

# The Social Responsibility of the Company – Factor of Supporting the European Economic Development

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*The experience of the developed countries has drawn our attention to the fact that a company cannot develop efficiently from an economic point of view unless it develops socially, at the same time. As organizations managed to understand this, they have also started to take on social obligations, in close relation to their economic objectives. At present, the taking on of social responsibilities has become a fundamental aspect in the society of organizations because the modern organization has, and even more, must have social power.*

*Thus, the success of the Romanian organizations on the large European market essentially depends on their capacity of understanding and integrating in their activity, efficiently and operatively, responsibilities towards society. This aspect is all the more important given that, through their social objectives, the organizations will always exceed the limits of the local communities in which they act. Practically, the social results of the organizations, regardless their origin, British, Italian, French or Romanian, have European impact, not a local one, and they represent one of the most important factors of supporting the European economic development, on long term.*

*Key words: social responsibility of the organization, social power, social objectives, social results, durable development.*

*JEL classification: M14 - Corporate Culture; Social Responsibility`*

The central element of the classical economic theory was the fact that the organizations had a single responsibility – the economic efficiency. For many decades this principle has represented the essence of the mission of the economic organizations that have carried out their activity starting from the premise that they had to satisfy a single category of interests – those of the shareholders.

This economic mentality led to what we call today “the period of wild capitalism,” respectively to an abusive behavior of the organizations on their employees, consumers, environment, and society, in general.

More important is the fact that this behavior has generated the aggravation of some social and environmental issues, and has caused the appearance of some new ones and it will not be possible to solve them, not even on long term.

But the becoming aware of the effects caused by this type of behavior has led to substantial mutations in the economic theory and practice, mutations that essentially refer to the fact that the organizations have not only economic responsibilities, but also

other types of responsibilities, among which the most important are the social and ecological ones.

On the other hand, the lack of ecological and social responsibility of organizations, in their effort of achieving their economic objectives, combined with economic-social dynamism, has determined the growth of the citizens' expectations, and governments are no longer able to meet these expectations on their own.

This apparent failure of the government of meeting the pressing social requirements has determined the society to focus its attention towards other social actors, namely the economic organizations, starting from the premise that these have the moral duty and the economic capacity of contributing to the growth of the society's welfare, to the mutual benefit of these.

A new concept in the economic theory was outlined based on this change of mentality, namely the concept of social responsibility of the organization.

I say social responsibility of the organization and not corporate social responsibility, as this concept is most often mentioned in the specialized literature, because, in my opinion, this does not only refer to the activity of the big transnational corporations, although their international activity obviously generates infinitely more problems with a non-economic character, and thus, infinitely more non-economic responsibilities, but also the activity of any economic organization, regardless its sphere of action.

The concept of social responsibility of a company has its roots in the practice of the American firms, one of the first companies that has answered positively to the new social expectations being the McDonald's company, which in the '50s had adopted in its activity the ***give back to the community you are part of principle***.

Subsequently, this way of approaching the economic through the point of view of the social has become a genuine business philosophy for more and more companies around the world.

In the specialized literature, the concept of social responsibility of the company has quite a large number of definitions that, although formulated from different perspectives, support the same basic idea according to which the organizations' activity must lead to meeting the expectations of all the partners interested in this activity, regardless their nature.

For example, there are specialists who consider social responsibility as being that type of management that takes into consideration the economic and social effects of its decisions [Boone E. L., Kurtz D. L., 1992, p. 38].

The concept of the organizations' social responsibility has also been defined as being the managers' obligation of undertaking actions that protect and improve both the welfare of the society, seen as a whole, and the company's interests [Certo C. S., 2002, p. 76].

Other authors consider that the social responsibility is the well-established obligation of a company, beyond its legal obligations or those imposed by the economic restrictions, of pursuing the long-term objectives that are in the interest of the society [Popa I., Radu F., 1999, p. 258].

Finally, social responsibility was also defined as a specific way of making decisions according to some standards in order to have favorable effects on those interested in the company's activity [Puiu Al., 2004, p. 145].

In my opinion, generally speaking, the social responsibility represents the degree of empathy shown by an organization in relation with the partners, financially or non-financially, directly or indirectly interested in its activity.

