CSR Integration into the Financial Economy: A Conceptual Approach

Georgiana - Loredana FRECEA
The Bucharest University of Economic Studies, Romania
Doctoral School of Economics and International Affairs
frecealoredana@gmail.com

Abstract

Corporate social responsibility is a complex concept and its design integrates economic, social and environmental issues, pointing out the operational effects on a voluntary basis. It is considered a strategic point in the actual evolution of the economy, due to the financial market dynamism, being identified a critical correlation between financial crises and corporate social responsibility. The main purpose of this paper is to synthesize, through a literature review, the multiple dimensions of CSR, with a special emphasis on the theoretical approach. In order to provide a coherent overview on the banking CSR, it will be proposed a division of the CSR theories according to: (1) the ethical approach, (2) the stakeholders approach, and (3) the corporate governance approach. The major aim of this paper is to fill a gap in the theoretical approach of the CSR for the banking system, due to the necessity to unify the CSR reporting elements in order to find a balance between the bank's organizational structure and their legitimacy to operate on the financial market.

Keywords: corporate social responsibility; financial market; stakeholders;

JEL Classification: G21; M14;

1. Introduction

In order to provide a structured basis for the CSR reporting process in the financial sector, this paper will clarify the main directions of the CSR theories, integrating a three-level design which starts from the assumption that the most important theories in this field are related to: (1) the ethical approach, in which the organisation is seen as an ethical construct that is connected with the codes of ethics and the bank's main values, (2) the stakeholder approach, which is focused on identifying the representative stakeholders and assuming the broader responsibilities according to them and (3) the corporate governance approach, involving the banking decisional process and the CSR strategic management. These conceptual variations of the CSR theories based on the dominant feature will enhance the CSR reporting framework, considering that every CSR disclosure mechanism must integrate these three approaches attached to the CSR theoretical background.

The first part of the paper will strengthen the lack of consensus in the CSR theories, identifying three main approaches in theorizing the CSR concept. Thus, the CSR literature converge on the link between the ethics – the stakeholder's perceptions – the corporate governance issues in the CSR definition, suggesting a practical response in terms of legitimacy. The main arguments of this classification are supporting on the most known theories which bring to light a common comprehensive framework in the CSR theoretical insight, ready to be put into practice through the CSR outcomes in the reporting process. The second section of the literature review will create the premises for the proper development of these categories, presenting the CSR core elements in various theories, establishing in the same time a link with the CSR reporting process. In order to contribute to a CSR reporting model based on the CSR approaches extracted form the theoretical construct, the final part will be rooted in the conceptual transition from the broader CSR concept to the particular Romanian banking system.

At the present time, the corporate social responsibility (CSR) approach suffers various changes in interpretation, integrating a multidimensional perspective in the theorizing approach. Starting from the actual CSR literature that emphasize the global attempt to create a coherent CSR framework, it was found that it can be rather included in a special category of theoretical constructs, being considered a disputable concept (Whitehouse, 2003; McWilliams *et al.*, 2006). The dynamism of the concept is highlighted by the variety of CSR development assumptions, which are multiplied by the mosaic of definitions and theories, suggesting „*the inherent weakness of the concept*” (Argandoña and von Weltzien Hoivik, 2009, p. 221). Some international organizations have tried to provide a relevant definition for CSR, describing a complex and dynamic concept whereby corporations includes non-financial responsibilities in their operational process. This valuable approach is based on the voluntary CSR character and facilitates the connection between corporations and society in order to generate an increased social welfare.

Relying on the ECC theory (“*the essentially contested concepts theory*”) formulated by Gallie (1956), Okoye identified the major issues that the CSR has faced. Thus, the lack of agreement in the CSR definition, the disputes around the concept and the failure in CSR standardization lead to the evidence that „*CSR adequately corresponds with Gallie’s criteria for ECC*” (Okoye, 2009, p. 624). Corporate social responsibility is seen as an evolving concept, whose premises demonstrate a sectoral network of companies that use the CSR as a significant tool in order to maintain a high position on the market. The multiple variations in the definition have plunged from “corporate social performance” (Wartick and Cochran, 1985) to “corporate sustainability” (Van Marrewijk, 2003) or “corporate accountability” (Bendell, 2004, p. 18), suggesting an increased international debate and a long crystallization process. Another interpretation formulated by Garriga and Melé (2004, p. 51) identified four categories of CSR theories: instrumental, political, ethical and integrative.

