

# The Influence of Governance and Ownership on CSR Practices in Romania

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## Abstract

Ownership structure represents the distribution of equity with regard to votes and capital but also by the identity of the equity owners. These structures are of major importance in corporate governance because they determine the incentives of managers and thereby the economic efficiency of the corporations they manage. This paper analyzes the relationship between governance, ownership structure and CSR practices among companies in Romania. The results of this study allow corporations and the public to formulate a well-substantiated opinion on the way particular organizations carry out their businesses in Romania regarding CSR where CSR practices reflect culture and are partially country and ownership specific. The CSR practices implemented in Romania may not always reflect the societal views but rather the public ownership / government views, on what is thought to be important.

*Keywords: governance, ownership, emerging economies, Romania, corporate social responsibility, CSR practices*

## 1. Introduction

Although corporate social responsibility is a recent term, business ethics, social dimensions, and the general idea of corporate statesmanship have been around for a very long time (e.g. Carroll, 1999; Blowfield and Frynas, 2005). Recordings of particular ideas on business practices based on moral principles that should serve the community as a whole instead of a lucky few date way back. But as time changes, so does our perception of what corporate social responsibility entails, so as Carroll (1999) states the modern era of corporate social responsibility begins in the 1950s with the upcoming of social responsibility or as Jenkins (2005) argues that the current definition of CSR really started with global deregulation and the shift away from state intervention in business policies within the developed countries in the 1980s, freeing up organizations' possibilities to act opportunistically, and giving rise to the question who, how and if these organizations are willing and able to act socially responsible intrinsically, without real external pressures from the government.

As a result of this deregulation and the regulatory vacuum that arose, an increased scientific interest in CSR, within developed countries, became apparent in the early 1990s. After redefining the CSR definition and putting it in a broader context as more of an umbrella term for a variety of theories (Blowfield and Frynas, 2005), a lot of empirical research has been carried out on CSR in developed countries. A vast body of literature has investigated CSR and its possible link towards organizational performance and financial performance in particular, for companies within developed countries, such as the United States, the United Kingdom, Western Europe and Japan. The findings of different studies on the influence of CSR on organizational performance are contradictory and

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inconclusive. Studies that suppose a long term beneficial influence on organizational (financial) performance are contradicted by research showing the opposite and vice versa (Blowfield and Frynas, 2005; Kolk et al. 2010).

In contrast to this vast body of literature on CSR in developed countries there is little or insufficient knowledge and research done, in emerging countries, in the field of CSR. Firm development in emerging markets are intertwined with sustainability and the need for sustainable world development. The economic dimension of sustainability focuses on increased ROI, revenue and market share increases, lower costs, reduced risk, etc. The environmental dimension encompasses activities to preserve, protect, conserve and restore ecosystems and natural resources (e.g., climate change policies, preservation of natural resources, and minimization and prevention of toxic wastes). The social dimension addresses conditions and actions that specifically affect humanity (e.g., poverty, unemployment, education, health, human rights, etc.). Sustainability is critical for the developing world to ensure long-term business success while significantly contributing towards sustainable world development through a healthy environment and a stable society. Institutions, both formal and informal, facilitate or hinder sustainable business practices.

As Muller and Kolk (2007) state that although in recent years, the attention for corporate social responsibility in emerging countries, has increased, the majority of research done in this field still focusses on developed countries. As the emerging countries, and the BRIC (Brazil, Russia, India, Romania) in particular, contribute, by their rapid growth, substantially to the world's economy on the one hand and are potential growth markets for western firms on the other hand, it is necessary and useful to investigate them more thoroughly. Rapid economic development goes accompanied by an increase in environmental pollution and waste output and it should therefore be important to assure that organizations act social responsible in order to minimize the damage to the environment. Research into CSR practices within these countries is on this ground alone sufficient reason to argue necessity (Muller and Kolk, 2007).

