

SUSTAINABLE BUSINESS –THE WAY TO ENSURE THE COMPETITIVENESS AND THE EFFICIENCY OF ROMANIAN COMPANIES

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Abstract:

The business world is rapidly changing by globalization, the development of information technologies and the increasing concerns for environment protection. Businesses need to be competitive in a market where not only the profit but also the way of attraction, management and marketing strategies used and care for the environment. The paper presents the Romanian business environment in terms of how companies adapt to trends that are imposed by sustainable development and to requirements for environmental protection. Therefore, there are tracked and analyzed some indicators that capture the extent to which Romanian companies are environmentally responsible. The study shows that in recent years, companies in Romania pay more attention to environmental responsibility, using the benchmark of the large corporations which have developed their businesses in Romania and existing EU legislation. However, the differences between Romania and highly developed countries are still high, and to reduce the development disparities, it should continue the efforts to improve the green management policies and strategies adopted by each firm.

Keywords: sustainable business, competitiveness, Romanian companies, environment

JEL Classification: L20, Q56

1. Introduction

The business world is changing more and more due to the requirements of sustainability. Thus, firms aim, in addition to maximize profits, also a better allocation of resources, and a greater care for the environment. The responsibility of companies has been extending to their contribution to ensuring sustainable development. At company level, Danciu V. (2013) believes that there are three types of sustainability: economic, social and environmental. Economic sustainability requires the company to make a profit, to stay a float in the business world, to attract more customers and to adapt their production to the requirements for the development of an environmentally friendly society. Social sustainability refers to the interaction and social cohesion and environmental sustainability means the company's ability to develop activities with low environmental impact.

As competitiveness of a company is its ability to achieve high productivity, based on innovative use of human, financial and material resources (Chilean MN, Jordan M., 2007), it can be maintained in the current context, if the company takes into account of sustainable development requirements. Otherwise, the company risks not adapt to new markets, consumers and competition which penalizes environmentally damaging behavior.

The sustainable businesses require reducing environmental impact, for example by using recycled waste as raw materials, helping develop markets for organic products, investment in innovation and influencing consumer behavior, to understand the benefits of the green consumption.

Gănescu (2012) and Gănescu, Gangone and Asandei (2013) believe that developing a sustainable business involved a number of factors, promoters or inhibitors of it. The factors that support the sustainable business development are the code of ethics, social responsibility, government or community support, promotion of sustainable management. The factors that affect the sustainable business development are: poor management, economic constraints, lack of social responsibility or competition force.

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Romania recorded large competitiveness gaps compared to highly developed countries. This is explained by low labor productivity, the use of outdated technology, insufficient investment for scientific research, management based only on reducing costs, a lack of infrastructure to support innovative start-ups.

For Romania, increasing competitiveness, in terms of developing a sustainable business environment is the main way of catching up with the developed countries. The Romanian companies concern for the environmental care expressed through an suitable management approach, is in an early stage and was driven by ecological behavior of large companies that have entered the Romanian market or European legislation on environmental protection.

The Romanian business performance influences the competitiveness of the entire economy and adopts measures whereby these improve their access to factors of production, participation in the European markets, technologies, respecting the principles of sustainable development, is essential for ensuring the competitive operation of Romanian economy. (NDP 2007-2013)

2. Sustainable business in Romania

The PwC study "Business success beyond the short term: CEO perspectives on sustainability" (PwC 2015) highlights that sustainability underpins the success of any business. The study discusses the risk to which companies obey (those companies that focus solely on financial performance and lose sight of rational management way of resources in terms of environmental protection.

Currently, to be sustainable, companies must adapt to changes on businesses by resource scarcity, climate change, and the need for innovation, the need for identifying the emerging risks in business or demographic changes.

The integration of sustainability into the business models allows obtaining a competitive advantage and ensuring the sustainability of growth and development. But the strategic sustainability, at company level, requires the active involvement of company management in support of the main objective, in the short and long term. (Raderbauer, 2011)

The evaluation of the company performance for the environment, is based on numerous indicators such as the Dow Jones Sustainability Index (DJSI) or Green Business Index (GBI).

