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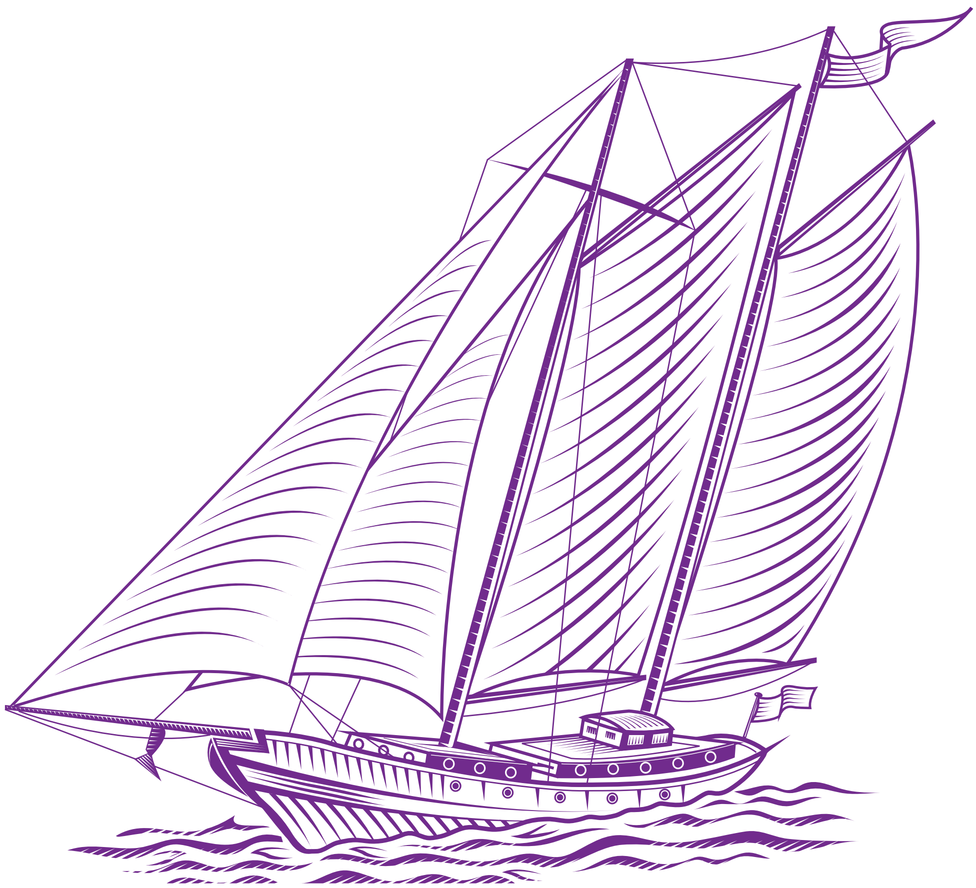

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# DOES GENDER REALLY AFFECT SHOPPING PATTERNS?

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**ABSTRACT.** Movies, jokes, books and folklore are full of stereotypes on the differences between men and women. Of these, one of the most known and accepted, even in academic literature, is related to differences in shopping behavior of men and women. Women are "renowned" for indulging themselves in shopping as a form of therapy, of relaxation and pastime. Departing from this largely accepted dogma, that women love shopping, and that they spend more time and money on both products and services, a generalization on differences on all aspects of shopping may be inferred. But are they really that different from men with respect to shopping habits? The aim of the present study is to question whether these assumptions about the differences between women and men shopping behavior are indeed true. The results indicate differences in shopping orientations, but no statistically significant differences regarding the amount of money and time spent shopping and similarities on all the other facets of shopping included in the study - formats preferred, days of the week spent shopping, distance traveled to the stores, accompanying parties when shopping, impulse shopping behavior.

**Key words:** *shopping orientation, shopping behavior, shopping pattern, gender*

**JEL Classification:** M31

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## 1. Introduction and Review of Literature

Many stores and shopping centers in Romania provide a broad and deep assortment of products for females, while for men there are a lot fewer available choices. The question is whether this strategy is consistent with market demand and the situation among buyers. Do men really spend, as it is believed, less time and money shopping than women? Is their shopping pattern really different from that of women?

Gender is an important variable used in marketing to segment consumers (Meyers-Levy and Sternthal, 1991). The influence of gender upon decision-making and shopping behavior has been a subject of special interest in the field of marketing. (Hernandez et al, 2011, p. 118). Shopping is stereotypically a female activity (Buttle, 1992). Females are more likely than males to shop specific items such as grocery and clothes, while males are in charge of shopping specialized items (e.g. life insurance, cars, and house maintenance). However, some authors indicate that this trend is gradually reducing since men are engaging more in shopping activities, as the importance of women on the labor market is increasing and as their roles tend to overlap gradually (Otnes and McGrath, 2001; Chebat et al, 2005; Carpenter and Brosdahl, 2011). Considering the growing importance of male consumers in the shopping context, understanding gender differences can be useful in helping retailers implement an appropriate marketing strategy (Lee and Trim, 2006; Pan and Zinkhan, 2006; Helgesen and Nesset, 2010; Maurer Herter et al, 2014). Despite the fact that the popular press, particularly book publishing, has focused extensive interest in issues related to gender, comparison between men and women's shopping behavior in malls has only recently emerged as a study topic (Evans et al, 1996). In fact, practitioners seem to have examined this area in more depth than academics (Raajpoot et al, 2008, p. 827).

This study aims to verify, in autochthonous context, whether there are differences between shopping orientations of men and women, and if they are to be found at the level of actual purchase behavior as well.

The research of Jackson et al (2011) indicates that males and females exhibit different attitudes and behaviors related to shopping. Shopping behavior is defined through its facets: store formats chosen, frequency of stores visits and acquisitions and other aspects relevant to purchasing behavior: amount of time and money spent, distance traveled for shopping, shopping days, accompanying persons and impulse purchases.

## Gender differences in shopping orientations

Shopping orientation is an important variable of shoppers' behavior (Banyte et al, 2015, p. 697), largely documented in literature**.** The concept is tightly related to that of motivation, often being considered as equivalent (Bellenger & Korgaonkar, 1980; Stoltman et al, 1991). Shopping orientation describes general consumers' inclination to shopping (Visser & Du Preez, 2001). Orientations can be very diverse: economization, accessibility, experiment, leisure, self-actualization, social interaction, sensory stimulation, etc. Shopping orientation is composed of a personal dimension (activities, interests, opinions, motives, needs and preferences) and of a behavioral one, related to the purchase of goods and services. The assumption is that females have a more pronounced hedonic orientation, while men a more utilitarian one.The hypothesis to be tested in this research with respect to shopping orientations is:

**H1:** Gender influences shopping orientation.

*Orientation towards price comparison and economy* is reflected in the present study through the variables „best quality / price ratio" and „discounts". Some researchers have found out that men are more price sensitive than women (Otnes and McGrath, 2001), and that men often associate the purchase process with a competitive game, they feel winners when they buy the product they want for the lowest price. Noble et al. (2006) however, have not found gender differences in relation to this shopping motive. The assumption in this research is that women are more motivated by this aspect than men ($H_{1A}$). As they usually are the primary purchasers for their families, they try to maximize the use of their budget.

Hedonic shopping refers to the emotional aspects of shopping behavior, whereas utilitarian shopping focuses on its rational aspects (Hirschman and Holbrook, 1982; Arnold and Reynolds, 2012). Men are more functional / utilitarian in their shopping orientation, the most frequent motivating factor of their shopping behavior being the need to acquire a product. Meanwhile, women are more strongly influenced by social, experience, identity-related and emotional associations when shopping (Dittmar et al, 2004). According to Shim (1996), boys are more perfectionistic, high-quality-conscious, while girls are more price-conscious, value-for-money, recreational and hedonistic, fashion-conscious and looking for novelty. Other studies have confirmed that men are high on the utilitarian shopping dimension, preferring a better product selection and convenient and fast buying process, while women are more hedonic oriented and enjoy shopping, window shopping, social interaction and browsing more than men (Meyers-Levy and Sternthal, 1991; Polegato and Zaichkowsky, 1994; Alreck and Settle, 2002; Bakewell and Mitchell, 2003; Noble et al, 2006; Raajpoot et al, 2008; Seock and Sauls, 2008; Hansen & Jensen, 2009; Jackson et al, 2011; Maurer Herter et al, 2014; Banyte et al, 2015; Sohail, 2015). Seock and Sauls (2008) agree that the major shopping orientation for men is to acquire the products. Men see shopping as an instrument, while for women it is a means of expression (Noble et al, 2006). Another taxonomy of this dichotomous division of shopping orientations, often met in the literature, is (Hansen & Jensen, 2009, p. 1156): economic (or conventional) shoppers - "problem solvers", who often dislike shopping and approach retail stores from a time - and money - saving point of view, and recreational shoppers - enjoy the act of shopping, see it as an overall experience and emphasize the emotional aspects of shopping activity (Bellenger and Korgaonkar, 1980; Hirschman and Holbrook, 1982; Meyers-Levy and Sternthal, 1991; Polegato and Zaichkowsky, 1994; Seock and Bailey, 2008; Workman and

Cho, 2012; Shephard et al, 2014; Maurer Herter et al, 2014). The hypotheses formulated in this research are that men are more utilitarian oriented, being interested in the products displayed and find shopping tiring ($H_{1B}$), while women enjoy it ($H_{1C}$) and browsing more than men. Browsing refers to the examination of a store's merchandise for recreational or informational purposes without a current intent to buy (Noble et al, 2006, p. 182). *Utilitarian orientation* is measured here through variables such as „shopping is tiring", „I only go shopping when I need to buy something", „I am interested in the products displayed, not stores' décor". *Hedonic orientation* is expressed through the inclination towards window shopping and the pleasure to watch beautifully decorated stores.

Shim (1996) has found that females are searching for new styles and fashion trends when shopping (oriented towards *fashion leadership)*, as opposed to boys, who search quality. Noble et al (2006, p. 181) also assert that females seek uniqueness and assortment more than males, but males have a stronger desire to attain information when shopping than females. Other studies have also shown that women indicate higher fashion leadership than men (Cho and Workman, 2011; Shephard et al, 2014). This orientation has been associated by several researchers with hedonic orientation (Kang and Park-Poaps, 2010; Kim and Hong, 2011; Shephard et al, 2014). The hypothesis in this study has been formulated according to these findings: Women are motivated by search for new trends when going shopping ($H_{1D}$).

Another facet of hedonic shopping orientation is *socialization*. Females engage in and maintain *interpersonal affiliations* more than men. In a retailing context this suggests that shopping might afford women the opportunity for social interactions with sales clerks and other retail patrons (Noble et al, 2006, p. 182). The hypothesis of this research is that one of the reasons for which women prefer to go shopping is because they can talk to or watch other people. Hence, women are more motivated than men by the opportunity to socialize ($H_{1E}$).

## Gender differences in shopping behavior

Gender often plays a role in shopping behavior. Between men and women there are both similarities and differences (Hu & Jasper, 2004, p. 130). Certain researchers insist only on the differences, stating that women and men differ in their attitudes and behavior toward shopping (Buttle, 1992; Otnes and McGrath, 2001) and that women have a more positive attitude toward shopping as compared to men (Alreck and Settle, 2002). Raajpoot et al (2008) have found few significant differences between genders, which suggest that there are some differences between the shopping center patronage of men and women, but the differences may not be that large. Following on their research, relative to shopping centers, the current study questions the legitimity of gender differences in shopping behavior in retail units.

The literature includes several studies that confirm gender differences in *store and shopping center format choice*. When choosing retail format, men prefer uncomplicated and fast shopping (Banyte et al, 2015, p. 696). There are certain store formats that are enjoyed more by one gender than the other. For example, men prefer electronics and computer stores (Harmon and Hill, 2003) and online stores (Alreck and Settle, 2002; Wolin and Korgaonkar, 2003), stores that sell music and movies and sports stores (Hu & Jasper, 2004, p. 123). Women prefer catalogs and physical stores (Alreck and Settle, 2002) and stores that sell accessories and health / beauty products (Hu & Jasper, 2004, p. 123). Other researches, however, have concluded that gender does not condition the behavior in online context (Hernandez et al, 2011, p. 118). Clothing and department stores are equally preferred by both genders. The hypotheses formulated are:

**H2:** Gender influences frequency of acquisitions for groceries in various store formats.

**H3:** Gender influences frequency of acquisitions for apparel and footwear in various store formats.

**H4:** Frequency of shopping centers visits is influenced by gender.

**H5:** Women buy more frequently than men from shopping center stores.

According to a research carried out by Luceri and Latusi (2012), females' *patronage set* of grocery stores size is wider than males'. A similar conclusion has been iterated by Banyte et al (2015) that men usually shop in one store despite more attractive prices elsewhere. Thus, the hypotheses formulated in this research state that:

**H6:** Women visit more stores per shopping center trip.

**H7:** Women buy from more stores than men per shopping center trip.

Regarding the amount of *money spent*, the general assumption is that women spend significantly more than men, because they enjoy this activity more and because they usually are the main purchaser of the family. Thus, research hypotheses have been formulated accordingly. However, Hu & Jasper (2004, p. 121) have not found significant differences in frequency of mall visits and average expenditure between genders.

**H.8.** Women spend more money than men.

***H8.1:*** Women spend more on groceries than men.

***H8.2:*** Women spend more on apparel and footwear than men.

***H8.3:*** Men spend more on restaurants and cafes than women.

***H8.4:*** Overall, women spend more than men.

Women are usually more involved consumers, *spending* more *time* in stores and shopping centers, comparing and contrasting more options than men (Meyers-Levy and Sternthal, 1991; Fischer and Arnold, 1994; Jackson et al, 2011; Maurer Herter et al, 2014). On the other side, men seem to be more time conscious than women (Noble et al, 2006), they spend significantly less time than women on each mall trip (Hu & Jasper, 2004, p. 114), like fast and facile shopping (Banyte et al, 2015). However, other studies contradict these findings, stating that men are shopping almost as much as women (Otnes and McGrath, 2001; Jackson et al, 2011). The hypothesis articulated in relation with the time spent shopping is:

**H9:** Women spend more time shopping than men.

The logical assumption would be that they are also willing to *travel* farther to search for products and make purchases and are more flexible than men with respect to the days they go shopping. For men, access to the stores and shopping centers and stores' location are more important than for women, included in top three attributes. This has been proved by several researchers, for example Alreck and Settle (2002) and Raajpoot et al (2008). The hypotheses tested in this research are:

**H10:** The two genders are similar with regard to the days of the week they patronage shopping centers.

**H11:** Women travel longer distances from home to the shopping centers they visit.

**H12:** Women travel longer distances from work/education institution to the shopping centers they visit.

Since women view shopping as a means of relaxation and an opportunity to interact with others, while men tend to focus on acquiring information and products, it is expected that there are differences in the *accompanying persons* at shopping for women and men. However, no significant differences regarding this aspect have been identified by Hu & Jasper (2004). Thus, the hypothesis to be analyzed is:

**H13:** Both men and women have similar habits when choosing the persons to accompany them at shopping.

According to Mortimer (2012), men tend to buy the same goods on a regular basis, but they also buy unplanned things. In addition, male shoppers often buy things for their children impulsively (Banyte et al, 2015). The two genders seem to buy different products on impulse (Dittmar et al, 1995). Women respond better than men to in-store displays (Shephard et al, 2014, p. 279). We assume that:

**H14:** Women and men display a similar impulse shopping behavior.

**H15:** Store factors influence women's and men's impulse behavior similarly.

## 2. Material and Methods

The aim of this study is to test whether there are significant differences in shopping orientations and behavior between men and women. It is part of a broader exploratory research on the shopping behavior in urban areas. For this purpose, Cluj-Napoca, the second largest city in Romania, has been selected. It is a city whose size and maturity of the commercial network makes it suitable for such a research. The respondents have been selected from permanent or temporary residents, at least 15 years of age. As a sampling method, two solutions have been combined, systematic sampling based on Cluj-Napoca's postal codes with quota sampling method, using gender and age of the respondents as variables. Data collection has been performed at respondents' homes to allow for optimum filling in of the questionnaires. The resulting sample includes 642 valid questionnaires.

The variables that make up the hedonistic orientation are: "I like walking through stores" and "I like to shop in beautifully decorated stores", "I often visit the stores to find out the new trends", "I like to talk to or watch people". Utilitarian orientation is defined by the variables "I usually search for discounted products" and "I often visit several stores to find the best price / quality ratio" and "I am only interested in the products displayed, not in stores' décor", "I find shopping tiring", "I only go shopping when I need something". They have been measured on a six-point scale; from "totally agree" to "totally disagree".

Shopping behavior has been described through the frequency of purchases per shopping trip and for a three months period, of shopping trips, the average number of stores visited and where purchases are made per shopping trip, the amount of time and money spent, distance from home or work/education institution to shopping, the accompanying parties, days of the week when shopping is carried out and impulse shopping behavior. Frequency of purchases in stores has been measured on a six levels scale (from "never for the past three months" to "several times a week").

For hypotheses testing cross tabulations between gender and the variables considered have been performed. Each table presents the gender - based structure of respondents' answers in order to adequately outline the variations in opinions and behavior of men and women. Depending on the type of variables, other tests have been applied as well. Chi square tests have been applied for qualitative, nominal variables, while the t-test for quantitative, continuous ones.

## 3. Results and Discussions

The first aspect that has been analyzed in order to delineate women's shopping behavior from men's is shopping orientation. The hypotheses have been tested using $\chi 2$ test. The results have been included in the two-way table between shopping orientations and gender. The conclusions that can be drawn from the $\chi 2$ test are in line with the literature (Meyers-Levy and Sternthal, 1991; Polegato and Zaichkowsky, 1994; Alreck and Settle, 2002; Bakewell and Mitchell, 2003; Noble et al, 2006; Raajpoot et al, 2008; Seock and Sauls, 2008; Hansen & Jensen, 2009; Jackson et al, 2011; Maurer Herter et al, 2014; Banyte et al, 2015; Sohail, 2015). There are statistically significant differences between men and women with respect to all orientations (see table 1).

**Table 1.** Shopping orientations for apparel and footwear by gender

| Shopping orientation Indicators | Gender | Totally disagree | Disagree | Partially disagree | Partially agree | Agree | Totally agree | *Mean* | *Mode* | *Std. dev.* |
|---|---|---|---|---|---|---|---|---|---|---|
| Best quality / price ratio **$\chi 2$ = 14.088; p = 0.015** | M | 52.90% | 51.20% | 60.80% | 43.20% | 41.10% | 36.80% | *4.13* | *5* | *1.435* |
| | F | 47.10% | 48.80% | 39.20% | 56.80% | 58.90% | 63.20% | *4.47* | *5* | *1.356* |
| Discounts **$\chi 2$ = 12.692; p = 0.026** | M | 46.70% | 54.50% | 55.40% | 45.40% | 41.30% | 34.90% | *4.06* | *4* | *1.312* |
| | F | 53.30% | 45.50% | 44.60% | 54.60% | 58.70% | 65.10% | *4.4* | *4* | *1.301* |
| Fashion trends **$\chi 2$ = 22.882; p = 0** | M | 51.40% | 45.90% | 55.80% | 41.00% | 29.90% | 25.50% | *2.59* | *1* | *1.507* |
| | F | 48.60% | 54.10% | 44.20% | 59.00% | 70.10% | 74.50% | *3.11* | *1* | *1.716* |
| Shopping is tiring **$\chi 2$ = 31.611; p = 0** | M | 26.70% | 44.40% | 34.30% | 38.70% | 55.70% | 59.60% | *4.24* | *5* | *1.492* |
| | F | 73.30% | 55.60% | 65.70% | 61.30% | 44.30% | 40.40% | *3.64* | *4* | *1.528* |
| I need to buy something **$\chi 2$ = 16.917; p = 0.005** | M | 16.00% | 38.50% | 41.10% | 38.60% | 50.30% | 51.70% | *4.54* | *5* | *1.282* |
| | F | 84.00% | 61.50% | 58.90% | 61.40% | 49.70% | 48.30% | *4.14* | *5* | *1.442* |
| The products displayed, not stores decor **$\chi 2$ = 12.686; p = 0.027** | M | 34.20% | 42.70% | 34.90% | 45.30% | 54.50% | 47.10% | *4.02* | *5* | *1.392* |
| | F | 65.80% | 57.30% | 65.10% | 54.70% | 45.50% | 52.90% | *3.72* | *3* | *1.434* |
| Window shopping **$\chi 2$ = 70.616; p = 0** | M | 66.70% | 58.20% | 52.10% | 33.30% | 21.20% | 23.60% | *2.66* | *1* | *1.445* |
| | F | 33.30% | 41.80% | 47.90% | 66.70% | 78.80% | 76.40% | *3.68* | *4* | *1.506* |
| See beautifully decorated stores **$\chi 2$ = 16.077; p = 0.007** | M | 54.40% | 54.80% | 53.60% | 42.60% | 35.30% | 36.10% | *3.57* | *4* | *1.425* |
| | F | 45.60% | 45.20% | 46.40% | 57.40% | 64.70% | 63.90% | *3.98* | *4* | *1.369* |
| To talk to or watch people **$\chi 2$ = 12.493; p = 0.029** | M | 50.20% | 47.50% | 41.10% | 28.60% | 40.50% | 30.80% | *2.15* | *1* | *1.265* |
| | F | 49.80% | 52.50% | 58.90% | 71.40% | 59.50% | 69.20% | *2.47* | *1* | *1.38* |

Women are primarily motivated by hedonic facets of shopping (finding out the latest trends, relaxing while window shopping, admiring beautifully decorated stores and socializing). Even though they like to search for what they consider the best quality / price ratio and they love discounts, somehow this search may be considered treasure hunting and thus a hedonic orientation. Men, on the other hand, seem to be more motivated by utilitarian aspects when shopping. They agree to a larger extent than women with sentences that refer to shopping as a duty and as a tiring activity (both mean and mode are larger for men than for women). So the hypothesis 1 that gender affects shopping orientations is fully supported.

