

**SUSTAINABILITY IN ORGANIZATIONS. ANALYSIS OF  
SUSTAINABLE PROGRESS BASED ON EVOLUTIONARY  
MILESTONES IN THE SUSTAINABILITY REPORTS OF THE  
LARGEST FOOD RETAILERS IN ROMANIA**

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**Abstract:** *Organizational sustainability has become, at a fast pace, from a simple desideratum, an essential condition for organizations, regardless of the field in which they operate. Being necessary for the business strategy to be built on responsibility and transparency, the non-financial data and information presented constitute the structure of a sustainable reporting. Sustainability reports published by companies can also be called a “business card” that reflects performance, social and environmental impact, while also presenting a secondary marketing function that attracts new customers and investors as well as talented employees. The aim of our study was to identify which are the main strategies in support of organizational sustainability applied by the two major food retailers in Romania: Kaufland and Penny. The study shows that there is an increasing trend toward shaping the activity towards sustainable progress, which is reflected in economic growth, environmental protection and socio-economic progress.*

**Keywords:** *sustainable organization, sustainability report, non-financial reporting.*

**JEL Classification:** *M14; L81.*

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## **Introduction**

During the last century, sustainability became a key-concept with remarkable implications in every individual's life, in the society as a whole and, at the same time, in the life of organizations. From an etymological point of view, “sustainability” is a word with Latin origins, formed by attaching the verb “tenere” (to hold) to the particle sus (up) and represents the ability of a matter to maintain itself without external support (Costache

& Dumitraşcu, 2021). Another interesting meaning of the concept is the broad one in which it has been seen as a “future design paradigm” (Jaronen, 2013) with the ultimate goal of improving the general quality of life. In order to achieve this goal, one must align the three dimensions included: the economic one, the social one and the environmental one.

The idea of sustainability is based on a variety of concepts such as equity integration, gender equality, social tolerance, poverty reduction, conserving natural resources and building just and peaceful societies (Jaronen, 2013). The other important concept which is being used, sustainable development, was used for the first time by Gro Harlem Brundtland in the year 1987 who was, at that time, the Prime Minister of Norway and the chairman of the Environment and Development Commission. He explained the meaning of the phrase “sustainable development” in a report entitled “Our Common Future” as follows: “the development that corresponds to the needs of the present without compromising the possibility of future generations to satisfy their own needs”. We can express that the main difference between the two concepts we defined is that “sustainability represents a long-term goal, while sustainable development is defined by the multitude of processes and ways that contribute to achieving sustainability” (Klein, Watted, & Zion, 2021). The climate change happening in the last decade has brought sustainability on top of the priorities the organizations worldwide have, making the Division for Sustainable Development of the United Nations to adopt many plans and agendas on this subject of interest. One of the most important tools adopted by the United Nations is the 2030 Agenda which represents an action plan for reaching a better future and the well-being of the planet, people and of the environment. The agenda introduces a set of 17 sustainability objectives, most of them being connected to organizations. Among the most important, we can highlight objective number 12 which involves ensuring sustainable consumption and production patterns. The 9th objective is also important to our study, promoting sustainable industrialization and encouraging innovations. We should also keep in mind the 13th objective which involves taking urgent measures to combat the constant climate change.

In Romania, the “Department for Sustainable Development” and a national strategy with the general scope of supporting the sustainable development were created in 2017 in order to facilitate the implementation of the United Nations 2030 Agenda. The national strategy focuses on introducing elements of circular economy, on increasing productivity of resources, but at the same time, it focuses on supporting the Romanian companies in their attempt to adopt more sustainable practices and to integrate the practice of reporting on sustainability. Even if the companies aim to increase their profit, the environmental constraints, the direct or indirect pressure produced by consumers and the legislation adopted specially to protect de environment, push the companies towards adopting sustainable behaviors and ecological solutions (Gordean & Teodorovici, 2009). Therefore, from the effort of the companies to include the concept of sustainable development in the company’s strategy was born the important concept of “Corporate Social Responsibility”. In 1950s appeared for the first time the real interest in corporate social responsibility when corporations began to no longer be owned by single individuals, but by a multitude of shareholders. The issue that arose at that time was whether to prioritize the interests of the shareholders, or to prioritize the community in general (Camilleri, 2017).

