BENEFITS OF INTRODUCING CSR INVESTMENT IN BUSINESS STRATEGY: A STUDY OF PARTNERSHIPS BETWEEN NGOS AND COMPANIES

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BENEFICIILE INTRODUCERII RSC ÎN STRATEGIA AFACERII: UN STUDIU AL PARTENERIATELOR DINTRE ONG-URI ŞI FIRME

This paper aims to extend the area of social responsibility by highlighting the importance of partnership between non-profits and social responsibility based companies to attract financing. Three aspects of companies' wealth are proposed and analysed – the top 100 most important companies in Romania after turnover, which took place in social programs with partnership: the company's strategy, code of ethics and performance indicators. Continuing the analysis of how CSR could influence the core business of the companies through efficiency and productivity gains.

Keywords: CSR, NGO, partnership, economic performance, sustainability
Cuvinte cheie: CSR, ONG, parteneriat, performanță economică, durabilitate

1. Introduction

One cannot establish the exact "date of birth" of the CSR concept or of the first non-formal movements that promoted it. There is, though, a certain concord according to which the concept was born in

the 60's-70's in the USA, the most liberal market. After an enthusiastic adoption in Europe in the 80's-90, the corporate social responsibility concept was easily added to the Romanian management vocabulary.

During the last decades, more and more institutions, governments, international organizations, academic frameworks and, generally, the society engaged in a dialogue about the social responsibility of the companies.

Worldwide, new standards, procedures and expectation regarding the companies' social responsibility have arisen. Those companies, which do not become conscious of what these practices involve and are not able to integrate them in their future plans, will not be able to participate in this global dialogue, risking, this way, to be left behind, while the global economy expands.

The social responsibility of the companies means achievement of economic success in an ethical manner, having regard for the economic, social and natural environment. The CSR must be in concordance with the ethical, legal, commercial and other expectations of the society and make decisions that balance the needs of the interested parties ([1], [2]).

Regarding literature, the link between sustainable practices, economic performance and financial companies through partnerships with NGOs is highlighted increasingly often. To discover the relationship between financial performance and social/environmental partnerships, different methodologies were used: studies of events and market response evaluation to press positively or negatively on social and environmental issues ([3], [4], [5], [6], [7]); SRI portfolio (socially responsible investment) funds research related to monitoring, benchmarking fund portfolios SRI/SRI undirected funds ([8], [9], [10], [11], [12]); several regression studies and analysis that attempted to assess the impact of economic performance on sustainability indices ([13], [14], [15]).

However, most studies focus on one or more dimensions related to sustainable behaviour, such as stakeholder activism, corporate governance, human resource practices, labour relations and community relations [9].

Perhaps the most difficult problem for empirical studies on CSR is different impacts on which size is exerted on different business profiles. Technological sectors usually get very good reviews when it comes to dimensions such as human capital, while at the same time they are able to achieve good financial performance.

The research conducted analyses opinions from directors of Public Relations and CSR departments in companies present in "wealth- Top 100 most important companies in Romania after turnover" on the need for collaboration with private companies profiting organizations to achieve objectives commonly social.

For data processing we used a structural equation model to study relationships between variables considered and social partnership and the extent to which these variables can influence the collaboration of organizations.

This study discusses the problem of partnership in social responsibility programs, highlighting the benefits, but also its risks, while providing recommendations.

The practical part of this work was presented in the report "Partnerships developed by business and NGOs to sustainable enterprise", consisting of an online survey among companies mentioned above, on the characteristics of social responsibility programs in partnership with NGOs.

In this respect, the dependence of the variable **"importance of partnership-IP"** is analysed to attract social funds for NGOs following independent variables: **"the company's strategy-CS"**, **"ethical code-EC"** and **"performance indicators of company's -PIC"**.

The three independent variables is as follows:

- the company's strategy - the company's strategy on the environmental impact of its activities;
- code of ethics - principles that guide the organization in its actions or a set of ethical standards which establish rights and obligations that provide opportunities to interested groups;
- performance indicators - reflect the health and safety at work.

Data from the survey were analysed using SPSS Statistics (PASW).

2. Research Methodology

The objective of this study is to analyse the importance of partnership between business and non-profit organizations with the importance of attracting financial resources for CSR projects.

Framework assumptions
The following assumptions were defined:

H01 - "The importance of the partnership depends directly on the company's strategy in most cases;"

H02 - "The importance of the partnership depends directly on the ethical code in most cases";

H03 - "The importance of the partnership depends directly on the performance indicators in most cases".

Methods

To study the impact of the partnership between business and NGOs, corporate social responsibility activities were harvested through direct research methods.

The questionnaire was made available to respondents through the site, eSurveysPro, and with responses generated from recordings.

This research involved a total of 44 respondents.

The number of respondents and results are detailed in the report "Partnerships developed by business and NGOs to sustainable enterprise" in 2010, in "Sustainable Development and Corporate Social Responsibility" - sustainable enterprise [16].

The data analysis was considered a multiple regression model [17], with the aim to highlight the relationship between a dependent variable (explained endogenous outcome) and many independent variables (explanatory factors, exogenous predictors) [18].

The general form of the equation can be expressed as:

$$\hat{y}_i = \widehat{b_0} + \widehat{b_1} \cdot x_{1i} + \widehat{b_2} \cdot x_{2i} \; \forall \, i = \overline{1, n}$$

(1)

Where:

- y is the dependent variable (explained endogenous result)
- x is the vector of independent variables (explanatory exogenous)
- b0, b1, b2 equation parameters.

