

## SUSTAINABILITY REPORTING AND CONSUMERS' PROTECTION

**Ionel JIANU**

Associate Professor, PhD  
The Bucharest University of Economic Studies, Romania

**E-mail:** ionel.jianu@cig.ase.ro

### **Abstract:**

*The present article analyses the corporative practices and the consumers' protection from the perspective of sustainability reporting, offering a fundamental theory for the sustainability reporting domain, which explains why a company is responsible for consumers' protection. Based on the domain literature and on qualitative data from reports recommended by Global Reporting Initiative, within the article there is developed a conceptualization of corporate practice regarding consumers' protection, the research having implications for the practice in the domain and for further researches.*

**Key words:** consumer, integrated reporting, sustainability reporting

### **1. Introduction**

Businesses of large companies are carried out around two major objectives: profit and sustainability or sustainability and profit. Their order is not necessarily relevant, conditioning and ensuring one another, both contributing to diversification of the information provided by economic actors that intend to be competitive and to secure the market and the reliability of stakeholders.

Companies, especially those listed, are required to publish yearly both the financial statements and a report on corporate governance, so that users be able to substantiate their analysis and decisions. In addition, companies enlarge the information offered by highlighting the aspects of business sustainability in order to convince the whole society, in general, and the users, in particular, on responsible corporative behavior. Regarding financial reporting, literature abounds with studies and positioning of the various (Minnis, 2011; Bartkus, Glassman and McAfee, 2006; Healy and Palepu, 2001; Baker and Wallagey, 2000; Ward, 1998; Herry and Waring, 1995), the nonfinancial reporting is at the beginning, and what exists, at the level of publications, focuses primarily on social and environmental issues (Brown, de Jong and Levy, 2009; Botescu, Nicodim. and Condrea, 2008; Udayasankar, 2008; Falck and Heblich, 2007; Perrini, Russo and Tencati, 2007; Jenkins, 2006). Social responsibility follows the overall dynamics of international management trends being standardized in packages that can be implemented such as: UN Global Compact, The Global Reporting Initiative (GRI) and ISO standards (Sahlin-Andersson, 2006).

GRI is nowadays the best known frame for voluntary reporting regarding environmental and social issues, being world-wide used (in more than 65 countries). The GRI aim is to harmonize the various existing reporting systems and provide a platform for active dialogue about what is sustainable performance. „Its model was the U.S. financial reporting system FASB, which GRI has sought to expand in depth (global), goal (indicators of social, economic and environmental performance), flexibility (descriptive and quantitative indicators), as well as what regards the interested public (industry, financial sector, accounting profession, civil society, NGOs working on human and environmental rights and other stakeholders)” (Brown, de Jong and Levy, 2009).

Referring to developed markets, communities influenced or affected by the activities of companies enjoy their attention and occupy a central place in the development and implementation of socially-responsible policies and measures. Thus, companies rely on the involvement and participation of communities in the design and implementation of companies’ processes and activities that directly affect them (Corus and Ozanne, 2012). At the level of undeveloped markets, negative impact of corporations’ activities on communities is not a very important issue for them (Garvey and Newell, 2005).

In all these aspects presented so far, the consumer role is clear and decisive as regards the business development approach. The consumer through its manifestation in the market can have a decisive contribution to the companies’ prosperity and affirmation, becomes the actor around which gravitates the entire businesses system. The natural question to ask is about how companies manage to attract, retain and loyal consumers. If we consider the first of the two strategic objectives mentioned above, respectively the profit, the answer to such a question can be given by the pricing policy on products that companies sell. The consumers face two problems: less money in the pocket and higher prices on the market. Along with the understanding that seller aim to increase the price (Bolton & White, 2006), it must be also understand the consumer that wants a reasonable price. The perception of this attribute of price of being reasonable is related to the consumer’s assessment ability and to its emotional condition when comparison is made with similar products in terms of acceptability, respectively utility (Xia, Monroe and Cox, 2004). Consumers who perceive price as unacceptable, have a negative attitude on that who applies it (Gebhardt, 2008) and show a self-protective behavior by complaining on that commercial relationship, and even cancel it (Monroe & Xia, 2006). If we consider the second of the two strategic objectives mentioned above, respectively sustainability, the answer lies in promoting by company of specific policies that lead to obtaining and providing products that, in addition to usefulness, should be friendly to both the purchaser and the environment in which he operates.

The proactive behavior of consumers is encouraged; their role is there is redefin by the development of a relationship between them that provides them more than just the opportunity to ensure the product they need. On this background, innovation occurs as a way to push things forward, a way to meet long-term demands of consumers, especially those relating to value. Basically, the traditional way of doing business is given up, the whole business system is reconsidered, collaboration with the consumer and placing him at the forefront of all company processes being crucial. Companies reassess their policies, reestablishes their values, target sustainable development and are forced to make known their approach through communication, by presenting financial and nonfinancial information, practical by sustainable reporting. Is the way to be more expressive, more directly, more understandable

to all who aim to obtain value and, why not, much more marketable. Integrated reporting is the path to financial stability and sustainability of any type of business in the current society.

