

Dividing the CSR Attitudes in the Romanian Banking Sector through the Stakeholder Theory

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This paper focus on the stakeholder theory, based on the CSR disclosure analysis and investigate the attitude of the banking institutions towards their social and environmental impact and the stakeholders' interests relative to the CSR concerns. The analysed banks adjust their corporate behaviour according to the community expectations, experiencing a particular form of CSR, which is more orientated to the philanthropic activity. The major CSR characteristics of the Romanian banking sector highlights the commitment of the banking institutions in the sustainability framework, in order to meet the stakeholders' expectations and to stress the organizational values, reaching in the same time a strong positive image. The value of these findings for the banking practice refers to the main directions provided by the most competitive actors on the market, in order to legitimize their activity and to offer a unitary level of integration of the stakeholder theory in the strategic CSR policy.

Keywords: corporate social responsibility, stakeholder, bank, Romania

JEL Classifications: E44; G21; M14

Introduction

The development of the corporate social responsibility (CSR) concept has focused the attention to the CSR management mechanism and the involvement of the stakeholder's interests in the operational activity of a bank. Starting from the assumption that the banking system is primary based on the bank's legitimacy which is influenced by the stakeholder's perspective, the CSR literature has identified the most significant stakeholders and their closing relationships in the CSR basis. According to the CSR disclosure database, exploring the stakeholder theory in the

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context of the Romanian banking system allowed the scholars to establish a proper balance between the various types of stakeholders identified, assessing the CSR implications through the commitment of the banks in the sustainability process.

Considering the tangible and the intangible effects of the CSR activity, the analysis will identify the main categories of stakeholders from the Romanian banking system that pressure the banks to react in different ways. This paper contributes to establish a large overview of how the banks from the Romanian market interact with the significant stakeholders in Romania, creating the premises for the CSR evolution. At the banking level, the CSR practices can be best correlated with the stakeholder theory, emphasizing the positive or the negative reactions of the representative stakeholders, as the prior constituents of society in which the bank operates. On the other hand, the banking sector is based on a series of instability elements, due to the financial crisis challenges and their global spread. Due to the stakeholder theory integration in the CSR approach, the development of a relationship system between many types of stakeholders is highlighted in both the reputational image and in the level of banking trust, the stakeholder identification with the bank being seen as a valuable information resource for the bank through an appropriate sense of stakeholder sensitivity.

Literature review

The current literature often links the corporate social responsibility concept with the stakeholder theory, suggesting the main stakeholder groups that can influence the bank's performance. Thus, starting from the moral obligations of banks for various categories of stakeholders, the scholars have identified different types of stakeholders and have explained the banks involvement in responsible actions. The stakeholder theory was launched by Freeman (1984) and has significantly contributed to the CSR understanding and its evolution, matching the company and the stakeholder's interests in the CSR context. "Stakeholders are persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future" (Clarkson, 1995, p. 106), holding the control power and being treated differently, depending on the management policy, the activity sector or the CSR strategy.

Taking into account the welfare of the shareholders, the corporate objectives integrate the interests of the most popular categories of stakeholders, in an attempt to establish an appropriate balance between the immediate profit and the main interests of representative stakeholders, which can develop long-term relationships in order to obtain the legitimacy in the reference market. Prior literature has stressed the need for the performance assessment of companies depending on the fulfilment

of moral obligations towards the stakeholders, the efforts to meet their needs being focused on the multi-stakeholder approach.

Following the stakeholder theory, Clarkson identified the primary and the secondary stakeholders. Reaching the same orientation, Park and Ghauri considers as primary stakeholders: the consumers, the internal managers and employees, the Governments, the suppliers and the investors, while for the secondary stakeholders, there were: the competitors, the media, the local community and the NGOs (2015, pp. 192-204). Other classifications drive the stakeholder theory to another extent, dividing the internal and the external stakeholders (Birindelli et al., 2015, pp. 303-340), while other scholars highlight the traditional stakeholders, such as: employees, customers, stockholders, competitors and society (Snider, Hill and Martin, 2003, pp. 175-187).