Although most emerging countries still have a substantial public domain, with much state owned companies, they are starting to privatize rapidly. But does this privatization, this freeing up the market by allowing more ownership structures, have any influence on the way organizations see CSR or how, or which type of practices they implement or act out? Does it matter if an organization is state owned or privately owned when it comes to CSR practices?

This research contributes to the literature by providing an enhanced insight in the contradictory debate between scholars on the effects and influence of ownership structures on CSR initiatives (e.g. Baskin, 2006; Jenkins, 2005). The current literature is contradicting in their findings whether ownership structure has any effects on CSR practices. Various studies, mostly done in developed countries are contradicting and inconclusive. Our research shifts this debate from developed countries to emerging countries, but also by test these contradicting outcomes in a specific and totally new setting to provide a more complete view on CSR in emerging countries and an enhanced insight in the ongoing CSR debate.

The results of this study into CSR initiatives in emerging countries and their relationship with ownership structure allows the public to formulate a well substantiated opinion on

the way that particular organizations, namely those investigated in this study, carry out their businesses. It will increase public awareness on which organizations really contribute to their community and which do not. This effect will be the most plausible for the public within the explored emerging market for that CSR practices reflect culture and are partially country specific (Pietro-Carron et al. 2006; Voinea & Fratostiteanu, 2018).

## 2. Theoretical Framework

The formulation and definition of CSR has changed over time and there are significant difficulties in distinguishing whether business behavior is truly moral conduct or instrumental adoption of an appearance of moral conduct as useful reputational strategy, every definition of what CSR implies and ought to entail is therefore open for debate (Windsor, 2001). The period from the 1990s until present day the focus has shifted partially from defining what CSR is, to conducting empirical research in order to assess CSR practices in the field. One of the most generally used contemporary definitions of CSR today is that which Prieto-Carron et. al. (2006) have adopted from the commission of the European Communities (2001), which states that CSR is “a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis.” This definition is therefore the definition as applied in this research. As the introduction clearly states that most studies done on CSR empirical as well as conceptual or literature reviews, have focused on developed countries, there has been a lack of knowledge in CSR practices within emerging countries. For these countries are becoming increasingly important and dominant players within the world’s economy it is relevant and necessary to investigate these countries. CSR has been interpreted and viewed in a variety of ways throughout time as the construct developed. Throughout the development of CSR certain dimensions became visible; although scholars named them differently a clear distinction was made. These dimensions are according to Dahlsrud (2006), Economic, Environmental, Social, Legal and Voluntary. He also described CSR practices as “a set of management practices that ensure that companies maximize the positive impact of their operation on society or operating in a manner that meets and even exceeds the legal, ethical, commercial and public expectations that society have of a business.” The different dimensions all consists of different practices or actions that organizations can or must implement in order to satisfy society (van Kranenburg & Voinea, 2017).

*Economic practices of CSR* are practices that organizations use in relation to financial aspects. So practices that relate to profit maximization, economic development, and business operations. This means that this normally is an organizations primary goal in order to ensure business continuity and to stay in business ((Jindrichovska & Purcarea, 2011; Korka, 2005; Dahlsrud, 2006).

*Environmental practices of CSR* are practices that have to do with the natural environment. Particular practices are restricted or have to be implemented for governmental legislation demands it. Example given the restriction on the total amount of toxic waste production factories are allowed to produce. But environmental practices within CSR stress the organizations awareness of environmental concerns for they implement them in business

operations. Examples of CSR practices are waste reduction and recycling (Dahlsrud, 2006).