The present study, based on stakeholder theory, examines the influence of sustainability reporting on consumer's protection, prepared on the basis of GRI practice. For this purpose, we consider a sample of 26 reports from GRI site. The research methodology used in this article is the qualitative analysis that is based on the fundamental theory. The results obtained show the interest of large companies for development of sustainability reporting with help of various categories of stakeholders (consumers in our case).

The paper is organized as follows: the second section is the specialty literature review regarding sustainability reporting, sustainability and consumer care, in the end being presented a short resume on the stakeholder theory; the third section describes the methodological approach and forth section presents the findings. Finally, the fifth section provides the conclusions and the implications of the present research.

## **2. Literature review**

### **2.1. Sustainability reporting**

The sustainability reporting supposes two ways of discussion and understanding: theoretical and practical. Theoretically, till now, in the literature, has not yet been developed a widely accepted definition of "sustainability reporting". Academic articles and business press use the term, but in fact they talk about "sustainability" or "corporate social responsibility". Practically, the companies, being concerned over the social and environmental impact of business and the impact of social and environmental issues on business, manage their sustainability footprint. Recent emphasis has been on the integration of ethical, social, environmental and economic, or sustainability issues within corporate reports. This has been referred to as 'triple bottom line' (Elkington, 1997), or 'sustainability' reporting (Global Reporting Initiative, 2000).

Reporting represents for companies an indirect way dialogue with stakeholders. Reporting is both the vector that provides information on the current situation of the company, its strategy and future direction, as well as the key and basis of any deep discussion about the sustainability of its products and its approaches to competitiveness, development, for supremacy in the market. The demand for information market seems to disagree with the honesty and sometimes coldness and objectiveness of financial reporting figures, focusing more on reports which present in details, on a non-financial manner, data and information about products, suppliers, consumers, company politics and actions regarding the assumed role as an organism responsible and accountable for its actions.

The companies managers are awareness that through a sustainability report they can successfully accomplish their managerial plans, so that they included the sustainability report in the companies organizational culture. Now, regarding the sustainability reporting, there are concerns about the completeness and credibility of these reports (Adams, 2004) and the motives of managers preparing them (O'Dwyer, 2003). But, taking into account that many researchers in the field of sustainability reporting are motivated by a desire to see improvement in the sustainability performance of organizations (Adams and Gonzalez, 2007), we consider that there will be enough room for improvements, by creating a Conceptual Framework for Sustainability Reporting and for a universal application of the sustainability reporting.

## 2.2. Sustainability and consumers care

In the domain's literature there are several theories which attempt to explain motivations for embracing sustainability path (Garriga and Mele, 2004). According to a Financial Times article by Maitland (2003) "many companies are concluding that they cannot afford not to invest in being seen as responsible." Although this study is based on stakeholders' theory, it is necessary to point out two other theories which could explain the company's consumer care, such as integrative and ethical theories. These suggest that firms engage in socially responsible activities because they have a normative (moral) commitment to serve multiple stakeholders (Berman, et.al., 1999; Garriga and Mele, 2004; Matten and Crane, 2005). Companies, such as Microsoft and Google, are among the strongest proponents of corporate social responsibility (Delaney, 2008; Guth, 2008). Consumers, the most important stakeholder in this context, are different, today we meet with 'greener' and 'ethical' consumers asserting themselves more and more often. Changing consumer preferences are also going to prove to be a tipping point for companies to be aware and act consequently.

The new consumers are asking more and more difficult questions, consumers asking brands how they deal with other products, and so on. A major change in the business world is made by introducing the consumer community to some information about the producer community. This is a very efficient way of changing the old state of things, to bring the new consumer up at the level of partnership with the producer. This relation affects the rules of the game. We are witnessing at the attempt to fill up the gap between producers and consumers by making things much more local, punctual, internal.

The business development is related to the consumer attitudes on business. Each category of stakeholders (consumers, shareholders, employees, managers and so on) is making different choices. These are the things that are bridging the divide between business and development, and it might be a very positive trend. Building this new concept of stakeholder, by introducing inside the shareholders, is based on the new type of company, a company in which the primary stakeholders have a majority share in the structure of the company and are directly linked to the consumer community. Consumer perception of companies on the importance of consumers is an approach that is taking shape not only from business environment, the governments also being actively involved in supporting and promoting measures by which the consumer to be respected. Legislation in the United Kingdom, for example, requires public listed companies to disclose the risks of ethical, social and environmental concerns in their annual reports (Porter and Kramer, 2006).

The consumers have become during the last decades almost a natural resource for the company development. The company has to promote its best policies to attract and to maintain the consumers inside the business. There are a lot of companies which understood this and provide models for "conserving" this natural resources base (the companies which are provider for the featured GRI reports). These companies, which are realizing that they depend on consumers, maintain a good balance between financial and social policies, between shareholders and stakeholders treatments, between interior and exterior process of the company. Even if one of these things moves out of balance, then everybody suffers.