**Table 2.** Frequency of groceries acquisitions per store formats and gender

| Store formats Indicators | Gender | Never | Once | Once a month | 2-3 times per month | Once a week | Several times a week | *Mean* | *Mode* | *Standard Deviation* |
|---|---|---|---|---|---|---|---|---|---|---|
| Markets | M | 49.00% | 50.50% | 48.40% | 39.80% | 35.10% | 40.70% | *3.06* | *1* | *1.745* |
| $\chi2$ = 8.28; p = 0.141 | F | 51.00% | 49.50% | 51.60% | 60.20% | 64.90% | 59.30% | *3.4* | *1* | *1.769* |
| Neigh. | M | 47.40% | 45.20% | 54.30% | 39.50% | 46.00% | 40.70% | *3.7* | *6* | *1.893* |
| $\chi2$ = 5.142; p = 0.399 | F | 52.60% | 54.80% | 45.70% | 60.50% | 54.00% | 59.30% | *3.9* | *6* | *1.897* |
| **Spec. stores** | M | 57.10% | 49.00% | 40.50% | 35.10% | 27.80% | 44.80% | *2.42* | *1* | *1.52* |
| **$\chi2$ = 25.778; p = 0** | F | 42.90% | 51.00% | 59.50% | 64.90% | 72.20% | 55.20% | *2.99* | *1* | *1.545* |
| Super | M | 44.20% | 44.10% | 46.40% | 46.40% | 40.40% | 46.80% | *3.64* | *4* | *1.477* |
| $\chi2$ = 1.533; p = 0.909 | F | 55.80% | 55.90% | 53.60% | 53.60% | 59.60% | 53.20% | *3.67* | *5* | *1.487* |
| Hyper | M | 46.80% | 50.70% | 44.80% | 44.10% | 39.10% | 46.40% | *3.66* | *3* | *1.482* |
| $\chi2$ = 3.09; p = 0.686 | F | 53.20% | 49.30% | 55.20% | 55.90% | 60.90% | 53.60% | *3.78* | *5* | *1.439* |
| C&C | M | 43.50% | 49.50% | 52.40% | 23.50% | 36.40% | | *1.53* | *1* | *0.87* |
| $\chi2$ = 7.717; p = 0.173 | F | 56.50% | 50.50% | 47.60% | 76.50% | 63.60% | 100.00% | *1.56* | *1* | *1.011* |
| ShC Galleries | M | 51.90% | 38.30% | 42.00% | 43.30% | 40.30% | 53.10% | *2.89* | *1* | *1.633* |
| $\chi2$ = 7.664; p = 0.176 | F | 48.10% | 61.70% | 58.00% | 56.70% | 59.70% | 46.90% | *2.95* | *3* | *1.508* |
| Online | M | 44.40% | 40.00% | 57.10% | 50.00% | 50.00% | 55.60% | *1.33* | *1* | *0.87* |
| $\chi2$ = 2.919; p = 0.712 | F | 55.60% | 60.00% | 42.90% | 50.00% | 50.00% | 44.40% | *1.27* | *1* | *0.741* |
| **Catalog** | M | 55.10% | 18.80% | 16.50% | 28.60% | 25.00% | 33.30% | *1.21* | *1* | *0.65* |
| **$\chi2$ = 71.738; p = 0** | F | 44.90% | 81.20% | 83.50% | 71.40% | 75.00% | 66.70% | *1.7* | *1* | *0.957* |
| Other | M | 43.50% | 42.90% | 75.00% | | 50.00% | 50.00% | *1.19* | *1* | *0.802* |
| $\chi2$ = 4.799; p = 0.441 | F | 56.50% | 57.10% | 25.00% | 100.00% | 50.00% | 50.00% | *1.21* | *1* | *0.817* |

**Notes:** Neigh. = neighborhood stores; Spec. stores = specialty stores; Super = supermarkets; Hyper = hypermarkets; C&C = Cash & Carry stores; ShC galleries = shopping centers galleries; Online = online stores; Cat. = catalog retailing; Other = other retail formats

In order to test the differences in shopping behavior of men and women, two categories of most frequently purchased products have been analyzed: groceries and apparel and footwear. There are no differences between shopping behavior of males and females in terms of formats from which they purchase groceries. Except for specialized shops, where $\chi2$ = 25.778 and p = 0 and catalogs, for which $\chi2$ = 71.738 and p = 0, the significance level exceeds 0.05, leading to the acceptance of the null hypothesis that between the frequency of purchases made by women and men in various trade formats there are no statistically significant differences. The catalog format is not relevant because the overwhelming majority of buyers have not used it at all in the three months prior to the survey or only once. So, the hypothesis that gender influences the frequency of acquisitions for groceries in various store formats is partially supported.

**Table 3.** Frequency of apparel and footwear acquisitions per store formats and gender

| Store format Indicators | | Never | Once | Once a month | 2-3 times per month | Once a week | Several times a week | *Mean* | *Mode* | *Standard deviation* |
|---|---|---|---|---|---|---|---|---|---|---|
| SH | M | 50.70% | 39.90% | 32.40% | 26.50% | 22.20% | 40.00% | *1.53* | *1* | *0.917* |
| **$\chi2$ = 17.666; p = 0.003** | F | 49.30% | 60.10% | 67.60% | 73.50% | 77.80% | 60.00% | *1.86* | *1* | *1.113* |
| Neigh. | M | 47.70% | 38.10% | 34.10% | 40.00% | | | *1.34* | *1* | *0.679* |
| $\chi2$ = 8.449; p = 0.133 | F | 52.30% | 61.90% | 65.90% | 60.00% | 100.00% | 100.00% | *1.5* | *1* | *0.835* |
| Center | M | 50.70% | 41.80% | 32.00% | 29.40% | 100.00% | 50.00% | *1.63* | *1* | *0.861* |
| **$\chi2$ = 15.851; p = 0.007** | F | 49.30% | 58.20% | 68.00% | 70.60% | | 50.00% | *1.85* | *1* | *0.895* |
| Super | M | 45.20% | 45.70% | 32.70% | 43.80% | 75.00% | 25.00% | *1.47* | *1* | *0.922* |
| $\chi2$ = 6.718; p = 0.242 | F | 54.80% | 54.30% | 67.30% | 56.20% | 25.00% | 75.00% | *1.5* | *1* | *0.919* |
| Hyper | M | 44.30% | 46.20% | 42.00% | 39.40% | 44.40% | 40.00% | *1.73* | *1* | *1.001* |
| $\chi2$ = 0.768; p = 0.979 | F | 55.70% | 53.80% | 58.00% | 60.60% | 55.60% | 60.00% | *1.76* | *1* | *1.046* |
| C & C | M | 44.90% | 34.80% | 52.40% | 62.50% | 66.70% | | *1.25* | *1* | *0.685* |
| $\chi2$ = 4.705; p = 0.319 | F | 55.10% | 65.20% | 47.60% | 37.50% | 33.30% | | *1.22* | *1* | *0.567* |
| ShC | M | 43.90% | 45.60% | 46.30% | 38.40% | 46.20% | 37.50% | *2.39* | *3* | *1.149* |
| $\chi2$ = 1.83; p = 0.872 | F | 56.10% | 54.40% | 53.70% | 61.60% | 53.80% | 62.50% | *2.43* | *3* | *1.197* |
| Online | M | 44.00% | 50.00% | 35.00% | 25.00% | 100.00% | 100.00% | *1.23* | *1* | *0.657* |
| $\chi2$ = 5.953; p = 0.311 | F | 56.00% | 50.00% | 65.00% | 75.00% | | | *1.19* | *1* | *0.531* |
| **Catalog** | M | 45.80% | 37.50% | 8.30% | | | | *1.06* | *1* | *0.253* |
| **$\chi2$ = 9.932; p = 0.019** | F | 54.20% | 62.50% | 91.70% | 100.00% | | | *1.16* | *1* | *0.497* |
| Other | M | 43.80% | 36.40% | 100.00% | 100.00% | 100.00% | | *1.16* | *1* | *0.592* |
| **$\chi2$ = 9.051; p = 0.06** | F | 56.20% | 63.60% | | | | | *1.04* | *1* | *0.205* |

**Notes:** SH= second-hand stores; Neigh. = neighborhood stores; Center = city center stores; Super = supermarkets; Hyper = hypermarkets; C&C = Cash & Carry stores; ShC = shopping centers; Online = online stores; Cat. = catalog retailing; Other = other retail formats (e.g. markets)

Analyzing the formats used for apparel and footwear shopping, there are only certain differences with regard to shopping in second - hand stores, city center stores and catalog - women frequent them more often than men. The number of people that have purchased in other formats is extremely small, so there is no use in examining this category. The results show for all the other types of stores similar behavior of respondents, regardless of gender. So, the hypothesis that gender influences the frequency of acquisitions for apparel and footwear in various store formats is partially supported.

**Table 4.** Frequency of shopping centers visits by gender

| | Gender | Never | Once | Once a month | 2-3 times per month | Once a week | Several times a week | *Mean* | *Mode* | *Standard deviation* |
|---|---|---|---|---|---|---|---|---|---|---|
| Mall (Polus) | M | 44.80% | 36.60% | 41.70% | 49.40% | 52.90% | 41.40% | *3.11* | *4* | *1.46* |
| $\chi 2 = 6.630$; $p = 0.25$ | F | 55.20% | 63.40% | 58.30% | 50.60% | 47.10% | 58.60% | *2.96* | *3* | *1.433* |
| Mall (Iulius) | M | 46.70% | 39.50% | 42.50% | 46.90% | 46.00% | 45.10% | *3.43* | *4* | *1.669* |
| $\chi 2 = 1.688$; $p = 0.89$ | F | 53.30% | 60.50% | 57.50% | 53.10% | 54.00% | 54.90% | *3.39* | *4* | *1.648* |
| Comm. (Auchan) | M | 46.80% | 41.60% | 44.60% | 47.30% | 36.70% | 36.40% | *2.04* | *1* | *1.249* |
| $\chi 2 = 2.399$; $p = 0.792$ | F | 53.20% | 58.40% | 55.40% | 52.70% | 63.30% | 63.60% | *2.12* | *1* | *1.3* |
| Comm. (Cora) | M | 46.60% | 44.50% | 42.40% | 37.50% | 50.00% | 54.50% | *2.07* | *1* | *1.328* |
| $\chi 2 = 2.72$; $0.743$ | F | 53.40% | 55.50% | 57.60% | 62.50% | 50.00% | 45.50% | *2.12* | *1* | *1.288* |
| Comm. (Central) | M | 47.60% | 47.00% | 32.90% | 34.50% | 11.10% | | *1.56* | *1* | *0.82* |
| $\chi 2 = 11.856$; $p = 0.037$ | F | 52.40% | 53.00% | 67.10% | 65.50% | 88.90% | 100.00% | *1.79* | *1* | *1.048* |
| Neigh. (Sora) | M | 47.00% | 41.20% | 35.20% | 40.00% | 100.00% | 42.90% | *1.52* | *1* | *0.969* |
| $\chi 2 = 5.034$; $p = 0.412$ | F | 53.00% | 58.80% | 64.80% | 60.00% | | 57.10% | *1.63* | *1* | *1.012* |
| Neigh. (Sigma) | M | 45.10% | 45.70% | 43.50% | 45.80% | 27.30% | 28.60% | *1.38* | *1* | *0.899* |
| $\chi 2 = 2.178$; $p = 0.824$ | F | 54.90% | 54.30% | 56.50% | 54.20% | 72.70% | 71.40% | *1.45* | *1* | *1.05* |
| Neigh. (Winmarkt) | M | 44.80% | 45.20% | 26.70% | 60.00% | 33.30% | 75.00% | *1.22* | *1* | *0.764* |
| $\chi 2 = 4.567$; $p = 0.471$ | F | 55.20% | 54.80% | 73.30% | 40.00% | 66.70% | 25.00% | *1.2* | *1* | *0.646* |
| Neigh. (Leul) | M | 44.40% | 50.60% | 48.90% | 30.40% | 50.00% | 38.50% | *1.55* | *1* | *1.077* |
| $\chi 2 = 3.737$; $p = 0.588$ | F | 55.60% | 49.40% | 51.10% | 69.60% | 50.00% | 61.50% | *1.58* | *1* | *1.151* |
| Neigh. (Mărăști) | M | 46.90% | 48.80% | 39.40% | 35.90% | 45.50% | 38.10% | *2.01* | *1* | *1.318* |
| $\chi 2 = 4.908$; $p = 0.427$ | F | 53.10% | 51.20% | 60.60% | 64.10% | 54.50% | 61.90% | *2.19* | *1* | *1.403* |
| Neigh. (Kaufland) | M | 53.80% | 40.00% | 50.00% | 40.00% | 20.00% | 50.00% | *2.09* | *1* | *1.743* |
| $\chi 2 = 2.171$; $p = 0.825$ | F | 46.20% | 60.00% | 50.00% | 60.00% | 80.00% | 50.00% | *2.6* | *1* | *1.871* |
| Others | M | 43.90% | 71.40% | 44.40% | 40.00% | 16.70% | 60.00% | *1.34* | *1* | *1.019* |
| $\chi 2 = 4.535$; $p = 0.475$ | F | 56.10% | 28.60% | 55.60% | 60.00% | 83.30% | 40.00% | *1.37* | *1* | *1.065* |

Notes: Neigh. = neighborhood shopping centers; Comm. = community shopping centers.

According to the data in table 4, the hypothesis that gender influences the frequency of shopping centers visits is not supported, except for one type of community center. In this case the analysis is not relevant, as 60.4% of men and 53.4% of women have not visited this shopping center for the three months prior to the survey or only once (27.2% of men and 24.7% of women). The remaining number of 35 men and 77 women that have visited more frequent Central shopping center is not enough to draw a decisive conclusion. So, we can say that hypothesis 4 is rejected. Men and women show similar shopping behavior with respect to shopping centers.

**Table 5.** Frequency of acquisitions from shopping centers stores by gender

| | Gender | Never | Once | Once a month | 2-3 times per month | Once a week | Several times a week | *Mean* | *Mode* | *Standard deviation* |
|---|---|---|---|---|---|---|---|---|---|---|
| Super/ hypermarket - groceries | M | 64.70% | 46.20% | 46.10% | 44.90% | 40.10% | 45.00% | *4.15* | *4* | *1.325* |
| $\chi2 = 4.065; p = 0.54$ | F | 35.30% | 53.80% | 53.90% | 55.10% | 59.90% | 55.00% | *4.27* | *4* | *1.225* |
| Super/ hypermarket – others | M | 50.00% | 40.80% | 44.60% | 52.30% | 34.60% | 38.10% | *3.11* | *3* | *1.287* |
| $\chi2 = 8.125; p = 0.15$ | F | 50.00% | 59.20% | 55.40% | 47.70% | 65.40% | 61.90% | *3.2* | *3* | *1.335* |
| Clothing & footwear | M | 51.60% | 45.50% | 45.80% | 35.80% | 23.50% | 22.20% | *2.43* | *3* | *1.066* |
| $\chi2 = 10.067; p = 0.073$ | F | 48.40% | 54.50% | 54.20% | 64.20% | 76.50% | 77.80% | *2.7* | *3* | *1.18* |
| **Jewelry & accessories** | M | 53.00% | 41.40% | 27.00% | 6.70% | 40.00% | 33.30% | *1.45* | *1* | *0.783* |
| **$\chi2 = 37.108; p = 0$** | F | 47.00% | 58.60% | 73.00% | 93.30% | 60.00% | 66.70% | *1.9* | *1* | *1.074* |
| Sports and sportswear | M | 40.50% | 46.70% | 54.70% | 35.10% | 40.00% | 75.00% | *1.93* | *1* | *1.016* |
| $\chi2 = 8.546; p = 0.129$ | F | 59.50% | 53.30% | 45.30% | 64.90% | 60.00% | 25.00% | *1.82* | *1* | *0.996* |
| Electronics & appliances | M | 42.40% | 44.30% | 57.70% | 46.20% | 75.00% | 50.00% | *1.7* | *1* | *0.887* |
| $\chi2 = 5.788; p = 0.327$ | F | 57.60% | 55.70% | 42.30% | 53.80% | 25.00% | 50.00% | *1.57* | *1* | *0.778* |
| Home decorations | M | 49.30% | 39.80% | 37.70% | 46.70% | 12.50% | | *1.53* | *1* | *0.792* |
| $\chi2 = 10.744; p = 0.057$ | F | 50.70% | 60.20% | 62.30% | 53.30% | 87.50% | 100.00% | *1.74* | *1* | *0.973* |
| **Cosmetics** | M | 60.30% | 43.70% | 34.70% | 26.20% | 46.20% | 37.50% | *2.03* | *1* | *1.116* |
| **$\chi2 = 32.968; p = 0$** | F | 39.70% | 56.30% | 65.30% | 73.80% | 53.80% | 62.50% | *2.49* | *2* | *1.133* |
| Bookstores and toys | M | 44.80% | 43.10% | 50.70% | 30.60% | 58.30% | 66.70% | *1.82* | *1* | *1.134* |
| $\chi2 = 6.175; p = 0.29$ | F | 55.20% | 56.90% | 49.30% | 69.40% | 41.70% | 33.30% | *1.8* | *1* | *1.067* |
| Restaurants, cafes, bars | M | 43.50% | 37.50% | 44.40% | 52.10% | 60.00% | 35.00% | *2.57* | *1* | *1.62* |
| $\chi2 = 9.411; p = 0.094$ | F | 56.50% | 62.50% | 55.60% | 47.90% | 40.00% | 65.00% | *2.44* | *1* | *1.622* |
| Entertainment (cinema) | M | 41.70% | 45.30% | 44.80% | 55.80% | 46.70% | 40.00% | *2.18* | *1* | *1.365* |
| $\chi2 = 5.134; p = 0.4$ | F | 58.30% | 54.70% | 55.20% | 44.20% | 53.30% | 60.00% | *2* | *1* | *1.31* |
| Dry cleaners, bank, beauty salon | M | 47.50% | 41.50% | 42.20% | 37.00% | 46.70% | 25.00% | *1.68* | *1* | *1.084* |
| $\chi2 = 3.653; p = 0.6$ | F | 52.50% | 58.50% | 57.80% | 63.00% | 53.30% | 75.00% | *1.83* | *1* | *1.188* |
| Other services | M | 43.10% | 39.00% | 46.40% | 55.60% | 25.00% | 42.90% | *1.37* | *1* | *0.775* |
| $\chi2 = 1.63; p = 0.803$ | F | 56.90% | 61.00% | 53.60% | 44.40% | 75.00% | 57.10% | *1.36* | *1* | *0.772* |

The results presented in table 5, especially $\chi2$ values and their significance levels, demonstrate no relationship between gender and acquisitions from shopping centers units. The only two exceptions are for two categories of products which are, by their nature, purchased more frequently by women – jewelry and accessories and cosmetics. So, we find evidence that hypothesis 5 is partially supported, in line with the findings of Hu & Jasper (2004).