All the definitions revealed a double-sided position of the CSR, explaining a cohesion between the economic and the specific corporate environment in which the firms operate and a continuous link with some wide concepts like globalization, human rights or environment. Thus, the main unifying element in the CSR theories in the financial sector is the bank’s legitimacy, generated from the reputational values, while the discrepancies underline the financial issues in the CSR adoption or the inter-related concepts, such as: sustainability, political dependencies and different types of responsibilities considered. This paper identifies some gaps in the theoretical approach of the CSR for the banking sector, starting from the evidence that the financial institutions have a major influence in the CSR development. There were made a lot of assumptions regarding the major stakeholders on the financial market, being avoided the adoption of a clear standard of CSR measurement on the stakeholder basis. In the same time, even if the ethical approach is considered in all the CSR theories, the practical relationship between the code of ethics and the core values of an organization is rather vague.

2. Creating Value through Corporate Reputation: The Ethical Approach

The CSR term has a long history in the articles written by Berle (1931) and Dodd (1932) and was originally introduced by Bowen (1953), suffering multiple variations over time. One of the most known theory is the one used by Carroll (1979, p. 499). This approach highlights the four main pillars in the CSR construction: economic, legal, ethical and discretionary. The CSR dimensional pyramid starts from the basic responsibility of a company, involving the economic component of the concept - the profit. This stage is seen by most of the scholars as a prior interest, evolving to some intermediate forms of responsibility, the ethical and the legal dimensions. In the Carroll approach, the superior form of responsibility, which is directly connected with the community needs, is considered the philanthropist component, as a major resource for the CSR future correlation with other widespread concepts.

This multidimensional CSR approach developed by Carroll in 1979 was followed by a revised approach of these dimensions, based on the interdependence and the overlay observed, reaching to a form that takes into account only three dimensions: the economic, the legal and the ethical one (Schwartz and Carroll, 2003, p. 509). Starting from the same original structure initiated by Carroll, there have occurred certain changes of the concept, connecting the legal responsibility with the ethics (Garcia de los Salmones *et al.*, 2005). Although it is more common in the literature, the multidimensional approach has many limitations, due to a lack of consensus regarding the main theories.

Norberg (2015, p.8) has examined the ethical character of the CSR activities in the financial industry as a reaction to the modern criticism and introduces the following categories for CSR justifications: internal motives, legitimacy, value for stakeholders, corporate citizenship and naturalization. The author uses the term of “amorality”, which is placed between the morality and the immorality and dissociates the economic elements from the moral values, considering that companies that choose the dimension from the bottom of the Carroll’s pyramid (the economic dimension) express the amorality characteristics.

The actual theoretical CSR framework presents some gaps in terms of shaping patterns for CSR in line with the dynamics of the financial market and the financial enterprises influence on CSR, representing the starting point of the current literature review. The studies that focus on social responsibility in the banking sector, as an essential part of the financial system and key actor on the financial market in the crisis periods, are small in number compared to the studies based on the non-financial companies. A complete research reveals that the banks have deep implications in the global economic evolution and rely on the ethics principles. The last changes in the banking sector lead to the concept of “socially responsible banking” (Scholtens, 2006, p. 159), which is seen as a new model of CSR. In this respect, the banking institutions are related to their reputational value, presenting a complete basis for the risk management procedure.

The assumptions of this paper are also focusing on the European financial system because of the fast spread of the global crisis and the major role of financial institutions as key intermediaries that manage the financial resources. The epicentre of these crises is, often, the financial markets and the banks have a catalyst role in order to influence the CSR activity of other industries. On the other hand, the institutional investors are the key players in the evolution of corporate social responsibility worldwide, acting as major intermediaries in order to finance the entrepreneurship, the community investments and the project financing (Scholtens, 2006, p. 26), due to the amplitude of the relationships that are established with various categories of stakeholders. The investment banks, the commercial banks, the IFNs, the stock exchanges, the securities companies, the pension funds, the mutual funds, the brokerage firms, the insurance companies and other similar institutions have the ability to quickly spread the economic favourable or unfavourable situations to other markets, directly and indirectly influencing the financial sustainability of the nations and of the world as a whole.