## 2.3. Stakeholder theory

A sustainability report based on production and presentation of complex information, usually voluntary, extends the information contained in traditional financial state-

ments. Its use may be justified by reference to stakeholder theory, according to which companies should create wealth for all stakeholders, in contrast to the traditional financial reporting based on creating value, in principal, for the actual and potential investors and for the lenders (IASB Framework, 2010). The basic proposition of the stakeholder theory is that the firm's survival depends on its successful management of relationships with stakeholders. Considering that the information provided in financial statements is usually insufficient, the corporate transparency must be expanded to stakeholders' area and must be presented in an integrated form.

Stakeholder theory is, in our opinion, the most appropriate theory to explain the consumer's role and importance for the company development. Also integrative theory and the theory of ethics participate fully in support of sustainability reporting, in general, and consumer protection, in particular. Because the terms general and particular were used, it is necessary to bring in discussion the broader perspective of the stakeholder theory – an individual can be part of more than one stakeholder group (Freeman, 1984) and the narrow view of stakeholder theory – stakeholders are those groups that are necessary for company survival (Mitchell, Agle, and Wood, 1997). This paper adheres to the narrow perspective of stakeholder theory. Although the company interacts with many groups of stakeholders, the company's survival depends on the consumers.

### 3. Method

The sustainability and the consumer care is a relatively new direction in the modern economic research, and, most important, the companies' perceptions of sustainability reporting represent a complex area where more work is needed. In this context we consider that a research strategy that usually emphasizes words rather than quantification in the collection and analyses the data – the qualitative research, represents an appropriate approach to knowledge generation. Qualitative content analysis used in this paper is the most used approach in qualitative analysis, although in current research approaches the quantitative content analysis is preferred (Insch, Moore and Murphy, 1997). So, we have decided to concentrate our attention on the company's behavior in relationship to consumer, analyzing a particular aspect of organizational culture, namely how the company implements sustainability reporting (particularly for consumer protection). Given these reasons, qualitative content analysis, semiotics and hermeneutics are used based on the grounded theory to identify the dimensions of the company policies in consumers' protection.

#### 3.1. Data collection

For the study 26 reports recommended by GRI were analyzed. All the reports are organizational documents which that due to the relevance of the information presented are recommended by GRI to be used as a model. So, we have a heterogeneous group of sources which are of particular interest for both the business world and research, due to the vastness of information relating to documentation. These documents were produced for the business development, they are non-reactive, and so, they do not affect the validity of the research results. Also, the criteria for assessing the quality of the documents (Scott, 1990): authenticity, credibility, representativeness and meaning have been met, taking into consideration that these documents were certified by the independent audit firms on the one hand and by the GRI group of experts on the other hand.

GRI report presents, as general view, the necessary information belonging to an entity so that it can improve the aspects of the elements of economic, social and environmental performance. The indicators recommended by GRI to be included in the social responsibility report have the mission to guide the content of the report and not offer solutions on how data can be collected for presentation or calculation of indicators. The importance and recognition that GRI has gained worldwide has led us to choose this referential as a basis for study social responsibility reports. The performance indicators recommended by GRI are of three types: economic performance indicators (9 indicators), natural environmental performance indicators (30 indicators) and social performance indicators (40 indicators). Social performance indicators recommended by the GRI are grouped into four categories: labor and decent work practices (14 indicators), human rights (9 indicators), society (8 indicators) and product liability (9 indicators). The analysis was focused on product liability area, being analyzed indicators reflecting company policy on consumer protection: Customer Health and Safety, Product and Service Labeling, Marketing Communications, Customer Privacy and Compliance.

### 3.2. Sample

Purposive sampling was employed in the selection of the GRI reports. This means that reports were chosen that could inform us about the research problem addressed in this study, similar to the working procedures used in other works that deals with the issue of sustainability reporting (Creswell, 2007). The sampling strategy was thus driven more by theory than by representativeness. Our selection was directed to those reports that included companies with high levels of sustainability reporting behavior regarding the company's attitude towards consumers needs. At the time of data collection (October 2013), on GRI website were presented and recommended as a model 42 sustainability reports produced by large multinational corporations. From these, only 26 were analyzed (Table 1), remaining 16 reports were removed from the study because: 1 of them could not be downloaded, 9 of them were not written in English but in Spanish, Portuguese or Arabic, and six reports did not provide information about the company policy on consumer protection.

### 3.3. Data analysis

Grounded theory has become by far the most widely used framework for analyzing qualitative data (Glaser and Strauss, 1967). According to this theory is required to code data, to combine the codes into broader categories and themes, and to interpret the results. In the first step, categories related to sustainability reporting (open coding) were formed. In the second step, a category was identified as the central phenomenon: consumer protection. Third, axial coding dealing with the central phenomenon was undertaken. Finally, all of the categories were drawn upon to develop a typology. For data interpretation was used, through inductive reasoning, qualitative content analysis. A semiotic analysis which suggests that the symbolic order of a culture is constructed and interpreted through a system of signs was used to highlight the new meanings of the producer – consumer relations (Barley, 1983). To obtain objective results, the entirely analyses of this research was realized under umbrella of the hermeneutics approach.