*Legal practices of CSR* are those practices that are forced upon organizations by governmental legislation. This legislation can be seen in various dimensions of an organizations environment. Examples are legislation on work or labor aspects, imposing taxes etc. This legislation set boundaries for organizations to operate within. (Carrol, 1991)

*Social/ voluntary practices of CSR* are those practices that are not prescribed by law but are based upon ethical values. They are voluntary by nature and are based upon the relationship between the organization and its social environment (society). Examples of social/ voluntary practices of CSR consist of donating and community work. (Moisescu, 2015; Carrol, 1991; Dahlsrud, 2006)

## 2.1 CSR in Romania

The introductory section stated that a sizeable body of literature has been built up on the concept of CSR within developed (Western) countries. More recently attention has grown for CSR in emerging countries, but it remains under lighted, especially in empirical sense, in comparison to the body of literature on developed countries. Although there are a number of countries that are named as emerging markets, research tends to focus on the BRIC (Brazil, Russia, India and Romania) countries in particular. From these countries, the notion of CSR seems to hardly have been studied in Romania (Jindrichovska & Purcarea, 2011; Korcka, 2005; Stoian, & Zaharia, 2009; Voinea & Fratostiteanu, 2018). Voinea & Fratostiteanu (2018) provide a good overview of academic research done with regards to CSR initiatives and practices in Romania up until 2018 (Voinea & Fratostiteanu, 2018). What becomes apparent from the literature on CSR in Romania is that most of the Romanian managers have “mistaken ideas about CSR”, also they tend to view it as similar to charity, and as a concern for the government and large companies not smaller ones (Kolk et al. 2010). They tend to see CSR as a burden which delineates them from their core task of generating profits.

The main drivers to act socially responsible and to implement CSR practices were, to generate wealth for the society, promote the nations development and brand building. Also a cultural context possible contributes to the reluctance to CSR, for they might see CSR as a Western scheme in order to price Romania out of the cheap labor market (Voinea & Fratostiteanu, 2018). In the environmental sector we see Romanian legislation that is even stricter than European law, yet implementation is sometimes non-existent (Voinea & Fratostiteanu, 2018). Although government pressure on companies in Romania to publish environmental information has increased, environmental reporting was still uncommon (Kolk et al., 2010; Welford (2005). This notion is recurrent in the CSR literature on Romania, the environmental dimension of CSR seems to be most discussed and problematic throughout the CSR literature available on Romania, and generally tends to be seen as a cost for companies at this stage of development. Although reporting on CSR by Romanian companies is still very limited, a trend towards more openness and the publishing of reports is visible in Romania. This gives rise to the argument that CSR practices are becoming more accepted and implemented by Romanian organizations.

## 2.2 Ownership Structure

Ownership structure represents the distribution of equity with regard to votes and capital but also by the identity of the equity owners. These structures are of major importance in corporate governance because they determine the incentives of managers and thereby the economic efficiency of the corporations they manage. So it is distinguished between the ownership of the organization and the control of the organizations. Emerging countries and Romania in particular tend to have a vast public sector, which means that a lot of companies and institutions are state owned. Although most of the emerging countries move towards a more free-market principle, the role that the central and local governments play is still substantial (Voinea & Fratostiteanu, 2018). Furthermore, Romania has also adopted a strategy of reforming the state-owned enterprises (government ownership), by privatizing particular sectors in order to make them more competitive and cost efficient from the 1990's. (Bai et. al, 2000) A trend is visible of a growing private sector of listed stock companies (shared ownership), listed on the Romanian stock markets and stock markets abroad. These, for this research called stock companies are included in this research. Although this is true a substantial part of Romanian organizations is still owned and controlled by the state and is therefore to be included in this research. This second type of companies is called state owned enterprises or SOE's in this research. Next to these two ownership types, stock companies and SOE's a third dominant structure namely private companies (individual ownership) is visible which is investigated to compare the three different domains of public, semi-private and private firms in Romania (Voinea & van Kranenburg, 2018; Djankov, 1995). A discussion and a definition of these specific ownership structures will be stated in the following subsections.

### 2.2.1 State owned enterprises

State owned enterprises (SOE's) are, in this study, defined as organizations owned, controlled and governed by a government (van Kranenburg et al., 2012; Voinea & Fratostiteanu, 2018; Xu and Wang, 1999; Bai et. al. 2000). State owned enterprises have particular characteristics from which they can be distinguished from other organizations and from which ownership structure can be derived SOE's are in general vast organizations which mean that they are substantial in size. Their large size is not only reflected in the number of employees, but also in available resources and turnover.