According to the definition given by the European Commission, in order to be socially responsible, an organization must integrate into its actions and strategies the social and environmental issues related to the interactions in which it is involved [Diaconu B., Oancea D., 16 – 22 April 2007]

The year 2000 marked an accentuation of the European Union's preoccupations for ensuring the social responsibility of its organizations. Thus, on one hand, there was a growth in the importance of the volunteer side of the social responsibility practices, the organizations being encouraged to take on extra ethical and social responsibilities as compared to what the law stipulated.

On the other hand, there have been attempts to surpass the classic charitable behavior, based on donation, and the creation of some relationships equally profitable with the market and the social environment, on long-term, was encouraged [Diaconu B., Oancea D., 16 – 22 April 2007].

Romania's integration into the European Union generated, among our nationals, hopes, more or less justified, regarding the raise of the level of living and of the life quality. On the other hand, most of the Romanian economic agents see our country's accession to the European Union as a source of serious difficulties that will lead, in the end, to the disappearance from the market of the business that will not succeed to meet the new requirements.

Indeed, the fears of the Romanian companies are justified, because the fields considered as being the most important for ensuring the economic success in the European companies are seen as unimportant or non-profitable by the Romanian entrepreneurs.

Nowadays, the most obvious difficulties for the Romanian companies are those related to the administration of the material and financial resources, being in correlation with an emphatic preoccupation to protect the natural environment. Concomitantly with the solving these difficulties, the Romanian managers will have to take into consideration the consumers more than in the last 15 years, by carrying out economic activities in such a way so that it does not affect the integrity or security of the latter.

On medium-term, it is also expected to have positive changes in what concerns the observance of the employees' rights and liberties, an aspect that involves the necessity of drafting some new personnel policies and, obviously, the growth of the company's general costs.

On long-term, the Romanian companies will have to re-think the entire business philosophy in the terms of an extended responsibility that will include not only the investors, clients or employees, but the entire Romanian community.

But nowadays the companies' social responsibility, a very fashionable topic in the developed countries and object of some complex enactments, remains something unknown to most of the Romanian economic agents.

Nevertheless, it can be seen that the year 2000 represented a key moment in the Romanian economy, regarding the growth of social responsibility of the economic agents.

Thus, if in the first decade of free economy, most of the Romanian companies only focused on the issue of survival, and most of the business people only focused on the short-term profit, after the year 2000 we can identify a series of companies that have reconsidered their mission and objectives from the perspective of the social responsibility.

Nowadays, in Romania, the issue of the companies' social responsibility, far from being ignored, is regarded with interest. Although the terminology of the term is not well understood by everybody, on the list of the consumers' expectations the requirements regarding the correctness of the price policy occupies an important place, as well as health protection, good working conditions, getting involved with the community's problems, and environment protection [Brady A., [www.csr-romania.ro](http://www.csr-romania.ro), 28 January – 4 February 2007].

In this regard, an opinion poll made by **BMG** in 2005 on 160 companies having an activity in Romania, emphasized the fact that the sums donated by these companies over the years 2003 and 2004 varied between 500 Euros and 2 million Euros, the uncontested leaders in this field being Romtelecom, with 1 million Euros allotted during the 2 years, and the Romanian Commercial Bank, with 2 million Euros [Biz Magazine, nr. 103/2005].

Most of the companies that answered the opinion poll stated that they intended to invest at least as much in the social field and in the future, and seven of them stated that they would considerably increase the funds allotted to the responsibility towards society.

More concretely, the Romanian economy can provide nowadays enough examples of companies with mature social policies, with complex charitable strategies and with real social results.

But most of these companies are branches of some organizations with international activity that have imported the charitable strategy promoted on the origin market, but not as an answer to the pressure of the market or to the requirements of the public, but as an integral part of their entire corporate strategies.

For example, **McDonald's** company entered the Romanian market in 1995 when it opened the first restaurant in Bucharest. In 1998 the Foundation for Children Ronald McDonald was founded, adopting the western model, a foundation that entirely overtook the carrying out of charitable actions.

The first important program of the company was "**Operation Smile**," carried out in 1999 when McDonald's sponsored the arrival of an international team of plastic surgeons who operated on almost 200 children with facial congenital malformations [Capital, No. 40/2003].

