Research Article

CSR of State-Owned Companies in a European Developing Country – The Case of Romania

Buturoaga Cristina Mioara

Bucharest University of Economic Studies, Bucharest, Romania
dellacheza22@yahoo.com

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Abstract

The aim of this paper is an investigation of CSR in state-owned companies (SOCs) from a specific sector and in a particular context of a European developing country, Romania, where CSR is not mandatory. This research was conducted through the completion of questions and by self-documentation. The findings are mainly theoretical showing how the responded companies manage their CSR. Research results are valid for state-owned companies, from energy sector, under tutelary public authority, in Romania. Findings suggest that transparency, compliance with the law, but also credibility and stakeholder involvement should be considered. This paper contributes to extending previous studies on state-owned companies’ CSR in a particular context and in a specific sector.

Keywords: social responsibility/ CSR; state-owned companies/ SOCs; developing countries; Romania.
Previous research in this area is conducted on SOCs from European developed countries (Cordoba-Pachon et al., 2014; Bolivar et al., 2015; Tönurist, 2015; Gjelberg, 2010; Lauesen, 2011) and on SOCs from other continents (Frisko, 2012; Yu, 2015; Quinhua Zhu and Qiangzhong Zhang, 2015; Zicari and Aldama, 2014; Rutledge et al., 2014; Zhao Lili, 2014; Xiaoyu Liu et al., 2014; Yang Jan and Jon Webber, 2014; Qi Li et al., 2013; Li Chang et al., 2013).

This paper is motivated by the need for research on CSR among SOCs (Roper and Schoenberger-Orgad, 2011) in a given sector (Cordoba-Pachon et al., 2014:207) but also in a developing country (Frisko, 2012:217) and in a specific context.

The questions that generated this study were: Is CSR integrated into Romanian SOCs, from a specific sector? And if so, how is it practiced, as a management practice? The reason for choosing these questions was that: they would facilitate a better understanding of the responsibilities assumed by SOCs, the stakeholders they consider and manage, the way they track their impacts, but also the CSR challenges they face.

The study proceeds as follows: first, the literature review presents an overview of CSR and the gaps in the existing literature, then the particularities of the unique context in which analyzed SOCs operate and are introduced, next the methodology is outlined. The results are discussed and new approaches are proposed. We end with the limits of this study, conclusions and future directions for research.

**Literature review**

CSR is understood differentially (Freeman and Hasnaoui, 210:420) from country to county (Waagstein, 2010:456; Crane et al., 2014:16), being in an ongoing process, since the term’s emergence in the 1950s (Gond et al., 2011:643).

It has numerous definitions (Crane et al., 2014:5) even argued that this effort should be abandoned (Van Marrewijk, 2003:95). CSR has seen many arguments and controversy (Milton Friedman, 1970; Karnani, 2010, Jensen, 2002:236). An expansion arises in the 90s (Crane, Mc Williams, Matten, Moon and Siegel, 2008:3). An overview of CSR over the past 50 years was carried out by Elisabet Gariga and Domenec Mele (Crane et al., 2014:70) whom also offer an important classification of CSR theories (Garriga and Mele, 2004:65). One of the most used definitions is the one offered by A. B.
Carroll (2012:34), but Carroll’s pyramid is based on research in the American context (Visser, 2008:488) and reflects Anglo-American circumstances (Crane et al., 2014:68). Visser claims that the order of Carroll’s pyramid levels differ in the context of developing countries (2013:265), where the emphasis is on economic responsibility, followed by philanthropy, and then barely legal and ethical responsibilities. In 2003, Mark S. Schwartz and Archie B. Carroll (Crane et al., 2014:127) proposed a model based on: economic, legal and ethical responsibilities, which subsume the initial philanthropic category. The most influential theory is the stakeholder one (Crane et al., 2014:135). One important contribution is the one offered by R. Mitchell, B. Agle and D. Wood’s (Visser, 2013:114; Crane et al., 2014:137) which offers a theory in order to understand which stakeholder really counts (Mitchell et al., 1997:882). An evident interest and growth of CSR (Carroll, 2008:41) came with the European Commission who developed public policies for the promotion of social responsibility, since 2001, with Green Paper (European Commission, 2011:4). In "A renewed EU strategy 2011-14 for Corporate Social Responsibility", the European Commission announced its new strategy, including a new definition of the concept (European Commission, 2011:6) which is considered to be less voluntary (Zandvliet, 2011:3). Social responsibility is included in the Romanian Government strategy, which developed a national strategy to promote social responsibility for 2011-2016. Romanian Standardization adopted the international standard ISO 26000, from February 2011, there is SR ISO 26000: 2011, "Guidelines on Social Responsibility". ISO 26000 covers: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues and development of the community and society. It is appreciated that this standard could be useful, given its late appearance, for developing countries (Hoskins, 2012:124).

A previous research study on the CSR of European state-owned enterprises analyzed their role in innovation policy and proposed and applied to a case study from energy sector, Estonia, a new framework for analysis of innovation policy practices. Also, there are discussed probable outcomes of innovative investment depending on the broad framework but also the importance of innovation policy management (Tõnurist, 2015). L.M. Lauesen (2011) conducted a research study on CSR publicly owned enterprises in water utilities, in Denmark, with the purpose to examine the opportunities and barriers. The results show that a schism exists in CSR of hybrid organizations. The paper contributes to the literature by pointing out the issues in opportunities and barriers in CSR in public, hybrid organizations. Other research (Gjølberg, 2010) developed a typology of possible governmental interpretations of CSR, but also analyzed how it is transformed and adapted in order to fit the "Nordic Model". The findings suggest that the concept is highly transformed from context to context. Cordoba-Pachon et al. (2014) in their article present the features and challenges identified in the state owned enterprises in relation to CSR, on a sample of Spanish enterprises. Findings suggest that a more proactive stakeholder awareness and dynamic view should be adopted. An examination of how managers of state owned enterprises perceive the concept of CSR, the reason for their involvement and how it is integrated, was done by M.P.R. Bolivar et al, 2015. It was found that managers are aware of the importance of CSR principles and understand the meaning, scope and dimensions. Also, that there is a need to enhance the application of CSR policies among the strategies of state owned enterprises. Social responsibly is both influenced by the manager’s profile and by the sector of activity.