The Dow Jones Sustainability Index (DJSI) involves the analysis of economic, environmental and social performance of enterprises, taking into account their attitudes about adopted management, occupational policies, marketing strategies, supply chain standards so that businesses demonstrate that operate in a sustainable and ethical way. This index only includes 333 companies, of 3000 companies worldwide which have the highest degree of sustainability. For example, Enel, present in Romania and other 40 countries, ranked 83 in the ranking for the tenth consecutive year, in 2013. (bursa.ro, 2013)

Green Business Index analyzes, based on questionnaires, corporate environmental responsibility in terms of environmental performance, corporate social responsibility and the transparency in business. There are analyzed indicators on the waste management, transport, resources, environmental impact, green purchasing, and sustainable policies.

For 2015, the response rate of companies in Romania was 38.5% and of the participating companies, the vast majority (58.5%) had a low score in the competition Green Business Index registering below 100 points from a maximum of 700 points.

By sector, the companies in service sector have obtained an average of 333 points, followed by the industry sector with a score of 299 points, the last being the companies in the construction sector, with 201 points. In terms of sub-indicators analyzed, companies in Romania have achieved better results in environmental impact, waste management and sustainable development, being generally concerned on legal compliance and adoption of policy issues and environmental standards at company level. The poor results recorded by

companies in Romania, to indicators such as resource use, sustainable transport, buildings and green spaces or green procurement, show that they produce, usually with limited effectiveness, in terms of consumed resources and do not pay attention to the policies of transport, buildings and green procurement. (GRA-GBI, 2015)

According to the report of Green Business Index 2015 among companies in Romania which have shown that have mobilized their resources and have managed the businesses so that they can ensure their prosperity and the long-term profitability, while respecting the principles of green businesses, are DHL Express, Hochland, Danone, Grup Servicii Petroliere S.A., Electroarges S.A.

The expert reports concerning the sustainability of performance of companies show that the first places in the world rankings are the companies in the UK and Continental Europe. On the opposite side are the North American and Asian companies, the best sustainability being registered by sectors which supply goods and services. (V. Danciu, 2013).

The environmental goods and services sector (green) refers to goods produced so that to prevent, reduce or eliminate the environmental degradation while maintaining the stock of natural resources in order to be protected against exhaustion. (Eurostat, 2016)

According to Eurostat data, the value added in environmental goods and services sector in Romania, had a positive development in 2009-2012, which indicates a slight development of the field. The production value also increased after 2009 as in the previous period has decreased due to the impact of economic and financial crisis and the insufficient development of the legislative framework on the field. (Figure no.1)

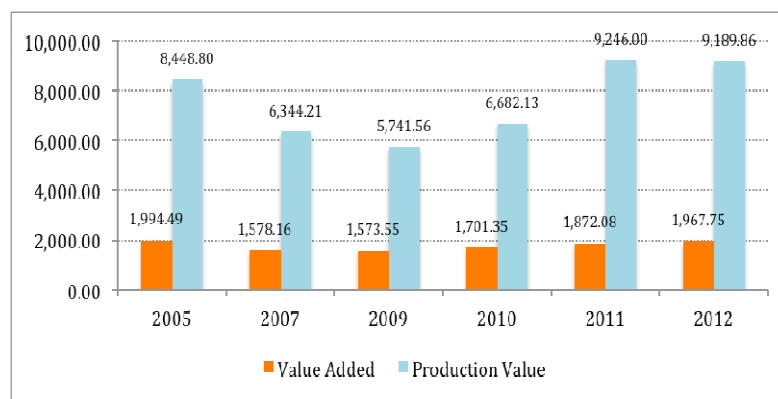


Figure 1. Value Added and Production Value in the environmental goods and services sector (million euro) Romania, 2005-2012

Source: http://ec.europa.eu/eurostat/data/database?node_code=env_ac_egss2

At EU level, the organizations EMAS (Eco-Management and Audit Scheme), that use an environmental management system to assess and improve the environmental performance of the company, have increased in 2005-2012, followed by a slight decrease in 2012-2014. (Figure no. 2)

In Romania, these organizations are very small, in 2014 were registered only five such organizations, compared to 4049, the number that was registered at European Union level. At this indicator, the European Union countries, which registered the best results, are: Germany, Spain, Italy and Austria.