**Table1.** The sample composition

Company Name	Activity Sector	The number of sustainability reports	The name of the present report	GRI checked	The length of the present report (pages number)	How many time the word consumer / customer appears in report
Larsen & Toubro	Construction, Industry	6	L&T's Corporate Sustainability Report 2013	A+	136	6
ÇİMSA	Industry	3	Sustainability Report 2012	A+	92	3
Commerzbank	Banking	2	Corporate Responsibility Report 2013	A	88	6/319
Bank Asia Limited	Banking	1	Sustainability Report 2012	B	84	8/43
Liberty Global	Media Cable	2	Corporate Responsibility Report 2012	B	60	23/169
BHP Billiton	Industry	15	BHP Billiton Sustainability Report 2013	A+	54	1/15
Petrochemical Industries Company	Industry	5	PIC Sustainability Report	B	49	7/25
Family Development Foundation	Government Organization	2	Clear vision Towards Sustainability	A	87	0/10
Dell	Industry	3	FY13 Corporate Responsibility Summary Report	A	39	5/36
Queiroz Galvão Exploração e Produção	Industry	2	Sustainability Annual Report 2012	B	39	10/34
Q8	Industry	1	Q8 Corporate Sustainability Report	C	42	1/11
Northrop Grumman	Services and Industry	5	2012 CORPORATE RESPONSIBILITY REPORT	A+	42	0/62
Votorantim	Industry	3	Integrated Report Votorantim	B+	160	8/82
United Parcel Service (UPS)	Services	10	UPS Corporate Sustainability Report 2012 - More of What Matters	A+	143	6/188
İşbank	Banking	1	Sustainability Report 2012	B	120	4/237
CapitaLand Limited	Construction Real Estate	4	CapitaLand Limited Global Sustainability Report 2012	B+	73	1/13
Alcatel-Lucent	Telecommunications services	3	2012 Sustainability Report	A+	242	11/186
Export Development Canada	Financial Services	9	CSR in the New Reality	B+	43	0/53



Company Name	Activity Sector	The number of sustainability reports	The name of the present report	GRI checked	The length of the present report (pages number)	How many time the word consumer / customer appears in report
Dubai Customs	Government Organization	5	Dubai Customs Sustainability Report - 2012	A	30	0/45
Pacific Rubiales Energy Corp	Construction Real estate	5	Pacific Rubiales Sustainability Report 2012	A+	240	2/23
Hamburger Hafen und Logistik AG	Transporturi	2	Annual Report 2012	B+	225	3/60
Hydro-Québec	Electric Utilities	5	Sustainability report 2012	B	48	8/67
Vancity	Banking	10	2012 Annual Report: The Vancity Effect	A+	72	5/6
Energy Development Corporation	Energy	6	It's Possible: EDC 2012 Performance Report	A+	194	5/64
SNAM	Industry	6	Sustainability Report 2012	A+	116	5/29
Ecopetrol		4	Reporte Integrado de gestión Sostenible 2012	A+	385	7/76

**Table 2: Customer care through Product Responsibility**

Disclosures key /	Customer health and safety	Products and service	Marketing Communications	Customer privacy	Compliance (PR)
1.	Partially reported	Fully report-	Fully reported	Fully report-	Fully report-
2.	Fully reported	Fully report-	Fully reported	Fully report-	Fully report-
3.	Fully reported	Fully report-	Fully reported	Fully report-	Fully report-
4.	Not reported	Fully report-	Fully reported	Fully report-	Fully report-
5.	Not reported	Fully report-	Fully reported	Fully report-	Fully report-
6.	Fully reported	Fully report-	Fully reported	Fully report-	Fully report-
7.	Not reported	Fully report-	Not reported	Not reported	Not reported
8.	Fully reported	Not reported	Fully reported	Fully report-	Fully report-
9.	Fully reported	Fully report-	Fully reported	Fully report-	Fully report-
10.	Not reported	Not reported	Not reported	Not reported	Not reported
11.	Not reported	Not reported	Not reported	Not reported	Not reported
12.	Not reported	Not reported	Not reported	Not reported	Not reported
13.	Partially reported	Fully report-	Partially reported	Not reported	Fully report-
14.	Fully reported	Fully report-	Fully reported	Fully report-	Fully report-
15.	Not reported	Not reported	Fully reported	Fully report-	Fully report-
16.	Partially reported	Not reported	Partially reported	Partially	Not reported
17.	Fully reported	Fully report-	Fully reported	Fully report-	Fully report-
18.	Not reported	Not reported	Not reported	Not reported	Not reported
19.	Fully reported	Fully report-	Fully reported	Fully report-	Fully report-



Disclosures key /	Customer health and safety	Products and service	Marketing Communications	Customer privacy	Compliance (PR)
20.	Fully reported	Fully report-	Fully reported	Fully report-	Fully report-
21.	Fully reported	Fully report-	Fully reported	Fully report-	Fully report-
22.	Fully reported	Fully report-	Fully reported	Fully report-	Fully report-
23.	Not reported	Fully report-	Fully reported	Fully report-	Fully report-
24.	Not reported	Not reported	Not reported	Not reported	Not reported
25.	Fully reported	Not reported	Not reported	Not reported	Fully report-
26.	Fully reported	Fully report-	Fully reported	Fully report-	Fully report-

## 4. Results

On the basis of the findings of the qualitative study, we highlighted the place of consumer in the center of the strategic objectives of corporate social responsibility which perceive the implementation and publication of the consumer protection practices as a corporate perspective of sustainability reporting.