### 2.2.2 Stock companies

Stock companies are defined as a listed company with a mixed ownership structure with three dominant groups of shareholders, namely the state, legal persons (institutions) and individuals (Xu and Wang, 1999). Stock companies are a common form of ownership structure which means that these particular companies are listed on stock exchanges and entities, persons and other organizations are able to buy shares of a particular company. Stock companies and stock markets did not exist in Romania until the early 1990s. In the beginning of the Romanian reformation of SOE's into Stock companies, companies in which outsiders were able to acquire a stake, stock trading was still prohibited in most industries and low liquidity of stocks made it difficult for the companies to market their initial offerings (Xu and Wang 1999).

### 2.2.3 Private companies

Private companies issue stock and have shareholders but their shares do not trade on public exchanges and are not issued to the general public. A private company is treated as a single legal entity with rights and liabilities separate from its owners. Owners and other private investors are shareholders in the private company. Private companies are usually owned by family members. These companies are formed by at least minimum 2 shareholders to maximum 50 shareholders. A private limited company is considered as one of the most easily managed and cost effective business structures (Voinea & van Kranenburg, 2017; Goktan & Ucar, 2010). Private companies are the most common form of business structure and therefore ownership structure within the Western developed countries (Goktan, Ucar, 2010).

### 2.3 Hypotheses

By linking the different types of ownership structures with different types of CSR practices, this section elaborates on the possible relationships between them.

#### *State owned enterprises and CSR practices*

As Bai et al. (2000) state that SOE's in general are charged not only with the task of efficient production and generating economic gains but have also the obligation and task to provide and increase social welfare for the society as a whole. SOE's are not able to achieve this, desired and expected, improvement of societal welfare by acting irresponsibly and chasing pure economic gains without looking at the consequences. By implementing numerous CSR practices SOE's are able to achieve better labor standards, environmental output reduction, and serve society as a whole. Also true for Romanian SOE's always had a tradition of taking social responsibility for their employees by providing safety nets and social protection through its work-unit system (Zu and Song, 2010). Therefore, we formulate the following hypothesis:

*Hypothesis 1: State owned enterprises in Romania implement more CSR practices than Stock or Private companies on all different types of CSR practices.*

#### *Stock companies and CSR practices*

Whilst for stock companies in developed countries the state or government is not a dominant stakeholder, CSR practices are implemented by pressures from shareholders and public opinion. Although certain legislation on environmental and labor standards is imposed by the government, these standards are "easily" met and are not a measure for CSR practices driven by the companies themselves (van Kranenburg & Voinea, 2018). Stock companies in general are thus free to initiate CSR practices on all fronts discussed earlier. For Romania this is not entirely true whilst given the fact that the Romanian government is one of the dominant shareholders within stock companies, they are likely to put pressure on these companies to act socially responsible. But another pressure coming from outside the organization is believed to be a stronger and greater incentive to act socially responsible for this type of companies. This pressure is formed by the fact that most stock companies in Romania are multinationals (MNC's) and they sell their products across the globe. Western society (governments) and other regulatory agencies (EU, US) put pressure on these companies to implement CSR practices as this is a prerequisite in order to be allowed onto the European and US markets. As Western society emphasizes the importance of adequate labor standards (child labor, sweat-shops etc.)

the following hypothesis is stated by this research.