**Table 6.** Average number of stores visited and where purchases are made per shopping trip to the shopping center

| | | F | Sig. | t | df | Sig. (2-tailed) | Mean Diff. | Std. Er. Diff. | 95% Conf. Int. of the Diff | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Lower | Upper | Gender | *Mean* | *Std. dev.* | *Std. Er. Mean* |
| No. visited | EVA | 3.75 | **0.053** | -1.904 | 590 | **0.057** | -0.657 | 0.345 | -1.334 | 0.021 | M | *5.18* | *3.871* | *0.238* |
| | EVNA | | | -1.93 | 585.261 | 0.054 | -0.657 | 0.34 | -1.325 | 0.012 | F | *5.84* | *4.398* | *0.243* |
| No. acquisitions | EVA | 0.049 | **0.825** | -0.723 | 590 | **0.47** | -0.09 | 0.125 | -0.335 | 0.155 | M | *2.05* | *1.788* | *0.11* |
| | EVNA | | | -0.696 | 451.971 | 0.487 | -0.09 | 0.13 | -0.345 | 0.165 | F | *2.18* | *1.242* | *0.069* |

**Notes:** No. visited = Number of stores visited during a visit at the shopping center; No. acquisitions = Number of stores where acquisitions are made during a visit at the shopping center; F - Levene's Test for Equality of Variances; t - t-test for Equality of Means; EVA = Equal variances assumed; EVNA = Equal variances not assumed; Mean diff. = mean difference; Std. Error Diff. = Standard error difference; Conf. Int. of the Difference = Confidence Interval of the Difference; Std. dev. = standard deviation; Std. Er. Mean = Standard error mean.

In table 6, the t-test results are reported twice. The first line ("**equal variances assumed**") undertakes that the assumption of equal variances has been met. This is the case when significance values for Levene's Test for Equality of Variances (F) are more than 0.05. Both for the number of stores visited and where purchases are made, the sig. value for F (0.053 and 0.825) indicates, therefore, equality of variances. The corresponding value of the t test is on the first line. The independent samples t-test compares the difference in the means from the two groups to a given value (usually 0). In other words, it tests whether the difference in the means is 0. The significance level (2-tailed) in both cases for the t test is above 0.05 (0.057 and 0.47), which signifies that, on average, women have not visited or have not made purchases at a statistically significant different number of stores than men; $t = -1.904$, $p = 0.057$ and $t = -0.723$, $p = 0.47$. This conclusion is reinforced by the mean values for both men and women in the case of number of stores visited and used for purchases, which are very close to one another (5.18 and 5.84 for stores visited and 2.05 and 2.18 for those where purchases are made). Therefore, hypotheses 6 and 7 are rejected.

**Table 7.** Amount of money and time spent per visit at shopping centers

| | | F | Sig. | t | df | Sig. | Mean Diff. | Std. Er. Diff. | 95% Conf. Int. of the Diff | | Gender | *Mean* | *Std. Deviation* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Lower | Upper | | | |
| Groceries | EVA | 4.908 | **0.027** | 1.55 | 335 | 0.122 | 35.313 | 22.78 | -9.497 | 80.122 | M | *202.95* | *278.326* |
| | EVNA | | | 1.446 | 198.457 | **0.15** | 35.313 | 24.421 | -12.845 | 83.47 | F | *167.63* | *124.517* |
| Apparel & | EVA | 0.003 | **0.955** | 0.459 | 335 | **0.646** | 9.492 | 20.66 | -31.148 | 50.132 | M | *173.01* | *192.611* |
| footwear | EVNA | | | 0.458 | 315.62 | 0.648 | 9.492 | 20.743 | -31.321 | 50.305 | F | *163.52* | *185.301* |
| Rest. & cafes | EVA | 0.019 | **0.891** | 0.488 | 335 | **0.626** | 1.881 | 3.856 | -5.704 | 9.466 | M | *25.25* | *33.913* |
| | EVNA | | | 0.491 | 328.211 | 0.624 | 1.881 | 3.83 | -5.653 | 9.415 | F | *23.37* | *36.214* |
| Total amount | EVA | 1.429 | **0.233** | 1.239 | 335 | **0.216** | 47.419 | 38.282 | -27.885 | 122.723 | M | *350.48* | *417.799* |
| spent | EVNA | | | 1.191 | 253.497 | 0.235 | 47.419 | 39.802 | -30.965 | 125.803 | F | *303.06* | *282.204* |
| Time spent | EVA | 0.065 | **0.798** | -1.903 | 335 | **0.058** | -0.213 | 0.112 | -0.434 | 0.007 | M | *3.15* | *1.044* |
| | EVNA | | | -1.896 | 315.818 | 0.059 | -0.213 | 0.113 | -0.435 | 0.008 | F | *3.37* | *1.006* |

In case of groceries, the sig. value for the F test is less than 0.05, which means that the null hypothesis of equal variances is rejected and thus the second line of t-test results, for equal variances not assumed, must be used. The chance of finding a difference of 35.313 lei or a larger absolute difference between the two means is about 15%. Since this is a fair chance, we do not reject the hypothesis that men and women spend equal amounts of money on groceries. Since the p-value is two-tailed, this means that the 15% chance consists of a 7.5% chance of finding a mean difference smaller than 35 lei, and another 7.5% chance for a difference larger than 35 lei. Therefore, it seems that men and women tend to spent equal amounts of money on groceries. Thus, hypothesis 8.1 is rejected.

For the total amount of money spent, and that on apparel and footwear, restaurants and cafes, the assumption of equality of variances is not met (sig. = 0.233, 0.955 and 0.891, respectively). The significance values (2-tailed) for the t test (0.216, 0.646 and 0.626), on the lines of equal variances not assumed, indicate that there is no statistically significant difference between the sums of money spent by men and women on these categories of goods and services and overall. Therefore, hypotheses 8.2, 8.3 and 8.4 are also rejected, even though, for all categories of products and services, men tend to spend more than women. The conclusions are in line with those of Hu & Jasper (2004). For groceries, the mean value in case of men is around 203 lei, while for women 168 lei; for apparel and footwear, 173 and 163, respectively, while for all products around 350 and 303. The difference may be caused by women's availability to find the best prices or price/quality ratio, while men do not exhibit this orientation.

The variable average time spent per visit at the shopping center has the following categories: under 30 minutes (coded „1"), between 30 minutes and 1 hour (labeled „2"), 1.5 - 2 hours („3"), 2.5 – 3 hours („4"), 3.5 - 4 hours („5"), over 4 hours („6"). The mean time spent at the shopping center calculated for both men and women is around 3 (3.15 and 3.37). This indicates that the average time spent is around 2 hours. Even though women tend to spend, on average (mean = 3.37), a little bit more time shopping than men (mean = 3.15), this difference is not statistically significant (t = - 1.903, p = 0.058). Thus, men and women spend equal amounts of time shopping, which means hypothesis 9 is also rejected. The results confirm those obtained by Otnes and McGrath (2001) and Jackson et al (2011).

**Table 8.** Usual days of the week for shopping in shopping centers

| Shopping center days / Indicators | Gender | Monday -Wednesday | Thursday - Friday | Saturday - Sunday | Any day | |
|---|---|---|---|---|---|---|
| $\chi^2 = 5.002$; p = 0.287 | M | 32.00% | 37.10% | 44.40% | 47.70% | |
| | F | 68.00% | 62.90% | 55.60% | 52.30% | |
| Distance from home to shopping | Gender | Under 5 minutes | 5-10 minutes | 10-20 minutes | 20-40 min. | 40+ |
| center (minutes by car) | M | 51.20% | 43.60% | 43.10% | 44.90% | 50.00% |
| $\chi^2 = 1.814$; p = 0.77 | F | 48.80% | 56.40% | 56.90% | 55.10% | 50.00% |
| Distance from work / school to | Gender | Under 5 minutes | 5-10 minutes | 10-20 minutes | 20-40 min. | 40+ |
| shopping center (minutes by car) | M | 46.90% | 40.90% | 48.70% | 45.60% | 45.80% |
| $\chi^2 = 1.465$; p = 0.833 | F | 53.10% | 59.10% | 51.30% | 54.40% | 54.20% |

Pearson's chi square ($\chi^2$) coefficient (5.002) and its significance level (0.287) indicate that there is no statistically significant difference between men and women in the days they visit shopping centers. Therefore, hypothesis 10 is accepted. And so are hypotheses 11 and 12, as the significance levels for chi square in both cases exceed the 0.05 threshold. This suggests that women, on average, are not willing to travel more than men to shopping centers. A possible explanation may be the fact that women are just as busy as men are, and, even though they would like to spend more time shopping, they cannot afford it.

**Table 9.** Shopping as a social activity

| Variables / Indicators | Gender | Nobody | Husband (wife)/ partner | Children | Other relatives | Friends |
|---|---|---|---|---|---|---|
| Accompanying persons at shopping | M | 39.50% | 50.90% | 15.00% | 38.10% | 44.10% |
| $\chi^2 = 20.16$; $p = 0.001$ | F | 60.50% | 49.10% | 85.00% | 61.90% | 55.90% |

From the answers regarding the accompanying parties at shopping it is obvious that women tend to do shopping with their children much more than men (85% and 15% of people shopping with children). Other than that, no statistically significant differences may be noted between the two genders. Overall, there is also no statistically significant difference, so hypothesis 13 is accepted.

**Table 10.** Impulse shopping behavior

| Follow the shopping list | Gender | Never or very rarely | Rarely | Fairly rarely | Pretty often | Often | Very often or all the time | I do not have lists |
|---|---|---|---|---|---|---|---|---|
| Groceries | M | 35,60% | 54,50% | 39,10% | 42,40% | 40,00% | 46,40% | 49,00% |
| $\chi^2 = 6.798$; $p = 0.340$ | F | 64,40% | 45,50% | 60,90% | 57,60% | 60,00% | 53,60% | 51,00% |
| Apparel & footwear | M | 44.70% | 40.00% | 39.70% | 36.80% | 46.40% | 45.60% | 48.30% |
| $\chi^2 = 4.207$; $p = 0.649$ | F | 55.30% | 60.00% | 60.30% | 63.20% | 53.60% | 54.40% | 51.70% |

Again, contrary to the hypothesis formulated, both men and women do not follow the shopping list they have prepared prior to going to the stores. This takes place regardless of the category of products purchased, groceries or apparel and footwear. Thus, hypothesis 14 is accepted.

**Table 11.** Influence factors on impulse shopping behavior

| Gender | Price | Special offers | Products found | Products merchandising | Store atmosphere | Store personnel |
|---|---|---|---|---|---|---|
| M | 39.1% | 42% | 39.2% | 46.2% | 33.3% | 40% |
| F | 60.9% | 58% | 60.8% | 53.8% | 66.7% | 60% |
| | $\chi^2 = 1.354$ | $\chi^2 = 0.217$ | $\chi^2 = 1.703$ | $\chi^2 = 0.056$ | $\chi^2 = 0.466$ | $\chi^2 = 0.055$ |
| | $p = 0.245$ | $p = 0.641$ | $p = 0.192$ | $p = 0.813$ | $p = 0.495$ | $p = 0.814$ |

Apparently, women respond better to store stimuli designed to influence impulse shopping behavior. For each of the factors the percentage of women that have been stimulated to purchase more or different products is higher. However, this difference is not statistically significant, as $\chi^2$ and its significance levels prove. Thus, hypothesis 15 is accepted as well.

## 4. Conclusions

The results indicate differences in shopping orientations. Women are primarily motivated by hedonic facets of shopping (finding out the latest trends, relaxing while window shopping, admiring beautifully decorated stores and socializing). Even though they like to search for what they consider the best quality / price ratio and they love discounts, somehow this search may be considered treasure hunting and thus a hedonic orientation. Men, on the other hand, seem to be more motivated by utilitarian aspects and do not show great interest in this activity.

There are certain differences in the frequency of shopping in some of the store formats analyzed for both groceries and apparel and footwear. With respect to shopping centers, men and women show similar shopping behavior. No relationships between gender and acquisitions from shopping centers units may be revealed. The only two exceptions are for two categories of products which are, by their nature, purchased more frequently by women – jewelry and accessories and cosmetics. On average, women do not visit or make purchases at a statistically significant different number of stores than men in shopping centers and spend similar amounts of money and time per visit at a shopping center. Also, men and women display similar behavior in selecting the days to go shopping, the persons to accompany them and the shopping center they visit; women are not willing to travel longer distances than men to go to the shopping center. No evidence has been found, as well, that any of the genders is easier to be influenced to make impulse purchases than the other.

In conclusion, it can be stated that no statistically significant differences in shopping behavior of the two genders can be outlined. Men and women are similar in the amount of time and money spent shopping and all the other facets of shopping included in the study (formats preferred, days of the week spent shopping, distance traveled to the stores, accompanying parties when shopping, impulse shopping behavior). However, since they have different shopping orientations, retailers should take them into consideration and adjust stores and shopping centers environment accordingly. In table 12 a summary of the hypotheses and their situation after data analysis is presented.

**Table 12.** Summary of hypotheses

| | Hypothesis | Conclusion |
|---|---|---|
| H1 | Gender influences shopping orientations. | Accepted |
| H1A | Women are more price-motivated than men. | Accepted |
| H1B | Men are more utilitarian oriented than women. | Accepted |
| H1C | Women are more hedonic in their shopping orientation. | Accepted |
| H1D | Women are motivated by search for new trends when going shopping. | Accepted |
| H1E | Women are more motivated than men by the opportunity to socialize. | Accepted |
| H2 | Gender influences frequency of acquisitions for groceries in various store formats. | Partially accepted |
| H3 | Gender influences frequency of acquisitions for apparel and footwear in various store formats. | Partially accepted |
| H4 | Frequency of shopping centers visits is influenced by gender. | Rejected |
| H5 | Women buy more frequently than men from shopping center stores. | Rejected |
| H6 | Women visit more stores per shopping center trip. | Rejected |
| H7 | Women buy from more stores than men per shopping center trip. | Rejected |
| H8.1 | Women spend more on groceries than men. | Rejected |
| H8.2 | Women spend more on apparel and footwear than men. | Rejected |
| H8.3 | Men spend more on restaurants and cafes than women. | Rejected |
| H8.4 | Overall, women spend more than men. | Rejected |
| H9 | Women spend more time shopping than men. | Rejected |
| H10 | The two genders are similar with regard to the days of the week they patronage shopping centers. | Accepted |
| H11 | Women travel longer distances from home to the shopping centers they visit. | Rejected |
| H12 | Women travel longer distances from work/ education institution to the shopping centers they visit. | Rejected |
| H13 | Both men and women have similar habits when choosing the persons to accompany them at shopping. | Accepted |
| H14 | Women and men display a similar impulse shopping behavior. | Accepted |
| H15 | Store factors influence women’s and men’s impulse behavior similarly. | Accepted |

In conclusion, stores and shopping centers managers must take into account men's desires in designing their marketing mix. Men represent a segment as important as that of women, who shop both in their name and for family or others, often substituting their working partners.

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# CORPORATE GOVERNANCE AND STRENGTH OF AUDITING AND REPORTING STANDARDS: A CROSS-COUNTRY SURVEY

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**ABSTRACT.** *The purpose of this cross-country empirical survey is to investigate the relationship between the strength of auditing and reporting standards and some corporate governance characteristics such as efficacy of corporate boards and ethical behaviour of firms. All three variables were captured through the indicators included in the report of World Economic Forum entitled "The Global Competitiveness Report 2012-2013" selected for 144 countries from all over the world. The findings validate the research hypothesis concerning the significant influence of some of the corporate governance dimensions on the strength of auditing and reporting standards, from a cross-country perspective.*

**Keywords:** *Auditing standards, reporting standards, corporate governance, efficacy of the corporate boards, ethical behaviour of companies*

**JEL Codes:** *M40, M41, M42*

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## Introduction

The aim of this paper is to empirically analyse the influence of some corporate governance elements such as efficacy of the corporate boards and ethical behaviour of the companies on the strength of auditing and reporting standards in 144 worldwide countries using country level data, available in the World Economic Forum's report "*The Global Competitiveness Report 2012-2013*". All the variables included in this study are based on scores computed by World Economic Forum, by using a seven-point Likert scale where 1 means the weakest and 7 the strongest.

The reports issued by World Economic Forum on national and global competitiveness from all over the world represent a respectable source of data for more than three decades, highlighting the main factors that influence the competitiveness at each country's level. World Economic Forum measures the competitiveness through a global competitiveness index (GCI), a comprehensive tool that includes 12 pillars with more than 115 variables included. The variables included in Global Competitiveness Report 2012-2013 are based on two main sources of data. First is given by a set of statistical data such as enrolment rates, government debt, budget deficit, and life expectancy, which are obtained from internationally recognized agencies. The second dataset used in the computation of GCI index is given by the results of surveys of chief executive officers *(World Economic Forum's Annual Executive Opinion Survey)* from entities from 144 countries from all over the world. Three of these variables presented within this report are given by the strength of auditing and reporting standards, efficacy of the corporate boards and ethical behaviour of firms and they are included in the first pillar referring to *Institutions*, and more exactly to the *private institutions*, from the perspective of their corporate ethics and their accountability.

Using country-level data from 144 countries for the variables mentioned above, this study intends to find the answer at one significant question: *Does corporate governance influence the strength of auditing and reporting standards at global level?*

The remainder of this paper is organised as follows. The next section briefly present a review of main findings in areas related to the main objective of the study. In the following section it is described the research methodology used, while within Section 4 the empirical results are presented and discussed. Finally, the Section 5 concludes, summarizing the main findings of this study. In the author's opinion, the results provided by this study could provide a valuable context for issuing constructive debates about the real influence of corporate governance's elements on the strength of auditing and reporting standards.

## Background Literature

As Booklay and O'Leary (2011) remarked the international auditing standards and international financial reporting standards continue to be applied worldwide, but the major difference is the pace of adoption which in each countries varies. Watts and Zimmerman (1986) cited by Booklay and O'Leary (2011) admits that audit function has a fundamental role for increasing the efficiency of capital markets due to its contribution in reducing the agency risks, opinion also shared by Khurana and Perera (2003) and Gates *et al, (*2007). During time, the academic literature emphasizes the fact that auditing had been received significant attention from scholarships, in this regard relevant proof being the existence of increasing number of studies focused on various aspects related to audit function.

The literature of auditing is focused on certain areas where it has been prove there is a relationship between audit and these issues. Thus, there are many studies which analyse the auditing from theoretical perspective to practical one, discussing the effectiveness of various audit practices (Heckman, 1979; Asare and Wright, 2001; Blokdijk et al., 2003; Nikkinene and Sahalstrom, 2004). Others many papers are dedicated to audit fees (Davis et al., 1993; Jubb *et al.*, 1996; Cobbin, 2002; Ireland and Lennox, 2002; Hay *et al.,* 2006; Gonthier-Besacier and Schatt, 2007; Kealey *et al.,* 2007; Van Caneghem, 2010). Also, another research themes well developed by various researchers was audit quality (Palmrose, 1988; Datar *et al.,* 1991; Teoh and Wong, 1993; Piot, 2001; Francis, 2004; Vander Bauwhede and Willekens, 2004;), audit independence (DeAngelo, 1981; DeFond *et al.,* 1999; Vinten, 1999; Hemraj, 2002; Wines, 2006; Zhang and Emanuel, 2008; Zerni, 2012) and auditing and corporate governance (Dewing, 2003; Khurana and Perera, 2003; Francis *et al.,* 2003; Fan and Wong, 2005; Newman *et al.,* 2005; Yatim *et al.,* 2006; Chan *et al.,* 2008; Adelopo *et al.,* 2012).

The literature review proves the major research activity dedicated to auditing from various perspectives. But one thing is clear, there are many factors which influence the accounting and auditing systems and practices, like regulation, the characteristics of financial markets, rule of law, regulatory environment, this opinion being also shared by Booklay and O'Leary (2011). In fact, Booklay and O'Leary (2011) go forward and try to identify a predictive model for evaluating the determinants of strength of auditing and reporting standards in the context of Africa, and later in the European space (Booklay, 2012).

In this context, a stringent necessity for a country is to have an appropriate environment for the applying and implementation of auditing and reporting standards, this concept being also promoted by Lennox (1999) and Carson (2009). One factor with significant impact on the strength of auditing and reporting standards is the effectiveness of corporate governance framework.

The present paper aims to extend the analysis of the main determinants of the strength of auditing and reporting standards, from the corporate governance perspective, but with a much larger sample, including in the regression analysis country-level data for 144 countries, for which data were available in source report mentioned above.