### 4.1. Sustainability domains and company's perception

The term social sustainability of the company is used to cover a broad area of concepts in scientific literature, making its exact definition to be ambiguous. The broadening of its coverage area has been present in contemporary literature by including the term stakeholders and implicitly many other aspects related directly or indirectly to the company life. Inaccurate terminology is generated also by his dynamic character and changing resultat of its alignment with current social problems. Social sustainability orientation does not eliminate the problem of company profitability, which remains the main reason for the existence of the company, but add on the management agenda social and environmental problems resulting from the activity of the enterprise and how they affect communities (Nasrullah and Rahim, 2014).

We started the construction of this approach from the consideration that reporting at the company level, is undergoing a period of search and retrieval, in the idea of being close to what the free market and modern society requires. As the way to penetrate into the market is satisfying consumer demands, and the consumer, as an individual, is the basic element of modern society, awareness and moving toward offering a varied and transparent information constitutes strong attributes for performance of companies. Companies are turning to its stakeholders, entering and feeding relationships without which their existence would not be possible (Freeman, et al., 2010). Ignoring by the company of non-financial aspects of performance cause loss of market share and value for the company and how it is perceived in the market and generate additional costs with informations and change negatively the way company's products are perceived by clients (Pintea, 2011).

The positioning of the top management of the companies analyzed in the sample provide certainty on this new guidance on reporting that is required to be made. Thus, at their level has become apparent, in accordance with the principles of corporate governance, strategic planning cycles to incorporate new dimensions of thinking and proactive action. Companies is willing to focus on those issues that matter to all stakeholders, basically they assume responsibility to respond to all messages received from all interested parties.

*"Liberty Global's corporate responsibility strategy focuses on the issues that are most important to our stakeholders, as well as those issues that have a material impact on the future competitiveness of the business. These topics were identified and prioritized in a materiality assessment process which we conducted in early 2012. Our top seven most material issues include: customer privacy and security; digital inclusion; e-waste; transparency and disclosure; energy use and GHG emissions; and protecting children on the internet and TV. We have grouped these topics into four key issue areas: 1.promoting a digital society; 2.building trust with our customers; 3.managing our environmental impacts; and 4.being a responsible business. Our CR Framework summarizes our approach to managing these opportunities and challenges". (Corporate Responsibility Report 2012)*

New goals appear, we need the personnel specialized in the relationship with each of these stakeholders categories, as each may be decisive for the existence of the company. If until now we have shown that happens in relation to outside the company, it must be said that these efforts are considerable for stakeholders inside the company. These companies have chosen the path of transparency, chose to communicate with stakeholders bringing confidence from the inside out and from the outside taking involvement.

#### **4.2. Corporate stages of sustainability reporting development**

Not all the things we bring into discussion in this article, referring to the issue of sustainable reporting recommended by GRI reports were perceived, developed and presented so from the beginning. It therefore seems essential the need to provide guidelines for the creation of a true and fair view of sustainable reporting.

It must be said that both the theory and practice of sustainable reporting occupies a central place within the concerns and approaches of all social actors responsible in all spheres of activity, from business to the society and from the society to business. States through specialized bodies have become actors involved in the issue of sustainable reporting, these being among the most energetic vectors in social responsibility activities.

Sustainability has evolved in recent years from a concept on the company's impact on the environment in which it operates, in an overall management concept based on three pillars, namely environment, social and economic sustainability, known as triple bottom line – TBL or three pillars - profit, people, planet. TBL concept is addressed to stakeholders that participate directly or indirectly impacted by the company's actions. Principles of sustainability have as main objective the development of globalized companies, through the participation of all major economic actors (governments, companies, society) with respect to the environment and people.

The business of large companies can not and should not be seen only through the information that shows performance and financial stability because the companies are living organisms. Basically, this is achieved by sustainable reporting, informing the public about socially responsible actions, the steps for a green planet and a clean environment, to position the company as local actors, zonal, regional and even global involved in community life.

Things began timidly, given the traditional culture of the business environment - business for profits. But businesses progresses well and are about to become sustainable, without reducing profit. The best example through qualitative research that we propose, is the name given of the reports submitted by companies (Table 1, Column 5). It is said that a

good title provides more than 60% chances of selling a book, so you must agree that those who promote the culture of our corporations know how to do, they do very well and convey a lot, including the idea of evolution. Since the current Sustainability Report or Corporate Social Responsibility to the Annual Report (with a retro twist) and even to the futuristic Integrated Reporting, all bring about the story and charm periods they have spent and immortality unless they devote at least place collective memory.

