



THE EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY REPORTING IN THE EUROPEAN UNION

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Abstract: *Modern society is confronting with problems such as global warming, pollution, contamination of the soil. As a response to these problems, organizations are implementing corporate social responsibility programs, as a way of dealing with these new challenges.*

CSR reporting began in the 90's in the USA, but in the last twenty years, EU companies have shown an increasing involvement to a point in which today European CSR reports amount to 38% of the total reports worldwide. The Global Reporting Initiative is a nongovernmental organism that provides companies which wish to create CSR reports, a set of guidelines and databases what contain CSR reports from 1999 to the present day. As an answer to the need of companies to report their CSR activities, in November 2014, the European Union published Directive 2014/95/EU regarding the obligation of large companies to annually report a series of nonfinancial aspects and information. A priority of the European Commission is to align the CSR reporting method of the member states to the global methods. The commission has evaluated in 2013 the progress of member states and reached the conclusion that member states have chosen different paths: some have taken only small impact decisions – such as informative and promotional actions for CSR – while other states have taken legislative measures to support corporate social responsibility.

Key words: *Corporate Social Responsibility, organization, reporting.*

1. INTRODUCTION

In the last decades, the interest of European Union companies towards the CSR (Corporate Social Responsibility) concept has increased. If the first signs started to appear in the UK during the 80's, when the Business in the Community (BITC) coalition started, in the 90's the European Union raises the problem of implementing CSR in its member states.

The first CSR reports started to appear in North America, being created by large companies from the chemical and oil industries, which were obliged by a law called “the right to know Law” to publish their data regarding emissions and soil impact. [1] In the United States of America, these reports started to appear as an answer to the pressure created by environmental organizations on large companies in an effort to make them become more transparent and explain their impact on the



environment, while today the pressure comes from the investors, the employees and the local communities. In Europe, CSR reporting began 20 years ago and today it is still on the rise.

The economic crisis and its social consequences have had a negative impact on consumers' trust in business. They have diverted their attention to the ethical and social performance of companies. The European Commission wanted that through the renewal of its efforts in promoting CSR, to create favorable conditions for a sustainable economic development and a responsible behavior of the companies.

2. ASPECTS OF CSR REPORTING IN THE EU

The European Council and European Parliament have invited the European Commission to develop a CSR policy for the European Union. In the Europe 2020 strategy, the Commission has taken the role of renewing the EU strategy for promoting CSR. In the 2010 press bulletin, in regards to industrial policies, the Commission has expressed its intention on creating a new CSR policy.

In October 2011, the European Commission presented its strategy and action plan by which it proposed to encourage the adoption of CSR principles in the European space, in the 2011-2014 period. [2]

Through the Directive of 2014, the European Commission deems necessary to coordinate internal judicial dispositions regarding nonfinancial information presentation, as this is of major interest to large companies, their shareholders and other interested parties. Coordination in this field is necessary because most of these companies operate in several member states. [3] Also, it is necessary to set certain minimal judicial requirements as to what the level of information that needs to be given access to the public and authorities, by companies from across the Union. [3]

In November 2014, the European Union published Directive 2014/95/UE [4] regarding the obligation of large companies to report annually a series of nonfinancial aspects and information regarding diversity (CSR /sustainability reports). [1] This Directive was adopted in its final form by the European Parliament and the European Union Council in September 2014, coming to complete and modify another European Union Directive – more specifically, 2013/34/UE relating to financial reporting done by companies.

Directive 2013/34/UE obliges “public interest companies” with over 500 employees to publish a nonfinancial declaration which contains “information relating to environmental, social or personal aspects, human rights and fighting against corruption and bribery”. [5]

According to the normative act, in article 2 the public interest companies are defined: “companies that are tradeable on the stock market, credit companies, insurance companies or any other company that, by its nature, size or status, represents a significant public interest”. [5] Companies that fall under this description must publish on a yearly basis, beginning with 2017, a declaration that contains: a short description of their business model, a description of adopted policies in regards to mentioned nonfinancial aspects, the results of said policies, the main risks related to the aforementioned aspects which are a part of the company's operations and the way in which the company is handling the risks that may appear as a result of those operations, as well as relevant performance indicators for the field of work of the company. [5]

A priority of the European Commission's action is to align the European and global CSR. This means soliciting EU companies to make an effort in conforming and acting in accordance with the internationally recognized guides and principles: the Organisation for Economic Co-operation and Development Guide for multinational companies, the Ten United Nations Global Compact Principles, the Directing Principles of the United Nations regarding business and human rights, the Tripartite Declaration for setting principles regarding multinational companies and social policies of the International Work Organization, ISO 26000 Social Responsibility Standard,



or other internationally and EU recognized institutions, as well as the EMAS – Environment Management and Audit System. [5]