The gaps identified were: first, the need for more research on SOCs CSR (Roper and Schoenberger-Orgad, 2011), secondly the necessity to look into CSR of a specific sector of activity (Cordoba-Pachon et al, 2014:207) and thirdly to conduct research on SOCs CSR in a European developing country which has not been the subject of any other research. The present research intends to address all these identified gaps in order to have a clear picture of how SOCs CSR is managed and how a specific context influences it outside the developed core.

**Particularities of the context of Romanian SOCs**

Around the world, SOCs practice CSR as implicit (mandatory), explicit (voluntary) or as a mixture of the two forms (Matten and Moon, 2008). The public sector to which SOCs belong is often used by governments to lead by examples. By approving the management plan of SOCs, the State, as a majority shareholder, is very much involved in the company’s management so it should not be involved in the day-to-day
administration. OECD recommends SOCs to be carried in a transparent and accountable manner (2015:20) and to respect stakeholders (2015:25). SOCs are expected to act: in accordance with the law; develop long term strategies, stakeholder policies, codes of ethics; integrate international standards which promote ethics, transparency, fairness, responsibility, accountability and efficiency of the market. Transparent procedures are expected but also control systems to be implemented and SOCs performances to be monitored. Clear targets made publically available are also a concern.

The former communist countries, which joined the European Union in 2007, had oversized and inefficient industrial sectors (European Commission, 2013b:61), so in many developing countries state-owned sectors are now in a process of reforming (M. Danilet and O. Mihai, 2012:8), and the level to which CSR has been developed varies considerably from country to country.

In Romania, the concept of social responsibility exists form the 1990s, when many NGOs were founded with the participation of public and private international institutions, but a major involvement of companies from Romania was made after 2000 (Mandl and Dorr, 2007:12; Government of Romania, 2011:5; Obrad et all, 2011:45; TISK, 2013:18). Currently, in Romania, social responsibility is at the beginning (Romanian Government, 2011:5; Zaharia and Grundey, 2011:197; Popa, 2012:154), and CSR actions are seen as predominantly philanthropic (Zaharia and Grundey, 2011:202). There are few organizations that have integrated social responsibility. The private sector is the most active, especially the multinationals (Zaharia and Grundey, 2011:197; Buturoaga, 2015a:14). Nationally, it is appreciated that there is not a clear framework for social responsibility (TISK, 2013:43). Public authorities are not sufficiently involved (Romanian Government, 2011:5) and consumers do not know, if any, the sources of information on social responsibility (Buturoaga, 2014a:14) in order to become the drivers of change. National CSR framework includes: Romanian national strategy to promote social responsibility 2011-2016 (2011:26) provides the approach of social responsibility by all organizations, whether public or private. Social responsibility is defined (Romanian Government, 2011:9) as a concept regarding organizations' responsibilities towards society and environment. Romanian Standardization adopted the international standard ISO 26000:2010, so that, from February 2011, there is SR ISO 26000:2011, "Guidelines on Social Responsibility". Some national legislation instruments related to CSR exist (TISK: 21). Romanian National Strategy to Promote Social Responsibility 2011-2016 speaks about an active involvement of the public sector (Romanian Government, 2011:26), but also that SOCs must actively apply social responsibility (Romanian Government, 2011:20), starting from the choice of its suppliers and if necessary (Romanian Government, 2011:21) administrative councils will be changed if they do not pay enough attention in applying social responsibility (Romanian Government, 2011:28). In the Romanian laws the author couldn't identify any specific CSR obligation for SOCs. Also, no paper news were found in connection with dismissal of any of the SOCs board for explicit reasons regarding CSR. The legal and regulatory national framework of SOCs includes OUG 109/2011 regarding the corporate governance of public enterprises which have many shortcomings. National legal context, regarding SOCs may vary considerably from country to country. In Romania, SOCs are not pressured to assume and integrate social responsibility. At the national level, there are no published reports on the state of SOCs CSR. According to World Bank Group (2014:16), in the Romanian state-owned enterprises sector significant progress and reform has been made in corporate governance. According to Accreo Taxand report of 2011, Romania offers little support or incentives to develop and carry out CSR activities. Most CSR activities are found in the social field and take the form of a sponsorship and charitable donations, due to the financial incentives and stimulants provided by Law 32/1994. The website of Transparency International offers a 2014 corruption perceptions index, according to which Romania, like Italy and Greece, has a score of 43 (rank 69/175). This score reflects, according to Transparency International, how corrupt the public sector is. SOCs also belong to the public sector (Romanian Government, 2011:10).

We justify the importance of studying a national context within the general context as governments approach CSR differently (Crane et al, 2014:492). There are various policies, measures: laws, regulations, initiatives of the European individual governments related to CSR. In practice, considerable national variations regarding CSR can be found (Carroll, 2008; Gond et al., 2011:658).
This research is helpful for: practitioners when business strategies are developed; for officials, when national CSR strategies and frameworks are created. To other researchers, it is valuable by addressing a current necessity in CSR: investigation of a particular context which faces different challenges and needs different interventions, outside the developed core.

**Methodology**

The research method used, in order to achieve the established objectives, involved:

- literature review: articles in scientific databases; initiatives for social responsibility; reports of specialized institutions; laws; studies and analyses conducted in Romania, in order to gain an understanding of the particularities of social responsibility of local organizations.

In order to carry out this study an opinion survey was chosen. The argumentation of this choice was sustained by the need for compliance with the Romanian law on free access to information.

The research tool:

- the development of certain questions, not a questioner, without possible answers and applying these by using the model offered by the Law 544/2001 on free access to the information of public interest.

The SOCs included in the sample were selected considering the following self-imposed criteria:

- to be a SOC, of which the State is the sole or majority shareholder, under tutelary public authority;

- to belong to the Energy sector.

The general objective of the questions addressed was to gather information in order to identify how SOCs from energy sector practice CSR in Romania.

