economic and social development processes.

Although on a world level the number of companies that report their CSR activity is growing, we see that the companies from the textiles and apparel industries have a very small representation, occupying only a percent (1.11%) of the total companies that have activities in this field. We note a slight increase of the interest in this field, the number of companies being doubled in recent years, but still it is insufficient for the ascending trend which the CSR concept has registered in the last decades in success companies.

In Romania, no company has filed a sustainability report. We consider that this has to change, especially since starting with 2016, according to the European Directive 2014/95/UE [11] all companies with more than 500 employees will be forced to report a series of nonfinancial indicators, and this will oblige Romanian companies to create sustainability report.

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