Carroll explains that companies have a certain commitment to society and highlights their obligation to engage in “economic, legal, ethical and also philanthropic activities” (Carroll, 1979) and a definition of the notion shows that “the corporate social responsibility

is a species of the broader genre of social responsibility” (Torrecchia, 2015). Even the European Commission defines the concept and shows that, in order to be considered socially responsible, an enterprise should have a process of integrating the social, environmental and ethical rights alongside taking into consideration the concerns of their consumers, in connection with the interests of the stakeholders. Although there are a multitude of definitions of the concept of corporate social responsibility, it basically represents a method by which organizations implement mechanisms for monitoring compliance with legal standards, ethical standards and international regulations with the ultimate goal of their actions to have positive outcomes regarding the environment, the consumers, employees and also the stakeholders (Torrecchia, 2015).

Corporate Social Responsibility is linked to the bigger and wider concept of sustainability, both notions being objectives that can only be achieved through continuous development and constant adaptation to legal and social requirements. Some authors consider social responsibility a managerial strategy of sustainable development (McWilliams, Siegel, & Wright, 2006), and others came up with the idea that social responsibility is a “microeconomic translation of the concept of sustainable development” (Koleva, 2009). In order to achieve a higher standard of corporate social responsibility, it is pointed out that companies must adopt a double-sided approach: from the inside to the outside, taking into consideration how the organization affects the environment, but also from the outside to the inside, analyzing how climate and legislative changes can affect the organization (Olaru, Rizea, & Sava, 2011). Sustainability is based on a number of principles which are dictated by the three major pillars: economic, environmental and social. Among the most important sets of principles, the CERES (Coalition for Environmentally Responsible Economies) principles represent an ecological code of conduct addressed to corporations and were developed after the Exxon Valdez oil spill which took place in 1989. CERES is currently a non-profit organization committed to helping organizations implement sustainable practices (Ceres. About us). Among the CERES principles we can discover the protection of the biosphere, the sustainable use of natural resources, reducing and eliminating waste, energy conservation, risk reduction, the use of safe products and safe services, to make restorations of the environment, to keep the public well informed, and to carry out audits and reports.

Organizations all over the world, regardless of the sector in which they operate, prepare and use financial information to have a strong basis for making decisions within the company. Over time, external users of financial statements such as investors, suppliers, creditors, banks and national authorities, began to have access to a great amount of information regarding the governance and management of companies, their strategy and the operations they carry out. Even if the financial reports are extremely important, it is also important to report other information from the non-financial category. Therefore, the sustainability report completes the needs of the participants of the economic environment. According to the Global Reporting Initiative (GRI) 2013, “the sustainability report is a report prepared by a company to evaluate, disclose and answer to internal and external parties for the company’s performance in the field of environmental, social and economic aspects in achieving the objectives of sustainable development”. Elkington (People, Planet, Profit, 2008) defines the sustainability report as “the report issued by a company that contains information related to the company’s financial performance and non-financial

information, including information related to the environmental and social activities that allow the company to grow sustainably”.

In order to achieve the goal of sustainable economy worldwide, organizational sustainability assessment systems are used, the most relevant ones being: Reporting according to GRI (Global Reporting Initiative) standards; IIRC integrated reporting and ESG (Environmental, Social, Governance) Sustainability Report. In order to support companies, the international organization, a pioneer in sustainability, which has developed several series of universal and specific GRI standards, encourages and guides businesses and also governments to understand and, most important, to communicate their impact on critical sustainability issues such as: climate change, human rights and social welfare.

GRI is a non-governmental organization which was founded in 1997 in the United States of America and is recognized as a world-leader in the standardization of reports on the sustainable development of companies. The GRI standards are divided into universal standards which comprise three modules: GRI Standards 101: Foundation; GRI Standards 102: General Disclosures and GRI Standards 103: Management Approach and the standards on specific subjects: GRI 200 Economic, GRI 300 Environmental and GRI 400 Social (Courtneil, 2019). According to other authors, “reporting does not necessarily mean increased transparency, that is, in the absence of a standardized and mandatory audit, companies may report irrelevant information in order to project a desirable and transparent image, but this does not mean that companies have not successfully fulfilled their responsibility” (Ehnert, Parsa, Roper, Wagner, & MullerCamen, 2016).