*Hypothesis 2: Romanian Stock companies will implement more CSR practices related to labor standards rather than to other types of CSR practices.*

### 2.3.1 Private companies and CSR practices

Private organizations are entirely free to seek maximum economic gain whilst respecting the governmental legislation and restrictions for the specific industry they operate in. as Lin (2010) state private organizations are mostly smaller organizations which in general do not see implementing CSR initiatives as very beneficial. Owners reason that the costs to implement CSR initiatives are too great to bare. Within the Romanian context private companies are argued to be organizations without state interference that are free to pursue purely economic gains. For this type of organizations do not arise from privatization initiatives and state reform as the stock companies do and therefore have to be built from the ground up, they tend to be seen as smaller, locally based organizations with less resources. For they are free to pursue economic gains as sole entrepreneurial goal, there potential for growth is theoretically enormous. Private companies have less pressures put on them to implement CSR practices for they, mostly, do not sell abroad, operate and sell locally and have less governmental pressure placed upon them. (Lin 2010) But as Xu and Wang (1999) state a pressure from the local society is to be distinguished for these type of companies, for they are mostly depended on the local community in order to sell their products. The local community serves as their local market and without them they will not be able to stay in business. So this pressure coming from the local society is argued to be a pressure towards implementing CSR practices that are beneficiary for the local community. Therefore, we formulate the following hypotheses :

*Hypothesis 3: Private companies in Romania will implement less CSR initiatives than Romanian SOE's and Romanian Stock companies in general.*

*Hypothesis 4: Private companies in Romania will implement more social related CSR practices rather than other types of CSR practices.*

## 3. Methodology

### 3.1 Data and sample

In this study there were three groups which all needed to consist of a sufficient amount of respondents. A rule of thumb is that the sample size needs to be at least 20 respondents per group to ensure an adequate analysis and that group sizes are approximately equal (Hair et al. 2010). The division of respondents over the three groups is shown in Table 1.

**Table 1:** Division of respondents

Group	Respondents
State owned company	35
Mix state private institutions	34
Private company	37
<b>Total</b>	<b>106*</b>

### 3.2 Operationalization

The operationalization of the different variables is shown below in Table 2.

**Table 2:** Operationalization

Concepts	Variables	Indicators	Source
CSR	Social responsibilities (Philtotal)	- The amount of money donated to charity per year - Philanthropic contributions in different fields - Community projects in different fields	Muller and Kolk (2009)
	Environmental responsibilities (ENVtotal)	- Renewable energy in percentage of the total energy. - Recycling in percentage of total waste produced - Days of environmental training for non-management	Muller and Kolk (2009)
	Labour responsibilities (LABOURtotal)	- Women in management in percentage of the total management - Days of vocational training per employee per year - Days lost per employee per year	Muller and Kolk (2009)
Ownership structure (OS)	State owned enterprises (SOE)	- State owned	Bai et. al. (2000)
	Stock companies (mix)	- State/ institutions/ individuals	Xu and Wang, (1999)
	Private owned companies	- Public limited companies	EF Fama, MC Jensen, (1983)

*Control variables:* Because size and industry have been suggested in previous articles as factors that affect both a firm performance and CSR, both of these characteristics is used as a control variable (Cochran and Wood, 1984; S Brammer, A Millington, 2006 and G Balabanis, HC Phillips, J Lyall, 1999). Size is an important control variable, since larger firms seem to adopt the CSR principles more often (Tsoutsoura & Margarita, 2004). Therefore in this study we control for the possible effects of size.

Furthermore, according to Brammer and Millington (2006) some industries are more visible to the public than other industries and therefore stakeholder pressure will be greater for firms operating in these industries. Organizations in those particular highly visible industries may be legally forced to uphold a higher CSR standard than other organizations. This effect is also applicable to emerging markets and therefore we control for the effects of industry in this study.

### 4. Empirical Results

Table 3 shows the hypotheses accompanied by the method of analysis and the outcomes.