The questions were groped in eight sections dedicated to: integration of social responsibility; stakeholders' involvement; CSR performance indicators; sponsorship; monitoring and evaluation of CSR; suppliers' CSR; communication and reporting of CSR; warning and reporting procedures of ethical problems. A total of 88 questions were addressed. 6 questions were for identification. 30 required a simple "yes" or "no" answer. 14 questions required information consisting of a single numerical item. 20 were composition questions and required a short answer and 18 a fuller response. In situations in which the company had not integrated social responsibility, the number of questions which can be answered was much reduced compared to the 88 questions sent out. Among the questions that required information consisting of a single numerical item, 8 questions required answers rated using a numerical scale from 1 to 5 (where 1 = not at all satisfactory, 2 = less satisfactory, 3 = so and so, 4 = satisfactory; 5 = very satisfactory). In the application data about the questioner, mailing address and phone number were included in case more information regarding the questions addressed was needed.

In January 2015, the energy sector was decided to be studied by the researcher because of its strategic importance. The Ministry of Economy, Trade and Tourism (MECT) was chosen as tutelary public authority, as it had under authority a large number of SOCs from the energy sector. In addition, the list with institutions that operate under this authority was offered on the website of MECT. Here could be identified nine sectors and the sector Energy was the most numerically represented. The information offered by the list was: company name; the name of the general manager and in most cases an e-mail address. Using the Internet the websites of these companies were searched in order to find their contact details.

A total of 16 companies of those included in the sample were located in Bucharest, where the researcher went personally to submit the application. Letters were sent to the remaining 12 companies based on other cities by recorded delivery, which is a proof of receipt of the letter. One letter to Servicii Energetice Moldova was returned as nobody was found at the address. This SOC had been 'dissolved, liquidation' according to the National Trade Register Office (DNRC). As a result of the need to visit the 16 companies with headquarters in Bucharest, the researcher had to face some unexpected situations. According to Law 544/2001, applications should be responded to within 10 days with the possibility that this could be extended to 30 days. Any person is entitled to request and obtain information of public interest from public institutions under Law 544/2001. Public information is defined as: any information related to or resulting from the activities of public authorities or institutions. The study was carried January - February 2015. The data were collected by receiving letters with recorded delivery.

With regard to Termoelectrica the ONRC website stated about the project of dividing through detachment, 2012, and a new company, Electrocentrale Grup S.A. was established. This company did not appear, however, on MECT website which was last updated on 09/15/2014. Electrocentrale Grup S.A was introduced in the sample.

The ONRC was consulted in order to obtain information regarding the status of each of these companies in Romania; ONRC under the Ministry of Justice can provide information. The status of the companies researched, according to the data identified at 01/29/2015 on the ONRC portal, was as follows: 18 are in operation; Termoelectrica – liquidation; Electrocentrale Galati – insolvency; Hidroelectrică – judicial reorganization, subject to the Law 85/2006; E. ON Moldova Distributie – erased/ radiated; Servicii Energetice Moldova – dissolved, liquidation; Servicii Energetice Dobrogea – subject to the Law 85/2006, bankruptcy, liquidation; Servicii Energetice Banat - subject to the Law 85/2006, bankruptcy; Servicii Energetice Muntenia - subject to the Law 85/2006, liquidation; Servicii Energetice Oltenia - subject to the Law 85/2006, liquidation. No information was found for Electrica S.A.

As of 02/17/2015, the following companies responded: OPCOM S.A. which had not responded to questions but which stated that is a legal branch of C.N.T.E.E. Transelectrica (of which the State had a 58,688% share). ELECTROCENTRALE BUCURESTI S.A. and C.N.T.E.E. TRANSELECTRICA S.A announced that they would respond within 30 days; SOCIETATEA NATIONALA NUCLEARELECTRICA S.A. and ELECTROCENTRALE GALATI S.A. were the first who sent their response. The following companies informed that they are no longer under Law 544/2001: FORMENERG S.A.; SMART S.A.; ELECTRICA DISTRIBUTIE TRANSILVANIA SUD S.A.; ELECTRICA DISTRIBUTIE MUNTEANIA NORD S.A.; ELECTRICA DISTRIBUTIE TRANSILVANIA NORD S.A.; ELECTRICA FURNIZARE S.A.; SERVICII ENERGETICE OLTEANIA S.A.; ELECTRICA SERV S.A.; ELECTRICA S.A. Some of these companies were privatized according to the State ownership policy.

Given this situation and taking into account the fact that the date by which the companies could respond had expired, and that companies which had received the questions by post would opine that Law 544/2001 gives no explicit obligation to respond to letters, an appeal was made to the MECT, by mean of an application. At MECT the researcher received unofficial information that some of these SOCs were recently moved to the Ministry of Energy, IMM and Business Environment (MEIMMMA), even if these companies were still posted as under the authority of MECT on its website. So the author had to visit this ministry and also made a formal application. In the applications addressed to ministries the author was explicit to the situation encountered but also asked to receive the list of SOCs under the authority of the two ministries, and the State share in each of them. After these requests, telephone calls and some responses from SOCs were received. The requests to the ministries seemed to have had some effect.

SOCs which responded after the application to the ministries included: ELECTROCENTRALE GRUP; COMPLEXUL ENERGETIC HUNEDOARA; FILIALA ICEMENERG-SERVICE S.A. From the ones which announced that within 30 days they will communicate the answer: ELECTROCENTRALE BUCURESTI sent it; C.N.T.E.E. TRANSELECTRICA offered no response. Also the MECT website was updated on 02/25/2015 and at the Energy sector, the new list was reduced to: C.N.T.E.E. TRANSELECTRICA; OPCOM; SMART; FORMENERG; TELETRANS; INGDE-ICEMENERG BUCURESTI; ICEMENERG-SERVICE. On MEIMMMA website, the author could not find any list of SOCs under the control of the
authority. The official answer received from MECT had the date 03/20/2015, even if the application was sent on 02/17/2015. The MECT response was evasive, informing that through OUG no. 86/2014, in force from 12/17/2014, establishing measures to reorganize the central public administration and for amending and supplementing certain acts and government decision H.G. no. 42/2015, in force from 01/28/2015, on the organization and functioning of the Ministry of Energy, Small and Medium Enterprises and Business, some state-owned companies, still posted on the website of the MECT as being under authority, are already in MEIMIMA portfolio. The other ministry, MEIMIMA, had not responded to the formal request addressed. The researcher obtained the list with the patrimony owned by MEIMIMA at SOCs from energy sector, in the name of the State, from other source.