According to the provisions of the Conceptual Framework for Integrated Reporting, “an integrated report is a concise communication about how the strategy, governance, performance and prospects of an organization, in the context of its external environment, lead to the creation of value in the short, medium and long term” (Oprișor, Tiron-Tudor, & Nistor, 2016). In order to obtain an integrated approach, a company must take into consideration all six types of capital: human capital, intellectual capital provided by individuals, financial, the manufactured capital, the natural one, and also the social and relational capital. Thus, integrated reporting is becoming a more detailed and useful mean of communication gaining ground and investors would not give it up now, when it contributes substantially to decision-making. Sustainability reporting is a non-financial type of reporting, ESG referring to a wide range of “environmental, social and governance” factors that can be used to assess how companies manage their performance and impact on sustainability. These factors can be assessed either from the inside out (how the company’s operations affect certain ESG issues) or from the outside in (how certain ESG issues affect the company) ( Bursa de Valori București, 2022).

ESG factors are often interconnected, but one classification shows that we can divide them in environmental factors (which address the conservation of the natural world through variables such as carbon emissions, water or air pollution), social factors and governance factors (which include business ethics or responsible taxes). It is important for the sustainability reports to present both positive and negative aspects in a balanced manner. Moreover, controls must be carried out to eliminate the risk of reporting distorted or reduced information. Therefore, if sustainability reports will contain relevant information, the economy will prosper and society will become the target of sustainable businesses. Lastly, it is also recommended for organizations to respect the national and international regulations regarding the publication of non-financial information.

## Research methodology

In the current article we decided to analyze the sustainability reports of two of the biggest food retailers in Romania, Kaufland Romania and Penny Romania, in order to observe what sustainability actions and strategies they adopt and how they developed on the sustainability field from 2018 to 2020. In order to realize a complex analysis of the companies, we studied the Sustainability Reports the companies provide on their websites. In our study, two levels were targeted. The first concerns theoretical research, based on a rigorous documentation that had as sources of information databases, articles, studies and specialized books. Following the documentation, we have made a synthesis of the scientific materials for the foundation of the conceptual framework of the researched theme. The second level is the analysis of the documents, in our situation, of the sustainability reports of the Kaufland and Penny organizations. The results of the analysis of the data and information were presented in text form.

The scope of our study is to analyze if the mentioned Romanian companies, Kaufland and Penny, adopted more sustainable practices over the years in order to obtain better performance. Therefore, we came up with the following hypotheses:

*H1: The Romanian companies provided sustainability reports for 2018, 2019 and 2020.*

*H2: The companies analyzed obtain better performance due to the reporting on non-financial information.*

*H3: The Romanian companies analyzed reveal sufficient non-financial information included in their sustainability reports.*

In order to select the companies from the total amount of Romanian companies we used the following criteria:

- the companies must be in the food retailer's category;
- the companies must be located in Romania;
- the companies must have sustainability reports according to GRI standards;
- the companies must have public sustainability reports for at least 3 consecutive years (2018, 2019, 2020).

As a result of the sampling process, we chose to analyze six sustainability reports published by Kaufland Romania and Penny Romania.

The main research method we used in this study is document analysis or content analysis (Leavy, 2017). Authors defined the qualitative data analysis as follows: "the systematic reduction of content, analyzed with special attention to the context in which it was created, to identify themes and extract meaningful interpretations of data" (Roller & Lavraks, 2015). A wide variety of texts and materials can become the focus of the study while using the content analysis, such as books, blogs, official papers or even reports, the documents we chose to analyze in this study. Content analysis generally starts with an initial immersion in the content, in order to understand the big picture (Leavy, 2017). One approach to the inductive method is the "grounded theory", a theory developed by Barney Glaser and Anselm Strauss in 1967 and it makes note of the approach by which one "collects and analyses data and develops new ideas and theories and then uses those in order to inform the next round of data collection and analysis" (Leavy, 2017). We used this method in our research in order to develop concepts and ideas directly from the data we analyzed.