## Research Design and Data Used

Starting from the model developed by Booklay (2012) for 41 European countries, the present study intends to extend the analysis to the all 144 countries that Global Competitiveness Reports present country level data.

The *Global Competitiveness Report* issued by the World Economic Forum is regarded as being one of the most comprehensive assessment reports on global competitiveness, including a range of significant indicators that highlight very important information about the economic development and the necessary conditions for ensuring long-term prosperity. The advantages of using the information provided by this global report are various and some of them are:

- This report provides information for a significant number of variables (approximately 115 variables) grouped on 12 pillars that influence the level of competitiveness at each country-level.
- All the indicators and variables are computed by using the same methodology which ensures for researchers the necessary conditions for developing comparative studies.
- Finally, another relevant advantage is the significant number of countries included in the assessment report, which provides information for the same range of indicators, which allow developing comprehensive cross-country studies including larges samples of countries from all over the world (Global Competitiveness Report, 2012).

Considering the major objective of this study, the analysing the influence of strength of auditing and reporting standards on some corporate governance dimensions such as efficacy of corporate board and ethical behaviour of firms, from the *World Competitiveness Report 2012-2013* there were extracted data for all these three indicators and the multiple regression statistical method was applied trying to obtain the premises in order to validate or invalidate the research hypothesis:

*$H_0$: Corporate governance, through its dimensions, efficacy of corporate boards and ethical behaviour of companies statistically influences the strength of auditing and reporting standards.*

The variables used and data sources for these variables are disclosed within Table no.1.

**Table 1.** Variables and data sources

| Variable Name | Type of variable | Description | Source | No. of countries |
|---|---|---|---|---|
| *Strength of auditing and reporting standards* | Dependent Variable | It ranges from approximately from 1 = extremely weak to 7 = extremely strong | *World Competitiveness Report 2012-2013* | 144 countries |
| *Efficacy of corporate boards* | Independent variable | It ranges from approximately from 1 = management has little accountability to investors and boards to 7 = investors and boards exert strong supervision of management decisions | *World Competitiveness Report 2012-2013* | 144 countries |
| *Ethical behaviour of firms* | Independent variable | It ranges from approximately from 1 = among the worst in the world to 7 = among the best in the world | *World Competitiveness Report 2012-2013* | 144 countries |

*Source: author's projection*

The regression analysis was developing starting from the next regression model:

$$\textbf{Aud\_Rep\_Stand} = \alpha + \beta_1\textbf{Efficacy\_Board} + \beta_2\textbf{Ethic\_Behav} + \varepsilon \qquad \textbf{(1)}$$

where:

- **Aud_Rep_Stand –** represents the scoring for the indicator of „*Strength of auditing and reporting standards*" from *World Competitiveness Report 2012-2013.*
- **Efficacy_Board –** represents the scoring for the indicator of "*Efficacy of corporate boards"* from *World Competitiveness Report 2012-2013.*
- **Ethic_Behav -** represents the scoring for the indicator of "*Ethical behaviour of firms"* from *World Competitiveness Report 2012-2013.*

## Results and Discussions

A cross-country regression was developed in order to empirically research the validity or non-validity of the research hypotheses formulated above. The ranks assigned to the strength of auditing and reporting standards were regressed on the ranks of the independent variables such as efficacy of the corporate boards and ethical behaviour of firms.

The main results of regression analysis are reported within Table 2 and 3. The *adjusted* $R^2$ of the model is 68% which from statistically point of view means that the variance of dependent variable (strength of auditing and reporting standards) is explained in proportion of 68% by the independent variables considered in the regression model (efficacy of the corporate boards and ethical behaviour of the companies). The statistic F test reveals that the regression equation is highly significant with an F= 152,946, p<0,001 which means that is very unlikely that the regressions results to be determined by a sampling bias.

Analysing the regression coefficients it can be noticed that the influence of independent variable - *ethical behaviour of firms* (coefficient beta = 0,560) is bigger than those of *efficacy of the corporate boards* (coefficient beta = 0,309). However, it would be wrong to consider that based on comparing these beta coefficients the ethical behaviour explain almost twice the variance of dependent variable than the efficacy of corporate boards. Such a comparison is allowed only on the part correlations squared **($r^2_{sp}$)**. Thus, $r^2_{sp\ \text{ethical behaviour}}$ = 0,115, while for $r^2_{sp\ \text{efficacy of corporate boards}}$ = 0,034, which allows to draw the conclusion that the influence of *ethical behaviour* on the *strength of auditing and reporting standards* is about three times higher than the influence of *efficacy of corporate boards*.

Proceeding to checking for possible outliers (that might affect the stability of regression model in the sense that eliminating these extreme cases, the regression coefficients may change significantly) it can be noticed that the Cook's distance value is not greater than 1 (0,334). Thus, this test confirms that there were no outliers before processing to the multiple regression analysis.

Finally, the empirically findings obtained allow us to validate the research hypothesis formulated above, that corporate governance's characteristics such as efficacy of corporate board and ethical behaviour of firms significantly influence the strength of auditing and reporting standards.

**Table 2.** Descriptive statistics

| Variables | Mean | Std. Deviation | N |
|---|---|---|---|
| Aud_rep_Stand | 4,6062 | 0,83081 | 144 |
| Efficacy_Board | 4,5132 | 0,54532 | 144 |
| Ethic_behav | 4,1549 | 0,97614 | 144 |

*Source: author's calculations by using SPSS Software*

**Table 3.** Multiple regression results concerning the influence of corporate governance characteristics on the strength of auditing and reporting standards

| Variables | Coefficient | t-value | Part correlations squared ($r^2_{sp}$) | p-value |
|---|---|---|---|---|
| Constant | | 1,390 | | 0,167 |
| Efficacy_Board | 0,309 | 3,963 | 0,034 | 0,000 |
| Ethic_behav | 0,560 | 7,193 | 0,115 | 0,000 |
| $R^2$ | | | | 0,684 |
| Adjusted $R^2$ | | | | 0,680 |
| F | | | | 152,946 |
| Cook's Distance | | | | 0,334 |
| P | | | | <0,001 |
| n | | | | 144 |

*Source: author's calculations by using SPSS Software*

## Conclusions

This study developed a model in order to evaluate the influence of some of the corporate governance dimensions (such as efficacy of corporate boards and ethical behaviour of firms) on the strength of auditing and reporting standards. The findings reveal the significant impact of those two coordinates of corporate governance on the auditing and reporting standards, these results being also consistent with the ones obtained by Booklay and O'Leary (2011) for sub-Saharan Africa zone and by Booklay (2012) for Europe.

By developing such a study and presenting an overview of the main results, the author do hopes to stimulate further research on this problematic issue for a much larger samples, provoking constructive debates within this field, with the perspective of including some other relevant variables that might affect the strength of auditing and reporting standards.

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# SUSTAINABILITY REPORTING PRACTICES: A COMPARATIVE STUDY OF SOUTH AFRICAN AND BOTSWANA LISTED COMPANIES

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**ABSTRACT.** Sustainability reporting is a type of reporting concerning how entities deal with environmental, social, economic and corporate governance issues. This form of corporate reporting has become a primary form of corporate reporting – just like financial reporting. The purpose of this study was to determine the extent to which the sustainability reporting practices of the Johannesburg Stock Exchange (JSE) companies are comparable to those of the Botswana Stock Exchange (BSE) companies. The findings suggest that differences in the level of sustainability reporting could be due to fewer sustainable activities in the BSE sample or to inadequate reporting of sustainable activities in in the BSE sample. These results support the Institutional theory but seem to disagree with other theories that explain sustainability reporting. A study of Institutional differences between Botswana and South Africa is recommended.

**Key words:** Comparative analysis, Cross-country studies, Sustainability reporting, Environmental Disclosure, Corporate governance reporting, Contextual Disclosure, Voluntary Corporate Disclosure, Content analysis, CSR Reporting.

**JEL Classification:** M10 (General), M14 (Corporate Culture; Social Responsibility)

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## 1. Introduction

Sustainability reporting is a form of corporate reporting that focuses on economic, environmental, social, and corporate governance issues. It is not a new form of corporate reporting as it has been around for some time and practised under different names, including Contextual disclosure, Voluntary disclosure, and Corporate Social Responsibility (CSR) reporting.

What has happened is a paradigm shift in the way sustainability reporting is perceived. Information that was once regarded as proprietary, non-financial and management accounting in nature has now become primary information just like financial information. Furthermore, several organisations and initiatives have become involved in sustainability reporting including the International Federation of Accountants (IFAC), Global Reporting Initiatives (GRI), Organisation for Economic Co-operation and Development (OECD) and Institute of Directors in Southern Africa (IoDSA).

Why has sustainability reporting become a primary form of corporate reporting? First, it is said to offer entities that practise it a competitive edge over those that don't practice it or lag behind in practising it. Second, it is believed to improve the entities' relationship with their stakeholders. Thus, it is becoming increasingly imperative that entities regularly assess their sustainable practices against those of their competitors in order to maintain their competitive edge and their relationship with their stakeholders.

The purpose of this paper is to compare sustainability reporting practices of listed companies in Botswana and South Africa and make some generalisations from the findings. The rest of this paper is organised as follows: Theoretical framework, Literature review, Problem statement, Research methodology, and Conclusion and discussions.

## 2. Theoretical Framework

This study is informed by four theories: Agency Theory, Stakeholder Theory, Legitimacy Theory and Institutional Theory. These are among the recognised theories that try to explain and predict sustainability disclosure. Other studies that used these theories are Mbekomize and Wally-Dima (2013); Ali and Rizwan, (2013) and Kiyanga (2014).

Agency Theory is concerned with the relationship between the agent and the principal as well as with the methods and systems of aligning their often conflicting interests (Eisenhardt, 1989; Clarke, 2004.). The reduction of information asymmetry between the agent and principal through corporate reporting is regarded as one of the methods of aligning the interest of the agent and the principal. However, the Agency Theory does not explain all types of contextual disclosure. For example, disclosures made to protect company image or promote company transparency are explained by the Stakeholder Theory and the Legitimacy Theory.

The Stakeholder Theory regards a firm's stakeholders as all those with whom it has an implied social contract. These include shareholders, employees, suppliers, customers, the government and the society as a whole (Freeman, 1984). According to the stakeholder view, an organisation is morally accountable to all its stakeholders (Clarke, 2004; Gray, Owen & Adams, 1996). Failure of which may result in external pressure from government, pressure groups and some institutional investors for ethical investments and organisational change.

However, the critics of the Stakeholder Theory label it as a public relations tool due to its failure to take internal stakeholders on board although they also influence sustainability reporting disclosure. Adams and Larringa-Gonzalez (2007:333) therefore suggest that accountability and performance can be improved through the engagement of all stakeholders including internal ones by integrating sustainability issues into organisational processes and decision making.

After observing a link between the Stakeholder Theory and the Agency Theory, Power (1991) suggested that the Principal-–Agent Theory could be adapted to include accountability of management to the society as a whole rather than to shareholders alone.

The Legitimacy Theory shows that organisations disclose contextual information with the aim of being accepted by society (Deegan & Gordon, 1996). Applications of the Legitimacy Theory have been reported in several studies (De Villiers & Van Staden, 2006:763; Brookhart, Beeler & Culpepper 2005; Shocker & Sethi, 1974; Campbell, 2003). However, unlike the other two theories which focus on the interests of stakeholders, this theory focuses on the interest of the reporting entity.

The Institutional Theory views institutions as generally accepted and formalised social structures which develop through an organisation's coercive, normative and mimic isomorphism within the environment in which organisations operate (Scot, 2004, DiMaggio & Power, 1990, Suchman, 1995). The Institutional Theory posits that organisational behaviour such as the way organisations report their sustainable activities is influenced by these social structures (Scot, 2004). Amran and Haniffa, (2010) and Aerts, Cormier and Magnan, (2006) observed the application of this theory. However, this theory too does not fully explain or predict sustainability reporting on its own.

Although the four theories are different in terms of their assumptions and development, they to some extent explain sustainability reporting. However, none of them fully explains or predicts it. Consequently calls have been made for a multi-theoretical approach to sustainability reporting (Cormier, Magnan, Velthoven, 2005; Islam and Deegan, 2008).

## 3. Literature Review

The extant literature on comparative sustainability reporting is either cross-national or national in nature. Cross-national studies focus on comparative sustainability reporting practices of entities from different nations. Examples of such studies include studies on causes of differences in sustainability disclosure (Kolk, 2003, KPMG, 2005, Kolk, 2008) and studies on determinants of sustainability disclosure (Aguilera, Williams, Conley & Rupp, 2006). However, most of these studies were conducted in the West (Kolk, 2005; Maignan & Ralston, 2002; Berthelot, Cormier & Magnan, 2003).

National studies on comparative sustainability reporting practices tend to focus on comparative analysis of sustainability reporting practices of entities within the same nation. Although most of these studies were conducted in the West, there are few which were conducted in developing countries such as those by Moloi (2008), Doppegieter & De Villiers (1996), De Villiers and Van Staden (2004), Said, Zainuddin and Haron (2009); and Idowu and Towler (2004).

Sustainability reporting studies have just started to emerge in Botswana, they include Rankokwane (2008) and Mbekomize and Wally-Dima (2013), but none of these studies are cross-national in nature. In contrast South Africa has had several studies including Gouws and Cronjé (2008); De Villiers and Van Staden (2004). Other studies are Myburg, 2001; Doppegieter and De Villiers, 1996. Further studies were carried out by De Villiers (2003); De Villiers and Lubbe (2001); Moloi (2008) and De Villiers and Barnard, (2000), Just like in many developing countries most of these studies are national in nature.

This study has been informed by four studies: Doppegieter and De Villiers (1996) who observed that very few studies on sustainability reporting were conducted in developing countries; Adams and Larringa-Gonzalez (2007) who warned of the potential danger of generalising from studies from the West to developing countries; Azarian (2011) who describes comparison as a method of study in which two or more cases are contrasted to each other in relation to specific phenomena or along certain lines in order to explore parallels and differences among cases and the study by Mattem and Moon (2008) who argue that comparative studies on corporate social responsibility (CSR) can help entities best position themselves to import the best CSR practices.

## 4. Problem Statement

The observation by Doppegieter and De Villiers (1996:77) that very few of the comparative sustainability studies were conducted in developing countries and the warning by Adams and Larringa-Gonzalez (2007) of the potential danger of generalising the results from the studies from the West to developing countries raise the following unanswered question: "*What generalisations can be made from a comparative study of sustainability reporting practices involving two developing countries such as Botswana and South Africa*?"

The answers to this question will not only contribute to the growing literature on comparative sustainability reporting in developing countries, but will also shed light on the differences and similarities in sustainability reporting practices in Botswana and South Africa, thereby offering an opportunity for companies to learn from each other. The study also offers useful insights to policymakers in Botswana and South Africa; and stimulates further research on cross-country sustainability reporting practices.

## 5. Research Methodology

The unit analysis of the study is a company's annual report which falls in the calendar years 2010 to 2011. Data was extracted from (i) all companies listed on the Domestic Equity Board of the Botswana Stock Exchange (BSE) and (ii) an equal number of the top 40 companies (by market capitalisation) listed on the Johannesburg Stock Exchange (JSE); the JSE companies were selected from the same sector as those of the BSE companies (Table 1 below). Reports of BSE listed companies were collected from the companies' head offices while those of the JSE listed companies were downloaded from their respective websites.

The samples analysed consisted of 23 listed companies from the BSE and an equal number from similar sectors of the top 40 JSE listed companies. The companies falling in each sample and the industrial sectors in which they belong are presented in Table 1 below.

**Table 1.** The BSE and JSE selected companies by industry

| Sector | BSE companies | JSE companies |
|---|---|---|
| **Financial services** | Barclays Bank Botswana Ltd<br>African Banking Corporation<br>First National Bank (FNB)<br>Standard Chartered<br>Letshego Holdings Ltd<br>Imara Corporation<br>Botswana Insurance Holding Corporation<br>RDC Ltd<br>Turnstar Ltd<br>Prime Time Property Holdings Ltd | ABSA Group Ltd<br>Growthpoint Prop Ltd<br>Capital Shop Cent Grp Plc<br>African bank Inv Ltd<br>Nedbank Group<br>Standard Bank Group Ltd<br>FirstRand Ltd<br>Old Mutual Plc<br>Sanlam Limited<br>RMB Holdings Ltd<br>Investec Ltd |
| **Consumer services** | Olympia Corporation Ltd<br>Furniture Mart Ltd<br>Sefalana Cash and Carry Ltd<br>Sefalana Ltd<br>G$ Security Services<br>RPC Data Ltd<br>Chobe Ltd<br>Cresta Ltd<br>Wilderness Ltd<br>FGS Ltd | Shoprite Holdings Ltd<br>Naspers Ltd<br>Woolworths Holdings Ltd<br>Truworths International Ltd<br>Massmart Holdings Ltd |
| **Consumer goods** | Sechaba Breweries Ltd | SAB Miller Plc.<br>Tiger Brands Ltd<br>Steinhoff International Holdings Ltd<br>Compagnie Fin Richemont |
| **Healthcare** | Medical Rescue Ltd | Aspen Pharmacare Holdings Ltd |
| **Energy** | Engen Ltd | Sasol |

*Source: Botswana Stock Exchange & Johannesburg Stock Exchange*

Content analysis is described as a critical study of recorded human communication, undertaken to make valid inferences about some phenomena (Cronjé, 2008:140 citing Mouton, 2001:165). Content analysis is used in this study because it is believed to be suitable for studies that involve large volumes of text such as analysis of company annual reports (Mouton, 2001:166). With the help of an internally developed sustainability practices disclosure checklist the contents of the annual reports of the companies in each sample were analysed to collect data on sustainable practices.

The disclosure checklist consists of 72 best sustainable practice indicators extracted from Global Reporting initiatives (GRI) guidelines and King III (IOD 2009) and covered the four perspectives of sustainability performance: Economic, Social, Environmental and Corporate governance perspectives. A "Yes" response to an item indicates that the company practises it while a "No' response indicates lack of practice. Using Excel software, the captured data was summarised into charts and tables that show the frequency of sustainability practices to allow comparative analysis.

Azarian (2011) describes comparison as a method of study in which two or more cases are contrasted to each other in relation to specific phenomena or along certain lines in order to explore parallels and differences among the cases. Mattem and Moon (2008) also argue that comparative studies on Corporate Social Responsibility (CSR) practices can help organisation to position themselves best to import the best CSR practices.

## 6. Findings

### *6.1. Comparative levels of sustainability disclosure*

Figure 1 illustrates the comparative levels of sustainability disclosure of companies listed on the JSE and the BSE for 2010 and 2011.

Table 2 shows the comparative levels of disclosure of sustainability practices by sector on the BSE and the JSE for 2010 and 2011.

