



THE 6TH EDITION OF THE INTERNATIONAL CONFERENCE
**EUROPEAN INTEGRATION
REALITIES AND PERSPECTIVES**

**The Politics of Social Responsibility in the
Romanian Business Environment**

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Abstract: The ethics and social responsibility have become a delicate subject specially in the economically developed countries. Underestimating their impact can lead to the loss of clients, the diminishing of the economic activity and to difficulties for acquiring new customers. The implicit consequences for business are: diminished productivity, few development opportunities and significant decrease of the company's market value. Recently, the disparagement of these concepts by the local or central authorities may draw up supplementary economic costs which can be found in taxes and assessments paid by contributors.

Keywords: ethics; social responsibility; economic activity; taxes

Corporations' activity is based on the contribution of large and various socio-professional groups (such as: employees, consumers, providers, local communities- in one word *stake holders*) which must have their interests respected. When a successful company initiates programs of social responsibility locally or globally, these programs contribute either to the success of that particular company or more likely the financial success allows it the luxury of getting involved in "generous" initiatives. Beside these economic arguments, one should take into account the moral arguments favouring corporations' social responsibilities. The social responsibility of the economic agents can be regarded as a system in which there can be identified four types of responsibilities pyramidally disposed: economic, legal, ethical and philanthropic. (Zygmunt, 2004)

Economic responsibility - Firms, national and international companies have managers and shareholders who wish a reasonable revenue from their investments, have employees who want safe and well paid jobs, have clients who solicit good quality products at affordable prices etc. The first level of the social responsibility of any corporation is defined as the foundation of the other responsibilities which supports and makes them possible. Therefore, economic responsibilities are *demande* (meaning imperatively solicited) to all economic agents.

Legal responsibility – The legal responsibility of any economic agent implies that the business correspond to the rules of a safe economic environment which codifies the moral conviction of the society so that their fulfilment be a mandatory condition with respect to a company's social responsibility. Recently, many important mobile companies had to abide penalties due unfair competition practices, materialized in illegal strategies meant to ensure them the keeping of the market sector and the unjustified increase of profit (this means these companies focused excessively on their economic responsibilities).

Ethical responsibility - Ethical responsibilities oblige corporations to act rightfully and equitably even if the community legislation does not oblige them to proceed as such. Ethical responsibilities can be counted through the societies expectations from corporations aside from the economic and legal demands.

Philanthropic Responsibility – The forth level of companies' social responsibility is represented by philanthropic activities. Etymologically, the word *philanthropy* means in ancient Greek *love for people* and its insertion into the business language has in view the liberty to decide, without any external constraint, to involve in actions aimed to improve the quality of the employees' life, of the local community and ultimately, of the entire society. This level of social responsibility comprises a large variety of initiatives, among which charitable donations, building recreational facilities for employees and their families, support for local schools, financing artistic or sport events, etc. However, the pattern does not specify what happens when two or more types of responsibilities come into conflict. Here is a pretty ordinary example: the problem of shutting down some productive units frequently raises the difficulty of finding a balance between economic responsibilities (which require efficiency and profitability) and the company's ethical responsibilities (referring to the employees' expectations for stable jobs).

Ethics and social responsibility have become a delicate topic, especially in economically developed countries. Underestimating this phenomenon can lead to the loss of clients, the diminishing of the economic activity and to difficulties for acquiring new customers. The implicit consequences for business are: diminished productivity, few development opportunities and significant decrease of the company's market value. Each of us, as social actors, have our own system of values and beliefs which reflect our social and cultural environment as a result of the adjustment to problems and difficulties from the external environment and the integration of religious norms.

The responsibility of social actors is the consequence of the power balance among these and of the existent institutional environment, especially of its structure and functioning. The liberty of decision is an essential component of morality and ethically, is much more relevant than any other criteria. For this matter, the democratic system and the mechanism of the free market offer the possibility to solve interests conflicts between social actors in a more equitable manner than the system based on oppression and dominance over the people- this being favourable to increasing corruption and opportunism. (Norman, 1978)

Companies' social implication has become a topic frequently approached due to a set of factors like: economic globalization, resources depletion, alarming increase of pollution risk in the public sector. CSR becomes a component more and more important of the business area's interaction with society in which organizations unfold their activities. This concept appeals more to those who apply it in their current activities and, in the academic environment, to its study in order to produce future responsible managers. Nowadays, the permanent need for change has become routine. Both natural and legal persons, in order to grow and assert themselves, need to constantly adapt to the evolution of the environment, to be creative in all their endeavours. According to Maslow's theory, companies develop policies of social responsibility only after they satisfy their needs from the first three levels such as those of surviving (or of the rationality of the economic activity): first level or obtaining profit and equities, second level- security needs- obtaining and maintaining competitive advantages, the third level- affiliation needs- participating in commercial or patronal unions/ lobby groups, the forth level- the need to take upon the social and communitary role. (Le Bon, 2007)

Social responsibility gets far more complex when multinational companies exceed the national barriers: if it is difficult to come to a common denominator with respect to a responsible social behaviour in the frame of one's own culture, then it is as difficult to determine common ethical values for various cultural areas. There are three main principles according to which managers have to be preoccupied with the responsible behaviour of the organization: a company's right to function depends on its responsibility towards the environment; governments can come up with strict laws if businesses do not include in their area social standards; a policy characterized by social responsibility can lead to social tolerance and implicitly, can consolidate a company's viability.

