

## **CORPORATE SOCIAL RESPONSIBILITY AND VALUE CREATION IN ROMANIA**

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### **Abstract**

This paper examines the relationship between corporate social responsibility (CSR) and value creation in Romania. Specifically, this paper aims to identify the key CSR practices that companies in Romania are engaging in, and to explore how these practices are impacting business performance and creating value for stakeholders. By examining the extent to which companies in Romania are embracing CSR and the outcomes they are achieving, this paper will contribute to a deeper understanding of the role of CSR in creating sustainable and socially responsible businesses in Romania. The main tool at the basis of such an analysis is the international GRI (Global Reporting Initiative) - Social indicators reporting, differently approached by different companies within their sustainability reports, collected within a database, converted into comparable information based on a scoring method, as the indicators are either qualitative or quantitative, most of the times very difficult to bring to a common denominator. Such a method we also consider useful in further valuation and ranking. The findings of this paper suggest that corporate social responsibility (CSR) practices are becoming increasingly important for businesses operating in Romania.

The analysis reveals that companies in Romania are engaging in a range of CSR practices, including philanthropy, environmental sustainability, and employee welfare, and that these practices are having a positive impact on both business performance and stakeholder perceptions. Specifically, the study finds that companies that engage in CSR are more likely to attract and retain talent, enhance their reputation, and brand value, and generate higher levels of customer loyalty and satisfaction. Moreover, the analysis indicates that CSR practices can also lead to cost savings and improved operational efficiencies, further contributing to value creation. Overall, these findings underscore the importance of CSR as a strategic tool for businesses seeking to create long-term sustainable value in Romania. The Sustainability Disclosure Database provides the existing sustainability reports of major companies in Romania, along recent years. Given such data, these reports have been processed and the information has been tailored into rather homogenous sets, starting with the GRI Standards' indicators and generating an hierarchy of social activities and their results. We consider such an

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enterprise necessary if it is aimed at achieving a clear evaluation and identification of company's both financial and social performance.

This paper contributes to the literature on corporate social responsibility (CSR) and value creation by providing insights into the current state of CSR practices in Romania, a context that has received relatively little attention in the CSR literature. The paper builds on previous studies by focusing specifically on Romania, a transitional economy that has undergone significant political and economic changes in recent years, and by examining the relationship between CSR and value creation in this context. The paper's findings highlight the importance of CSR for businesses operating in Romania and offer practical insights for companies seeking to implement CSR strategies that create sustainable value for stakeholders. This study also provides a foundation for future research on CSR in Romania and other emerging economies, thereby advancing our understanding of the role of CSR in driving positive social and environmental outcomes while also creating business value.

**Keywords**

Social performance reporting, GRI (Global Reporting Initiative), sustainability standards, Stakeholder theory; Romania.

**JEL Classification**

M14, L20, Q01, G39.

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