**Table 2.** Comparative levels of disclosure of sustainability practices by sector

| | **2010** | | **2011** | |
|---|---|---|---|---|
| **Sector** | **BSE** | **JSE** | **BSE** | **JSE** |
| Financial services | 30% | 70% | 34% | 75% |
| Consumer Goods services | 59% | 74% | 62% | 76% |
| Healthcare | 32% | 86% | 29% | 99% |
| Energy | 33% | 86% | 32% | 91% |
| Consumer services | 37% | 63% | 38% | 71% |
| Overall | 34% | 71% | 37% | 76% |

*Source: Authors' calculations based on research results*

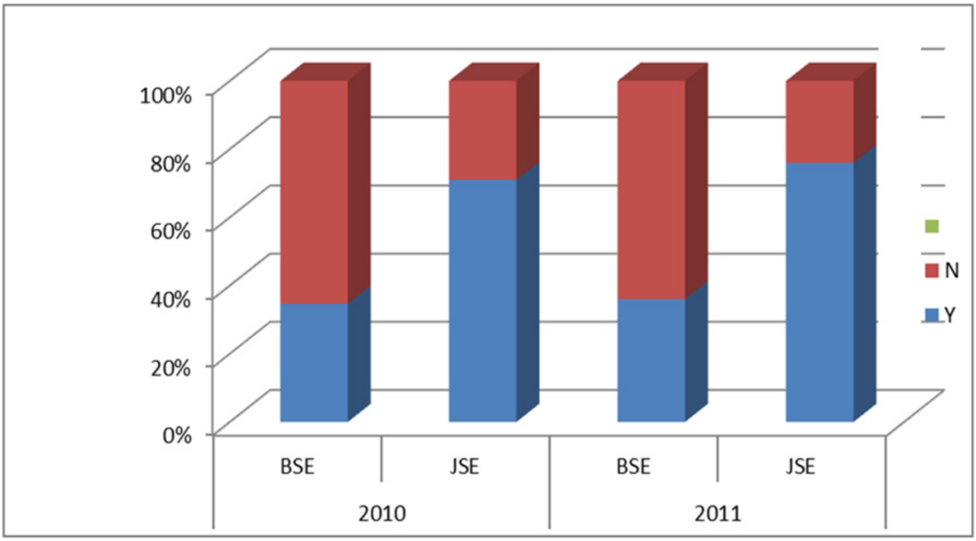



**Figure 1.** Comparative levels of sustainability disclosure

*Source: Authors' calculations based on research result*

- Sustainability disclosure performed
- Sustainability disclosure not performed

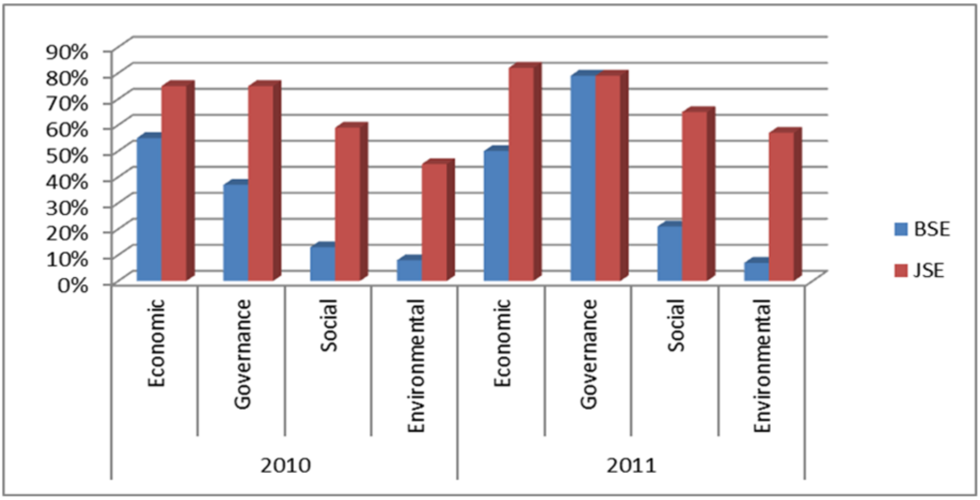
From Figure 1 it is clear that the JSE companies had a higher percentage of disclosure of sustainability practices than the BSE companies in both years and the difference was quite significant. Furthermore, both samples of companies experienced an increase in the overall level of disclosure over the period of the study.

As indicated by Table 2, all BSE sectors disclosed less sustainability information than the corresponding sectors in the JSE sample. The Energy and Healthcare sectors from the JSE sample had the highest levels of disclosure while financial services and the Healthcare sectors from the BSE sample had the lowest levels of disclosure.

### *6.2. Comparative levels of disclosure of different categories of sustainability practices*

Figure 2 indicates the comparative levels of disclosure of the categories of sustainability practices for companies listed on the BSE and the JSE for 2010 and 2011.

**Figure 2.** Comparative levels of disclosure of categories of sustainability practices




*Source: Authors' calculations based on research results*

Table 3 reflects the comparative disclosure levels of categories of sustainability information by sector in respect of companies listed on the BSE and the JSE for 2010 and 2011.

From Figure 2, it can be seen that the level of disclosure of categories of sustainability practices was higher in the JSE sample than in the BSE sample in both years. The highest disclosed category for both samples is that of economic sustainable practices.

According to Table 3, the companies in the JSE sample reported all aspects of sustainability practises in both years, and the level of sustainability performance was relatively high and even increased over the period. In contrast the level of reporting relating to the BSE sample was lower in both years than that of the JSE sample. Furthermore, social and environmental sustainability practices were not reported by the Financial Services, Healthcare and the Energy sectors from the BSE sample at all.

**Table 3.** Comparative disclosure levels of categories of sustainability information by sector

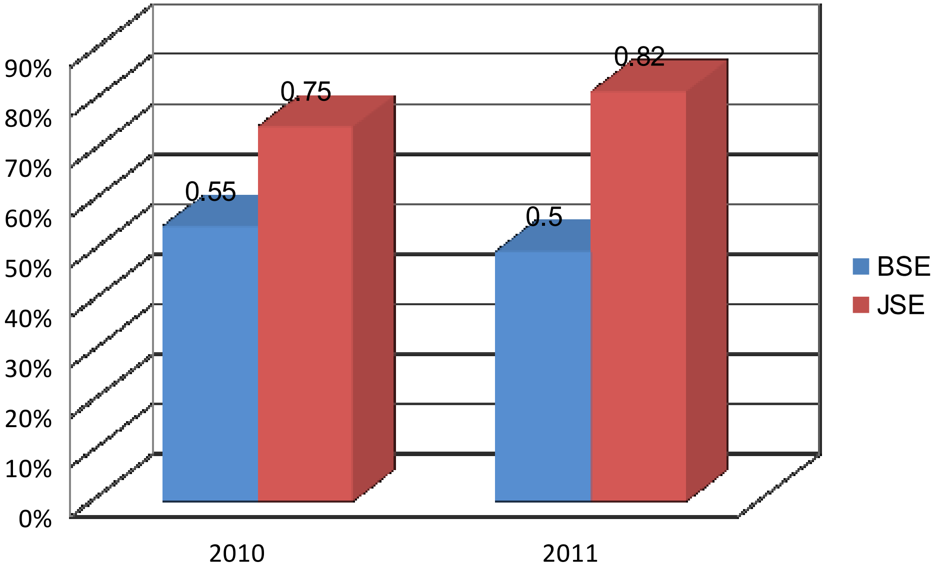
| | 2010 | | | | | | | | 2011 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | BSE | | | | JSE | | | | BSE | | | | JSE | | | |
| Category | Econ | Gov | Sos | Env | Econ | Gov | Sos | Env | Econ | Gov | Sos | Env | Econ | Gov | Sos | Env |
| Sector | | | | | | | | | | | | | | | | |
| Financial services | 50 | 32 | 11 | 0 | 71 | 74 | 52 | 32 | 52 | 39 | 13 | 0 | 79 | 81 | 53 | 43 |
| Consumer goods | 83 | 59 | 38 | 67 | 83 | 83 | 88 | 100 | 67 | 60 | 63 | 67 | 83 | 79 | 88 | 100 |
| Healthcare | 17 | 40 | 0 | 17 | 100 | 83 | 100 | 83 | 17 | 38 | 0 | 0 | 100 | 98 | 100 | 100 |
| Energy | 67 | 31 | 50 | 0 | 83 | 95 | 63 | 83 | 50 | 33 | 38 | 0 | 67 | 95 | 100 | 67 |
| Consumer services | 60 | 41 | 10 | 0 | 77 | 67 | 73 | 35 | 50 | 41 | 28 | 10 | 85 | 72 | 69 | 56 |

*Source: Authors' calculations based on research results*

### *6.3. Comparative levels of disclosure of economic sustainability practices*

Figure 3 illustrates the comparative levels of disclosure of economic sustainability practices of companies listed on the BSE and JSE for 2010 and 2011.

**Figure 3.** Comparative levels of disclosure of economic sustainability practices




*Source: Authors' calculations based on research results*

Table 4(a) shows the comparative levels of disclosure of economic sustainability practices of companies listed on the BSE and the JSE for 2010 and 2011.

**Table 4(a).** Comparative levels of disclosure of economic sustainability practices by sector

| | 2010 | | 2011 | |
|---|---|---|---|---|
| **Sector** | **BSE** | **JSE** | **BSE** | **JSE** |
| Financial services | 50% | 71% | 52% | 79% |
| Consumer services | 60% | 77% | 50% | 85% |
| Healthcare | 17% | 100% | 17% | 100% |
| Energy | 67% | 83% | 50% | 67% |
| Consumer goods | 83% | 83% | 67% | 83% |

*Source: Authors' calculations based on research results*

Table 4(b) reflects the comparative disclosure levels of the types of economic sustainable practices for companies listed on the BSE and the JSE for 2010 and 2011.

**Table 4(b).** Comparative disclosure levels of types of economic sustainability practices

| | 2010 | | 2011 | |
|---|---|---|---|---|
| **Economic sustainability items** | **BSE** | **JSE** | **BSE** | **JSE** |
| Favourable auditors' opinion | 87% | 100% | 87% | 100% |
| Financial highlights | 93% | 100% | 96% | 100% |
| Going concern status | 78% | 100% | 74% | 100% |
| Value added and its distribution | 61% | 91% | 30% | 78% |
| Significant financial assistance to or from government | 9% | 22% | 9% | 48% |
| Policies, practices and proportion spent on locally based supplies | 4% | 39% | 4% | 65% |

*Source: Authors' calculations based on research results*

According to Figure 3, companies in the JSE sample had a higher disclosure of economic sustainability than companies in the BSE sample in both years. Furthermore Figure 3 shows that while the level of disclosure in the JSE sample increased slightly over the two-year-period that of the BSE sample decreased slightly during the same period.

A sector analysis of comparative disclosure of economic sustainability in Table 4(a) shows the JSE sectors outperforming the BSE sectors in both years. Table 4(a) also on one hand shows the Healthcare sector as the best disclosing sector in the JSE sample, and on the other hand the worst disclosing sector of the BSE sample in both years.

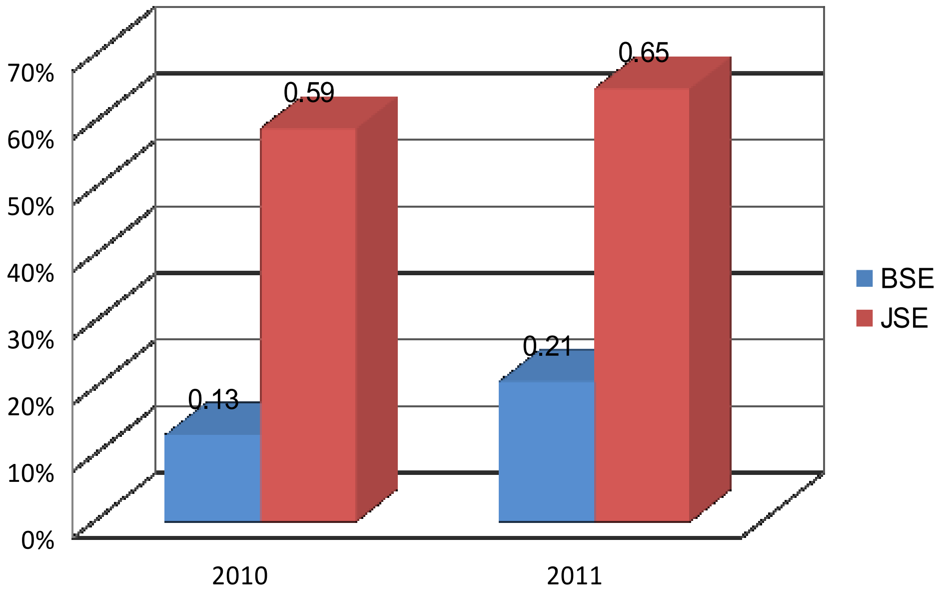
A further analysis of disclosure of comparative economic sustainability practices by items in Table 4(b) shows favourable auditors' report, financial highlights and going concern status as among the highly disclosed items by companies in both samples. Significant contribution to and from government, policies, practices and proportion spent on local based supplies were disclosed poorly.

### *6.4 Comparative levels of disclosure of corporate governance practices*

Figure 4 shows the comparative levels of disclosure of corporate governance practices

In respect of companies listed on the BSE and the JSE for 2010 and 2011.

**Figure 4.** Comparative levels of disclosure of corporate governance practices




*Source: Authors' calculations based on research results*

Table 5(a) indicates the comparative levels of disclosure of corporate governance practices by sector for companies listed on the BSE and the JSE for 2010 and 2011.

**Table 5(a).** Comparative levels of disclosure of corporate governance practices by sector

| | 2010 | | 2011 | |
|---|---|---|---|---|
| **Sector** | **BSE** | **JSE** | **BSE** | **JSE** |
| Financial services | 32% | 76% | 39% | 81% |
| Consumer services | 41% | 69% | 41% | 72% |
| Healthcare | 40% | 82% | 38% | 98% |
| Energy | 33% | 89% | 33% | 95% |
| Consumer goods | 59% | 82% | 60% | 83% |

*Source: Authors' calculations based on research results*

Table 5(b) reflects the comparative levels of disclosure of types of corporate governance practices in respect of companies listed on the BSE and the JSE for 2010 and 2011.

**Table 5(b).** Comparative levels of disclosure of types of corporate governance practices

| | 2010 | | 2011 | |
|---|---|---|---|---|
| **Item** | **BSE** | **JSE** | **BSE** | **JSE** |
| Ethical leadership | 35% | 98% | 39% | 87% |
| Board of directors | 40% | 89% | 40% | 85% |
| Internal audit | 34% | 26% | 46% | 74% |
| Audit committee | 48% | 77% | 52% | 82% |
| Compliance with laws | 30% | 80% | 39% | 84% |
| Governance of IT | 0% | 33% | 0% | 35% |
| Governance of risks | 28% | 78% | 38% | 83% |
| Company profile | 100% | 100% | 100% | 100% |
| Reporting style | 5% | 4% | 7% | 65% |
| Forward looking information | 20% | 42% | 22% | 80% |
| Stakeholder relationship | 0% | 53% | 4% | 78% |

*Source: Authors' calculations based on research results*

As per Figure 4 the companies in the BSE sample reported an alarmingly low level of corporate governance activities in comparison to companies from the JSE sample.

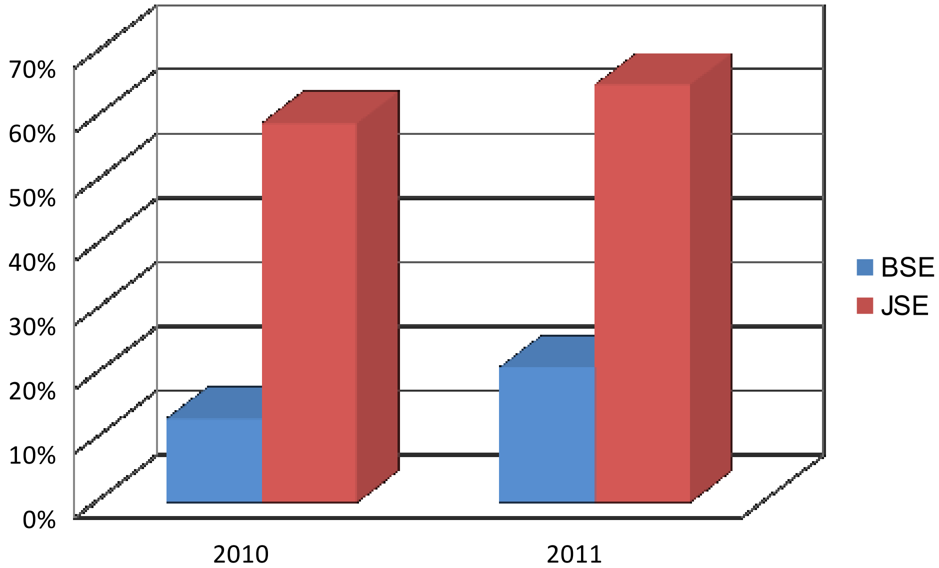
According to Table 5(a) with the exception of the Consumer goods sector all sectors of the BSE sample reported a very low level of corporate governance activities. In contrast all sectors from the JSE sample reported a very high level of corporate governance activities.

Table 5(b) governance of IT, Governance of stakeholder relationships and the disclosure of forward-looking information as the activities that were poorly practised by the companies from the BSE sample. Interestingly, the disclosure of Company profile was the only corporate governance item that was practised very well by the companies from both samples.

### *6.5. Comparative levels of disclosure of social responsibility practices*

Figure 5 gives an indication of the comparative levels of disclosure of social responsibility practices for companies listed on the BSE and the JSE for 2010 and 2011.

**Figure 5.** Comparative levels of disclosure of social responsibility practices




*Source: Authors' calculations based on research results*

Table 6(a) illustrates the comparative levels of disclosure of social responsibility practices in respect of companies listed on the BSE and the JSE for 2010 and 2011.

**Table 6(a).** Comparative levels of disclosure of social responsibility practices by sector

| | **2010** | | **2011** | |
|---|---|---|---|---|
| **Sector** | **BSE** | **JSE** | **BSE** | **JSE** |
| Financial services | 10% | 52% | 13% | 53% |
| Consumer services | 10% | 61% | 26% | 69% |
| Healthcare | 0% | 100% | 0% | 100% |
| Energy | 50% | 63% | 38% | 100% |
| Consumer goods | 38% | 88% | 63% | 88% |

*Source: Authors' calculations based on research results*

Table 6(b) gives an indication of the comparative levels of disclosure of types of social responsibility practices in respect of companies listed on the BSE and the JSE for 2010 and 2011.

**Table 6(b).** Comparative levels of disclosure of types of social responsibility practices

| | **2010** | | **2011** | |
|---|---|---|---|---|
| **Item** | **BSE** | **JSE** | **BSE** | **JSE** |
| HR policies | 17% | 61% | 22% | 65% |
| HIV & AIDS and Occupational Health | 13% | 65% | 17% | 70% |
| Safety of employees | 13% | 65% | 22% | 70% |
| Employee empowerment | 22% | 57% | 30% | 70% |
| Fair employment practices | 13% | 57% | 26% | 61% |
| Support for employee unions | 0% | 48% | 17% | 57% |
| Fair labour practices | 9% | 57% | 9% | 57% |
| Community activities | 17% | 65% | 30% | 74% |

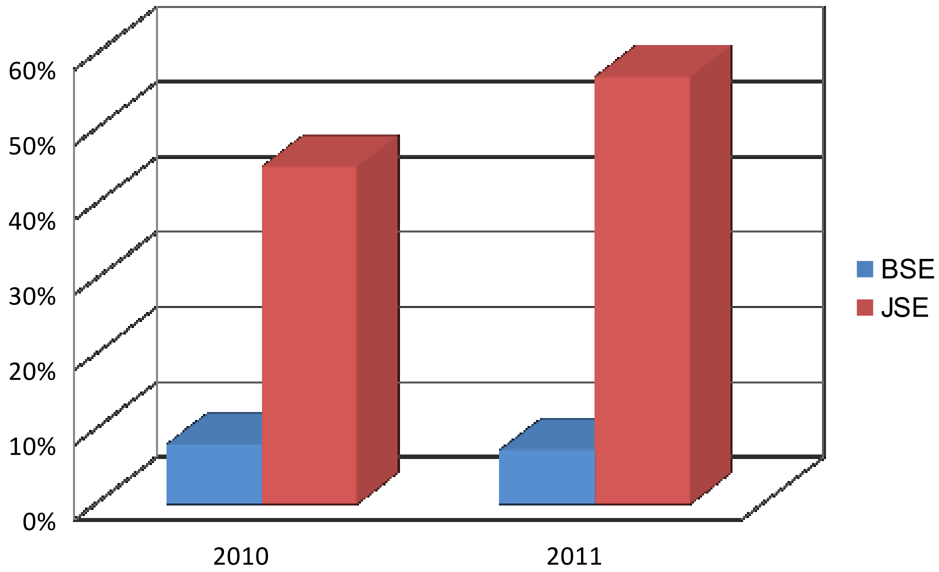
*Source: Authors' calculations based on research results*

According to Figure 5, the companies in the JSE sample outperformed companies in the BSE sample in disclosing social responsibility performance in both years by a significant margin. Table 6(a) shows Healthcare, Financial services and Consumer Goods services sectors as the worst-performing sectors from the BSE sample; and Healthcare and Energy sectors as the best performer from the JSE sample. Furthermore, according to Table 6(b) the performance of the companies in the BSE was dismal in all the social responsibility items appearing in the table.

### *6.6. Comparative disclosure of Environmental sustainability practices*

Figure 6 shows the comparative disclosure of environmental practices in respect of companies listed on the BSE and JSE for 2010 and 2011.

**Figure 6.** Comparative disclosure of environmental practices




*Source: Authors' calculations based on research results*

Table 7(a) reflects the comparative levels of disclosure of environmental performance by sector of companies listed on the BSE and the JSE for 2010 and 2011.