#### 4.3. Sustainability reporting and consumers care

We bring into question the sustainability of the product and hence the sustainability of the business. We go a little under which we are accustomed, advocating for change in perception and claim that a sustainable product is the key to business success. No matter how involved we were in environmental protection campaigns, how many social projects we support and run (without minimizing human value), we can not change the perception of the products that do not meet consumers needs. Consumer validates corporate actions on social and environmental responsibility, while not all companies have the same level of involvement in such activities that generate additional costs. In a competitive market, achieving social responsibility actions that are not appreciated by the consumer disadvantage companies by the high costs involved (Steger, Ionescu-Somers and Salzmann, 2006).

If we talk about sustainable actions undertaken by companies, they seem to get past environmental and social labels and objectified, meaning approaching actual consumer, to meet all its requirements. Such an approach is the one proposed by a major player the German financial world, Commerzbank:

*"We have defined a wide range of sustainability issues and reviewed the relevance of these issues for our stakeholders and the bank. The results were aggregated to form a materiality matrix. The issues that were of equally high importance to us and our stakeholders in 2012 mainly relate to the sphere of action "market and customers", for example customer satisfaction and consumer protection. By contrast, environmental issues were less significant because our banking operations have a comparatively low impact on the environment" (Corporate Responsibility Report, 2013).*

This position is certain evidence that managers of large corporations realize that its product policy is best valued from the consumer perspective. No matter how many "green" or human initiatives you might have, your products will not be marketable. However, the more consumer is satisfied, the product will record higher sales.

Another example that things are going to prioritize the relationship that the company cultivates consumers/customers is the content of the column No. 8 of Table 1. The use of the two terms of sustainability reports is quasi-permanent, with no area of interest with no reference or use of consumer concepts, namely customer.

The company's involvement with stakeholder leads to increased company value and the recent evolutions show that companies environment and mutual support stakeholders depict resolving common problems and support each other. Social sustainability practiced by the company determines a natural process of selecting good managers who can adopt such policies, and makes it imperative specialized entities such as social or ethical audit. (Cespa and Cestone, 2007). Together with participation of stakeholders and their information about the policy adopted by the company ensure sustainable development of the company, the

gain from the synergy between the company and stakeholders stimulating the creation and alignment of the company's social policies to the current requirements of the society.

The constant policies in relation to stakeholders ensure the company's prosperity. Thus, it is not irrelevant the argument of placing consumers or customers in the forefront of stakeholders, interacting with them and partnership:

*"At Dell, we start by listening and that process is critical to our reporting. Stakeholders for us include our customers, activists, industry partners, nongovernmental organizations, government agencies and regulators, suppliers, investors and team members. We regularly engage them, soliciting feedback, reviewing goals and responding to inquiries throughout the year" (Corporate Responsibility Summary Report).*

Thus, the extremely vast landscape of responsibility regarding the company, acquire concreteness through the role of the receiver of the company, which must hear the voice of consumers, to reach a compromise between what the company wants and the signal of the consumer so that the most consumer needs are met.

*"We consider the viewpoints of a wide range of stakeholders, including customers, employees, investors, community leaders, and NGOs through both formal and informal channels. This is extensively discussed in our report specifically as part of our materiality matrix program where we surveyed and cataloged their concerns and have a plan to prioritize and address the top-tier issues. We also list our stakeholder engagement program and collaboratively work with a variety of external initiatives to make greater impact" (UPS Corporate Sustainability Report 2012).*

We have a speech that makes part of an agreement (formal aspect of producer-consumer relationship), in a deal (informal look the same relationship), a fairly clear and convincing evidence that each party must assume and comply with the terms of the collaboration.

*"Dialogue helps shape İşbank's business strategy and the approach to sustainability. Accountability to stakeholders –customers, employees, shareholders and others affected by the Bank's operations – involves sharing insights and addressing concerns. Understanding consumers is the basis for the İşbank brand promise. Consumer insight is decisive for both the business strategy and product development. Comprehensive interviews and visits to customers throughout the network enable the Bank to identify trends in and respond to them in the product and service offering. İşbank's stakeholders are those institutions and individuals; that are potentially influenced by İşbank's decisions, activities, products and services; that have a potential influence on İşbank with their decisions, activities, products and services". (Sustainability Report 2012).*

Regarding the relationship company (producer) - consumer, we believe it is necessary to build a fundamental theory of the sustainability reporting which emanates managerial transparency (from the company) and transparent decision-making (from the consumer). Such an approach might run as follows:

- ✓ Assuming and promoting partnership with consumers: declaring the consumer as a resource of strategic importance; harmonizations of the internal company documents with the contents of all regulations (laws, decrees, resolutions) on consumer protection; permanent consultation of the consumers by using all possibilities of communication (direct contact, using social networks, e-mail addresses); attracting the customers to the company's shareholders; involvement in joint projects and initiatives.
- ✓ Product policy: consumer health and safety; products and service labeling; marketing communications; customer privacy; compliance.
- ✓ Reporting focused on consumer: presentation of financial position statement of the company, by recognizing Asset (resource) "consumers" (traditional consumers, current consumers, occasional consumers) and Equity (source) "consumers"; statement of financial performance by classifying revenues and expenses by the embodiment (revenues and expenses in relation to traditional consumers - commercial relationships older than 5 years, revenues and expenses in relation to current customers - commercial relations more than 1 year but less than 5 years and revenues and expenses in relation to occasional consumers - commercial relations in the current year); the presentation of the cash flow statement on the consumer (traditional cash flows, current cash flows, occasional cash flows);

In all three positioning we find through appeal to the procedure semiotics, very clear signs about the role and importance in the lives of consumers and companies approaches. Thus placement in top of the list of stakeholders is an extremely strong signal ; continuous consultation with them also, and the fact that the two major players - the producer and the consumer depend on each other, completes the picture.