Considering the climate change issues and the environmental concerns of companies, the recent evolution of the global context suggests that the environment should be treated as a stakeholder (Jacobs, 1997, pp. 25-28; Haigh and Griffiths, 2009, pp. 347-359). Thus, the environment has become a valid and legitimate stakeholder in the scholar's views, being identified in an analysis based on the Cypriot context, along with other stakeholder groups: employees, customers, investors, suppliers and the community (Papasolomou-Doukakis, Krambia-Kapardis and Katsioloudes, 2005, p. 276). The importance of the environment has been stressed in the description of the business environment in Portugal – consumers, suppliers, community, government and environment – (Abreu, David and Crowther, 2005, pp. 3-18), while Lougee and Wallace consider the following types of stakeholders: community, employees, environment, customers, shareholders and society (2008, pp. 96-108).

Methodology

The proposed methodology is based on the content analysis of websites of ten financial institutions from the Romanian market that have also an international activity. The ten banks are extracted from Top 100 Southeast Europe's Biggest Companies 2015, correlated with the National Bank of Romania ranking of banks by net assets. The sample of banks included in the analysis are: BCR (The Romanian Commercial Bank), BRD (BRD - Groupe Société Générale), Raiffeisen Bank, UniCredit Bank, ING Bank, Alpha Bank Romania, Bancpost, Piraeus Bank, the Romanian Bank, OTP Bank Romania. The research was completed by a content analysis of the CSR reports or, in some cases, of the annual reports of the banks, in order to provide the correct overview of the Romanian banking CSR activity. The

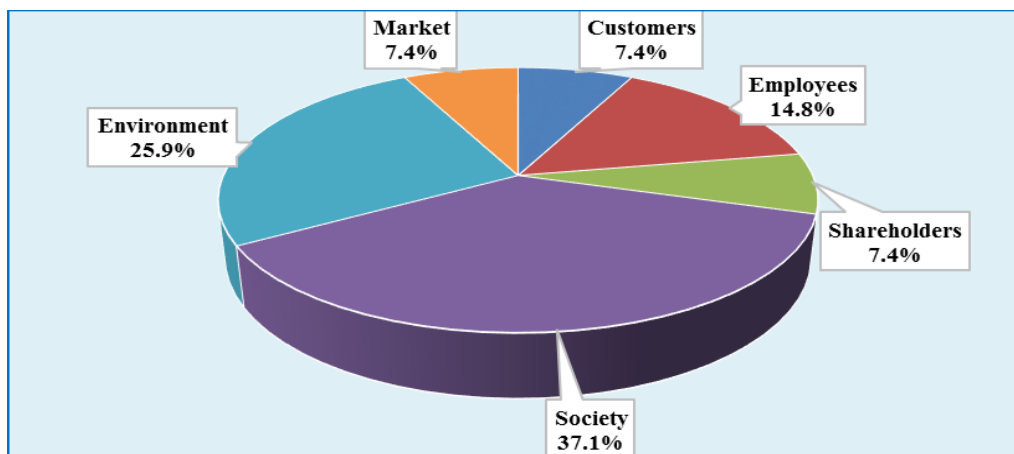
main purpose of the paper was to adjust the CSR options of the banks from the sample in order to fit the expectations of all representative stakeholders.

Representative stakeholders for the banking sector

Considering the sample of banks discussed in the previous section, it were identified the following stakeholders: the customers, the employees, the shareholders, the society, the environment and the market. According to Fig. 1, the CSR actions directed to the society prevailed, all the analyzed banks including community initiatives in their CSR approaches. Most often, these actions take the form of philanthropy by supporting sports projects, sponsorships programs in order to increase the access to education and financial support to health initiatives.

Figure 1

Representative stakeholders for the analyzed banks



Source: author calculations

Three of the banks included in the analysis communicate only the CSR results that are linked with the strategic directions of community involvement, namely: BCR, ING and Bancpost. Under the BCR key-projects (“Education for the development of practical skills”, “Supporting and promoting leaders and patterns”, “Civic Leadership”) are developed a series of initiatives that aim to contribute to the sustainable development of the society: Summer job in BCR, START! Business, YouthBank, Social Impact Award, National Olympics, The Good Exchange Market or The Good Deeds Bakery. ING Bank Romania has built its CSR strategy based

on three basic directions: financial education and entrepreneurship, education for children from disadvantaged groups and urban development. Regarding the Bancpost CSR policy, the data confirm the link established between the CSR activities and the communities in which the bank operates, by financing hospitals and educational institutions, but also some events to support local companies and their products (fairs, forums, trade exhibitions).