Before starting this research, the author conducted another study on Romanian SOCs, December 2014- January 2015, under the Authority for State Assets Management (AAAS). For that study he addressed a formal request to the Romanian Ministry of Public Finance (MFP) for which he received a partial response. A list of tutelary public authorities and economic operators dated 11/19/2014 was offered. It totaled 20 public authorities and 294 economic operators. The list provided is an old one. The formal request was made by the researcher on: 12/15/2014 and again on 01/27/2015, and the same list was provided by MFP. The list differs from the one offered on MECT website. State-owned companies owned by MEIMIMA, in the name of the Romanian State, are not listed nor is MEIMIMA.

Companies whose websites contained sections on social responsibility or related terminology until 01/31/2015 included: TELETRANS – Section: “Media” (Subsection “CSR” under construction); SOCIETATEA COMPLEXUL ENERGETIC OLTENIA – Section “Responsibility” (Subsection: “Environment”; “Community”; “Tourism”; “Announcements”; “Contact”); HIDROELECTRICA - Section: “About us” (Subsection: “Social responsibility” with links: “The relationship with the community”; “Energy for All”; “Corporate Transparency”); SOCIETATEA NACIONALĂ NUCLEARELECTRICA – Section: “CSR” (Subsection: “Local community”; “Projects”; “Drawings and essays contest 2012”; “Environmental Report 2010”); C.N.T.E.E. TRANSELECTRICA - Section: “Corporate Social Responsibility”; CSR policy; CSR vision; Art and culture; Education; Humanitarian; Environment; Community development; Responsibility towards employees; Corporate volunteering. The State had a share in these SOCs, as follows: TELETRANS S.A.: 100% C.N.T.E.E. Transelectrică S.A.; SOCIETATEA COMPLEXUL ENERGETIC OLTENIA S.A.: 77,15%; HIDROELECTRICA S.A.: 80.0561%; SOCIETATEA NACIONALĂ NUCLEARELECTRICA S.A.: 81,270%; C.N.T.E.E. TRANSELECTRICA S.A.: 58,688%, as stated on their individual websites. Only four SOCs had relevant CSR information on their websites. This information alone does not guarantee the integration of CSR.

SOCs included in the sample to be studied were not an exhaustive list of SOCs in which the State holds a full or a majority share. According to OUG 109/2011 Art. 58(5), there are autonomous regias and companies in which the administrative-territorial unit holds a full or majority share. Of the four SOCs which have CSR information on their websites and in which the State is a majority owner, only one response was analyzed. This SOC integrated CSR, as it stated.

The author collected 6 (six) responses from the following companies: SOCIETATEA NACIONALĂ NUCLEARELECTRICA S.A.; ELECTROCENTRALE GALATI S.A.; ELECTROCENTRALE GRUP; COMPLEXUL ENERGETIC HUNEDOARA; FILIALA ICEMENERG-SERVICE S.A.; ELECTROCENTRALE BUCURESTI. The State share for these companies was: for four of them 100% and for ELECTROCENTRALE BUCURESTI: 97,51% and SOCIETATEA NACIONALĂ NUCLEARELECTRICA S.A.: 81,270%.

Given the small number of responses received but also because SOCs answered a small number of questions, also CSR was integrated by only one of the responded SOCs, the only analysis that could be done is a qualitative one of data presentation by assembling information in a compact and accessible form.

Results

CSR practiced by Romanian SOCs from energy sector under tutelary public authority

As responding SOCs stated, for 5 of them their main area of activity is electric power generation, transmission and distribution and for 1: manufacture of electricity distribution and control apparatus. Only 2 are listed on stock market. 2 are the majority shareholder of other companies, other 2 SOCs did not answer this
question and 2 of them responded “there is not the case”. Respondents are public relations and communication staff for 3 of them and for the other 3 is the general manager or administrator. For the financial year 2013, 1 company received subsidies for investments, but there was not provided the total amount of subsidies received since the integration of social responsibility until 2013. Other 2 SOCs stated they did not receive and 2 did not answer this question. There were no expenditures for social responsible activities in the previous year, 2014, from all 6 companies. The analysed SOCs have together 11282 employees at the end of the year 2014 and all of them operate on the national market. There was no collaboration with NGOs for activities related to social responsibility for 3 of them and the other 3 did not respond to the question. Only 1 SOC integrated social responsibility 14 years ago, when an emergency social program was approved through government decision. The current strategy of this SOC has been established for a period of 10 years (2015-2025), according to some requirements. 4 SOCs have no dedicated person or department for social responsibility and have not received counseling/ free assistance/ information on social responsibility. The other 2 did not respond to the question. Between certifications held: the one which has integrated CSR has only ISO 14001, one has only ISO 9001, one has no certification and 2 have ISO 9001, ISO 14001, OHSAS 18001. The company which stated it integrated CSR offered no information regarding private initiatives, guidelines and internationally recognized principles at the basis of the methodology adopted for the integration of social responsibility. No information were offered since this question was not considered according to the Law 544/2001. The methodology used to integrate social responsibility was developed by responded SOC and not at the branch level. The key steps made for integrating social responsibility were not described as they were not considered public information. The objectives for social responsibility could not be found in the text of the actual strategy for 2015-2025, where at pp.13 there were only 14 rows with information about the history of the responded SOC’s CSR, where the author received the indication to document himself. The single row which speaks about the future is that which expects to develop some CSR campaigns according to the actual needs of different communities. Information about previous strategy (objectives and strategic measures) was not offered by the responded SOC as it was not considered to be public information. No social responsibility actions were described as being undertaken in accordance with the objectives set. For the actual strategy (2015-2025), the SOC has not yet taken any action. For the previous one, a link was provided to the information posted on the website. This link offers no information regarding CSR objectives or activities. The SOC considered that the preset strategy follows the priorities of the Romanian National Strategy to Promote Social Responsibility, but it was also appreciated that these are only recommendations. The way social responsibility was implemented was considered to be adapted to the needs of the local community in which it operates. The analyzed SOC did not agree to rate the integration of social responsibility using a numerical scale from 1 to 5, as it stated it was not considered public information. There was a policy as stated by the respondent SOC for the integration of CSR. On its website, where the author received the indication to document himself, CSR results are presented sporadically for the years 2008, 2010, and 2012.