Thus, the CSR initiatives at the financial system level were primarily developed in response to the global financial crises. They were transposed into the similar confidence crisis, which has eroded the reputation of financial institutions. The lack of an effective control system of the CSR activities has had adverse consequences for the economy that was trained in deep crises based on the financial system connections. Some scholars revealed that the global financial crisis (2008) was caused, at least partially, by the financial sector failure to the CSR challenges and also the corporate governance errors. The crisis has produced an increasing awareness for the risks of the irresponsible financial market transactions and "*has propelled the Ethics of Finance to a position of top priority in all regions of the world*" (Rossouw, 2012, p. 68).

Given the fact that the financial enterprises have moral, legal and particular social responsibilities, some scholars have identified the microcredit as an important tool by which the financial corporations express their CSR, considering the commercial banks as the key actors in this market. Focusing on the European countries, Gainet (2010, p. 196) emphasizes the intrinsic relationship that exists between the corporate responsibility and the law, while Matten and Moon (2004, p. 9) operates with "CSR implicit" and "CSR explicit" terms in order to explain the CSR policies in Europe.

The relationship between the ethics and the CSR activity can be best highlighted by the link with the management structure and the voluntary commitment of business to improve the quality of the environment, but also the social quality of the local context. The increased interest of the financial institutions for the CSR activities translates not only into the benefits for the financial corporations, but also in restoring a balance image for the entire financial system through the development of coherent organizational identities (Bravo *et al.*, 2012), with a number of features relatively stable in terms of time. The organizational identity must be associated with the stakeholder's principles and values, the needs and expectations of the community, the organizational culture, the corporation CSR commitment and the long term strategy.

3. The Stakeholder Approach in the Socially Responsible Behaviour Analysis

The multidimensional approach presented in the previous section is opposed, in the CSR literature, to the unidimensional vision, although the majority of papers suggests an extension of the multidimensional approach. There is also a visible correlation with terms like sustainable development or environmental issues, by focusing on the Profit - People - Planet triad. "The triple bottom line" theory (Elkington, 1997) synthesize in a structured manner the main arguments for CSR, providing the major directions for a proper understanding of the concept. Considering this theory, the corporate social responsibility must comply with the specific requirements of the shareholders, the society and the environment, in a blended CSR notion that enables a structural adjustment to all representative stakeholders.

The primary importance of the stakeholders in defining the corporate social responsibility is suggested by the fact that the companies are most often responsible acting under the pressure of external factors, CSR being considered a response to the anti-corporate actions, caused by their environmental or social excesses. The current economic context is under the pressure of various stakeholders who influence their corresponding development and gives them the institutional legitimacy, creating a bridge between the corporate strategy and the CSR vision of the main stakeholders. The research conducted by Birindelli *et al.* (2015, p. 309) based on a sample of 30 European banks to which are assigned an ethics score, considered the internal and the external stakeholders, the environment and the community, along with the governance and the management practices, while Europe is considered by Rossouw (2012, p. 71) "*the region of the world where CSR is most strongly developed*".

The stakeholders are considered the engine of the financial activity, because of their capacity to reflect the market reactions. Addressing the corporate social responsibility in the banking context seems to fit the best with the idea of the stakeholder's component. On the other hand, all banks are highly sensitive to the consumer behaviour that can ultimately influence the global CSR strategy. According to the stakeholder theory in the financial sector, there are considered different types of representative stakeholders who can influence the responsible behaviour of the banking institutions. Following the stakeholder theory, the corporations are not responsible for the welfare of the society as a whole, but they are also responsible for meeting the expectations of certain constituents of a society, collectively referred to as like stakeholders. In the banking system, the CSR was developed from the lack of confidence in the financial offers and the instability of the financial corporations.

A small number of stakeholders are considered representative for the banking sector, including the shareholders, the customers, the government, the environment, the employees, the community or the suppliers. Park and Ghauri (2015, pp. 194-197) proceeded to a division of the identified stakeholders in the primary stakeholders (the consumers, the internal managers and employees, the governments, the suppliers, the investors) and the secondary stakeholders (the competitors, the media, the local community and NGOs). Pérez et. al (2013, pp. 466-467) also identified the following dimensions: the customers, the shareholders and the supervising boards, the employees, the society, along with a general category that covers the legal and the ethical responsibilities and includes also the governments and the media.