Another important project of the foundation was "**Millennium dreamers**" accomplished in 1999, a project that compensated the initiatives of almost 2,500 children worldwide who enjoyed a trip to Disney World Resort in the USA. Ten children with ages between 10 and 14 left from Romania, accompanied by a parent.

In order to win this prize the children wrote an essay in which they described what they have done for the community where they lived. The company's preoccupations continued in the following years with the same intensity.

The initiatives of McDonald's company are really praiseworthy, especially if we take into consideration the fact that between 1995 – 2003 it did not have profit.

Philip Morris Romania offered another interesting example, when the company took over the factory from Otopeni. In collaboration with the city hall from Otopeni, the company came to know the social problems that the community dealt with and chose an original method to contribute to the improvement of the situation.

Philip Morris Romania founded a *Canteen for the Poor* in which one hundred under-privileged people continue to eat today, every day, people selected from widows with more children who live on family allowance, war veterans, handicapped people who live on pittance social allowances [Evenimentul zilei (The Event of the Day), 22 October 2002].

**Shell Romania** company initiated in 2002 a project financed by the Shell foundation with the sum of \$330,000, a project that aims to encourage young people with ages between 18 and 30 to start their own business. The project is called *"You really can,"* and it is carried out together with the Center for Economic Development and it is meant for a three-year period [Capital, No. 44/2003].

A praiseworthy initiative was also adopted by **Coca-Cola Romania** company which, in 2003, mobilized around 250 employees from all the cities in which it has branches and factories: Bucharest, Ploiești, Timișoara, Oradea, and Constanța, and the employees worked to recondition some parks, paint fences, clean and rearrange the playgrounds for children [Capital, No.29/2003].

The Coca-Cola company actually imported the social practices also carried out on the origin market, among which we can count the willingness to volunteer of its own employees.

In fact, in the present case, the company's financial effort was minimum, because the willingness to volunteer is considered to be the least expensive form of social involvement, but which leads to the best results in terms of image. Moreover, through offering to volunteer the team spirit is formed and the employees' loyalty towards the company they work for is increased.

**Connex/Vodafone** company has invested till now approximately 3,5 million dollars in social projects, with the help of Sirois Foundation, founded after the western model. Among the social programs financed by this company, the program **Connex for the future** was, by far, the most important; the company estimated an investment of approximately 7 million dollars for this social initiative till 2007.

The program presupposes a donation of 1 cent from Connex/Vodafone company for each 10 minutes used in telephone calls within the same company. The funds collected this way will be allotted for financing some social projects chosen by the clients of Connex company, projects that will vary from one year to another.

Among the social projects initiated with the help of collected funds we can also count the campaign "Clean Seaside," launched in the summer of 2005, a campaign that includes two main components:

- **Gleaning the wastage**, that is made by placing special storage bins that allow the selective collection of wastage, and which are placed on the beaches of the seaside resorts. Moreover, volunteers from the Mare Nostrum organization carry out demonstrative actions of cleaning the beaches in which they involve the tourists, and they monitor weekly the degree of cleanliness of the beaches.
- **The information caravan**, a mobile eco-center that moves every weekend from one seaside resort to another. The volunteers of the Mare Nostrum organization offer the tourists information about how to keep the beaches clean and about the importance of recycling the wastage for the protection of the natural environment.

The amount of money annually invested by Vodafone in this project exceeds 50,000 Euros, an amount of money spent to produce the storage bins, the logistics needed for carrying out the project, printing informative flyers and posters, and purchasing the prizes offered for the beach contests [[www.csr-romania.ro/resurse-csr/studii-decaz.html](http://www.csr-romania.ro/resurse-csr/studii-decaz.html) – *Clean seaside*, 07 March 2007].

**Softwin** company chose an even more interesting way to its responsibility towards the Romanian community. Softwin carries out the program called **A day for society**, which represents a rendering responsible social campaign that involves the employees' offering to volunteer who, on that day, dedicate their time and experience to a charitable cause [Capital, No. 29/2003].

In parallel with this project, Softwin organizes each year, on holy days, various charitable activities.