The following categories of stakeholders were identified by the SOCs: 2 of them answered “there is not the case”, the other 3 did not answer to the question and the only SOC which stated it integrated CSR identified: population; authorities; shareholders and investors. The needs identified for each of these categories, as well as the risks and opportunities identified by the company in connection with each category of stakeholders were not offered by the 3 SOCs and the other 3 did not answer to the question. Regarding the stakeholders’ involvement in setting the strategy of social responsibility, the only SOC which integrated CSR did not offer a concrete response but the following categories of stakeholders were indicated to have been involved in setting the strategy: population; authorities; shareholders and investors. According to the SOC, implementing social responsibility was done with the involvement and participation of the general manager who continued to be involved in planning, monitoring, evaluation, communication and reporting of social responsibility. The SOC stated that transparent procedures and criteria had been used for stakeholder engagement in actions and decisions of the company, but these were not published as it was not considered necessary. The other 2 SOCs responded “there is not the case” and 3 did not respond to the question. A description of the existing procedures to encourage stakeholders’
participation in SOC decision and actions had not been offered by any SOCs. As stated, external stakeholders of SOC which integrated CSR were consulted for its decision and actions, through public debates, employees were informed and involved in SOC decisions and actions. There were no internal courses held by the SOC regarding social responsibility which all employees could attend. The SOC stated that the employees were invited to engage in CSR activities. Stakeholders were involved in the monitoring and evaluation of social responsibility and evaluation of the methodology of socially responsible actions was made known through reports of activities. Information about stakeholders and employees was not offered by the other 5 respondents, even not all the questions were related to social responsibility. SOC which integrated CSR did not agree to rate, by using a numerical scale from 1 to 5, the stakeholders’ involvement in the implementation of social responsibility, as it was not considered public information. 5 of them gave no answer to the question.

Performance indicators for their social responsible actions as well as the means of measuring established performance indicators were not indicated by the SOC which integrated CSR as this was not considered to be public information. Also the SOC did not agree to rate, by using a numerical scale from 1 to 5, the relevance for the size and nature of the operations performed by the company, of the established performance indicators, as this was not considered to be public information. Results can be identified on its website for the years 2008, 2010 and 2012. The other 5 SOCs did not answer these questions as they had not integrated CSR.

SOCs were asked to indicate the development project or projects for the community in which they operate and which it had sponsored for at least 3 consecutive years. 2 of them stated “there is not the case” and they gave no money for sponsorship in 2014 year. The other 3 did not answer the question and only 1 provided a list of sponsorships. The author identified only one beneficiary through 2012, 2013 and 2014. This beneficiary received a total of 19000 lei (of which 2000 lei was for 2014) for all the three years. The total value of the amounts paid by the SOC in 2014, in sponsorships, was: 106,951.4 lei. The categories of stakeholders consulted regarding sponsorships made in 2014 in order to decide the allocation of financial support were not indicated. The responded SOC uses the national law for sponsorship. There is no methodology for this company to decide the allocation of financial support, but there is a national law (Law 32/1994) which is respected, as it stated, and also an internal policy regarding sponsorship which is not described. The analyzed SOC did not agree to rate, by using a numerical scale from 1 to 5, the decision to grant sponsorship, as it was not considered to be public information. 5 of them did not answer this question.

SOC which stated it has integrated CSR did not agree to describe the way in which they monitored and evaluated socially responsible actions, or to assess how company financial performance was affected following the initiation of social responsible actions, nor did they agree to assess changes in stakeholder satisfaction as a result of investment in socially responsible actions. None of these were considered to be public information. Also, the SOC did not agree to rate, by using a numerical scale from 1 to 5, the way they conducted monitoring and evaluation of their socially responsible actions, as this was not considered to be public information. The other 5 SOCs did not answer as they have not integrated CSR.

The criteria for social responsibility applied to their suppliers and providers’ suppliers, requests to suppliers about their social and environmental performance, or social responsibility criteria applied to suppliers or providers’ suppliers, and any information about communication with suppliers’ employees and with suppliers’ stakeholders were not indicated by any of the 6 SOCs. The SOC which stated it integrated CSR did not agree to rate, by using a numerical scale from 1 to 5, the way they conducted communication between company and stakeholders’ suppliers on social responsibility. The other 5 did not answer.

Questions regarding communication of results obtained after monitoring and/or evaluation, methods used, or whether there was any section on their website where all communications on social responsibility were placed received no answers as they were not considered public information by the SOC which integrated CSR. This SOC stated there was feedback from their stakeholders and employees on communications undertaken. It was also stated that any CSR action is made public and it is open to feedback. On their website, no specific CSR report was found which gave stakeholders the opportunity to provide feedback. The GRI (Global Reporting

Integration of social responsibility

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The CSR methodology could contribute to meeting national and regional CSR energy policy objectives. Taking into account that the author did not have access to the methodology for the integration of CSR into the only one SOC which integrated it, and that in the actual strategy for 2015-2025 it is not clear what is considered CSR, the author cannot analyze how the responded SOC integrated CSR into the company. Moreover, on its website, where the author received the indication to document himself, CSR sporadic results are presented. Any policies and procedures used by SOCs should speak about a socially responsible approach.

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policy which guides the implementation of CSR to be monitored, communicated and updated. The plan for achieving the proposed objectives will also determine identified priorities, the required resources, the responsible person, the date by which it has to be completed but also the way the results will be monitored, evaluated, communicated. Policies and procedures should be created. CSR activities should be developed in order to address the major, current problems but also those that are likely to arise in the future, in the community in which SOCs operate. In developing countries, there are different CSR concerns (Crane et al, 2014:255). For Romania, the World Bank Group (2014:4) identified challenges were competitiveness, local development, people and society, infrastructure, etc.