In this way, member states need to make sure they have efficient national procedures to impose the respecting of the obligations set though the directive, as well as that these procedures are accesible to all natural and legal persons that have a legitimate interest according to the national rights, as to respecting the dispositions of the directive. National legislations regarding consolidated management reports should then be coordonated to fullfill the informational comparability and coherence objectives that companies should publish in the Union. [3]

The comission has monitorized the involvement of companies in applying these rules and international CSR guides.

The comission has evaluated in 2013 the progress of member states and reached the conclusion that countries have chosen different pahts: some have taken only small impact decisions – such as informative and promotional actions for CSR – while other states have taken legislative measures to support corporate social responsibility. [6]

In June 2014, 15 member states already had national action plans for CSR (Belgium, Bulgaria, Cyprus, Czech Republic, Germany, Denmark, Estonia, Finland, France, Italy, Lithuania, Holland, Poland, Sweden, UK). In 5 other countries these plans were nearly finished (Austria, Ireland, Hungary, Malta, Spain) and in 7 more (Croatia, Grece, Lithuania, Portugal, Romania, Slovenia, Slovakia) the plans were still in their development phases. [6]

3. THE EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY REPORTING IN THE EUROPEAN UNION

Member states of the EU have begun to produce CSR reports according to Global Reporting Initiatives (GRI) Standards begining with 1999. If in the first year, only nine reports have been filed, this number increased yearly so that in 2014 a number of 2005 reports were filed. In total, 12.562 reports. In the chart and table, the evolution of the number of reports in the EU is presented, based on infromation rom the GRI.

Table 1: Evolution of no of CSR reports from 1999-2015

Crt. No.	Year	No. of reports	Crt. No.	Year	No. of reports
1.	1999	6	10.	2008	594
2.	2000	22	11.	2009	803
3.	2001	58	12.	2010	1037
4.	2002	59	13.	2011	1371
5.	2003	83	14.	2012	1644
6.	2005	157	15.	2013	1752
7.	2005	228	16.	2014	2005
8.	2006	307	17.	2015	1923
9.	2007	434	18.	2016	79

Source: made by the author according to the GRI database

We consider this as being an evolution determined by several factors: the society became more aware of the role which the companies play in our daily lives, which in turn led to changes in laws that later were implemented by companies. In this way, the companies had to adapt to be able to face the competition. The economical crisis had a major impact on society in general, as well as on companies. Based on the data from table 1, we can see that after 2011, there has been a great increase in the number of CSR reports filed by the companies (a 32% increase when compared to 2010). [8]

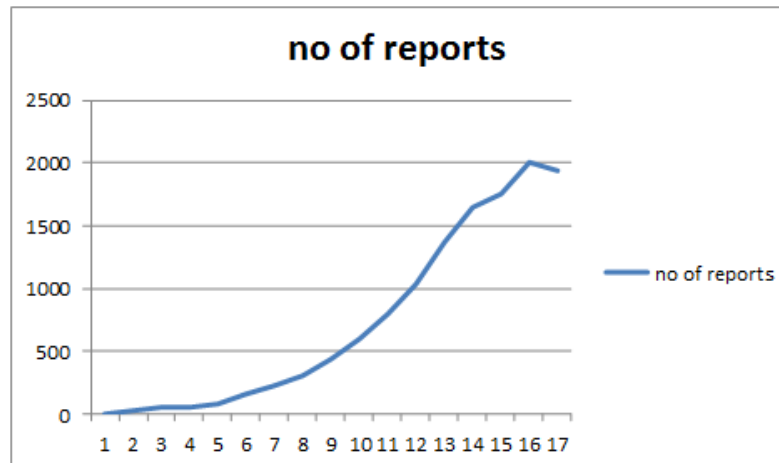


Fig. 1: Evolution of no of CSR reports from 1999-2015
Source: made by the author according to the GRI database

4. CONCLUSIONS

By creating CSR reports according to international standards, companies, have a series of advantages such as a better world visibility, their inclusion in the circle of companies that care about the environment and society. For the stakeholders, these reports represent the interest the company takes in its impact in the community. We consider that in the next years, the number of companies interested in creating CSR reports will increase, also because of the norms imposed by the EU, once Directive 2014/95/EU comes into force, but also because companies are becoming more aware to the role they have in society.

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