## **The results of the sustainability reports analysis**

The result of the analysis of the Kaufland Romania sustainability reports for the period 2018-2020. According to the Romania Corporate Sustainability & Transparency Index (CST INDEX), Kaufland Romania won the first place in the ranking of the most sustainable companies in Romania, obtaining 99 out of 100 points in 2020, according to the consultancy agency The Azores.

We are going to analyze the sustainability reports, focusing on key-elements such as: employees, community, environment, suppliers and produce.

The employees are extremely important to Kaufland Romania, obtaining the “Top Employer” title for the sixth time in 2020. The Top Employer certification was awarded as a result of being audited by the Top Employer Institute in Netherlands. In order to receive this certification, Kaufland Romania relies on trust, communication and also mutual respect as the main aspects of the relationship management has with the team. Another important aspect about the communication with the team consists of permanent feedback which is extremely valued in the company, having a special e-mail address for feedback. Regarding the number of employees, in 2018 Kaufland Romania had a total of 15060 out of which 31% were men and 69% women. In 2019, out of 13754 employees, 29.3% were men and 70.7% women and in 2020, out of 15321 employees, 27.5% were men and 72.5% women. Another important aspect shown in the sustainability reports regards the employees with disabilities. In 2018 Kaufland Romania had 170 (58 men and 112 women) employees with disabilities, in 2019 they had 244 (90 men and 153 women) employees with disabilities and in 2020 they reached a number of 448 (189 men and 258 women).

In order to satisfy the needs of their employees, Kaufland Romania also organizes trainings through the Personal Development department. The trainings support employees to develop high level skills like personal competencies, leadership competencies, social and also methodological competencies. In 2018, the number of training hours offered was 28,936 and in 2019 they offered 20,652 training hours. In the year 2020, the gross minimum wage of Kaufland Romania employees was 3650 RON, surpassing the national minimum wage with 60%. Besides that, they offer a multitude of benefits to their employees like flexible work schedule, sabbatical leaves, the possibility to work remotely, family and free time, gym memberships, bonuses for working on weekend days, travel allowance and access to medical services, benefits that change over the years, but remain important and of great quality, overall improving the life of employees.

Regarding the community in general, social responsibility programs have been and still are a key factor in the company’s life. In 2018, 30,5 million RON were invested in a number of 139 projects with 1,442,000 beneficiaries and in 2019, 41,9 million RON were invested in 127 projects with 2,026,000 beneficiaries. In 2020, the budget for community investments reached the amount of 34,7 million RON which were invested in 127 projects. Also, in 2020 were implemented 2 grant programs for Romanian NGOs and they have over 79 partnerships with NGOs. In 2018 was also launched the program “In stare de bine” which intended to provide funding for a number of non-governmental organizations. In 2019, the project launched two calls for granting 235,000 RON and in 2020 were offered grants between 25,000 and 50,000 RON. Another project named “Hope and Homes for Children” successfully started the construction of two houses in Iasi County in 2020.

Sustainability also represents the protection of the environment, which includes a multitude of factors such as special care to the materials used, energy and water consumption, prevention of CO<sub>2</sub> consumption and other such operations. One of the biggest goals set by Kaufland Romania consists of “reducing the operational greenhouse gas emissions by 80% by 2030 compared to the 2019 levels”, according to the sustainability report. In 2019 the GHG (Greenhouse gas) emissions were at a total of 169,067 tons and in 2019 was recorded a total of 172,147 tons. Compared to 2019, in 2020, there was an increase of +1.57 in the GHG emissions, but the intensity of the emissions decreased by 4,32 % compared to 2019.

Referring to the electricity consumption, in 2018 was recorded a total of 218,604 MWh, out of which 99.9% was energy from renewable sources and in 2019 was recorded a slight increase in consumption, having a total of 222,315 MWh, out of which 97.6% from renewable sources. In 2020, an electricity consumption of 227,323 was registered, out of which 97.6% from renewable sources. In 2020 were made a lot of changes to reduce the overall energy consumption, having costs of more than 8,000,000 RON. Some of these changes include the installing of LED technology in 8 stores and changing the lighting of parking lots in 21 stores.