The CSR dimensions in banks have acquired multiple meanings, Branco and Rodrigues (2006, p. 239) defining the following categories in the social responsibility disclosure within the Portuguese banks: the environment, the human resources, the products and the customers, the community involvement responsibilities. The research conducted by Bravo *et al.* (2012, p. 137) included the following main dimensions of CSR: suppliers, customers, community (subcategories: research and development, social integration, health and culture), employees and environment. On the other hand, there are significant differences in the financial system due to the importance that the financial corporations' grants for each dimension, varying depending on a number of factors like the management structure and the long-term strategy.

Starting from the premise that the most representative group of stakeholders in the financial institutions are the customers, it was found that "the influence of CSR on consumers' purchase intention is more complex and its effect can be direct or indirect" (Fatma *et al.*, 2015, p. 395). Regarding the CSR approach at the banking level, it can be summarized that the most important features of the consumer behaviour, adjusted to this sector, are the tendency to create a stable link between the client and the corporate entity, because "*consumer-centric activities allow companies to make clients involved in the service creation process and contribute to the generation of a bi-directional communication process*" (Bravo *et al.*, 2012, p. 142).

Thus, in the current literature, a special attention is given to the customers (Pérez *et al.*, 2013) because in this period they are increasingly more informed and they have certain expectations that go beyond the product. While a number of studies have confirmed the positive relationship between CSR activities of the corporations and the consumer behaviour, there were also results that have not confirmed this link. The positive relationship between the CSR and the consumer response essentially depends on the quality of the marketing activity, while the scholars that do not confirm the relationship between CSR and consumer behaviour rely on the idea that in the case of consumer decisions, the personal reasons prevail against the societal ones. In the final decisions regarding the service acquisition, the client's responses are considerable more important and can influence the future CSR reactions of the company.

Complex studies have been conducted based on the consumer behaviour, analyzing reactions towards a company's CSR and their disclosure process, which is reflected on the market through the buying intention. Starting from the social identity theory, Fatma *et al.* (2015) explain the connection between the client and the company by identifying the consumer with the organisation values ("C-C identification"). Customer behaviour was also analyzed by the mentioned authors, which demonstrate that "investing in CSR initiatives enhances the consumer's favourable responses to the company based on intangible assets" (Fatma et. al, 2015, p. 399). The corporate social responsibility leads to an enhanced sense of loyalty by identifying the primary stakeholders with the financial corporations. This context offers many competitive advantages to the financial corporations that use CSR practices in their activity, which is reflected in attracting new customers, but also their recovery by regaining the reputation.

4. The Corporate Governance Approach as an Implicit Tool in the CSR Development

The corporate social responsibility concept also relies on the corporate governance issues, due to the necessity to manage the organizational resources according to the ethical concerns and to maximize the benefits for stakeholders. Corporate governance in the banking system involves the way the bank is directed from the headquarter through the group strategies, but also the relationships established at the national or local level between different groups of stakeholders that implicitly or explicitly affect the CSR management. Although this concept is directly linked to the multi-stakeholder models, it can not be neglected the association with the ethics principles, resulting voluntary governance guidelines that offers the decisional basis in the actual legitimacy crisis. Thus, the legitimacy to operate on the market can be seen as the major return according to the analyzed CSR approaches, as it is specified in the previous sections of this paper.

In order to ensure the business sustainability, it is important to maintain the reputation so as to ensure the legitimacy on the market. Corporate social responsibility can influence the reputation, either in a positive way or in a negative way, and the CSR practices included in the organizational strategies turn into profit through the image. Thus, the intangible benefits of CSR translate into strengthening the image and increasing the corporate reputation, with a significant impact on the customer loyalty and its satisfaction through the quality of services. The governance code has a specific role in an organization, including specific guidelines and rules established by the appropriate authority in order to influence the responsible behaviour of their corporation.

This vision can be completed by following the major discrepancies between the CSR activities and the economic performance of the company, from a temporal perspective, that appeals to the terms of “tactical CSR”, involving short time horizons and giving temporary competitive advantages or “strategic CSR”, which covers a longer time horizon and CSR practices included in the operational routine of the corporations, with a lower degree of fluctuation during the crisis (Bansal *et al.*, 2015, p. 69). At the present, the corporate social responsibility is a significant competitive advantage, offering benefits to the most involved companies, that assumes the CSR practices in an appropriate way. The financial corporations must integrate their CSR strategies with a long-term impact so as to generate a culture of organizational progress, reflected in the achievement of dual identities: local neighbours and global responsible citizens.