Involving stakeholders in implementing social responsibility

There is scientific research which argues that even the natural environment can be considered in the stakeholders category (Mitchell et al., 1997:855), while for other research stakeholders are people (Gariga and Mele, 2004:59; Frederick, 1998:361). For R. Edward Freeman (Jennings, 2012:98), a stakeholder is an individual or group who is either harmed or benefits from a company’s activities. Clarkson (1995:105) identified two categories of stakeholders: primary and secondary. Often stakeholders’ interests and expectations differ (Sethi, 2003:21; SR ISO 26000:27; R. Mitchell, B. Agle and D. Wood’s offer a theory in order to understand which stakeholders do really count (Mitchell et al., 1997:882) for a company by identifying stakeholders’ power, influence and urgency. Unerman (Crane et al., 2014:433) focuses his work on the importance of stakeholders’ dialogue. It is known that what companies believe stakeholders think is different from reality (Battacharya et al., 2011:69). Stakeholders wish to communicate with them (Bhattacharya et al., 2011:76), to be involved in CSR organizations’ activities (Buturoaga, 2014a:63). According to Smith (2003:53), some appreciate that stakeholders should be involved in company decisions and actions, while for others stakeholders are only an information resource for the company. There are many ways to hold dialog with stakeholders as follows: public meetings, focus groups, workshops, interview, etc.

C. B. Battacharya, S. Sen and D. Korschun (Crane et al, 2014:289) but also S. Urip (2012:43) stated that a successful CSR strategy must satisfy employees. They should be strongly involved in CSR. The involvement of managers in all stages, particularly of the CEO who should be leading the CSR, is very important (McElhaney, 2009:32; Hoskins, 2012:167; Urip, 2010:7).

Experts agree that organizations should work with stakeholders and together define the opportunities and constrains (Steurer, 2011:3) in order to understand the larger environment of the company (W. T. Coombs and S. J. Holladay, 2011:30) and find business solutions. Obligations that SOCs have toward their stakeholders vary and they could respond differently to their interested parties and impacts. Any SOCs should have a policy for stakeholders’ involvement which shall be available as documented information, be communicated within the organization and be available to interested parties on their websites. Communication and transparency will help improve credibility.

Performance indicators

The trend is to quantify CSR actions and although there are several ways of measuring, these methods have limitations (Turker, 2009:411). Performance indicators should be established from the planning stage. The existence of indicators makes the strategy more sustainable. Regular surveys and annual reviews can be used in order to measure the impact of CSR activities. A set of indicators are required to manage CSR strategically. They are very useful for communicating the results achieved and supporting decision making. Among the benefits of having performance indicators: provide accurate information; can be verifiable; can be compared; perform self-evaluation, etc.

The author considers that in view of the fact that the only SOC which stated it had developed CSR actions it should have clearly posted these actions as well as performance indicators on its website.

Giving sponsorship

It is appreciated that sponsorships, also called traditional CSR, which is of limited long term benefit, are the first manifestations of social responsibility in countries where this concept is still in its early stages (Crane et al., 2014:291), but this type of CSR is misguided (Urip, 2010:51), often being based on personal considerations, the subjectivism of managers.
and employees (Galbreath, 2006:177) and difficult to monitor (Urip, 2010:51). A challenge is to drive CSR strategically in order to benefit both the case and the company (Crane et al., 2014:294). It is recommended that companies use sponsorship to improve the environment in which they operate (Porter and Kramer, 2002:2). One of events cannot qualify as CSR expenditure but the focus should be on ongoing projects and programs. Philanthropic activities should fit with the company’s core mission and strategy (Vaidyanathan, 2008) as uncorrelated to the business, it generates only social benefits (Crane et al. 2014:332). Sponsorships should be discussed with stakeholders addressing their needs and expectations while being attentive to the company’s internal core competencies. It should also be taken into account that, at Romanian national level, for sponsorships there are incentives and tax deductions through Law 32/1994.

**Monitoring and evaluation of social responsibility**

The monitoring framework and the data to be collected should be established from the beginning in the planning phase (Buturoaga, 2015:18), in accordance with the size and field of activity of SOCs. The results should be available to stakeholders, according to the principles of good corporate governance (Urip, 2010:69). Based on the results obtained, after monitoring, the organization should take measures in order to achieve the established indicators. Evaluation should constitute a basis for making new decisions. Its purpose as well as the objectives should be clearly established from the planning phase. Following the evaluation, it should be known whether the set objectives have been achieved, or if the established strategy was correct. All evaluations should aim to be effective, efficient, relevant and consistent. The results obtained should be made public and also actively discussed to learn from the experience. The author considers that SOC which stated it integrated CSR should improve its transparency by posting information regarding monitoring and evaluation.

**Communication with suppliers**

All organizations should be responsible consumers when purchasing goods, services and workings. Any criteria required to suppliers and sub-contractors should first be met by SOCs. Through information programs (Hoskins, 2012:273) on CSR or their procurement policies, SOCs can secure a positive social and environmental footprint, and can contribute to the development of SMEs (Urip, 2010:47). These requirements should be reasonable. The CSR criteria added to the suppliers should be first discussed by engaging with the SOCs stakeholders. Because suppliers can import imperfect practices from their own supply chain, they should be encouraged to carry the same CSR principles as SOCs do.

**Communication and reporting of social responsibility**

Morsing and Schultz (2006:323) talk about the need for sophisticated communication strategies and Gligor-Cimpoieru and Munteanu offer a methodology for the evaluation of the level of involvement in external CSR communication (2014:283). CSR reporting is not standardized, varying in context and quality of disclosed reporting. There are some countries where CSR reporting is mandatory, but at a global level there is an increase in non-financial reporting (Crane et al., 2014:401). It is arguable that without stakeholders identification and dialogue, reporting is of no use, as stated Unerman (Crane et al., 2014:430).