Regarding water consumption, Kaufland Romania does not take special measures, but closely monitors the water consumption in stores and as well in the logistic centers and administrative offices, using water from the public supply system and discharges it, also, in the public sewer system. In 2018 was registered a number of 549,231 m<sup>3</sup> of water, in 2018 a slight decrease to a number of 530,835 m<sup>3</sup> of water and a slight increase in 2020 to 583,295 m<sup>3</sup>. Kaufland Romania is extremely careful about the materials used and the disposal of waste, being part of the REset Plastic program of the Schwarz Group. The program focuses on a “less plastic” strategy, having five guiding principles: REduce, aiming to reduce plastic on all fields, not only in packaging; REdesign, aiming to design recyclable packaging; REcycle, collecting, sorting and recycling plastic; REMove, supporting the overall removal of plastic waste from the environment and REsearch, investing in research in order to find innovative solutions. In 2018, Kaufland Romania opened in Bucharest the first retail store in Romania which implemented a plastic reduction strategy. They eliminated 90% of single-use plastic items and replaced them with 100% biodegradable or compostable materials. Also, since 2018, Kaufland Grill is equipped with 100% plastic-free materials and all consumables are made out of biodegradable materials.

Long-term, until 2025, they plan to reach 100% recyclable private label packaging, to reduce by 20% the plastic used overall and to use 25% recycled materials in their private label packaging out of plastic. In the packaging materials category, in 2018 they used 14,148,799 kg of paper, in 2019 they used in the same category 17,677,100 kg and in 2020 they used 19,353,356 kg. As for the plastic used, in 2018 they registered 9,120,738 kg, in 2019 the plastic used consisted of 9,949,979 kg and in 2020 we notice a slight increase to 10,308,449 kg.

In the category of suppliers and produce, we notice that Kaufland Romania is highly focused on using local products and services. With a number of over 20,000 products in their assortment in 2019 and over 17,500 in 2018 we found out that most of the produce comes from local suppliers. In 2020, Kaufland Romania worked with “more than 2,400 local suppliers out of a total of 2,900 suppliers”, according to the report. Kaufland also implemented a program that aims to help the Romanian farmers in 2021 when 237 small

producers and farmers will supply the stores with more than 9,000 tons of local fruit and vegetables. Kaufland Romania also has a variety of own-brands such as “100% Crescut in Romania”, “Vreau din Romania”, “K-take it veggie” and “K-free”, brands that represent local produce, vegan alternatives or lactose-free products, aiming to promoting a healthy lifestyle suitable for a wide range of dietary choices. In 2020 they reported having 43 lactose-free produce, 149 articles without gluten and 124 vegan choices.

The hard work of Kaufland Romania to become a sustainable organization is recognized by a number of awards and certifications. In 2018, 2019 and 2020, the years we took under consideration while making this article, Kaufland Romania received the first place in the CSR Index Award, being rewarded a Gold Level distinction in the “Best Practices in Romanian CSR” conference. In 2020, they also received the Gold Level Community Index the Azores for raising awareness towards gluten intolerance, for their environmental-friendly initiatives and also for helping disadvantaged environments. In 2018 a Consumer’s Choice award was received and in 2019 a QuDal Certification for having top quality product and service. In 2020 the number of awards is higher, receiving a Best Buy Award for best quality/price ratio, two Icertias Certifications “Customer’s Friend” and two QuDal Certifications for the maximum level of quality and for superior quality in the fruits and vegetables department.

Kaufland Romania constantly supports the 17 Sustainable Development Goals. Regarding the goal no. 2, Zero Hunger, Kaufland Romania helps by supporting suppliers and local produce and agriculture, they also reduce the food waste and have social initiatives (in 2020, the total of pro-bono investments exceeded 11,87 mil. RON). Regarding Goal no. 4, Quality Education, Kaufland invested in educational projects, created partnerships with the academic environment and offered employees constant learning programs. For promoting Goal no. 3, Health and Well-being, they include certified own-brand products, bio, fresh and local food. Goal no. 8, Decent work and economic growth, is strongly represented in Kaufland Romania and is also certified by the “Top Employer Certification”.