3. Data analysis and results

The data analysis was considered a multiple regression model with a dependent variable: the importance of partnership and three independent variables:

- ▪ company strategy,
- ▪ code of ethics and
- ▪ performance indicators.

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The connections between variables were measured using a 5-level proportional scale (Table 1 - Scale commensurate with five levels):

Table1. Scale commensurate with five levels

1	2	3	4	5
Unimportant	Of Little Importance	Moderately Important	Important	Very Important
To a very small extent	To a small extent	Somewhat	To a large extent	To a very large extent

Data were processed in SPSS Statistics (PASW). For each variable considered three statistical indicators were calculated: mean median and standard deviation shown in Table 2.

Table 2. Statistical indicators obtained for the variables considered

	IP	CS	EC	PIC
Valid	41	44	44	44
Missing	3	0	0	0
Mean	3,32	4,25	4,27	3,73
Median	4,00	4,00	4,50	4,00
Std. Deviation	,907	,967	,973	,624

They were then analysed for correlations between variables in this simple regression model (Table no.3).

Table 3. Correlations between variables considered simple

		EC	CS	PIC	IP
EC	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	44			
CS	Pearson Correlation	,988**	1		
	Sig. (2-tailed)	,000			
	N	44	44		
PIC	Pearson Correlation	,853**	,848**	1	
	Sig. (2-tailed)	,000	,000		
	N	44	44	44	
IP	Pearson Correlation	,925**	,913**	,851**	1
	Sig. (2-tailed)	,000	,000	,000	
	N	41	41	41	41

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation coefficients showed values above 0.5, and the correlation between corporate strategy and ethical code correlated a value of 0.988. Therefore we can say that the independent variables are highly correlated.

From Table 3 we can draw the following conclusions: corporate strategy and the constant corresponding coefficient is negative (CS = -0.059 and -0.704 = constant IP), so between this variable and the importance of partnership (IP) there is a direct relationship.

Table 4. Characteristics of simple regression model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	-,704	,310		-2,274	,028	-1,330	-,078
CS	-,059	,334	-,064	-,178	,860	-,734	,615
EC	,737	,337	,804	2,184	,035	,055	1,418
PIC	,314	,154	,220	2,046	,047	,004	,625

a. Dependent Variable: IP

The model is considered valid because Prob (F-statistic) is 0 and the value of R-squared (coefficient of determination) is close to 1. Based on information obtained in table 4. I defined the following regression equation:

$$IP = - 0.704 - (0.059 \times CS) + (0.737 \times EC) + (0.314 \times PIC) \quad (2)$$

The same equation can be written using the Beta coefficients (standardized):

$$Z_{IP} = - (0,064 \times CS) + (0,804 \times EC) + (0,220 \times PIC) \quad (3)$$

Where:

- **IP -** importance of partnerships to attract additional funding to projects undertaken by companies in partnership with NGOs;
- **CS -** company strategy on the environmental impact of its activities;

- **EC -** principles that guide the organization in its actions or a set of ethical standards which establish rights and obligations they have company to interest groups;
- **PIC -** to reflect health and safety at work.

Table 5. Characteristics of multiple correlation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					D-W (Durbin-Watson)
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,935ª	,875	,865	,327	,875	93,216	3	40	,000	1,297

a. Predictors: (Constant), SC, IPF, CE
b. Dependent Variable: IP

The value of F is 93,216, and the level of significance, Sig. = 0.000, allow us to reject the hypothesis and accept that the three predictor variables together influence variation criterion.

The following assumptions were verified to test the validity of the model.

1) Hypothesis of normality of errors

The multiple correlation coefficients R (0935) shows a high correlation value between predictor variables simultaneously with the criterion variable. The value of R Square (0875) shows that 87% of the variation in the importance of partnership for the company and determined by three components.

2) Assumption of multicollinearity errors

Looking at the overall correlation between predictors and criterion, the main problem to be answered is whether the predictor variables significantly correlated with the criterion variable. To do this, inspect ANOVA table:

Table 6. ANOVA test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29,904	3	9,968	93,216	,000ª
	Residual	4,277	40	,107		
	Total	34,182	43			

a. Predictors: (Constant), SC, IPF, CE
b. Dependent Variable: IP

The value of the F test (93.216) is significant at a threshold p = 0.000, which leads to the conclusion that there is a linear combination between the prediction criterion.

4. Conclusions

■ We can say that the 44 companies investigated are oriented partnerships to attract additional financial resources for projects run by NGOs, but considerations from these partnerships to attract additional financial resources are not important.

■ Multiple regression analysis sought to evaluate the relationship of direct nature by the importance of partnership and the three variables.

■ A linear relationship was identified between predictors and the criterion variable ($F_{(3,40)}$ = 93.216, p <.001).

■ The multiple correlation coefficient was R = 0.935. Approximately 93 % of the fundraising was success from projects in partnership with NGOs dependent on the three variables simultaneously.

Following the verification of these assumptions we can say that the model is valid.

■ Respondent companies choose to finance projects undertaken by NGOs from their own sources and do not attempt to attract other sources financially.

Otherwise we confirmed in research, that where over 65 % of respondents say it is not appropriate to seek additional resources to achieve CSR projects in partnership with non-profit organizations.

■ Therefore, the development of social responsibility as an important area of analysis and the research associated has opened up many opportunities for companies to engage in society undertaking into economic account performance.

Whether we are talking about private companies willing to act responsibly or discuss non-profit organizations carrying out environmental and social programs, their goal is common: to help improve people's lives by promoting responsible behaviour in society.

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