**Table 3.** Hypotheses, analysis method and outcomes

Hypothesis	Analysis method	Outcome
Hypothesis 1: <i>State owned enterprises in Romania implement more CSR practices than Stock or Private companies on all different types of CSR practices.</i>	ANOVA	$F(2,103)=3.03$ , $p=.053$ (not significant)
Hypothesis 2: <i>Chinese Stock companies will implement more CSR practices related to labor standards than to other types of CSR practices.</i>	T-test	$t(33)= 4,38$ $p= .000$ . (significant)
Hypothesis 3: <i>Private companies in Romania will implement less CSR initiatives than Chinese SOE's and Chinese Stock companies in general.</i>	ANOVA	$F(2,103)=3.03$ , $p=.053$ (not significant)
Hypothesis 4: <i>Private companies in Romania will implement more social related CSR practices than other types of CSR practices.</i>	T-test	$t(37)= -50,33$ , $p= .000$ (significant, but negatively instead of positively)

\* the difference between the 111 useable respondents (table 2) and the 106 respondents stated in this table are the missing values. These missing values are below the 10% cut off point and show no particular pattern so this is not problematic.

Thus, to examine if state owned enterprises implement more CSR practices than Stock or Private companies (H1) and if Private companies implement less CSR initiatives than other companies (H3) an ANOVA was conducted. The between groups score even though not significant however it displays a trend, since 0.053 is close to being a significant difference ( $p < 0.05$ ). In order to test between which groups a trend is visible a Posthoc analysis has been carried out by means of Tukey HSD test. This test confirms the visibility of a trend between SOE's and private companies.

To examine (H2) whether Stock companies more CSS practices related to labor standards implement than to other CSR practices a t-test is used. The outcomes show a significant difference between the variables related to labor practices and the variables related to environmental practices  $t(33)= 4,38$   $p= .000$ . In order to check whether the other values are also significant a one-sample t-test was also conducted on the smallest value, namely the three questions on philanthropic contributions grouped together (PHILtotal) (1.38). The outcome also shows a significant difference  $t(33)= 16,96$ ,  $p=.000$ .

To examine H4, whether Private companies implement social related practices more than other CSR practices, another one-sample t-test is performed. The first t-test between the philanthropic contributions (PHILtotal) and environmental CSR practices (ENVtotal) shows a significant difference  $t(37)= -50,33$ ,  $p= .000$ . The second t-test between philanthropic contributions (PHILtotal) and the CSR practices related to labor (LABOURtotal) also shows a significant difference  $t(37)= -61,34$ ,  $p=.000$ .

## 5. Discussion and Conclusions

This study focusses on the relationship between ownership structure and CSR practices in Romania. It has done so by investigating three different types of ownership structures most present in Romania namely state owned enterprises, stock companies

and private companies across ten industries. Through an e-mail questionnaire middle and higher managers were asked how much their organization was indulged in different types of CSR practices. Findings support that Romanian Stock companies commit more to labor responsibilities and implement more CSR practices related to labor standards than to other types of CSR practices, such as philanthropic or environmental practices. Furthermore, Private companies commit themselves more to labor and environmental responsibilities and less to philanthropic CSR. Finally, results show that no particular ownership types are dominant in the field of CSR in Romania and that different types of ownership structure elucidates different CSR commitments.

The model used in this study was based on four hypotheses and this section will elaborate on the outcomes from content point of view. It was argued that State owned enterprises in Romania implement more CSR practices than Stock or than Private companies. Although a positive trend, i.e. a weak positive relationship was visible between the groups State owned enterprises and private companies, no significant association was found. A possible implications this positive but weak trend could be that CSR is still in the early stage of development as Lin (2010) state, and no particular ownership types are dominant in the field of CSR in Romania.

The second hypothesis stated that Romanian Stock companies will implement more CSR practices related to labor standards than to other types of CSR practices, such as philanthropic or environmental practices. This statement was confirmed by our empirical results which show that Romanian Stock companies commit more to labor CSR rather than to philanthropic or to environmental CSR. To understand this trend we must keep in mind that Romanian Stock companies operate increasingly on the global arena and are therefore trying to meet the international standards that mostly developed institutions pressure them into upholding.