## **5. Conclusions**

Based on the results of this study we can highlight the importance given by the company to its consumers, which are placed in most of analyzed reports in the forefront of the company's trusted partner. Stakeholder theory is useful in analyzing data on corporate sustainability. Group affiliation and ownership structure as well as corporate governance application, determine sustainable involvement of companies and correct information to stakeholders.

First, the results of the study highlighted the importance of stakeholders to develop business and related to this, the company management orientation for their stakeholders. Although so far we have not made reference other than the management of companies, to be responsible for providing a comprehensive image about the business, we must say that the financial accounting system is the part aimed to perform the entire procedure for financial support and responsible attitude. Purely financial reporting, still satisfactory at the time of this article, should be seasoned with everything we have shown that courses of action are moving into consumer requirements.

Secondly, the results of the study have provided, by recourse to semiotics, clear signs of positioning in the top list of consumer stakeholders. The consumer is the key to any sustainable approach developed at company level. Product sustainability translates now through performance and corporate ethics, leading to the strengthening of headquarters of a successful business: sustainability and profit. Another important aspect reflected in the

study is the one that gives the required notice of balance, meaning it promotes the idea that a company can not get from stakeholders more that it can give, if we refer only to the consumer, and that the relationship must be balanced between all categories of stakeholders, without favoring one of them over others.

Third, the results of the study reflected the importance of consumer for the company, the acceptance of the consumer in everything that means strategy, action plan and activities at the company level. Consumer becomes an agent of welfare, a cornerstone of any building policies and product strategies. We can speak now of agency theory in producer-consumer relationship, the consumer being the agent who, through his actions bring welfare to the producer. Thus, the relationship between producer and consumer is based on a permanent feedback, companies focusing on this aspect.

### Acknowledgements

This paper was co-financed from the European Social Fund, through the Sectorial Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/138907 "Excellence in scientific interdisciplinary research, doctoral and postdoctoral, in the economic, social and medical fields -EXCELIS", coordinator The Bucharest University of Economic Studies.

### References

1. Adams, C. A., Larrinaga Gonz alez, C., **Engaging with organisations in pursuit of improved social and environmental accountability and performance.** Accounting, Auditing and Accountability Journal, 20(3), 2007, pp.333–355.
2. Baker, C. R., Wallagey, P., **The Future of Financial Reporting in Europe: Its Role in Corporate Governance,** The International Journal of Accounting, 35(2), 2000, pp.173-187.
3. Bartkus, B., Glassman, M., McAfee, B., **Mission Statement Quality and Financial Performance,** European Management Journal, 24(1), 2006, pp.86–94.
4. Barley, S., **Semiotics and the study of occupational and organizational cultures,** Administrative Science Quarterly, 28, 1983, pp.393-413.
6. Berman, S. L., Wicks, A. C., Kotha, S., Jones, T. M., **Does stakeholder orientation matter? The relationship between stakeholder management models and firm financial performance,** Academy of Management Journal, 42(5), 1999, pp.488–506.
7. Bolton, L. E., Alba, J. W., **Price fairness: Good-service differences and the role of vender costs.** Journal of Consumer Research, 33, 2006, pp. 258–265.
8. Botescu, I., Nicodim, L., Condrea, E., **Business Ethics and the Social Responsibility of the Company.** Amfiteatru Economic. 10(23), 2008, pp.131-135.
9. Brown, H.S., de Jong, M. and Levy, D.L., **Building institutions based on information disclosure: lessons from GRI's sustainability reporting.** Journal of Cleaner Production, 17(6), 2009, pp. 571-580.
10. Cespa, G., Cestone, G., **Corporate Social Responsibility and Managerial Entrenchment.** Journal of Economics & Management Strategy, 16, 2007, pp. 741–771