Considering the corporate governance as a protection mechanism for the investors to obtain a fair return on their financing, Beltratti also suggests that „corporate governance and social responsibility are strong complements” (2005, p. 385). At the banking level, the governance weaknesses become a critical point in the responsible financing both for the bank’s safety and for the global financial stability. The literature provides a set of specific terms to the governance framework, reinforcing some responsibilities with related parties: the general board, the parent-bank board, the subsidiary boards, the senior management, the chair, the board committees or other relevant structures.

On the other hand, the corporate governance is the control mechanism to protect the stakeholders and ensure the corresponding benefits of the shareholders. The debate on the corporate social responsibility framework has grown in the recent years, but one of the most hostile arguments against CSR is the Friedman’s view that in a free economy “there is one and only one social responsibility of business to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game” (1962, p. 112) and the organizations must not depart from this goal. This vision is completed by the opinions that socially responsible concerns are irrelevant for the management of a company, because it doesn’t refer to the original interest of a firm, the financial responsibility. In this perspective the social and the economic responsibilities are two divergent notions, suggesting not only a theoretical incompatibility, but also a practical one.

Thus, the liberal vision has emphasized the significant deviations of the companies from their primary objective, by focusing on the improvement of the corporate image through CSR. The direct relationship between the profit of a company and their willingness to assume social responsibility is suggested by the conditionality social performance - economic performance, given that only in the case of economic performance the companies can decide to involve in socially responsible actions, assuming moral duties for the community. On the other hand, it was also found a valuable indirect link, in order to improve the financial performance by integrating the CSR principles into the organizational strategies.

The link between the CSR performance and the financial quality has been extensively studied, applied to the banking institutions, resulting a positive relationship. Thus, the CSR performance is also significantly related to the size (Scholtens, 2009, p. 169), although there are some opponents of this idea that identify a negative relationship between the financial performance and the corporate social responsibility. The CSR activity of the banking sector leads to a competitive position on the market, strengthening in the same time their long-term financial results. The advantages of an assumed involvement in the CSR activity can contribute to the overall development of a company through: increasing reputation and developing the image, maintaining the employees, attracting the attention of customers on product quality and the sustainability concerns, increasing the customer loyalty for the services and obtaining a constant satisfaction.

5. Reporting the CSR: the Global Reporting Initiative Framework

The voluntary CSR reporting process has started to produce its effects due to the stakeholder pressure and in a clear opposition with the fraudulent attempts, creating an action space for the individual stakeholder's resolutions. Dumitraşcu *et al.* (2014, p. 619) noted that the reports covering sustainable development issues "*vary widely in format, style and methodology of evaluation, even within the same industry*". The lack of flexibility in the disclosure process has marked the need to establish a standardized reporting policy, placing the CSR communication in a top strategic position for the entire stability of a business. According to Moravcikova *et al.* (2015, p. 333-334), the quality of CSR reports must meet the following requirements: the credibility, the completeness, the significance and the appropriate form. The stock exchanges have a major impact on the CSR reports issued by the financial institutions, because they require to the listed companies to follow certain recommendations in the field of CSR transparency.

A lot of studies have been directed to the CSR reporting activity and to the communication channels that are used, taking into account the motivations that drive the organizations to report in a voluntary way, exceeding the legal requirements of transparency. Although the CSR reporting is basically voluntary, some countries have introduced a compulsory CSR communicating activity of the most relevant issues: France, Germany, Britain, Switzerland, Sweden, Norway, Finland and Denmark. The CSR disclosure has a significant role in balancing the interest of major stakeholders, addressing to their need of information and establishing a confidence context, in a long term view.

Some authors have demonstrated an increase in CSR results communication through social reports (Branco and Rodrigues, 2006, p. 240) for the Portuguese banks, while other research papers have highlighted the use of the corporate websites that have become, in recent years, the effective communication channels for CSR reporting (Bravo *et al.*, 2012, p. 130), used mainly to meet society's expectations regarding the responsible behaviour. The literature showed a positive relationship between the size of the companies, their international character and the CSR disclosure practices, an upward trend regarding the CSR reporting for large companies and a similar evolution for the banking sector (Branco and Rodrigues, 2006, p. 234; Bravo *et al.*, 2012, pp. 138-139). Analyzing 82 Spanish financial institutions (commercial banks and savings banks), Bravo *et al.* noted that the most of the CSR communicated activities were directed to the customers and to the community, while the information about the CSR actions aimed at the environment, employees and suppliers were not so frequently disclosed (2012, p. 136).