To highlight the benefits of adopting sustainable strategies and actions, Kaufland Romania thrived financially in the last years. In 2018, with a 11,051 million RON revenue, the economic value retained was 797,82 million RON. In 2019, with a revenue of 12,136 million RON, the economic value retained was 873,54 million RON and in 2020, with a 12,989 million RON revenue, the economic value retained was 915,70 million RON. What these numbers tell us is that adopting sustainable practices and always striving for being better than the year before only brought great economic performance and success.

### **The result of the analysis of the Penny Market Romania sustainability reports for the period 2018-2020**

The sustainability strategy adopted by Penny Market consists of target objectives that have been set for the action areas related to each pillar of sustainability (economic, social and environmental). The organization presents a strategic direction aimed to developing a sustainable assortment of products and also promoting the consumption of sustainable products. At the same time, they actively contribute to the conservation of resources and protecting the environment, they take action in order to satisfy the employees and also promote health and education, as well as involving in social charitable actions.



The first area we are going to analyse is a key area of any organization, the employees. In 2018 the organization registered a 5% increase compared to 2017 regarding the number of employees, having 4,521 employees in 2018. They took part in a variety of training programs, having an average of 16 hours of training per employee. Moreover, all employees received an annual salary increase according to their performance, also having access to a wide range of promotions and discounts. In order to contribute to the prosperity of their employees, relaxation spaces were set up with the aim of extending this program to the other logistics centers. In 2019, the Penny Romania store chain increased the number of employees to 4,840, 7,3% more than in 2018. In 2019 all employees benefited from a discount on every purchase in Penny stores, based on the employee card. The cumulative value of discounts on shopping vouchers registered a value of 821,421,36 RON. Another important fact is that the increased number of employees was also reflected in financial growth, thus a turnover of 3,961,099,510 RON was reported, 14,7 % higher than in 2018. In 2019, the organization provided trainings on the following topics: GDPR regulation on data protection, compliance, anti-fraud, anti-corruption, money laundering and anti-competitive practices. A total of 1,927,25 hours of trainings were carried out, of which 336 hours with the participation of employees from the management department and 1,591,25 hours for those from the operational area.

In 2020, the number of company employees increased to 5,326, with 10% more than in 2019. Also, bonuses for performance, loyalty, seniority in the company, sales bonuses and a 50% increase in the basic salary for weekend time were granted, as well as bonuses in the context of the pandemic. The company kept the discounts and offers for their employees. The training sessions organized focused on a variety of subjects, but also on the management of the Covid-19 crisis. The number of stores increased to 276, the turnover recorded an increase of 19,44% compared to 2019, reaching a value of over 4,73 billion RON. The next area of interest we are going to analyse is represented by the community. In 2018, 300,000 euros worth of investments were made in social involvement projects for children and adults who came from disadvantaged backgrounds and 70 Penny volunteers took part in the construction of an education center that will serve 200 children from disadvantaged backgrounds. In 2018, they financially supported the organization Habitat for Humanity, giving 10,000 euro for its projects and concluded partnerships with the Romanian Football Federation and the Romanian Table Tennis Federation, thus supporting and promoting romanian sports. They also invested in students' education by offering financial scholarships worth 200 RON and the opportunity to participate in educational activities.

In 2019 Penny Romania set a budget of 120,000 euro for the construction of a community center and over 250 Penny employees volunteered on site. An investment of 10,000 euro was made to promote sports and a healthy lifestyle among store employees and customers. They also supported the Casa Lidia Foundation, offering the children in its care food worth 500 euros per month purchased from PENNY stores in Bucharest and Ilfov. Another contribution was made to children's education through the campaign "A classroom like home" renovated and redecorated a classroom in the village of Sohatu, Călărași County. The space has been completely rehabilitated and redecorated, so that the students of the preparatory class have a process of accommodation as easy as possible on their first experience on the school benches.

In 2020, donations worth 100,000 euro were made to vulnerable social groups and hospitals and medical equipment for medical centers worth 35,000 euro was purchased. They also helped NGOs in social activities regarding food donations to hospitals during the state of emergency, offering food and hygiene products to doctors worth 500 euro. Another action they took consisted in granting school scholarships and supplies for 100 students as well as opportunities to practice in stores.