11. Corus, C. and Ozanne, J. L., **Stakeholder engagement: Building participatory and deliberative spaces in subsistence markets**, *Journal of Business Research*, (65), 2012, pp.1728-1735.
12. Creswell, J. W., **Qualitative inquiry and research design — Choosing among five approaches**. US: Sage, 2007
13. Delaney, K.J., **Google: From don't be evil to how to do good**, *The Wall Street Journal*, January 18, 2008, p:B1
14. Elkington, J., **Cannibals with Forks: The Triple Bottom Line of 21st Century Business**, Oxford: Capstone, 1997.
15. Falck, O., Heblich, S., **Corporate Social Responsibility: Doing Well by Doing Good**, *Business Horizons*, 50(3), 2007, pp.247-254.
16. Freeman, R. E., **Strategic management: A stakeholder approach**, Boston, MA: Pitman, 1984.
17. Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L. and De Colle, S., **Stakeholder theory — The state of the art**, Cambridge University Press, 2010.
18. Glaser, B. G. and Strauss A. L., **The Discovery of Grounded Theory: Strategies for Qualitative Research**, Chicago: Aldine, 1967
19. Garriga, E. and Mele, D., **Corporate social responsibility theories: Mapping the territory**, *Journal of Business Ethics*, 53(1-2), 2004, pp.51–71.
20. Garvey, N. and Newell, P., **Corporate accountability to the poor: Assessing the effectiveness of community-based strategies**, *Development in Practice*, 15(3), 2005, p.389–404.
21. Gebhardt, G. F., **Social justice in marketing: Fairness, satisfaction and customer lifetime value**, Marketing Science Institute, Special Report, January, 2008.
22. Grewal, R., Chandrashekar, M., Citrin, A. V., **Customer satisfaction heterogeneity and shareholder value**, *Journal of Marketing Research*, 47(4), 2010, pp.612–626.
23. Guth, R.A., **Bill Gates issues call for kinder capitalism — Famously competitive, billionaire now urges business to aid the poor**. *The Wall Street Journal*, January 28, 2008, p.A1.
24. Healy, P. and Palepu, K., **Information asymmetry, corporate disclosure, and the capital markets: A review of the empirical disclosure literature**, *Journal of Accounting and Economics*, 31, 2001, pp.405-441.
25. Herry, R. H., Waring, A., **A user perspective on 'making Corporate reports valuable**, *British Accounting Review*, 27, 1995, pp.139–152.
26. Homburg, C., Hoyer, W. D., Koschate, N., 2005. **Customers' reactions to price increases: Do customer satisfaction and perceived motive fairness matter?** *Journal of the Academy of Marketing Science*, 33(1), 1995, pp.36–49.
27. IASB, **The Conceptual Framework for Financial Reporting**, 2010
28. Insch, G., Moore, J., Murphy, L., **Content analysis in leadership research: examples, procedures and suggestions for future use**, *Leadership Quarterly*, 8(1), 1997, pp. 1-25.
29. Jenkins, H., **Small Business Champions for Corporate Social Responsibility**, *Journal of Business Ethics*, 67(3), 2006, pp.241–256.



30. Maitland, A., **No hiding place for the irresponsible business: Companies are trying to pre-empt trouble over social, environmental and ethical issues**, Financial Times, September 29, 2003, p.2.
31. Matten, D. and Crane, A., **Corporate citizenship: Toward an extended theoretical conceptualization**. Academy of Management Review, 30(1), 2005, pp.166–179.
32. Minnis, M., **The Value of Financial Statement Verification in Debt Financing: Evidence from Private U.S. Firms**. Journal of Accounting Research, May, 2011, pp.457–506.
33. Mitchell, R. K., Agle, B. R., Wood, D. J., **Toward a theory of stakeholder identification 34. and salience: Defining the principle of who and what really counts**, Academy of Management Review, 22(4), 1997, pp.853–886.
35. Monroe, K. B. and Xia, L., **The price is unfair!** In J. N. Sheth, and R. S. Sisodia (Eds.), Does marketing need reform? (pp. 158–165). Armonk, NY and London, England: M.E. Sharpe, 2006
36. Nasrullah, N. M. and Rahim M. M., **CSR in Private Enterprises in Developing Countries**, Springer: Switzerland, 2014.
37. O'Dwyer, B., **Conceptions of corporate social responsibility: The nature of managerial capture**, Accounting, Auditing & Accountability Journal, 16, 2003, pp.523–557.
38. Perrini, F., Russo, A., Tencati, A., **CSR Strategies of SMEs and Large Firms. Evidence from Italy**, Journal of Business Ethics, 74(3), 2007, pp.285–300.
39. Pinteá, M. O., **Financial and non-financial approaches regarding the growth of the economic entities performances**, PhD thesis, 2011
40. Preston, L. E., & Donaldson, T., **Stakeholder management and organizational wealth**. Academy of Management Review, 24(4), 1999, 619–620.
41. Sahlin-Andersson, K., **Corporate social responsibility: A trend and a movement, but of what and for what?** Corporate Governance, 6(5), 2006, pag.595-608
42. Steger, U., Ionescu-Somers, A., Salzmann, O., **Inside the mind of stakeholder, Perspectives for managers**, 2006, disponibil la [http://www.imd.org/research/publications/upload/PFM139\\_LR\\_Steger\\_Ionescu\\_Salzmann.pdf](http://www.imd.org/research/publications/upload/PFM139_LR_Steger_Ionescu_Salzmann.pdf) (July 2013)
43. Udayasankar, K., **Corporate Social Responsibility and Firm Size**, Journal of Business Ethics, 83(2), 2008, pp.167–175.
44. Xia, L., Monroe, K. B., Cox, J. L., **The price is unfair! A conceptual framework of price fairness perceptions**. Journal of Marketing, 68(3), 2004, pp.1–15.
45. Ward, M., **Summary financial statements: an analysis of the adoption decision. A research note**. British Accounting Review, 30, 1998, pp.249–260.
46. <https://www.globalreporting.org/reporting/report-services/featured-reports/Pages/default.aspx>