Nevertheless, lately there have appeared responsibility stimulants such as the pressure of the clients, the local community, the regulation authorities, the banks, the financiers or insurance suppliers. Companies' involvement in the approach of social aspects is a frequently tackled subject on the agenda of the business community, nongovernmental sector and ultimately of the state policies. There is a set of reasons justifying the increased interest on this topic, from the need to find alternative and flexible financing sources to the framing into a European and global context which oblige companies to be more responsible and transparent whether this is about a market segment used also by competitors or answering more effectively to the community's problems.

When the gigantic Nokia openly expressed its intention to shut down the mobile factory from Bochum, Germania in 2008, suppressing 3000-5000 employees, the federal government fiercely protested against it, by labelling this measure as "brutal"; in return, Nokia's shares rose immediately at the stock market. Meanwhile, the market and the media reacted by boycotting Nokia mobile products which made the company to give financial compensations and to reevaluate the deprivation policy from Germany given the fiscal facilities of over 200 billions euro from the government. (Gheorghe, 2009)

This problem is raised in Romanian current economy given the fact that the transition to a functional and competitive market economy strongly requires a growth of economic efficiency and productivity, fact which leads to eliminating the unproductive old sectors and massive deprivation. On the other hand, the reconversion of discharged labour is made slowly, leaving the former employees hopeless and without jobs.

Another limitation of the quadripartite model lies in its designing whose authors focused mainly on the American business environment which was different from that of the European Union. Social responsibility is seen as a logical consequence of the obligation arising from the increased social power (importance) of a company, and the lack of correlation of this growth with social responsibilities may lead, ultimately, to the loss of this social power and implicitly to the company's decline.

Generally, CSR - Corporate Social Responsibility is situated at the intersection point between political, cultural and economic systems. Along the time, a growing number of people with solid academic knowledge stated the idea that companies could no longer be considered purely private institutions, but social institutions. A.B.Carroll suggests that corporate social responsibility defines itself through society's economic, legal, ethical and social demands with respect to business. Similarly, other authors place corporate social responsibility at the border between societal expectations from business and business ethics. Tuzzolino and Armandi brought an interesting addition to this argument and formulated a motivational theory of social response to the needs of organizations based on Maslow's pyramid. (Craciun & Morar, 2004)

Responsibilizing activities are not necessarily a novelty: most enterprises have always been close to communities and have tried to be good actors or contributors. In fact, many owners or managers

instinctively realized that "doing the right thing" – being at the customers' service, taking care of the personnel moral and safety, paying respect to suppliers, being fair to competitors and protecting the environment are helpful business strategies. Moreover, the main obstacles for small and medium business are the state institutions which interact with the market. The SME sector seems to be most sensitive to business developments because it is the first to react to the market changes, legislation modifications or to state intervention. It is important that such companies to know and take into account the impact of their activities on all four areas. Hence, the importance of communication and transparency in CSR. On the other hand, companies have to find ways to interact with affected groups, from shareholders and employees to customers and local communities. Companies also need to create their own instruments in order to inform these about the environmental and social impact of their actions and strategies. Finally, companies cannot afford to obtain undue advantages from their business partners. This is against the marketing principles of identifying needs both profitably and ethically. Companies able to find new solutions in a socially responsible manner, stand good chance of real success. Romania is still in its preliminary stage of building a market economy with all required standards and responsibilities. The responsibility belongs to those who have defined their place on the market. In fact, CNIPMMR intends to give, in the future, to its members a certificate of good business practices. Aside multinational companies which came with borrowed expertise in CSR and adapted their models to the Romanian reality, the remaining companies found out that they applied CSR instinctively, without being aware of its denomination.

It is good that Romanian economy has become preoccupied with such concerns, but there is still a need for a common language and an unified perception of what generally corporate social responsibility means and how it can develop in Romania. Any issue which affects the members of the community where one works is real and must be treated with all consideration. Improving people's lives is a good reason for optimism. Companies often rely on "safe" CSR programs, meaning they choose "good" causes at the level of general perception, but these either do not meet real social needs, either the objectives are unclear and reckonable, consequently, the reports are too vague and less credible. Romanian companies experience in the field is more reduced than people tend to believe. Each company must evaluate its strategy, but CSR programs should be based on clear eligibility criteria for sustainability assessment. If CSR programs designed for the community do not meet its needs, they have no future. In Romania, the CSR is far from being understood as a management practice. It is a discipline attached to the PR Department, when, in fact, it should be a concern of the company's management.

It is more of a cosmetic instrument and not of planning long-term development. There are few real CSR programs in Romania, programs that have objectives, budgets, methods of evaluation, performance indicators, fact which is not necessarily good or bad, just insufficient. Romanian society needs genuine CSR, not acts of philanthropy. The evaluation of the CSR programs should be an absolutely natural intercession for companies involved in CSR projects and which target results. This type of audit - conducted in all phases of the shares - allows setting goals, priorities, target audience, proper steps - with specific tasks within the team involved and analysis of the partial and final results.

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