**Table 7(a).** Comparative levels of disclosure of environmental performance by sector

| | 2010 | | 2011 | |
|---|---|---|---|---|
| **Sector** | **BSE** | **JSE** | **BSE** | **JSE** |
| Financial services | 0% | 32% | 0% | 50% |
| Consumer services | 10% | 48% | 10% | 56% |
| Healthcare | 17% | 83% | 0% | 100% |
| Energy | 0% | 83% | 0% | 67% |
| Consumer goods | 67% | 100% | 67% | 100% |

*Source: Authors' calculations based on research results*

Table 7(b) shows the comparative levels of disclosure of the types of environmental sustainability practices for companies listed on the BSE and the JSE for 2010 and 2011.

**Table 7(b).** Comparative levels of disclosure of types of environmental sustainability practices

| | 2010 | | 2011 | |
|---|---|---|---|---|
| **Item** | **BSE** | **JSE** | **BSE** | **JSE** |
| Material waste and spills | 13% | 48% | 9% | 65% |
| Climate change | 4% | 42% | 4% | 57% |
| Water | 9% | 52% | 9% | 65% |
| Energy | 9% | 52% | 9% | 65% |
| Emissions | 9% | 48% | 9% | 61% |
| Biodiversity | 4% | 26% | 4% | 30% |

*Source: Authors' calculations based on research results*

Figure 6 shows a very low level of disclosure of sustainable environmental activities by the companies in the BSE sample. In contrast companies from the JSE sample performed quite well. Table 7(a) shows the financial services and Energy sectors of the BSE sample having no environmental sustainability activities at all over the period covered by the study. The Financial services and Consumer goods sectors from the JSE sample had low levels of environmental sustaining activities as well. The poor practices by the BSE companies were on all environmental issues investigated in the study.

## 7. Conclusion and Recommendations

This study indicates that comparatively companies in the JSE sample had a higher level of disclosure of sustainable practices than those in the BSE sample in both years; and that the difference in the levels of corporate disclosure was across corresponding sectors as well as within major information categories and information items. The study also indicates that the level of reporting increased over the period in both samples.

The low levels of disclosure in the BSE could have been due to failure to fully report sustainable activities rather than to a lack of the activities themselves. Whatever the cause, the situation may be corrected by improving the reporting of sustainability information for example by mandating it, by improving the level of sustainability activities, particularly those relating to social responsibility, environmental issues and the governance of IT and stakeholder relationships.

Conceptually, the four theories discussed briefly in this study are supposed to explain corporate disclosure equally in both samples. Interestingly, the findings suggest that Agency Theory, Legitimacy Theory and Stakeholder Theory explained disclosure of sustainable practices much more in the JSE sample than in the BSE sample. It follows that although the sustainable disclosure level of the JSE companies is benchmarkable; the starting point in the benchmarking exercise should

be an examination of the reasons why these theories failed to fully explain the disclosure of sustainable practices in the BSE companies.
However, the Institutional Theory is supported fully by the findings of this study. The fact that Botswana is near South Africa does not make it the same as South Africa. There are economic, cultural, technological and even historical differences between the two countries. These could be in line with the Institutional Theory, the underlying causes of the differences in the level of sustainable disclosure.

As observed above, the finding that companies in a particular exchange have a higher level of disclosure of sustainable practices is not a criterion in selecting companies to benchmark on. This is because the difference in the levels of disclosure may be due to differences in institutional structures, in which case the best way to improve the quality of sustainability reporting would be to iron out differences in the social structures.

Since this study did not identify the actual causes of the differences in sustainability reporting practices in the two samples or conclude that the Institutional Theory completely explained those differences, the following possible areas for future research are proposed: (a) a study to determine if the difference in disclosure levels was due to inexistence of sustainable activities or lack of reporting skills in the BSE sample; (b) a study to establish institutional differences if any between South Africa and Botswana, and determine whether they are the causes of the differences in sustainability reporting practices between Botswana and South African listed companies.

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# ECONOMIC PERFORMANCE FORECASTING ACCORDING TO THE TYPE OF MANAGEMENT

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**ABSTRACT.** Forecasting the audited entities' performances in correlation with management typology (local or foreign) proves to be useful in terms of estimating the impact of a particular type of management of the audited entities upon indebtedness policies, the efficiency of using the shareholders' assets and capitals, and upon the contribution of revenues to strengthen the self-financing capacity. Establishing a mathematical model, tested on a stratified sample within a representative county at national level, provide relevance to the present research results. The study found a positive linear correlation between the performance of audited entities from Cluj County regardless of the type of management and the financial years.

**Keywords:** audited entities, regression model, type of management, forecasting performance

**JEL classification:** M42, M41, M48

## 1. Introduction and Review of Literature

The method of least squares is widely used in the field of social sciences to analyze quantitative data. Its recognition in accounting as a data analysis method has not been easy (Lee, 2011). However, processing

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the data obtained from financial statements through this mathematical method used to assess the evolution of entities' performance in time is considered relevant within specialized literature (Albu, 2003). Among scholars there are convergent views regarding the fact that a set of corporate governance mechanisms can be correlated to a more effective use of the companies' resources and to an increase of turnover (Azim, 2012). Despite this, literature offers few studies able to establish a statistical correlation between a particular type of corporate governance and performance (Schultz and Tan, 2010). The effect of corporate governance on financial performance can be approached from the perspective of creating a regression model (Pham and Chan, 2011, Klein and Morck, 1988, Mehran, 1995). In order to ensure a high level of relevance and credibility, studies approach the correlation between corporate governance and financial performance from the perspective of several governance variables: board structure, mandate duration of board's members, governance structure, support to the increase of performance and added value (Coles, 2001). This study aims to take into account the following variables: foreign management, local management, audited entities and the level of financial performance represented through the five indicators for establishing a mathematical model, using the method of the least squares to allow the forecasting of the audited entities' performance evolution.

In order to achieve this objective the following empirical hypothesis is intended to be tested:

*H1: if the linear regression model is appropriate to represent the evolution of audited entities' performance with foreign or local management;*

For the indicators for which the above mentioned hypothesis is confirmed, we shall create a linear regression model in order to obtain credible forecasting regarding the evolution of their performance within a timeframe, taking into account the nature of the management (foreign or local), starting from the data included in the financial statements.

## 2. Material and Method

In order to conduct this study, we used a stratified sampling method, which is a probabilistic procedure based on dividing the population after a certain criterion. These samples have a superior degree of representativeness in comparison with simple random samples and they are more relevant for clearly defined population groups. In this context, Cluj County was selected in order to achieve a statistical model on the performance of audited entities at national level. The relevance of the data collected in this county is conferred by the fact that, economically, Cluj County is very active, and according to the data provided by the National Trade Register Office, it is situated above the national average for the period 1990-2012 regarding the frequency of the following operations: registration of new entities, registration of modifications and deregistration of existent entities in Romania. Within each category of operations in Cluj County, the registration of new entities, the registration of modifications and deregistration of existing entities are equal to the average registered in Romania (table 1).

**Table 1.** Positioning the economic activity of Cluj County at Romania's level

| Level | Operations performed on categories at the Trade Register Office during 1990-2012 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Percentages counties at national level -% - | | Percentages on categories of operations within each county -% - | | | | | |
| | | | Registration | | Modification | | Deregistration | |
| | *Level* | *Deviation from average* | *Level* | *Deviation from average* | *Level* | *Deviation from average* | *Level* | *Deviation from average* |
| Cluj County | 4.41% | 85% | 15% | 0% | 79% | 0% | 6% | 0% |
| The farthest value | 0.80% | -66% | 12% | -20% | 72% | -9% | 4% | -33% |
| National average | 2.38% | - | 15% | - | 79% | - | 6% | - |

*Source: Processing performed by authors according to the Romanian National Trade Register Office data*

Within Cluj County there were taken into consideration, in an exhaustive manner, all entities whose financial statements were audited during 2005-2011. In order to achieve the stratification condition specific to this sampling method, the statistical population (audited entities) has been divided in two categories (population groups): audited entities with foreign management, respectively audited entities with local management.

In Cluj County there have been identified a number of 304 entities which had their financial statement audited during 2005-2011. The extracted financial data derive from the financial statements drawn for the financial years 2008-2011. Out of the total of audited entities, 127 entities were eliminated as they were not relevant in the present study for various reasons, such as not publishing their financial statements for each of the four mentioned financial years. Therefore, from the total number of entities in Cluj County whose financial statements were audited during 2005-2011, for 58% of them there were calculated performance indicators for the period 2008-2011. The financial data extracted from the last four financial years can confer credibility to the study's results in the situation of confirming or refuting the hypotheses.

In order to quantify performance one extracted from the financial statements of these audited entities necessary information for calculating certain relevant economic and financial indicators whose method of calculation and significance are presented below (table 2).

The indicators were calculated for all entities taken into consideration for each of the four financial years. Later, one made a simple arithmetic average of the values for the two categories of audited entities: with foreign and local management. These data revealed if the performances of these two categories of audited entities comply, in evolutionary terms, with a particular mathematical model. This model would be useful to carry out some predictions about the development of the audited entities' performance at national level, and particularly some predictions concerning the performance of a certain type of management within these audited entities: foreign and local.

**Table 2.** Indicators of performance measurement for which the inclusion within the linear regression model is verified

| No | Indicator denomination | Indicator symbol | Calculation formula | Indicator significance | Significance of used terms |
|---|---|---|---|---|---|
| 1 | Rotation speed of total assets | $K_{TA}$ | $\frac{NT}{TA}$ | Management effectiveness in using assets to achieve turnover | $NT$=Net Turnover<br>$NR$=Net Result<br>$TA$=Total Assets<br>$TD$=Total Debts<br>$E$=Equity |
| 2 | Rotation speed of total debts | $K_{TD}$ | $\frac{NT}{TD}$ | The rhythm of total debts reimbursement | |
| 3 | Net Profit Margin | $N_{PM}$ | $\frac{NR}{NT}$ | Revenue contribution to strengthening the entity's self-financing capacity | |
| 4 | Return on Common Equity | $R_{CE}$ | $\frac{NR}{E}$ | The efficiency of using the shareholder's capitals | |
| 5 | Return on Total Assets | $R_{TA}$ | $\frac{NR}{TA}$ | The profitability of the entire capital invested in the entity | |

*Source: Processing performed by authors*

Therefore, these values were processed using the method of least squares in order to create a mathematical model to forecast the economic entities' performances. The association between financial years and performance can be mathematically represented by a straight line called the line of linear regression.

The calculations made within this method are based on the logic of a first-degree equation (formula 1):

$$y = ax + b \tag{1}$$

Where,
$x$=determinant variable, independent (financial years);
y=determinat variable, dependent (performance indicators of the audited entities);
$a$=regression coefficient (the degree of variability);
$b$=free term of the regression line (constant element).

Identifying a mathematical model representative for the audited entities' performance based on linear regression involves discovering the value of two coefficients. In mathematical terms, it was proven that (formula 2):

$$a = \frac{\sum_{i=1}^{n} X_i Y_i}{\sum_{i=1}^{n} X_i^2} = \frac{\sum_{i=1}^{n}(x_i - \bar{x})(y_i - \bar{y})}{\sum_{i=1}^{n}(x_i - \bar{x})^2}$$

$$b = \bar{y} - a\bar{x} \tag{2}$$

Where,
$\bar{x}$=average value of the determinant variable (financial years);
$\bar{y}$=average value of the determinat variable (performance indicators of the audited entities).

Although, in general, the linear regression model is appropriate for determining the development of economic performance, its implementation is not always opportune. In this respect, the method of the least squares and, implicitly, its component – the linear regression – is justified (relevant) only when noticing a conditioning, a certain association between the two variables taken into consideration in order to establish the regression model: financial years and performance registered by the audited entities during that certain period.

The degree of association between the two categories of variables is provided by the regression correlation coefficient ($r$) calculated below (formula 3):

$$r = \frac{\sum_{i=1}^{n} X_i Y_i}{\sqrt{\sum_{i=1}^{n} X_i^2 \sum_{i=1}^{n} Y_i^2}} = \frac{\sum_{i=1}^{n}(x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum_{i=1}^{n}(x_i - \bar{x})^2 \sum_{i=1}^{n}(y_i - \bar{y})^2}} \tag{3}$$

Significance:
$r \to 1$ indicates a perfectly positive (direct) association (correlation) between the financial years and the performance of audited entities from the perspective of linear regression;
$r = 0$ indicates the lack of association between the two set categories of variables;
$r \to -1$ indicates a perfectly negative (indirect) association (correlation) between the financial years and the performance of the audited entities from the perspective of the linear regression

## 3. Results and Discussions

In order to verify the hypothesis of this study one will primarily assess if, for the two categories of audited entities, there is a degree of correlation between the financial years and the values achieved by the five indicators taken into consideration. This degree of correlation will be identified by calculating the regression correlation coefficient. If, after mathematical calculation, this coefficient registers appropriate values, then the linear regression model shall be considered representative for the performance development of the audited entities' management. Secondly, one will create a first-degree function considered to be useful and relevant for forecasting the audited entities' performance starting from the two categories of management.

The number of assets rotation performed in order to achieve a certain level of turnover is the expression of the efficiency of asset usage. To assess the opportunity of using the method of the least squares and the linear regression model for forecasting the evolution of this indicator for the audited entities, the regression correlation coefficient was calculated ($r$) based on the information shown below (table 3):

**Table 3.** Setting the regression correlation coefficient for the rotation speed of total assets

| Type of management | Rotation speed of total assets ($K_{TA}$) – linear correlation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Calculation elements - coefficient of linear correlation | | | | | | | | Coefficient |
| | Year | $x_{iN}$ Year | $y_{iN}$ $(K_{TA})$ | $x_i - \bar{x}$ | $y_i - \bar{y}$ | $(x_i - x)(y_i - y)$ | $(x_i - x)^2$ | $(y_i - y)^2$ | |
| Foreign management | 2011 | 1 | 0.30 | -1.50 | -0.48 | 1.62 | 2.25 | 1.1718 | 0.764 |
| | 2010 | 2 | 0.94 | -0.50 | 0.16 | -0.08 | 0.25 | 0.0248 | |
| | 2009 | 3 | 0.90 | 0.50 | 0.12 | 0.06 | 0.25 | 0.0138 | |
| | 2008 | 4 | 0.99 | 1.50 | 0.21 | 0.31 | 2.25 | 0.0431 | |
| | *Cumulated values* | *Average* | | - | - | | *Total(Σ)* | | |
| | | *2.5* | *0.783* | | | *1.915* | *5* | *1.2535* | |
| Local management | 2011 | 1 | 0.40 | -1.50 | -0.02 | 0.03 | 2.25 | 0.0004 | -0.304 |
| | 2010 | 2 | 0.46 | -0.50 | 0.04 | -0.02 | 0.25 | 0.0016 | |
| | 2009 | 3 | 0.45 | 0.50 | 0.03 | 0.02 | 0.25 | 0.0009 | |
| | 2008 | 4 | 0.37 | 1.50 | -0.05 | -0.08 | 2.25 | 0.0025 | |
| | *Cumulated values* | *Average* | | - | - | | *Total(Σ)* | | |
| | | *2.5* | *0.42* | | | *-0.05* | *5* | *0.0054* | |

*Source: Processing performed by authors*

After applying the method of calculation, for the audited entities with foreign participation, we obtained a coefficient value of 0.764, quite close to the maximum possible value 1. This indicates a strong level of positive association (correlation) between the variables used: financial years and the medium level of the rotation speed of total assets. Consequently, for the audited entities with foreign management, linear regression can be used to forecast the evolution of the efficiency of using the assets. In what concerns the audited entities with local management, the correlation coefficient value is of – 0.304. In this case, the coefficient value signifies a negative association of medium intensity, at the maximum limit of this interval.

The collection rhythm of total debt for the audited entities with foreign and local management is highlighted by the rotation speed of total debt. The level of regression correlation coefficient obtained after the processing of statistics is highlighted below (table 4).

**Table 4.** Establishing the regression correlation for the rotation speed of total debts

| Type of management | Rotation speed of total debts ($K_{TD}$) – linear correlation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Calculation elements - coefficient of linear correlation | | | | | | | | Coefficient |
| | Year | $x_{iN}$ Year | $y_{iN}$ ($K_{TD}$) | $x_i - \bar{x}$ | $y_i - \bar{y}$ | $(x_i - x)(y_i - y)$ | $(x_i - x)^2$ | $(y_i - y)^2$ | |
| Foreign management | 2011 | 1 | 0.34 | -1.50 | -1.37 | 2.06 | 2.25 | 1.8769 | 0.782 |
| | 2010 | 2 | 2.24 | -0.50 | 0.53 | -0.27 | 0.25 | 0.2809 | |
| | 2009 | 3 | 1.96 | 0.50 | 0.25 | 0.13 | 0.25 | 0.0625 | |
| | 2008 | 4 | 2.30 | 1.50 | 0.59 | 0.89 | 2.25 | 0.3481 | |
| | *Cumulated values* | *Average* 2.5 | *1.71* | - | - | *Total(Σ)* *2.8* | *5* | *2.5684* | |
| Local management | 2011 | 1 | 0.68 | -1.50 | -0.03 | 0.04 | 2.25 | 0.0008 | -0.488 |
| | 2010 | 2 | 0.83 | -0.50 | 0.12 | -0.06 | 0.25 | 0.0150 | |
| | 2009 | 3 | 0.77 | 0.50 | 0.06 | 0.03 | 0.25 | 0.0039 | |
| | 2008 | 4 | 0.55 | 1.50 | -0.16 | -0.24 | 2.25 | 0.0248 | |
| | *Cumulated values* | *Average* 2.5 | *0.71* | - | - | *Total(Σ)* *-0.23* | *5* | *0.0445* | |

*Source: Processing performed by authors*

For the audited entities with foreign management, the high level of the coefficient of regression correlation of 0.782 indicates a strong positive association. Therefore, in the case of this category of audited entities the linear regression for the forecast of the reimbursement rhythm of debt during the future financial years can be used. The negative value of this coefficient of -0.488, in the case of audited entities with local management means a negative association of medium intensity, an indirect correlation between the financial years and the value of the rotation speed of debts. Therefore, it is legitimate to use the linear regression in the case of these audited entities in order to forecast the evolution of the reimbursement rhythm of total debt.

The results of the statistics' processing for the Net Profit Margin indicator are the following:

**Table 5.** Establishing the regression correlation coefficient for the Net Profit Margin

| Type of management | Net Profit Margin ( $N_{PM}$ ) – linear correlation | | | | | | | | Coefficient |
|---|---|---|---|---|---|---|---|---|---|
| | Calculation elements - coefficient of linear correlation | | | | | | | | |
| | Year | $x_{iN}$ Year | $y_{iN}$ $(N_{PM})$ | $x_i - \bar{x}$ | $y_i - \bar{y}$ | $(x_i - x)(y_i - y)$ | $(x_i - x)^2$ | $(y_i - y)^2$ | |
| Foreign management | 2011 | 1 | 3.21 | -1.50 | -0.30 | 0.45 | 2.25 | 0.0900 | 0.659 |
| | 2010 | 2 | 1.68 | -0.50 | -1.83 | 0.92 | 0.25 | 3.3489 | |
| | 2009 | 3 | 2.51 | 0.50 | -1.00 | -0.50 | 0.25 | 1.0000 | |
| | 2008 | 4 | 6.64 | 1.50 | 3.13 | 4.70 | 2.25 | 9.7969 | |
| | *Cumulated values* | *Average* 2.5 | *3.51* | - | - | *Total(Σ)* *5.56* | *5* | *14.236* | |
| Local management | 2011 | 1 | 9.56 | -1.50 | 6.67 | -10.01 | 2.25 | 44.489 | -0.913 |
| | 2010 | 2 | 2.23 | -0.50 | -0.66 | 0.33 | 0.25 | 0.4356 | |
| | 2009 | 3 | 0.52 | 0.50 | -2.37 | -1.19 | 0.25 | 5.6169 | |
| | 2008 | 4 | -0.75 | 1.50 | -3.64 | -5.46 | 2.25 | 13.250 | |
| | *Cumulated values* | *Average* 2.5 | *2.89* | - | - | *Total(Σ)* *-16.32* | *5* | *63.791* | |

*Source: Processing performed by authors*

The evolution of net profit obtained above (table 5) per one unit of turnover ratio shows after the processing a positive value of coefficient (0.659) for the audited entities with foreign management. This denotes a direct association (correlation) of medium intensity between the financial years and the evolution of net profit in what concerns the use of linear regression model for the forecast of the Net Profit Margin in the future financial years for this category of audited entities. The evolution of this performance indicator shows different results in the case of audited entities with local management, in the case of which there were registered values towards the inferior limit of the interval, namely -0.913. The value of the correlation coefficient varying close to the minimum indicates a strong negative association (correlation) between the determinant variable (financial years) and the determinat variable (the analyzed performance indicator). The fact that such a level was registered can be explained by the fact that the audited entities with local management showed medium values that were very high, of 9.56%, a lot more as compared with the average perceived as reasonable, of 5% (Achim, 2009). Consequently, it is legitimate to use the model of linear regression for the forecast of the evolution of Net Profit Margin for the audited entities with local management.