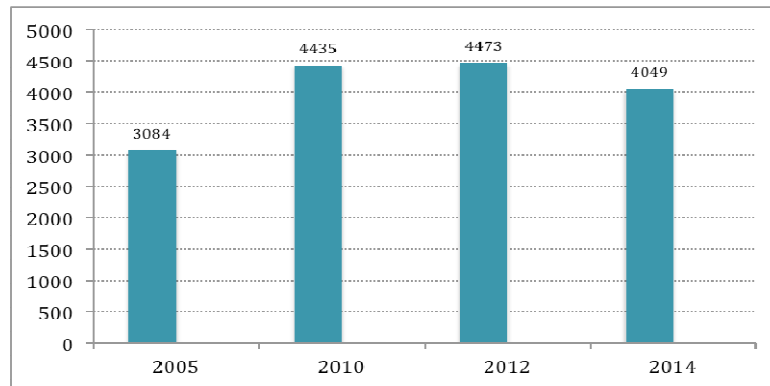


Figure 2. Organisations EMAS (with eco-management and audit scheme registration), EU, 2005-2014

Source: <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&pcode=tsdpc410&language=en>

The performances of organizations are developing as the companies increasingly integrate the sustainability into their strategies and manage to take into account all the components of sustainability in their business models. Sustainability must be included in any policy of a company, whether it is human resources, marketing, management, procurement and research and development. As the indicators on sustainability, companies that focus on sustainability principles have superior financial results and thus create more added value.

In the European Union, sustainability and resource efficiency, at company level or economy, involves tracking the five rules: saving resources; recycling; substituting of resources with others that have a higher efficiency and less impact on the environment, reducing the resources used, the proper evaluation of resources, resource stocks and the efficiency of their use. (European Commission, 2011)

Thus, any business can become sustainable, but some fields are almost in the environment than others, like organic farming, renewable energy, recycling, and tourism. The development of sustainable business in Romania manifested both by increasing the concerns of companies to discuss the sustainability issues in the own management, but also by expanding businesses to the areas of environmentally friendly, in recent years recording more companies in these sectors.

Corporate sustainability also means high social responsibility, which in turn affects a company's competitiveness. A socially responsible company must follow the law, invest in human capital, environment and relations with groups with which it interacts (customers, suppliers, partners). Investing in human capital, in education and training of employees are important factors of labor productivity growth and ensuring of social and economic development. (Savu, Ciucur, 2014)

The experiences with investments in environmentally friendly technologies, in green policies and strategies, have shown that they have a direct impact on company productivity and so the competitiveness. (Barbuta, 2014)

Among the features companies in Romania, on environmental policies, we highlight the following:

- although it is rising, the number of Romanian companies that have publicly available an environmental policy or strategy on sustainability is still low;
- often, companies do not clearly establish their objectives on sustainability;
- some companies have integrated policies on quality, environment, health and safety management system;
- companies use marketing practices which present products as being sustainable, but no further information (on the companies' websites) about what characterizes such a product or service;

- often, the environmental management is simply reactive (to pressure of legislative framework), not strategic, proactive and integrated with primary and secondary activities within the organization. (Suciu, 2015)

3. Conclusion

The sustainability awareness in business development has increased in recent years worldwide. Companies from Romania must adapt to the trend of business development and pursue, as its main objective, in the long term, development of sustainable business to maintain its position in various markets, in order to attract more customers and become internationally competitive.

In recent years, companies in Romania have become more environmentally responsible, although business does not have any extensive experience in this regard. However, the efforts must continue by improving management strategies and green marketing, but also by improving legislation.

The challenge for Romanian companies is to understand how society is changing, to adapt their business models so as to provide a better lifestyle on a planet with limited resources. Sustainability also planned to change the behavior and the mode of action of both firms and consumers and governments. Thus, to achieve the desired results, it is necessary that efforts be joint.

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