The empirical studies addressing the stakeholder theory takes into account the interests of all stakeholders and the legitimacy theory in order to reduce the observed asymmetries in the CSR reporting process. It was noticed a direct link between the perception of the firm's integrity and the CSR history of a company, observing a more sceptical attitude towards the organizations with a brief history of CSR involvement. Another situation reported in the literature refers to the use of the corporations' websites in the CSR communication, with a particular emphasis on the content of the CSR communication and the format in which it is found the CSR information so as to be more easily available to the stakeholders.

A research paper about the reporting practices used by the companies from the Euro Zone revealed an intensive use of indicators related to the corporate governance, an average use of those relating to the environment and a low use of social indicators, a phenomenon which was explained by the general tendency of the companies to focus on the mandatory disclosure than to the voluntary one (Bonsón and Bednárová, 2015, p. 190). While Branco and Rodriguez (2006, p. 234) have demonstrated an existing correlation between the size of a company and the degree of social responsibility, Bonsón and Bednárová reject such an influence on CSR reporting (2015, p. 190). On the other hand, the financial corporations have understood the opportunity of CSR reports more than other sectors, this trend of voluntary reporting being supplemented by the standardization of the reporting standards. This can be highlighted by the voluntary adherence of financial institutions to initiatives such as ISO or GRI standards, the Equator Principles and UN Global Compact, being reflected in the communicated identity to the stakeholders, activity that corresponds to "the construction of a corporate identity through CSR" (Bravo *et al.*, 2012, p. 132).

In the actual CSR practice and literature, the most complete CSR reporting framework is the Global Reporting Initiative (GRI) that covers both organisations and companies, in a structured way. Besides its contested character revealed by the costs implications, the GRI framework has integrated other international standards, in order to provide a clear culture of responsibility in the corporate behaviour. According to the main references widely accepted in the CSR reporting literature, the general standard disclosures sustain the central assumption of this paper, including the stakeholder engagement profile, the governance design and the ethical and integrity aspects in the G4 Guidelines. While the stakeholder approach is emphasized by describing how the organisation responds to the stakeholder's expectations, the governance structure highlights the competencies of the highest governance body and the remuneration policy. A strong position in the sustainability disclosure is related to the ethics and integrity issues, promoting the main values and norms, but also reporting concerns about the integrity mechanisms or unethical behaviour reporting.

The literature reveals contrasting opinions regarding the CSR development during the financial crisis, moving from the CSR promoters to those who deny its benefits. The position of the banking system during the recession periods has highlighted the dual nature of CSR actions, moving from an increased CSR to the restriction of investments in this area. But also, the probability of implementing the CSR in the financial sector increase depending on the size of the banks and the management quality, the degree of self-regulation, if the competition is stiffer and the link established between the employer and the employees is close. Some authors assign to this link a decisive role in shaping a stable CSR by creating a coherence between the decision making process and the operational activity of a company.

6. The CSR Patterns in Romania

In the Romanian environment, the first socially responsible actions arose with the fall of the communism era and the contact with the external space, then continuing with the Romania integration to the European Union and the adoption of the *acquis communautaire* (Zaharia and Grundey, 2011, p. 201; Dumitraşcu *et al.*, 2014, p. 620). CSR has been assimilated in the Romanian market with a trend imposed by the multinationals, representing a voluntary concept that companies achieved beyond their legal responsibilities. Provided by the most developed countries, the CSR concept has been briefly interpreted in the Romanian business environment like an evolving phenomenon driven by the international actors and less as a necessity acknowledged by the corporations. The CSR actions were diffuse in the national context, being assimilated on the market with the image and the philanthropy and less with the long term sustainability.

Regarding the legislation procedure, there have been taken a series of measures that aimed to adopt the EU *acquis*, which were reflected especially in the promotion of social equity and safe working conditions offered to the employees. From 2014, Romania also requires the reports of non-financial results for the companies with over 500 employees, in the national environment being integrated the international documents related to the CSR aspects: ISO 26000, the ten principles of the United Nations Global Compact, the Universal Declaration of Human Rights, the Lisbon Strategy, the European Union Sustainable Development Strategy and other relevant documents.