Reporting lines of Global Reporting Initiative (GRI) is among the most widely recognized instrument for social responsibility, among large European companies given the recent research carried out by the European Commission (2013a). A total of only 6 companies out of the top 300 most important companies in Romania, reported in the last three years, according to international reporting model GRI (Global Reporting Initiative), for their activity, in Romania (Buturoaga, 2014c:31) and none of them are SOCs. It is also possible to use integrated reporting. For example, Ernst & Young, (2014), survey of integrated reporting in South Africa ranked 3 SOCs as “Excellent” or “Good”.

Moreover, OECD (2015:60) stated that large state-owned enterprises should report on stakeholder relations, and this report could be independently scrutinized. The State should develop an ownership policy which should recognize state-owned businesses’ responsibilities towards stakeholders (OECD, 2015:25). This policy has to be implemented. The state ownership entities and SOCs should ensure stakeholder access to information (OECD, 2015:59) and respect rights established by law (OECD, 2015:58).
The author considers that the activities, including old ones and their results should be available to anyone, as the law states. In order to improve transparency and credibility, and also to benefit from appreciation of stakeholders who can reward the CSR efforts made, periodic reporting with possibility of feedback should be considered. This will offer the opportunity to capture information that can continuously improve the policy, strategy and operations of SOCs.

The possibility of warning and reporting the difficult ethical issues

The OECD (2015:59) stated that employees should have the opportunity to communicate illegal or unethical practices. The author appreciates that the responded SOCs address ethical issues proactively.

The results indicated only one SOC from the respondent companies has integrated CSR and this is managed in an untransparent manner.

Considerations regarding SOCs and their tutelary public authorities

Law 544/2001 is regarding free access to information of public interest related to or resulting from the activities of public authorities or institutions. The only SOC from energy sector which stated it integrated CSR considered that the existent national regulation Law 544/2001 is not suited for CSR which is voluntary. So, CSR is considered outside the activities of the SOCs, uncovered by the Romanian Law 544/2001 and what is stated by the Romanian National Strategy are appreciated as recommendations (Buturoaga, 2015b). CSR is voluntary in the sense that it is up to the decision of the organizations if they recognize and assume their responsibility. It goes beyond what laws require.

The way in which CSR is managed is not entirely left to managers’ will (Steurer, 2010:5). CSR integrated throughout organization should be transparently driven. Moreover, organizations which sustain the integration of CSR should use international recognized principles, guidance and private initiatives and voluntarily communicate about their CSR efforts, also they must engage in discussions with stakeholders. CSR is strategically driven only when it is planned, monitored, evaluated, and communicated. Only the SOC which stated it integrated CSR and other 2 companies responded within the period stipulated by Law 544/2001. For all the other SOCs we should probably appreciate that if the Romanian State does not put pressure on CSR which is voluntary, then any questions about CSR, addressed under law on free access to information, should be ignored. It is also true that this information should be found on SOCs and their tutelary public authority websites but not all citizens have access to the Internet.

According to the detailed implementing rules of Law 544/2001, Art 21(2), even if the information is already communicated the applicant shall be informed no longer than 5 days about the source where the information can be found. Moreover, some SOCs from the energy sector have disclaimers on their websites where it is said that the information presented is their property but also deny any liability for the information contained. Not in all cases SOCs have webpages and only from 2015 some of them started to publish on them information regarding sponsorship, strategy or suppliers (Ordinance no. 109/2011). SOCs should use the opportunity to speak transparently about their activities, about their indigenous approach of CSR, a fact which will increase confidence and interest with impact on their competitiveness. A SOC with weak corporate governance means high risk and shares with low price. Stakeholders should not be seen as enemies by SOCs. Many of the questions addressed to SOCs by the researcher regarding CSR remain without an answer under the SOC motivation that some appreciations on a numerical scale will create new documents, studies and analyses in the favor of the researcher. It would be interesting to known to how many applications with questions about CSR had previously responded SOCs from energy sector and the volume of documents issued. In many of the SOCs from the energy sector where the author went to submit the application, it was a surprise for the person met such a request on the Law 544/2001 and about CSR. M. Danilet and O. Mihai (2012:8) in a research on the Romanian energy sector stated that legislation allows interpretation. Content analysis of Termolectrica S.A., the only SOC from their sample, cannot be done due to the lack of CSR related information. The author conducted a research, previously this one, December 2014, on 118 SOCs under Authority for State Assets Management (AAAS), in Romania. Only 2 completed questionnaires were received from S.C. ARCADIA 2000 S.A. (in insolvency) and S.C. CEPROHART S.A. (in operation) which informed that they have not integrated CSR. The results obtained through all these research studies could indicate the existence of a regularity concerning Romanian
SOCs transparency. Also, they could imply that one of the 5 major areas of intervention of the national CSR strategy (Romanian Government, 2011:26) failed as it speaks of an active involvement of the public sector in CSR. In such cases where legislation of a country is considered to be open to interpretation then it should be improved and SOCs from energy sector must respect the law. The State is the majority shareholder of SOCs must ensure that SOCs are accountable for their actions.

MECT website, at the date when the research started, had the last update on 09/15/2014. The list is different from the one posted on 02/25/2015 as a result of written request made by the researcher in which clarifications are required. Thus, this research also contributed to the update of the information posted on MECT website, as a tutelary public authority. The author used significant resources because of the incorrect information posted. The answer of MECT came after almost one month. The detailed implementing rules of Law 544/2001, Art 24 specify that if the request does not fall within the competence of the public authority, it shall submit the application to the competent authority within 5 days and the applicant will be informed. The other authority, MEIMMMA, offered no answer. Taking this into consideration, it is appreciated that there could exist a weak inter-ministerial collaboration. In another research made by the author, on AAAS SOCs, it was found, after many requests addressed to AAAS, that out of 118 SOCs from the list offered, only 8 SOCs are in operation. These results were obtained by the researcher not as is normal from the AAAS, the public authority of these SOCs, but through conducting other research and by using other resources in order to find information listed by ONRC. Public authorities are those ones who should offer their support to citizens who expect a solution and not the indication to fend for themselves. Contact details of SOCs should not be a secret for anyone. The citizen should not have to pay at ONRC for this information but be provided by the tutelary public authorities. Results indicate also the existence of some possible regularity regarding the information provided by public authorities, which in fact should be relevant, sufficient and reliable, on a timely and regular basis (OECD, 2015:59).