The audited entities with foreign management show quite low values of the correlation coefficient, but positive ones in what concerns the evolution of the Return on Common Equity (table 6). This is explained by the fact that in the financial year 2008 there were registered higher medium values of performance, of 11.54% given the fact that the specialized literature (Bringham, 1999) mentions a medium level of this indicator, around 15%. This detail can diminish, from a mathematical point of view, the coefficient of regression correlation at 0.411. given the fact that the value is quite close to the middle of the interval that guarantees the relevance of the linear regression, namely 0.5, we believe that the value shows a direct relation of medium intensity and thus suitable for the use of linear regression for the forecast of the evolution of the efficiency in the use of shareholders' capital in the future financial years. The audited entities with local management register, as shown in table 6 negative values of the correlation coefficient, very close to the minimum, indirect, of low intensity, namely -0.921. This shows an almost perfectly indirect correlation between the financial years and the evolution of the Return on Common Equity indicator. This is explained by the fact that in the case of local management we noticed a reverse evolution trend as compared to the foreign management for the Return on Common Equity. The financial year 2011 shows the higher values of this indicator, meaning 9.58% that leads to this value of the correlation coefficient. Given the strong intensity of the relation, the linear regression is recommended for the forecast of this type of audited entities.

**Table 6.** The coefficient of regression correlation on the Return on Common Equity

| Type of management | Return on Common Equity ($R_{CE}$)- linear correlation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Calculation elements - coefficient of linear correlation | | | | | | | | Coefficient |
| | Year | $x_{iN}$ Year | $y_{iN}$ ($R_{CE}$) | $x_i - \bar{x}$ | $y_i - \bar{y}$ | $(x_i - x)(y_i - y)$ | $(x_i - x)^2$ | $(y_i - y)^2$ | |
| Foreign management | 2011 | 1 | 7.82 | -1.50 | 1.26 | -1.89 | 2.25 | 1.5876 | 0.411 |
| | 2010 | 2 | 2.73 | -0.50 | -3.83 | 1.92 | 0.25 | 14.669 | |
| | 2009 | 3 | 4.15 | 0.50 | -2.41 | -1.21 | 0.25 | 5.8081 | |
| | 2008 | 4 | 11.54 | 1.50 | 4.98 | 7.47 | 2.25 | 24.800 | |
| | *Cumulated values* | *Average* *2.5* | *6.56* | - | - | *6.29* | *Total(Σ)* *5* | *46.865* | |
| Local management | 2011 | 1 | 9.58 | -1.50 | 6.69 | -10.03 | 2.25 | 44.723 | -0.921 |
| | 2010 | 2 | 2.32 | -0.50 | -0.57 | 0.29 | 0.25 | 0.3278 | |
| | 2009 | 3 | 0.55 | 0.50 | -2.34 | -1.17 | 0.25 | 5.4873 | |
| | 2008 | 4 | -0.88 | 1.50 | -3.77 | -5.66 | 2.25 | 14.232 | |
| | *Cumulated values* | *Average* *2.5* | *2.89* | - | - | *-16.58* | *Total(Σ)* *5* | *64.769* | |

*Source: Processing performed by authors*

The Return on Total Assets for the audited entities is presented in the light of the extent of association and of the opportunity to use the linear regression model of forecast (table 7):

**Table 7.** The coefficient of regression correlation on the Return on Total Assets

| Type of management | Return on Total Assets ($R_{TA}$)- linear correlation | | | | | | | | Coefficient |
|---|---|---|---|---|---|---|---|---|---|
| | Calculation elements - coefficient of linear correlation | | | | | | | | |
| | Year | $x_{iN}$ Year | $y_{iN}$ ($R_{TA}$) | $x_i - \bar{x}$ | $y_i - \bar{y}$ | $(x_i - x)(y_i - y)$ | $(x_i - x)^2$ | $(y_i - y)^2$ | |
| Foreign management | 2011 | 1 | 0.95 | -1.50 | -1.89 | 2.83 | 2.25 | 3.5627 | 0.889 |
| | 2010 | 2 | 1.58 | -0.50 | -1.26 | 0.63 | 0.25 | 1.581 | |
| | 2009 | 3 | 2.25 | 0.50 | -0.59 | -0.29 | 0.25 | 0.3452 | |
| | 2008 | 4 | 6.57 | 1.50 | 3.73 | 5.60 | 2.25 | 13.932 | |
| | *Cumulated values* | *Average* 2.5 | 2.838 | - | - | *Total(Σ)* 8.765 | 5 | 19.421 | |
| Local management | 2011 | 1 | 3.87 | -1.50 | 2.66 | -3.99 | 2.25 | 7.0623 | -0.924 |
| | 2010 | 2 | 1.03 | -0.50 | -0.18 | 0.09 | 0.25 | 0.0333 | |
| | 2009 | 3 | 0.23 | 0.50 | -0.98 | -0.49 | 0.25 | 0.9653 | |
| | 2008 | 4 | -0.28 | 1.50 | -1.49 | -2.24 | 2.25 | 2.2276 | |
| | *Cumulated values* | *Average* 2.5 | 1.21 | - | - | *Total(Σ)* -6.63 | 5 | 10.29 | |

*Source: Processing performed by authors*

The rate of return of assets for the audited entities that already have foreign participation show the highest value of the correlation coefficient as compared to the other analyzed indicators, namely 0.889. Therefore, the correlation is direct, of very strong intensity. The level of correlation coefficient for the audited entities with local management is the opposite, showing after the mathematical calculations values that are close to the minimum, that is to say - 0.924. In this respect, the correlation is indirect, of strong intensity. This is explained by the significant increase in the financial year 2011 for this type of audited entities, of the medium value of the assets' return at 3.87%. Therefore, the linear regression is relevant in what concerns the use for the forecasts in the case of this indicator.

Considering the fact that the audited entities with foreign management showed positive values (direct relation) of the correlation coefficient corresponding to the evolution of the 5 indicators analyzed in the financial years 2008-2011, situated in the interval [0.411,0.889] we believe that the use of linear regression is justified for the forecast of their performance in the future financial years. In this case of this type of entities the first hypothesis that is the object of the present study is confirmed. In what concerns the audited entities with local management, only negative results of the correlation coefficient were registered (indirect relations). These were situated between the [-0.924, -0.304] interval. In this case, we believe that the linear regression is reliable for the forecasts concerning future financial years. Therefore, for the audited entities with local management the first hypothesis of the present study is confirmed in order to verify it.

In order to confirm the second hypothesis of the study, for the audited entities with foreign management, as well as local, because the linear regression coefficient means the existence of a satisfying level of association (medium intensity and very strong intensity) between the financial years and the performance of entities we calculated the regression coefficient (degree of variability) $a$ and the free term of the regression line (constant element) $b$ in order to establish the linear regression model (table 8):

**Table 8.** Forecasting functions- the evolution of indicators audited entities on the basis of the method of least squares (linear regression)

| Type of management | | Indicator denomination | Indicator symbol | Forecasting function |
|---|---|---|---|---|
| 1 | Foreign management | Rotation Speed of Total Assets | $K_{TA}$ | $y = 0.383x - 0.175$ |
| 2 | | Rotation Speed of Total Debts | $K_{TD}$ | $y = 0.560x + 0.310$ |
| 3 | | Net Profit Margin | $N_{PM}$ | $y = 1.112x + 0.730$ |
| 4 | | Return on Common Equity | $R_{CE}$ | $y = 1.258x + 3.415$ |
| 5 | | Return on Total Assets | $R_{TA}$ | $y = 1.753x - 1.545$ |
| 6 | Local management | Rotation Speed of Total Assets | $K_{TA}$ | $y = -0.010x + 0.670$ |
| 7 | | Rotation Speed of Total Debts | $K_{TD}$ | $y = -0.046x + 0.825$ |
| 8 | | Net Profit Margin | $N_{PM}$ | $y = -3.264x + 11.050$ |
| 9 | | Return on Common Equity | $R_{CE}$ | $y = -3.316x + 11.180$ |
| 10 | | Return on Total Assets | $R_{TA}$ | $y = -1.326x + 4.525$ |

*Source: Processing performed by author*

## 4. Conclusions

By verifying the first hypothesis on the whole, the study shows the existence of a positive, linear correlation, of a conditioning extent between the performance of audited entities from Cluj County regardless of the type of management and the financial years. The conclusions of the study at the Cluj County level can be applied at national level taking into account the stratified sampling methodology. This allows the generalization of conclusions given the fact that the Cluj County can be considered to be representative at the national level from the point of view of the economic activity. This was revealed by the statistics offered by the Trade Register Office for the interval 1990-2012. The study is finalized by the constitution of 10 regression models that allow reliable forecasting for the evolution of the foreign and local management performance in the case of audited entities based on the data extracted from financial statements. With the help of these functions we can guarantee the reliable forecasting of the economic and financial indicators used, as well as the rotation speed of total assets, rotation speed of total debts, Net profit Margin, Return on Common Equity, and Return on Total Assets.

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# CORPORATE SOCIAL RESPONSIBILITY IN ROMANIA: A BRIEF SURVEY

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**ABSTRACT.** In October 2011, the European Commission proposed a new definition of CSR as being the responsibility of enterprises for their impacts on society (European Commission, 2011). As a European Union (EU) member state, Romanian organizations are expected to use henceforth this definition as the main framework. According to Mandl & Dorr (2007), Romanian organizations became familiar with the modern concept of CSR during the 1990s. An important step ahead for CSR evolution in Romania was the issuance of the National Strategy to Promote Social Responsibility 2011 and 2016. The present paper presents a brief survey of CSR in Romania based on the three recent studies published by Ernst & Young (2013, 2014, 2015) on CSR trends and realities in Romania and relate their results with some of the existing results published within the Romanian academic research. The results show that the CSR meaning remains blurry at the level of Romanian companies, in general. The results of this brief study are in accordance with the previous studies that showed the followings: a) CSR in Romania is a concept initially introduced (or rather imposed to their respective branches) by MNCs, (Iamandi, 2011); and in the cases of Romanian owned companies might be rather an imitation of the foreign practices (Obrad et al.2011); b) social responsibility programs are perceived as not important and irrelevant for the business, mainly by the Romanian owned companies (Cristache, 2011; c) the CSR in Romania is still at an early stage of development, despite the increase number of CSR initiatives; as Baleanu et al. (2011) showed, CSR is still punctual and targets relatively disparate activities with reputational aim; Zait et al. (2015) complete the image by highlighting that the CSR activities are based on wishes and circumstantial influences, subjective preferences and cultural inclinations of important managers of the respective companies; d)

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CSR seems to be developed rather due to the fact that it is perceived as 'politically correct' within the European Union, and fashionable. Still considered a frontier market economy, Romania lacks the investors' sophistication that might determine CSR to become a strategic tool for sustainable development. While the models of MNCs subsidiaries are good, they have to be adapted and transformed into Romanian companies 'own brand' of CSR activities. The numerous CSR initiatives at country level still lack coordination with the real social needs (maybe except for the natural environment). Thus, as Iamandi (2011) suggested, CSR development in Romania is expected to follow a path similar to other European countries. The pace of this development however is influenced by the specific domestic problems and perceptions.

**Key words:** corporate social responsibility, survey, Romania

**JEL Classification:** M14

## Introduction and a brief literature review

The concept of corporate social responsibility (CSR) was introduced by Bowen (1953), and it evolved over time along with the integration of social perspective within organizations culture, as presented by Fisk (2010). CSR can be considered a creation of 20$^{th}$ century, as pointed out by Carroll (1999).

An important amount of academic literature was dedicated to CSR. Several important works discuss the definitions and concept evolution like Carroll (1999), Dahlsrud (2008), and Aguinis & Galvas (2012). The core idea that resulted shows CSR as a voluntary action of the companies. Thus, despite the extensive literature dedicate to CSR topic, the definitions manage only to describe the phenomenon and failed to provide guidance on how to handle the challenges related to this phenomenon, as pointed out by Dahlsrud (2008).

The most common definitions of CSR and mostly used as reference by many organizations are those provided by the World Business Council for Sustainable Development, the European Union

Green Paper on Promoting a European Framework from 2001, and ISO 26000:2010, as included by Anca et al. (2011) in their study. In October 2011, the European Commission proposed a new definition of CSR as being the responsibility of enterprises for their impacts on society (European Commission, 2011).

As a European Union (EU) member state, Romanian organizations are expected to use henceforth this definition as the main framework.

The Romanian academic literature was relatively scarce on CSR topic until 2008-2010. The EU accession and the availability of EU resources for grants induced an increased interest in CSR neglected topic. This resulted in a series of studies on CSR development in Romania as the Anca et al. (2011) mentioned above, others were included in an issue dedicated to CSR by Amfiteatru Economic (vol.XIII, no.29, February 2011), while some can be found in Ovidius University Annals, Economic Sciences Series (vol.XI, issue 2, 2011). The studies of Nistor (2012) and Saveanu et al. (2014) provide brief literature reviews mainly of the 2010-2011 CSR studies on Romania. The main idea revealed by all this research regards the progresses made by Romanian companies concerning CSR in comparison with the 1990s and the beginning of 2000s. Thus, the studies also reveal that Romanian companies display only incipient forms of social involvement, with visible CSR actions, thus less oriented toward long-term goals, as pointed out by Saveanu et al. (2014).

The present paper presents a brief survey of CSR in Romania based on the three recent studies published by Ernst & Young (2013, 2014, 2015) on CSR trends and realities in Romania and relate their results with some of the existing results published within the Romanian academic research.

## CSR in Romania

According to Mandl & Dorr (2007), Romanian organizations became familiar with the modern concept of CSR during the 1990s when numerous NGOs (non-government organizations) were founded with the assistance of (public and private) foreign institutions. These NGOs focused mostly on humanitarian goals.

During the 2000s, the negotiations and preparative measures for accession to EU change Romanian organizations and enterprises toward CSR. According to Mandl & Dorr (2007), the major involvement in CSR activities took the form of the technology restructurings for environmentally friendly production/services and/or the adoption of social employees and/or society/community.

Furthermore, the same study (Mandl & Dorr, 2007) shows that during the first half of the 2000s the CSR activities were mainly fostered by the multinational companies (MNCs) which tried to implement their CSR policy and vision in Romania also. This finding is consistent with the study of Korka (2005) which also considers MNCs as the main representants of CSR within Romanian economic environment, where they shared their experiences and values.

The study of Korka (2005) also highlighted the existing inertia mainly among the Romanian managers that acted in the same positions during the communist period. It also reveals the gradually changing attitude of Romanian managers, in general, toward CSR. This change is also revealed by Anca et al. (2011), pointing out that Romanian large organizations developed progressively a culture of responsible conduct based on MNCs models.

Iamandi (2011) completes the picture of CSR in Romania by indicating that two CSR models could be identified: the model based on reciprocal strategy and the model based on shareholder strategy. As Iamandi (2011) further shows, the CSR model based on reciprocal strategy is often encountered at EU level and it was expected to be 'imported' in Romania also. The second CSR model, based on shareholder strategy is considered rather a primitive model that favor the shareholders' profitability and assign low importance to other stakeholders, a model which fit the profile of Romanian own companies (Iamandi, 2011).

An important step ahead for CSR evolution in Romania was the issuance of the National Strategy to Promote Social Responsibility 2011 and 2016. The SWOT analysis pr Romanian CSR provided within this strategy is presented in Annex 1.

Moreover, as Anca et al. (2011) show, two dedicated websites exists: *www.responsabilitatesociala.ro* since 2006 and *www.csr-romania.ro* which became an affiliate of CSR Europe since November 2011. The study also mentions some dedicated blogs and a database that includes information regarding CSR in Romania.

**CSR trends and realities in Romania according to Ernst & Young surveys of 2013, 2014, and 2015**

As the subtitle shows, the main goal of these 3 surveys were to determine the trends in CSR and the realities regarding this concept and its application in Romania.

Table 1 presents the general data of these surveys and the structure of the questioned companies. The data show an important increase in interviewed companies, manly in 2015. It also reveals an increased number of questions, thus the 2015 increase was generated by a series of questions related to supply chain management. The increased number of interviewees triggered a change in various structures, mainly regarding the headquarter location of the respective companies and will influence further other survey results. Nevertheless, the questioned companies a) are in majority either under foreign shareholders' control or have foreign shareholders within their owner structure; b) their headquarter is located mainly in Bucharest which is and indirect confirmation of the foreign ownership, since foreign shareholders prefer their headquarter to be located in the Romanian capital; c) they are, in majority, medium to large companies, also a feature associated with foreign and mix ownership in Romania; d) they are involved mainly in industry, followed by banks and other financial institutions; the consistent second position of the financial institutions is confirmed by the studies of Grosu (2011) and Chirlesan & Apostoaie (2011). Thus, at the level of 2015 the telecommunication, IT, media seems to have a similar percentage with the financial institutions; this is due to the fact that an important number of IT companies are located outside Bucharest.

The evolution of the questioned companies' involvement in CSR was as follow: in 2013: 86%, in 2014: 96%, and in 2015: 69%. This evolution is a direct result of a larger pool of interviewed subjects. Other studies indicate lower values of CSR involvement. Saveanu et al. (2014) indicate only a 39%, thus only an a county level. Baleanu et al. (2011) indicate 49% when the top 100 companies were considered.

**Table 1.** General data regarding the Ernst & Young surveys

| | 2013 | 2014 | 2015 |
|---|---|---|---|
| Participants (companies) | 77 | 113 | 311 |
| Number of questions | 28 | 29 | 38 |
| Participants' (companies') structure by type of shareholders | | | |
| Foreign | 64% | 55% | 50% |
| Romanian | 25% | 32% | 40% |
| Mix | 11% | 13% | 10% |
| Participants' (companies') structure by headquarter location | | | |
| Bucharest | 75% | 76% | 57% |
| Other city/town | 25% | 24% | 43% |
| Participants' (companies') structure by turnover (EUR mn.) | | | |
| Less than 1 | 2% | 3% | 11% |
| Between 1 and 10 | 9% | 12% | 29% |
| Between 10 and 50 | 36% | 23% | 21% |
| Between 50 and 100 | 18% | 14% | 9% |
| Over 100 | 35% | 48% | 30% |
| Participants' (companies') structure by the main activity | | | |
| Industry | 45% | 32% | 40% |
| Banking and financial intermediation | 17% | 18% | 11% |
| Trade | 10% | 13% | 9% |
| Energy and mining | 5% | 16% | 6% |
| Constructions and real estate | 5% | 1% | 5% |
| Telecommunication, IT, media | 5% | 8% | 11% |
| Others | 13% | 12% | 18% |

*Source: author's compilation based on Ernst & Young (2013, 2014, 2015)*

Table 2 presents the opinions that emerged from the interviews regarding the meaning of CSR. Thus it must be mentioned that within the 2014 and 2015 questionnaires, the suggested answers were changed compared to 2013. The data in Table 2 will reflect this change. Moreover, it must be mentioned that, in Romanian, the surveys refer to this point as CSR definitions.

Leaving aside the drawbacks of changing the answers, which also impact on revealing (or not) a trend, along with the increase in number of questioned companies, Table 2 reveals that CSR is a blurry concept for the entity that initiated the questionnaire. Therefore, the answers cannot reflect anything more than a confusing perception upon CSR meaning(s). Nevertheless, it cannot be denied that the answer converge toward involvement within the community (that can be associated with the 2013 Support for social/environment/health/education initiatives) and to see CSR as a component of business ethics. This convergence is confirmed by the studies of Baleanu et al. (2011) and Obrad et al. (2011). However, this are only general concepts, and the details are not revealed. This drawback was already documented by Dahlsrud (2008) study.

The (confusing) results from Table 2 are confirmed by previous studies of Cristache (2011), Obrad et al. (2011), and Baleanu et al. (2011) indicating lack of a common language and perception on CSR meaning(s) and respectively a high heterogeneity regarding the way CSR is included in the companies' strategic statements. The heterogeneous understanding CSR concept is revealed four years later by Zait et al. (2015). Iamandi (2011) also shows that CSR it is often confused with philanthropy or patronage, while Cristache (2011) shows that CSR is mistaken for donations and sponsorships; this situation is confirmed by the increase percentage of 2015 indicating philanthropy as a meaning for CSR. This can also result from the increased number of respondents (mainly Romanian companies outside Bucharest).