For example, in 2003, the company purchases a few hundreds paintings made by the students from "Constantin Brâncoveanu" school in Bucharest and included them in the employees' holy day gifts. The funds obtained this way by the school were reinvested in modern endowments, while the children's paintings are now in some important people's offices.

The social involvement of the Romanian companies greatly differ from that of the foreign companies, in the sense that they do not act based on some plans and strategies integrated in the whole policies of the company and, because of this, their efforts do not present a positive continuity.

On the other hand, the efforts of the Romanian economic agents show, many times, a better anchorage in the reality of the life of the Romanian society, and here I especially think about the social involvement of European Drinks.

More specifically, **European Drinks** company has shown over the past years a constant concern for supporting some under-privileged communities from Romania [Capital, No. 43/2001].

In 2001, European Drinks was co-sponsor of the charity concert-show *Musica Generosa*, organized by the *Stare circus* Bucharest, the funds collected being donated to the hospitals in Timișoara.

The company donated important quantities of water and food products in the areas damaged by the floods, and the sums of money donated annually by the company for charitable purposes constantly exceed a hundred thousand lei.

Another approach belongs to **Arctic** company, the leader of the Romanian electric appliances market, which launched a program of social responsibility called ***Believe in U***, meant to support the students from the most important universities in Bucharest and Târgoviște in order to develop a successful career [www.csr-romania.ro/resurse-csr/studii-de-caz.html – *The program “Believe in U” initiated by Arctic: answers to the students’ questions concerning the career*, 23 April 2007].

The program is accomplished by Arctic in collaboration with For People, a company specialized in development techniques, and with Synovate, an institute specialized in marketing research.

Within this program, Synovate has carried out a study in order to identify the students’ expectations concerning their own professional career, based on which the specialists of the Arctic company, in collaboration with the students, will look for solutions for the problems that the young people may encounter in the moment of getting a job.

Over the time, the social efforts of the Arctic company have been directed towards the very diverse social causes, among which one can notice the precise problems of endowing some hospitals with electric appliances, sponsoring some charitable events organized by non-profit organizations, or by founding the internet school from Găești, endowed with modern calculation technology.

The change of mentality of the Romanian organizations has occurred, at least in the first phase, under the demonstrative effect of the transnational companies from our country that proved that they could increase the profit and the success on the market directly proportional with the improvement of their relationships with the community.

The business practice from Romania can draw our attention nowadays to plenty of examples of responsible behaviors towards society. Nevertheless, the business environment does not abound in factors that can favor this type of behaviors.

In the first place, ***the lack of funds from the state*** cannot be compensated by the funds donated by companies, and thus money is always insufficient.

Moreover, ***the motivations*** for which companies and natural persons make donation are mostly emotional ones (mercy, compassion), probably normative ones (the neighbor did the same thing), and much too little mutual ones, that is to get a direct or indirect benefit for the donation [Biz Magazine, No. 103/2005].

Obviously, one of the breaks against assimilating the social responsibility in the activity of the Romanian companies is ***the Romanian business people’s mentality***, who in most cases have developed their business in an individualist manner.

One can see all over Romania residential areas with extraordinary villas, superb gardens and streets full of garbage. Practically speaking, the local community does not exist. Moreover, the business people are considered stars of the local community in which they live and it is natural for the people to expect a favor from them, no matter how small for the respective community [Pleter O. T., 2005, p. 525].

I believe that the most important factor for stopping the private social initiatives nevertheless remains ***the lack of legislation in the field***, as there are no stipulations regarding the granting of some fiscal facilities to the companies that allot a part of their profits with the purpose of solving some social requirements.

The present fiscal code only stipulates that any natural or legal person can direct 2% from the income tax towards a non-profit organization favored by the state, an absolutely insufficient stipulation [Capital, No. 30/2003].

On the other hand, the outspread of the social responsibility concept in more and more organizations from the Romanian economy has generated controversies referring to the ethical character of their involvement in the life of the community.

One can ask the question if these companies have the right to a positive image and to other benefits generated by social responsibility. There are enough examples that can be given in this regard. It seemed interesting to me to call attention to a recent case.

The *No to tobacco* campaign was presented to the public from Romania as the biggest anti-smoking campaign up to that moment, being an initiative of the Romanian Pneumology Society, of the "Pure Air" Association and of the Health Ministry [Capital, No. 10/2004].