The results concerning the third hypothesis show no conclusive relationship regarding Private companies in Romania and their CSR intensity as compared to Romanian SOE's and Romanian Stock companies in general. Given the ownership structure of private companies, a possible reason for this finding might lie in a person's subjective view on CSR or the CSR desirability of that person. It might be plausible to argue that a person's desirability to implement CSR activities outweighs the influence ownership structure has on this subject. However, this is just our speculation and authors' grasp on this on this relationship so further research is necessary to conclude.

The last hypothesis implied that Private companies in Romania will implement more philanthropic practices related to CSR rather than other types of CSR practices, such as labor or environmental. A negative relation was found between Private companies and the amount of social practices they implement in contrast to State owned enterprises and Stock companies. This means that Private companies commit more to labor and environmental practices rather than to social practices. A possible reason for this could be that whilst Private companies are in general smaller in size and have less resources available they devote their resources on the practices which legislation pressure them into and do not have deep pockets in order to address other more voluntary types of CSR such as social practices.

### **5.1 Theoretical implications**

This study contributes to field literature by investigating the relationship between ownership structure and CSR. As similar work has been done in other emerging countries e.g. Mexico (Muller and Kolk 2007) this study expands the existing field by adding empirical data from Romania. Firstly, the claims that Zu and Song (2010) and Li and Wang (1996) made in their studies that the government always had a tradition of taking social responsibility for their employees by providing safety nets and social protection does not find any conformation in this study as empirical results do not show any similar support. Even the argument of Bai et. al (2000) that the main task for governments is to create social stability and welfare for the society as a whole are not confirmed by this study. The results do not show that State owned enterprises being governed by the government are more actively involved in creating social welfare than other types of organizations. Secondly, the outcome of this study strengthens the results of Xu and Wang (1999) on ownership structure and corporate governance. They state that stock companies must respond to shareholder and stakeholder pressure from outside Romania, i.e. international arena. This pressure is formed by the fact that most Stock companies in Romania are multinationals and they sell their products across the globe. Thus, Western society (governments) and other regulatory agencies (EU, US) put pressure on Romanian Stock companies to implement CSR practices as this is a requisite in order to be allowed onto the European and US markets. This study therefore provides empirical support for the claim that Stock companies are inclined to address labor standards first because developed countries and the international business partners expect them to do so.

Finally this study does not show that Private firms implement less CSR activities than other types of organizations in Romania or that they implement a particular type of CSR practice more than the other types of organizations investigated. In fact the results show that private companies implement less CSR initiatives related to social practices.

This study therefore finds overlap with and contributes to existing literature on CSR in emerging countries (Xu and Wang 1999; Bai et. all. 2000; Lin2010) as it partly builds on those studies and contributes by providing empirical data and possibly support or elucidating some contradictory results for particular claims made in those studies.

### **5.2 Policy implications**

Firstly policy makers or managers from Romanian stock companies operating abroad should broaden their attention on other CSR practices than solely labor practices for this is a way for those organizations to set themselves apart from the rest and attract positive attentions from customers. Next, policy makers from SOE's should use the organizations deep pockets, which are provided by state funds, in order to create social stability and welfare for the society as a whole. In this ever globalizing world the Romanian government is being closely watched by other countries and institutions and they could use the State owned enterprises in order to build a better image of Romania and Romanian organizations in particular.

### **5.3 Future research**

This study used ownership structure as a single determinant for which type of

CSR practice organizations implement. It is very plausible to argue that there are more predictors that determine which type of CSR practice organizations undertake. Determinants such as different stakeholder pressures (Djankov 1995; Xu and Wang 1999) or philosophical and managerial beliefs (Jensen, M.C., Meckling, W.H. 1976) are for instance worth researching in this particular setting. The contradictory debate between scholars on the effects and influence of ownership structures on CSR initiatives (e.g. Baskin, 2006; Jenkins, 2005), in which the results of this study show that ownership structure just has a small influence in certain cases, call for further research. These two views could for instance be studied on a larger scale in countries with similar characteristics opening up the possibility to compare the outcomes across countries. Another possibility is to conduct similar research in a qualitative fashion, by doing several case studies on the subject across different industries and countries.

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