The government by public authorities should actively promote CSR, also act as promoters integrating it and coordinate organizations under their authority. When government offer little support, philanthropic contribution not strategic CSR will persist. The support expected should not be understood only as incentives for CSR, as it is known that many developing countries are unable to do it (Mazurkiewicz, 2004). Some governments have an interventionist approach while others expect that the civil society pressure and consumer interest to determine the course of action related to CSR. These are a source of legitimacy but one which should also be informed. This responsibility is both of government through public authorities and of organizations, in this case of SOCs which have also a role in supporting the development of educated consumers who buy or just use its products, or services. Romanian consumers do not know the sources of information for CSR, if they exist. (Buturoaga, 2014a). The findings showed that SOCs received no information or counseling regarding CSR, a fact which could be similar for most of the Romanian SOCs. This also implies that one major area of intervention (Romanian Government, 2011:26) of the national CSR strategy failed, to this date, as it speaks of promotion of CSR application at the level of national organizations.

The government should create a more focused, credible and clear CSR framework but also supportive in terms of providing information and dialog, cooperation with SOCs. A framework is credible if performance indicators are as transparent as possible and they are reported. The author could not identify any report regarding national CSR strategy. In order to provide CSR inspiration, there should be provided examples of good practices, clear points of orientation and guidelines for the implementation of CSR and training materials. Performance of SOCs CSR should be evaluated by the State and made publicly available. The CSR agenda should be set for the particular context at which it refers. The Romanian National Strategy to Promote Social Responsibility 2011-2016 seems to follow the northern model with its expectancies regarding the active involvement of the public sector, the obligation for SOCs to integrate CSR and to apply it starting from the choice of its suppliers, moreover administrative councils changed in case CSR is not applied. In the Romanian laws, the author could not identify any specific CSR obligations. In the achievement of the Romanian national strategic document, 2011, the Association for Implementing Democracy (AID Romania) was implicated, as it posted on its website. The text of the Romanian National
Strategy to Promote Social Responsibility 2011-2016 also sustains the use of a foreign expertise on CSR throughout a period of 2 years. AID Romania realized a document financed from Norway grants, 2009-2011. Its name is: "National Strategy on Promoting Social Responsibility of Companies in Romania", project document. This document was based on a similar strategic document in force in Norway at that time, as the cover informs. The results also indicate the existence of an unclear national CSR framework (Buturoaga, 2015b) which should establish and disclose the mechanisms for the implementation of the expectations in respect of CSR of SOCs (OECD, 2015:25).

The lack of involvement from stakeholders, lack of transparency regarding organization activities with impact upon society, economy and environment will further contribute to decreased credibility of Romanian consumers (Buturoaga, 2014a:), impacting on risk, organizations attractiveness and not at least on profitability. Stakeholders, through their contribution, support development, innovation, competitiveness and they should be seen as partners. Any SOCs, but also any other organization should behave in a socially responsible manner, even if it not yet integrated CSR.

**Limitations**

The sample was determined based on theoretical issues (to be a SOC, to have integrated social responsibility and to belong to the Energy sector). Moreover, there are answers from only one SOC out of four SOCs from the energy sector under central public authority which have CSR information on their websites. The sample on which the study was attempted is representative of SOCs from the Energy sector in Romania under central authority. Large-scale quantitative and qualitative research should be considered in order to obtain representative results for the entire population of SOCs in Romania. On the other hand, the data presented in this paper were obtained using relevant websites and by answering questions. Due to the lack of public information about the investigated SOCs, it was not possible to check whether the data received were real. Another limitation is that the questions were addressed to the person in charge of social responsibility or to the general manager. Research carried out on all parties concerned could lead to results which are different from those presented. It should be noted also that qualitative studies often reflect the subjective opinion of the author. Potential directions for development could extend the analysis to other SOCs or into other areas of activities (sectors), possible comparisons between different sectors, or comparisons between SOCs and their private or international counterparts and may involve multiple stakeholders. The SOCs investigated have local characteristics and it should be noted that it is essential to understand the specific context in which companies practice CSR. The research was not conducted using a questioner but by addressing questions which, in line with national law, did not offer the possibility of choosing a predefining response. Research based on a questioner, December 2014- January 2015, to 118 SOCs under AAAS authority was tried without success.

**Conclusions**

The author considers that through identified results she tried to answer the questions that generated this study so only one SOC has integrated CSR from 6 respondents. Generalizations regarding the way it is practiced, as a management practice, in Romanian SOCs, cannot be made in those cases when only some responses from a single company are analyzed.

Those considered matters of urgency by the author are the following: improving the transparency of SOCs so that stakeholders can have access to information. One certain criterion, among others, which any organization should meet when implementing CSR is compliance with the law. The information offered by SOCs and public authorities should be as OECD (2015) recommends: relevant, sufficient and reliable, on a timely and regular basis, in order to improve credibility. An active stakeholders’ engagement (Górdoba-Pachón et al., 2014:206) should also be considered by state-owned companies. This is a global problem according to W. Visser (2013:151).

It is also appreciated that, taking into account the particular features of the national context in which the analyzed SOCs operate, and the small number of SOCs in the energy sector which are fully or majority owned by the state, four SOCs with CSR information on their websites were found, and this may represent a promising start. Declaratory statements alone, however, do not guarantee the integration of CSR throughout the company.
Compared to other research studies from developed countries (Cordoba-Pachon et al., 2014) which managed to conduct large-scale questionnaires on state-owned enterprises, in Romania, the author met with partial success only on one SOC, even though those from the energy sector, under the tutelary public authority of MECT as it was stated on its website at 01/26/2015, were asked to respond. Compared with other areas of activity, differences between products offered to consumers in the energy sector could lie in their strategic CSR (Urip, 2012, 64). In order for SOCs' activities to be sustainable, they should assume their responsibilities towards stakeholders, contribute to economic and social development according to needs, in the region in which they operate, respect environment, and have an ethical approach. CSR should be addressed strategically.

References