The campaign was based on an advertising video presenting Claudiu Bleonț, Liana Stanciu and Radu Nicolau telling the story of how they had given up smoking using the power of will. Cristian Țopescu urged us to follow their example and offered us a phone number and an Internet address where we could get further information.

The National Commission of the Audio-Video granted this project the status of "social campaign," and thus the national television and radio stations from Romania broadcast it for free. Furthermore, the above-mentioned stars agreed to use their image free of charge in the service of such a noble goal.

But many Romanians do not know that this social campaign actually represented a hidden promotional campaign meant to promote a medicine of the GlaxoSmithKline company, namely the Zyban medicine.

The phone number presented in the advertising video actually sent certain medical offices that invariably recommended the Zyban cure.

It is true that Zyban was back then the only medicine of this type on the Romanian market, but the way in which it was "promoted" is at least debatable.

It is obvious that this type of deceitful practices would not have even been mentioned on the company's origin market where the strongly restrictive legislation would have squared away the campaign from the start. Subsequently, the National Commission of the Audio-Video banned the broadcast of these advertising videos.

*In conclusion*, the companies' social responsibility, a very fashionable topic in the developed countries and object of some complex enactments, remains something unknown for most of the Romanian economic agents.

This situation is fundamentally generated by the lack of experience of the Romanian companies and of the Romanians in general, concerning taking on responsibility towards society, peers, corroborated with ignoring the mutually advantageous character of approaching business from a social point of view.

The best argument in this sense is the fact that the Romanian organizations refuse to do something for society blaming the lack of money, or when they have such initiatives they are only satisfied to make donations, giving as much money as they can, without monitoring the way this money is spent and without expecting a benefit from it.



The question that is probably asked by many Romanian business people is the following: *Why do we also have to be socially responsible?*

The answer to this question is obviously complex and it has to be approached from a threefold perspective, namely the social responsibility as moral obligation, and social responsibility as necessity and social responsibility as source of economic competitiveness.

Thus, the incumbency of taking on social responsibility in the Romanian companies is, first of all ethical, in the sense that the Romanian society places at the disposal of its economic agents the resources they need but it also expects them to use the resources responsibly, to the mutual benefit.

For this reason, the Romanian companies' efforts of social responsibility will not be efficient until they have as basis a whole of realistic ethical standards, confirmed by their members' daily behavior.

Related to this aspect, I consider that the most efficient way of forming an ethical behavior is the training of the future employees and investors, starting even from school. The ethical businessperson must be formed starting with the university period when the learning of the business techniques and practices must be combined with the grounding of some sound and realistic principles of ethics in business.

Secondly, the integration of the social responsibility in the objectives and strategies of the Romanian companies, and not only, is supported by the world's need to survive.

The economic organizations must become aware of the extremely dangerous situation generated by the lack of some ethical and social principles associated to the wild capitalism, and they also must act more responsibly towards the natural environment and people in order not to lead humanity to collapse.

Lastly, if the first two arguments are not enough to convince a more skeptical economic agent, it is important to understand the fact that being responsible towards society represents, for an organization, an important source for creating and maintaining some competitive advantages that should not at all be neglected.

Furthermore, in a highly competitive market, such as the European one, the Romanian organizations will have to meet the expectations of some educated and very pretentious consumers.

Thus, I consider that the success of the Romanian organizations on the large European market essentially depends on their capacity to understand and to efficiently and operatively integrate into their activity certain responsibilities towards society.

This aspect is all the more important given that the organizations, through their social objectives, will always exceed the limits of the local communities where they act. Practically, the organizations' social results, regardless if they are British, Italian, French, or Romanian, have a European and not a local impact, and they represent one of the most important factors for sustaining the long-term European economic development.

I also consider that taking on social responsibility creates business opportunities since they facilitate establishing some strategic partnerships with other organizations that have the same business philosophy, but also with governmental institutions and agencies

that are very interested in starting an association in order to meet the pressing social requirements.

Nevertheless, the Romanian companies must understand that if they are happy to imitate the strategies of some transnational companies, they will not obtain the same positive results and that a social responsible behavior will bring benefits only if it is built on the Romanian social realities and on the expectations of the Romanian public.

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