**Table 2.** Opinions regarding CSR meaning

| Answers | 2013 | 2014 | 2015 |
|---|---|---|---|
| Involvement within the community | - | 57% | 30% |
| A sustainable business strategy | - | 33% | 18% |
| Business ethics | 24% | 6% | 17% |
| Significant interactions with the stakeholders | - | 1% | 10% |
| Philanthropy | - | 1% | 12% |
| Risk management | - | 1% | 5% |
| Responsible supply chain management | - | 1% | 8% |
| Support for social/environment/health/education initiatives | 47% | - | - |
| A form of corporate civic behavior | 18% | - | - |
| A mode to generate stable and profitable business relationships for all parties involved | 10% | - | - |
| A mode to promote the company's image | 1% | - | - |

*Source: author's compilation based on Ernst & Young (2013, 2014, 2015)*

The types of CSR activities that involved the interviewed companies are presented in Table 3. Almost the same CSR activities were identified by previous and current studies, as Table 4 shows. Thus, one must point out that these activities are too general and a lack of brief description or details generate further confusions (e.g. does the education refers to the training of companies' own employees or to the involvement in supporting the modernization of existing facilities or in supporting the children in rural areas in order to avoid the dropout).

**Table 3.** Types of CSR activities

| CSR activities | 2013 | 2014 | 2015 |
|---|---|---|---|
| Education | 87% | 79% | 69% |
| Social | 60% | 68% | 62% |
| Health | 62% | 56% | 54% |
| Sport | 27% | 39% | 41% |
| Environment | 56% | 58% | 35% |
| Culture | 39% | 36% | 35% |
| Entrepreneurship | 19% | 19% | 15% |
| Others | 2% | 1% | 5% |

*Source: author's compilation based on Ernst & Young (2013, 2014, 2015)*

**Table 4.** CSR activities identified within selected academic studies

| Types of CSR activities in Romania | Identified within the following studies |
|---|---|
| Environment | Anca et al. (2011), Baleanu et al. (2011), Grosu (2011), Iamandi (2011), Obrad et al. (2011), Nistor (2012), Saveanu et al. (2014), Zait et al. (2015) |
| Education | Mandl & Dorr (2007), Anca et al. (2011), Baleanu et al. (2011), Grosu (2011), Iamandi (2011), Obrad et al. (2011), Nistor (2012), Saveanu et al. (2014), |
| Culture & art | Mandl & Dorr (2007), Baleanu et al. (2011), Grosu (2011), Iamandi (2011), Obrad et al. (2011), Nistor (2012), Saveanu et al. (2014), Zait et al. (2015); art is mentioned only by Anca et al. (2011) |
| Sport | Anca et al. (2011), Baleanu et al. (2011), Grosu (2011), Iamandi (2011), Nistor (2012), Saveanu et al. (2014) |
| Health | Baleanu et al. (2011), Iamandi (2011), Nistor (2012), Zait et al. (2015) |
| Social activities | Grosu (2011), Iamandi (2011), Obrad et al. (2011), Nistor (2012) |
| Community (including social activities) | Baleanu et al. (2011) |
| Community (charity, philanthropy) | Saveanu et al. (2014), Zait et al. (2015) |
| Children welfare | Anca et al. (2011) |
| Community development | Obrad et al. (2011), Saveanu et al. (2014) |
| Employees' (support, training & professional development, improving working conditions) | Mandl & Dorr (2007), Baleanu et al. (2011), Obrad et al. (2011), Zait et al. (2015) |
| Human rights | Grosu (2011), Obrad et al. (2011), Nistor (2012) |
| Civic behavior | Iamandi (2011) |

Note: Iamandi (2011) and Zait et al. (2015) are the only studies providing some details of what is included under the general name of the activities.

*Source: author's compilation based on the studies included in this table*

The forms through which CSR is provided are presented in Table 5. The sutdies of Baleanu et al. (2011) and Iamandi (2011) also identified volunteering and (direct) philanthropy as the main forms for CSR in Romania. Baleanu e al. (2011) highlights that this preference comes from the fact that this forms of CSR are the least expensive. It is interesting to mention that while the majority (over 75%) of responded companies declared that their employees are involved in CSR activities, at the level of 2015, the answers revealed that in 13% of the cases the employees are reluctant to be involved or refuse to be involved. This situation also resulted from the increased number of interviewed companies and indicate that about 10% of the (medium sized) Romanian companies outside Bucharest seems not to have an internal culture oriented toward CSR.

**Table 5.** Forms of CSR in Romania

| Forms of CSR | 2013 | 2014 | 2015 |
|---|---|---|---|
| Volunteering | 73% | 74% | 61% |
| Cash donations | 75% | 79% | 80% |
| In-kind donations (books, free use of available space, asset lending) | 72% | 67% | 59% |
| Socially responsible business practices | 50% | 50% | 40% |
| Others | 2% | 13% | 5% |

*Source: author's compilation based on Ernst & Young (2013, 2014, 2015)*

Table 6 comprises information not investigated by other Romanian academic studies. Thus, two entries are confusing: "all the communities the companies operates in" and "at a community level"; they overlap to some extent with the national, regional, and local level. The decrease of involvement at national level and the respective increase at local level is due to the rise in number of interrogated companies, as the data in Table 1 shows. It also indicate that the major foreign owned companies, located mainly in Bucharest tend to target national CSR projects, while the medium size companies, located outside Bucharest, and probably mainly domestic owned, are more focused in local CSR projects.

**Table 6.** The extent of CSR activities

| Extent of CSR activities | 2013 | 2014 | 2015 |
|---|---|---|---|
| National | 66% | 57% | 45% |
| Regional | 26% | 35% | 25% |
| Local | 40% | 52% | 55% |
| All the communities the companies operates in | 21% | 27% | 13% |
| At a community level | 40% | 33% | 25% |
| At company's level | 0% | 31% | 21% |

*Source: author's compilation based on Ernst & Young (2013, 2014, 2015)*

The average number of CSR projects/initiatives decreased in 2015 versus 2014 (Table 7), mainly as a direct result of the increase in interviewed companies.

The data for the average value of a CSR project/initiative for 2014 are missing (Table 7); it is not clear if the question was excluded from the questionnaire or the results were not included in the respective survey. Nevertheless, the majority of responded companies allocate less than EUR 10,000 for a CSR project/initiative.

**Table 7.** The number of CSR projects and the average value of a CSR project

| | 2013 | 2014 | 2015 |
|---|---|---|---|
| Number of CSR projects/initiatives (average per company) | 6.6 | 13.7 | 8.7 |
| The average value of a CSR project/initiative (EUR) | | | |
| Less than 5,000 | 34% | n/a | 52% |
| Between 5,000 and 9,999 | 32% | n/a | 18% |
| Between 10,000 and 49,999 | 20% | n/a | 18% |
| Between 50,000 and 99,999 | 3% | n/a | 7% |
| Between 100,000 and 199,999 | 9% | n/a | 3% |
| Between 200,000 and 499,999 | 0% | n/a | 2% |
| More than 500,000 | 2% | n/a | 0% |

Source: author's compilation based on Ernst & Young (2013, 2014, 2015)

The preference for small, inexpensive CSR projects is confirmed by the studies of Baleanu et al. (2011) and Saveanu et al. (2014). The second study indicate (thus only at a county level) even lower amounts, between RON 1,000 and 10,000 (roughly between EUR 200 and 2,000).

This situation is mainly due to the fact that the main (financial) resources allocated for the CSR budgets come from the tax exempt amounts which are limited to 20% of the taxable profit by the Romanian fiscal regulations.

While the majority of respondent companies declare that there exists a strategy/policy dedicated to CSR within the respective companies (Table 8), the answer is at some extent contradicted by the answer given to the question if they measured the impact of CSR initiatives (Table 9). The percentages in Table 9 should be at the same level with Table 8, if a strategy/policy really existed. The companies would have the interest to assess the results. Thus, the percentages declared in Table 9 are lower, indicating the existence of such a CSR policy/strategy only either at a declarative level or as an intention. This is further confirmed by the fact that a small number of companies (26% in 2014 and respectively 13% in 2015) include the CSR activities in their annual reports.

The studies of Iamandi (2011) and Obrad (2011) indicate that the strategic dimension of CSR activities is weak, lacking in coherence, unity, and long-term commitment. Baleanu et al. (2011) indicate that only about 17 companies out of top 100 investigated include CSR in their mission/vision/values. Anca et al. (2011) show that few companies integrate CSR in their core business. Cristache (2011) shows that the involvement in CSR activities does not result from a strategic approach, aiming only at short-term image benefit. This situation is indirectly confirmed by the Ernst & Young surveys (Table 9) showing that the press releases are the preferred form of communication on CSR activities.

Regarding the selection of CSR programs/initiatives, while over 50% of the companies declared they have an internal process for the identification of CSR activities, a relative large number (over 40%) declare they have not. This situation is consistent with the findings of previous studies. Obrad et al (2011) shows that few companies based their CSR initiatives on a scientific diagnosis and the selection of the activities is rather a one-sided (top management level) decision based on various discussions with the shareholders and/or based on collaborations with NGOs. Obrad et al (2011) further show that the identification of the social needs within the community is done sporadically and chaotically, according to the business' major interest and/or the personal interest of few employees/managers. Cristache (2011) completes the image by pointing out the inconsistency of CSR program initiatives and the fact that these programs are not always designed to meet a real social need. Zait et al. (2015) also pointed out that the orientation of the CSR actions are based on wishes and circumstantial influences, subjective preferences and cultural inclinations of important managers of these companies.

**Table 8.** CSR dedicated policies/strategies and the identification of CSR projects

| The company has a policy/strategy dedicated to CSR? | 2013 | 2014 | 2015 |
|---|---|---|---|
| Yes | 78% | 84% | 65% |
| No | 22% | 16% | 35% |
| There exists an internal process for identifying the relevant CSR projects/initiatives | | | |
| Yes | 60% | 60% | 51% |
| No | 40% | 40% | 49% |
| A CSR committee exists at top management level | | | |
| Yes | 45% | 57% | 58% |
| No | 55% | 43% | 42% |
| The average number of persons included in the CSR team | 2.6 | 2.8 | 3.5 |

Source: author's compilation based on Ernst & Young (2013, 2014, 2015)

Table 9 shows that measuring, assessing, and reporting on CSR activities is an important problem in Romania. This is consistent with the findings of Obrad et al. (2011) showing there is only a small number of companies that use LBG (London Benchmarking Group) model for CSR evaluation. Obrad et al. (2011) give more details regarding the peculiar ways some companies assess the impact of their CSR involvement. Thus, on what the transparency is concerned, it is worth noting a slight improvement in 2015 versus 2014 on reporting the CSR activities on the companies' websites, social media, and on dedicated CSR websites.

**Table 9.** Assessing and reporting the CSR activities

| The company measures the impact of its CSR activities | 2013 | 2014 | 2015 |
|---|---|---|---|
| Yes | 65% | 68% | 45% |
| No | 35% | 32% | 55% |
| | | | |
| The company uses KPI (key performance indicators) for measuring the CSR impact | | | |
| International standard reporting | n/a | 24% | 22% |
| Company's own evaluation systems | n/a | 53% | 61% |
| Evaluations provided by partners (e.g. NGOs) | n/a | 18% | 12% |
| Other indicators | n/a | 5% | 5% |
| | | | |
| How the company's involvement in CSR projects/initiatives are announced? | | | |
| Annual reports | n/a | 26% | 13% |
| Press releases | n/a | 31% | 22% |
| Company's websites | n/a | 22% | 31% |
| Social media | n/a | 13% | 23% |
| Dedicated CSR platforms | n/a | 8% | 11% |

Note: In fact the question asked was: "which KPI are used to measure the CSR impact?" Thus, no KPI was clearly named within the survey results.

*Source: author's compilation based on Ernst & Young (2013, 2014, 2015)*

The problems that surfaced from Tables 8 and 9 regarding the relative absence of a CSR policy/strategy and the low level of assessment of its impact along with the relative low transparency can be traced to the absence (in most cases) a CSR dedicated department within the company. Stancy & Olteanu (2008) show that only 2% of the investigated companies have a CSR department, while Obrad et al. (2011) point out that only in some cases a dedicated CSR department exists. These findings are indirectly confirmed by the Ernst & Young (2014, 2015) surveys when they reveal that in about 80% of the cases the CSR budget is included within either PR & Marketing department or Human Resources department. Despite the fact that the responded companies declared the existence of a CSR team, if this team has to mix the CSR coordination with other daily work tasks, the results cannot be others than those revealed above.

An important point not investigated by Ernst & Young (2013, 2014, 2015) surveys is the fact that most of the large companies created NGOs (foundations) either completely or partly financed by the respective companies in order to assist the company in CSR programs, as pointed out by Obrad et al. (2011). Thus, the Ernst & Young (2013, 2014, 2015) surveys partly confirm this situation by showing that the preferred partners for CSR programs are the NGOs. This reality should be included in any investigation and probably it will change the Romanian CSR characteristics completely.

The motives for the companies' involvement in CSR activities are presented in Table 10. The first entry of Table 10 is in slight disagreement with the data in Table 8. If the CSR strategy exists and it is included in company's public relation strategy, the percentages should have been similar to those in Table 8. One might argue that the first entry could be added to the percentages for the fourth entry of Table 10. However, this shows some drawbacks not in respondent answers, but in the questionnaire construction; it indicates a lack of correlation between questions and the suggested answers.

Nonetheless, the answers in Table 10 show that CSR is perceived as a competitive advantage (entries two, five and six). This perception was highlighted also by Stancu & Olteanu (2008), and Baleanu et al. (2011). Thus, the findings of Obrad et al. (2011) contradicts to some extents this by showing that about one third of the interrogated companies consider there is no clear proof that CSR is profitable on the long term.

It is worth noting that the studies of Stancu & Olteanu (2008) and Obrad et al. (2011) also mention that the involvement in CSR activities comes from CSR being perceived as being fashionable and from mimicking the behavior of their main competitors.

The Ernst & Young (2013, 2014, 2015) surveys failed also to capture how much of the involvement is triggered by the parent company in the case of MNCs Romanian branches (as suggested by Stancu & Olteanu, 2008), and they also failed to reveal the CSR involvement due to the community pressure (perceived as week by Obrad et al., 2011).

**Table 10.** The motives for the companies' involvement in CSR activities

| Motives | 2013 | 2014 | 2015 |
|---|---|---|---|
| It is part of company's strategy on public relations | 58% | 74% | 66% |
| Increases the recognition and visibility for the company | 62% | 70% | 64% |
| Our shareholdes demand the involvement in CSR activities | 21% | 23% | 25% |
| The company's policy require the CSR involvement | 17% | 22% | 12% |
| Increases the financial value of the company | 15% | 14% | 17% |
| Helps in promoting company's products/services | 13% | 20% | 21% |

*Source: author's compilation based on Ernst & Young (2013, 2014, 2015)*

## Conclusions

Leaving aside the flaws in the questionnaires applied within the Ernst & Young (2013, 2014, 2015) surveys, that did not always allow to follow the announced trend, the results of these surveys combined with other academic studies enable to sketch some of the CSR features for Romania.

The Ernst & Young (2013, 2014, 2015) surveys, similar to the previous studies show, that CSR meaning remains blurry at the level of Romanian companies, in general.

Clearly, the CSR involvement exists at the level of medium to large companies, mainly if they are controlled by foreign owners. They are involved in various CSR activities, either at local or national level. The main forms of involvement are sponsorships and volunteering. The budget allocated per CSR project/initiative is relatively small, less than EUR 10,000. The selection process of CSR projects is not transparent and is concentrated at the level of top management. This situation results from combining the Ernst & Young (2013, 2014, 2015) surveys with the studies of Iamandi (2011), Baleanu et al. (2011), Obrad et al. (2011), and Zait et al. (2015). Frequently, there is no CSR dedicated department, thus the companies might finance fully or partly NGOs (foundations) that are supposed to carry on the CSR initiatives under the respective company's name, as highlighted by Obrad et al. (2011). The assessment of and the reporting on CSR activities is also problematic and short-term oriented. Finally, CSR is perceived mainly as a tool to be used for competitive advantage, rather than a long-term strategy for sustainable development. This fact was also documented by Anca et al. (2011), Baleanu et al. (2011), Iamandi (2011), Obrad et al. (2011).

By applying the questionnaire to a larger number of companies in 2015, the survey also confirmed the former finding of Iamandi (2011) that mainly at Romanian companies' level, CSR is similar to philanthropy.

The results of this brief study are in accordance with the previous studies that showed the followings: a) CSR in Romania is a concept initially introduced (or rather imposed to their respective branches) by MNCs, (Iamandi, 2011); and in the cases of Romanian owned companies might be rather an imitation of the foreign practices (Obrad et al. 2011); b) social responsibility programs are perceived as not important and irrelevant for the business, mainly by the Romanian owned companies (Cristache, 2011; c) the CSR in Romania is still at an early stage of development, despite the increase number of CSR initiatives; as Baleanu et al. (2011) showed, CSR is still punctual and targets relatively disparate activities with reputational aim; Zait et al. (2015) complete the image by highlighting that the CSR activities are based on wishes and circumstantial influences, subjective preferences and cultural inclinations of important managers of the respective companies; d) CSR seems to be developed rather due to the fact that it is perceived as 'politically correct' within the European Union, and fashionable.

Therefore, between 2010 and 2015, based on the selected studies and Ernst & Young (2013, 2014, 2015) surveys, CSR at Romania's level is still a blurry concept and it is still at an early stage of development. This situation is also the result of the domestic business and social environment. Plagued by corruption, the public tends to look with mistrust at any business initiatives, including CSR involvement. Therefore there is no important pressure from the community for developing and maintaining truly needed CSR programs. Moreover, even after more than 25 years from the fall of the communist regime, the public and Romanian companies alike still consider that the social problems should be dealt with at central and local government level.

The involvement of government institutions in social programs is seldom known and there is also no coordination between the central and local authorities initiatives and the companies CSR programs, as shown by Anca et al. (2011) and Baleanu et al. (2011).

Still considered a frontier market economy, Romania lacks the investors' sophistication that might determine CSR to become a strategic tool for sustainable development. While the models of MNCs subsidiaries are good, they have to be adapted and transformed into Romanian companies 'own brand' of CSR activities. The numerous CSR initiatives at country level still lack coordination with the real social needs (maybe except for the natural environment). Thus, as Iamandi (2011) suggested, CSR development in Romania is expected to follow a path similar to othe European countries. The pace of this development however is influenced by the specific domestic problems and perceptions.

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# Annex 1

## SWOT analysis of Romanian CSR (as presented within the The National Strategy to Promote Social Responsibility)

| *Strengths* | *Weaknesses* |
| --- | --- |
| • The increasing interest of society/community towards CSR<br>• The relative novelty of CSR concept for the Romanian public<br>• The involvement of MNCs and (some) of the large Romanian companies in CSR programs/initiatives<br>• The continuous increase of CSR initiatives and the gradual implementation of the best practices in this field at national level<br>• The growing number of consumers choosing products/services provided by social responsible companies | • CSR is little understood within the Romanian society<br>• The insufficient development of a domestic business culture based on moral values (also influenced by the high corruption level)<br>• Superficial involvement in CSR activities; the main causes of social problems are ignored and therefore not properly addressed<br>• Socially responsible investments and acquisitions are poorly put in practices<br>• The stakeholders exhibit an insufficient capacity to direct/guide the CSR programs to work in their best interest<br>• The relative absence of extensive studies, research, and sociological assessments on the level of understanding of CSR and on the application of CSR programs in Romania |

| *Opportunities* | *Threats* |
|---|---|
| • The importance attached to CSR at European Union and international level<br>• The opportunities to learn and adapt the best practices and the experiences of developed countries in CSR field<br>• Development opportunities and competitive advantages for Romanian companies (mainly SMEs) on European and/or international markets<br>• The financing resources offered by the European Union for CSR initiatives or for initiatives including a CSR component<br>• The positive public attitude towards the companies involved in the community/society | • The absence of coherent public policies to promote CSR<br>• A weak and incoherent legal framework<br>• Problems in applying the existing regulations<br>• Insufficient support and involvement of public authorities in promoting and applying CSR (including the lack of budgetary funds allocated toward this goal) |