Regarding the environment, one of the most important areas of interest for our study, in 2018 all workplaces had ISO50001 certificates, Penny being the first retailer in Romania to obtain this certification for the implementation of the „Energy Management System”. In 2018 they had 236 stores in the „Future Store” format, designed to be energy efficient by using modern and sustainable building materials. Also, 89% of all stores used LED technology, thus reducing energy consumption for lighting from 38% to 21%, thus a Penny Market store consumed 8% less energy per hour of operation, compared to 2017. Moreover, natural gas consumption decreased by almost 26% compared to 2017. At that time, the car fleet composed of standard Euro 6 cars to contribute to the reduction of carbon emissions and solar panels were installed on 3 of the stores. Regarding paper consumption, there was registered a decrease of 2% compared to 2017, from 3,096 tons to 3,037 tons and recycled paper was used for leaflets, so the amount of paper used for this purpose was reduced by half. In 2018 they also started projects with the aim of reducing the impact generated by the use of plastic.

By 2019, 100% LED technology was used in all stores (including the pantry area) and 100% of the logistics centers had LED lighting. All Penny stores held ISO 50001 Energy Management System certifications. In total, in 2019, they consumed 3% less energy than in 2018. The store buildings had a higher thermal efficiency in 2019, with a consumption of 373.02 kwh/m<sup>2</sup>, being 6.2% more efficient than the remodeled ones, which had a consumption of 397.54 kwh/m<sup>2</sup>. In 2019 they made an investment of over 2,500,000 euro in a BREEAM certified store with an outstanding score - 95.2%, thus increasing the quality of the environment inside the store, both for customers and employees. They also replaced the heating system with electric heating systems using heat pumps which led to a decrease in natural gas consumption by 25.7% compared to 2018, reaching 0.019 kWh/m<sup>2</sup>/hour of operation in 2019. In order to reduce the average fuel consumption, 355,000 euro were invested in electric car charging stations, reaching 10 fast charging stations, which delivered 130,591 kWh of energy in 6,487 hours, to 8,113 users. The fleet of cars increased by two electric cars as well, employee trips by plane from the head office were reduced by 36% and recorded a significant total decrease from 912,268 km in 2018 to 600,753 km in 2019. The amount of CO<sub>2</sub> emissions generated by the use of gas for heating decreased by 16% compared to 2018 and water consumption per unit decreased by 7.2% compared to 2018. Only recycled paper was used for leaflets in order to reduce the amount of normal paper used and paper consumption at the head office decreased by 28%, from 8,703 kg in 2018 to 6,263 kg in 2019. Another action they took was replacing all single-use bags for fruits and vegetables with biodegradable ones made from biopolymers and corn starch.

In 2020, 76 of the stores were remodeled, meaning that materials were used that contribute to effective thermal insulation. All stores were equipped with doors to the semi-vertical meat showcases and 113 stores with doors to the refrigerated showcases for fresh products, so energy efficiency increased by a percentage of 12% in stores equipped with

doors and windows. The 33 stores that installed solar panels produced 1,726 Mwh in 2020. Also, the Penny store in Otopeni produced 55,315 kWh of electricity from renewable solar sources, that is, 21% of the total electricity consumed, thus reducing the amount of carbon emissions by 74,549.25 kg. The program to replace heating equipment based on natural gas with more efficient electrical equipment continued and the degree of their replacement reached 91%, succeeding in reducing the amount of carbon generated by the use of gas by a percentage of 47.72% compared to 2019. Moreover, aluminum collection devices were installed in 13 stores and five tons of aluminum were collected through this system. It was also possible to recycle large amounts of materials, 12,888,793 kg of cardboard, 950,175 kg of plastic and 2,093,829 kg of wood. On the other hand, due to strict hygiene rules, water consumption increased by 4.73%.