Crişan-Mitra and Borza (2015, p. 548) highlighted some of the most exceptional problems facing Romania in the post-December period, such as "*high level of corruption, nepotism and numerous cases of bribery*". A study conducted in the Central Region of Romania by Gorski *et al.* (2014, p. 231) signalled a low level of involvement in developing an action plan that includes specific CSR activities, while Korka remarked "the inertial attitude" towards corporate social responsibility of some managers from the past communist era (2005, p. 49). Thus, the ethics and the corporate governance indicators are less obvious in the Romanian market, the structural changes of the national economy leading to the stakeholder emphasis and the significance of their interests.

One of the main directions provided by Mocan *et al.* (2015, p. 715) in the Romanian banking industry was based on a CSR model corresponding to this sector, finding in the same time an interdependent relationship between the financial performance and the CSR activities. This model places a special emphasis on stakeholders, employees, an improved product, promotion and reputation. According to the research conducted by Obrad *et al.* (2011, p. 52), the CSR projects were orientated to the environmental, social and education areas, while the CSR communication was focused on highlighting the developed CSR programs, campaigns or projects and least on the access of the CSR reports. The stakeholders are recognized as the dominant approach for the banking sector in Romania, the CSR development depending on the level of commitment of the organisations to fulfil an appropriate mix of responsibilities.

Another aspect that it is not intensively used refers to the risk management in the CSR composition of the financial system, the corporate social responsibility in the banking sector evolving slowly to a new form of CSR: “the green banking” (Dumitraşcu *et al.*, 2014). The CSR strategic elements are implemented in the current operational activity of a bank through the credit policy, the microfinance, the socially responsible investments (SRI), the micro-credit schemes for the disadvantaged, the long-term loans with low rates. In order to clarify the CSR position of Romania in the global financial ranking, a key emphasis must be placed to the transparency in reporting, in order to ensure a balanced sustainable mechanisms inside the ethical boundaries. A particular result in the Romanian banking system is related to the CSR monitoring process and the relationship between the corporate governance and the CSR performance, being considered that the quality of the decisional process is mainly influenced by the short-time strategies.

7. Conclusions

This literature review highlights the existence of divergent statements on corporate social responsibility by the differences in theorizing the concept and the lack of a complete standard regarding the factors that influence the CSR development. The CSR has a challenging character, resulting from the multiple significances associated. Thus, it can not be omitted the variety in perceptions according to the ECC theory, suggesting that the outline of a unique definition of CSR would also reduce its value.

In the current literature, it was distinguished both the unidimensional and the multidimensional theories, taking into account the CSR dimensional side. The Carroll approach (1979) is the most known vision, focusing on four essential dimensions (economic, legal, ethical and discretionary). It was also adjusted over time through the symbiosis between the sections of the pyramid. The CSR theoretical background presents some gaps in terms of shaping a CSR model that corresponds with the financial market dynamism, due to the lack of consistency in the conceptual framework. The main assumption of the paper has focused on the legitimacy common argument in the CSR analysis, dividing the CSR construct into three main approaches: (1) the ethical approach, closely related to the codes of ethics and the organisational core values, (2) the stakeholder approach, in which the representative stakeholders are considered the main actors in the CSR development and (3) the corporate governance approach, suggesting a systemic monitoring process in accordance with the decisional policies of the banks.

This paper has demonstrated a clear gap in the literature based on the CSR reporting tools, with a particular emphasis on the financial system. Even if there were some attempts to theorize the concept across the financial sector, such an approach seems extremely necessary, given the specific role of financial institutions in influencing other industries through CSR. The ethics has a special importance for the CSR evolution in the banking environment, the CSR strategies having a permanent contribution to maintaining the reputation, offering them the legitimacy to operate on the market. The CSR reporting follow the conceptual framework of the corporate social responsibility, providing a combination of alternative CSR implementation options in terms of ethics, corporate governance and stakeholder’s perspectives, suggesting the necessity to include these three approaches in order to overcome the current limitation.

A synthesis of the studies on corporate social responsibility in Romania has highlighted a lack of originality, the concept being driven by the multinational corporations, without an adequate adjustment to the national context. At present, there is a weak connection between the CSR theories for the banking system and the actual evolution in the Romanian market, being found disruptions at the reporting level. Thus, the CSR transparency in Romania has many variations, depending on the standards used and the CSR communication process. In order to provide the CSR models for the financial corporations, it is necessary to highlight the connection with the representative stakeholders and to formulate clear benchmarks for generating a conceptual CSR basis in the Romanian banking system, at both the governance and the ethical level.

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