A significant share in the CSR activity of banks from the sample is dedicated to the environmental projects, which are found in seven of the ten analyzed banks. In this case, there are also three banks that have considered only the society and the environment as representative stakeholders, including: Alpha Bank, the Romanian Bank and Piraeus Bank. These banks have limited their social responsibility initiatives only according to the specific needs of the two mentioned categories of stakeholders. For the environmental concerns there were identified the following specific actions: the implementation of an environmental protection policy within the bank, an efficient use of resources, the environmental risks assessment in the funding process or ecological and volunteering projects.

An interesting point regarding the position of these three banks towards the CSR communication in the environmental field is the lack of transparency and the limited information. Thus, the Alpha Bank website provides only a short synthesis of the supported CSR projects, while Piraeus Bank presents a single paragraph concerning the CSR issues included in the Annual Report 2014. On the other hand, the position of the Romanian Bank is ambiguous by highlighting the compliance with the environmental legislation in the CSR section and integrating the relevant environmental standards in the operational activity. In this regard, these actions reported by the Romanian Bank can be best classified in the legal dimension, according to the Carroll's pyramid (1979).

Only four banks from the sample have focused on more than two stakeholders (the environment and the society): BRD, Raiffeisen Bank, UniCredit Bank and OTP Bank. The next category of representative stakeholders for the banking sector are the employees, who were included in the communication strategies of the CSR activities in all the four mentioned banks. It can be observed similar actions focused on the employees, from investment in human capital development, remuneration policy, compensation and benefits, training and performance assessment. Except BRD, which has brief mentions about the employees on the website, the other three banks have detailed sections in the CSR reports (Raiffeisen Bank and OTP Bank) or in the annual report (UniCredit Bank).

It can be noticed that although the human resource has a primary importance for the sectors that focus on providing services, such as the banking institutions, the responsibility towards the employees is rather vague in the Romanian CSR. This trend confirms the main CSR direction in Romania, which is dominated by an intense marketing activity, aiming to obtain material benefits from the image exploitation on the market.

A quite low importance is attached to the shareholders, to the customers and to the market through sections ranging from a few lines to pages. These sections materialize in establishing lasting relationships with clients through a clear dialogue with them, getting sustainable profits for the shareholders, informing them correctly, but also a continuous dialogue with other stakeholders from the market in order to improve the business environment. The Romanian banking system tend to focus on community and environmental issues through the website CSR communication. This situation can be explained by the expected effects, being important to distinguish between the internal stakeholders and the external stakeholders. Thus, the community has the most influence in building the bank's image, while the environmental actions can significantly contribute to improve the position of the banks on the market by highlighting the positive issues generated by the CSR activity.

On the other hand, even if the human resource has a prior importance for sectors that provide services, such as the banks, the CSR communication is directed mainly towards the external stakeholders. Instead, the banks use to involve their employees in volunteer activities, thus realizing their identification with the bank's values and the organizational culture. This method to promote the volunteering idea through the employees can be also observed in the analyzed banks by identifying the internal stakeholders and involving them in the CSR activities that have as final target the external stakeholders. The option for the external stakeholders in the banking sector emphasize the CSR character in our country, which is seen more like a marketing tool that can help to strengthen the corporate reputation in order to obtain material benefits from the image exposure on the market.

Conclusions

The paper confirms the presence of some disruptions in the existing link between the banks from the Romanian market and the representative stakeholders and the focus on the community needs, considering the society as the main stakeholder. Thus, a special attention was given to the community issues that contribute to strengthening the reputational value, to the detriment of stakeholders with whom the bank has a relationship governed by different types of contracts (employees,

customers, suppliers). One of the consequences is that the CSR development in Romania is more related to philanthropy in order to obtain the public appreciation.

Considering the environment as a crucial stakeholder, the banks maintain their actions in a safe area that attract only positive reactions. The environmental concerns contribute to the „responsible citizen” image, placing the bank in a field of interest for potential customers, increasingly more attracted to the ecological component of financial services. In the last years, the banks rely the employee volunteering with the CSR strategy and link the internal components (the employees) in order to meet the external needs (social benefits). Related to the consumer, the dominant position is established through the customer – bank identification, suggesting a customer sophistication in accessing and using the CSR information. The most positive outcomes of the customer dimension is the power of influence, the clients becoming the most credible CSR ambassadors in the modern economy.

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