As for providers, in 2018, to ensure the quality of the products offered to customers, the organization has partnerships concluded with 670 suppliers, 84.8% of them are local suppliers, contributing to the promotion of Romanian products and satisfying customer needs. In 2019, the Penny store chain was supplied with goods from 652 suppliers, 87.27% of them are from Romania, 2.48% higher than in 2018. At the end of 2019, 63% of the products traded were of local origin (65% for food products), the products being supplied by 569 local suppliers. In 2020, the organization collaborated with 579 local and regional partners, a fact that generates the commercialization of an increasingly large number of products manufactured in our country. The share of Romanian suppliers reached 86.03% of the company's portfolio of suppliers.

The last category we are going to analyze regards the products sold in stores. In 2018, in the top of the best-selling products in the store chain were drinks, fresh meat and sausage products, they add up to 52% of the turnover, and the exclusively Romanian ones 43%. The range of products offered to customers contains over 60 own brands through which they are committed to offering quality products locally, at the best price for customers. In 2018 they also launched 100 products based on Romanian recipes, the list of products was completed with non-food products decorated with folk motifs from all over the country. In 2019, out of the total products sold, 63% of the products are of local origin, contributing to the support of local suppliers by concluding commercial partnerships. Penny caters for customers with special dietary requirements, offering a special range of products introduced in 42 stores, including organic, lactose-free, sugar-free and gluten-free products. They also developed the BIO brand, own brand. "My BIO" aims to make sustainable nutrition easy and accessible, responding in the best possible way to all customers. "My BIO" will contain products developed locally as well as internationally. As for local development, this is only possible for fresh products (dairy, 10M organic eggs, meat, vegetables and fruits such as broccoli, carrots or onions). Also, all beef, chicken and pork products are "3 RO" certified, contributing to increasing the level of a healthy lifestyle. In 2020, the eggs that come from birds raised in batteries have been eliminated and the range of eggs is 100% of Romanian origin. The bread and bakery products are supplied only by local producers who use Romanian recipes. They introduced a number of 62 BIO products, lactose-free, sugar-free and gluten-free and the BIO range is present on different varieties of vegetables and fruit, as well as on other categories such as dairy products.

## **Conclusions of the analysis**

The sustainable development segment is characterized by a high complexity of the implications and aspects needed to be undertaken for an exhaustive understanding of the phenomenon, especially since sustainability is in the focus of organizations regardless of the area of activity or industry. Thus, capturing all the steps taken by large organizations for a sustainable future is a challenge for researchers and stakeholders. From the analysis of the information provided for the period 2018-2020, it was found that the representatives of Kaufland Romania and Penny Market Romania are actively involved and take steps toward achieving the objectives of sustainable development, especially by focusing on environmental, social and economic factors. The actions implemented by the organizations in the years analyzed have contributed simultaneously to the protection of the environment, the generation of social welfare as well as economic growth. For its efforts, Kaufland Romania won the first place in the ranking of the most sustainable companies in Romania, obtaining 99 out of 100 points in 2020, according to the consultancy agency The Azores. In the current context, the analysis of the approaches on the sustainable progress of large food retail opens up new horizons and research directions. The sustainable development strategies addressed by Kaufland Romania and Penny Romania are of interest and influence at international and national level and can significantly support the protection of the planet, the development of trade and the increase of social welfare. In this respect, their sustainable progress represents an organizational model that includes initiatives and strategies to meet the 2030 Agenda for sustainable development in order to create a better world.

In conclusion, we must mention that the three hypotheses that represent the starting point of the study have been confirmed. Thus, the analyzed companies publicly present sustainability reports for 2018, 2019 and 2020. At the same time, the analysis of the reports shows that they have improved their performance with the adoption of an increased range of sustainable policies. Last but not least, we believe that the information the two companies have presented in the sustainability reports represents valuable and varied information that helps to a good understanding of the policies adopted.

## **Research ethics statement**

During our research efforts, the usage of information, opinions and ideas from other authors and researchers respected the copyright and the Romanian legislation regarding copyright and other connected rights. In the present study we did not address any subjective criticism regarding the information analyzed and the opinions of other researchers. Moreover, we treated the organizations studied with respect and did not mean to address harmful opinions towards them. As a result of the document analysis method we used in our research, the conclusions of our study are consistent with the information presented in the official and public sustainability reports of the analyzed organizations.

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