

Ethics and Corporate Social Responsibility in the Current Geopolitical Context

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Abstract

In the current context of globalization of economic and social life, the rapid global expansion of technology, business ethics and corporate social responsibility become issues that are increasingly important. If we approach the issue of business ethics and social responsibility, we must make direct reference to the behavior of economic organizations in the society in which they operate. Corporate Social Responsibility (CSR) arises as a result of changing society's expectations towards the business environment. In conclusion, the term CSR should be seen both in the size of the corporation and the society in which it operates. The ethical behavior of an economic organization determines its link with its trade and social partners. I chose this topic because each economic organization should be involved in CSR projects, it should also be aware of the problems of the society in which the needs of the target groups activates and taking into account its size, financial, material, human resources of the organization involved in projects CSR.

Key words: *Corporate Social Responsibility; internal dimension of CSR; external dimension of CSR, Corporate Social Responsibility Programs*

JEL Classification: *L21; M14*

Introduction

When defining the Corporate Social Responsibility, we should first consider the role the company has in the society. The rise of companies' impact on the environment, of the stakeholders' pressure and the identification of the effects which the social responsible behavior has on the community represent the main stimuli of the emergence and development of the social responsible concept. (Stancu, 2012)

The social responsible behavior is a complex concept, which includes apart from the economical, legal, ethic and philanthropic responsibility- the social responsible pyramid proposed by A. B. Carroll (Carroll, 1991), the distinct responsibility- derived from the economical and legal responsibility, whose domain and importance outgrows- the ecological responsibility.

The responsibility can mean moral responsibility towards an action inside the corporate history, but it can be regarded also from the point of view of the sustainable development and from the

way in which a society treats the stakeholders involved in its activity as well as from the management ability to take rational and ethic decisions. The concept of Corporate Social Responsibility refers to the way in which companies link their values, their mission and behavior with the expectations and needs of those involved - clients, employees, stockholders, contractors, local communities, authorities and society as a whole. Balancing the interests of all of these categories, depends on the company's ability to respond to all the expectations and to come up with solutions to the identified problems. (Crişan, 2013).

The Dimensions of Corporate Social Responsibility

According to the Treaty of Lisbon (2000) there are two dimensions of the Corporate Social Responsibility: the internal dimension and the external dimension.

The internal dimension of the Corporate Social Responsibility refers to the improvement of the employees' quality of life both at the working place and outside of it, thus ensuring a safe and healthy working environment, which is proved through work contacts both in the company's and in the employee's interests, and the impact of the activities developed by the company must be a minimum one for the environment.

The external dimension of the Corporate Social Responsibility regards aspects related to the human rights observance, environment protection and especially supporting the local economic systems and the development of the communities in which they activate. (Green Paper - Promoting an European framework for Corporate Social Responsibility (COM (2001) 366). The external dimension of the Corporate Social Responsibility can be divided into: the natural environment dimension (environment protection), the social dimension (the relation between company and society), the economic dimension (the company's responsibility towards stockholders), the stakeholders dimension (the company's responsibility towards employees, contractors, clients, community), the voluntary dimension (the company contributes with resources to the improvement of life's quality). (Dahlsrud, 2006)

Examples of Corporate Social Responsibility Programs

Philip Kotler and Nancy Lee (2008) have come up with a typology for the Corporate Social Responsibility programs, which is presented in Figure 1.



Fig. 1. CSR typology programs

Source: author's processing of the information from Kotler, Lee

Promoting a cause consists in funding or contributing with other resources in order to raise the notoriety to the public or to mobilize the public to donate, to volunteer for a cause.

Case study

Rehabilitation of Houses from SOS Children's Villages Bucharest

The organization *Habitat for Humanity Romania*, expert in building and construction projects, together with *GDF SUEZ Energy Romania* has rehabilitated the houses from *SOS Children's Villages Bucharest*. The project was called "It all starts at home!" and it was developed from September 2013 until September 2014. The experts from *GDF SUEZ* and *Habitat for Humanity* have accomplished an energy audit in order to determine which of the houses was urgent. In the autumn of 2013, the work for 12 houses started. This consisted in: replacing roof tiles, thermal isolation of the roof and attic, installation of metering systems for each house, replacing of old windows and doors, exterior isolation, replacing of old central heating with new, performing ones.

During the project, the company has managed to mobilize around 80 volunteers, which got involved in 4 volunteer actions. At one of these actions, Eric Stab, CEO of *GDF SUEZ Energy Romania* took part in. *GDF SUEZ* volunteers were joined by bloggers and opinion leaders, like Vlad Petreanu, Cabral sau Piticu. Apart from taking part in the rehabilitation activities, the volunteers have also organized ecological workshops for children and for the *SOS Children's Villages Bucharest* employees. At these workshops, they were taught what energetic efficiency means and why energy saving is necessary. Some of the project's results are: - 12 social houses fully renovated from the *SOS Children's Villages Bucharest*;

- 4 volunteer actions internally organized, after which 80 volunteers got involved in rehabilitation actions or other actions organized by *SOS Children's Villages Bucharest*
- -134 project beneficiaries: children from the *SOS Children's Villages Bucharest*, social parents and social assistants, which develop their activity at this center;
- 480 volunteer hours dedicated to the community by the company's employees;
- 40 press materials issued after the project.

Fig. 2. Case study: *Promoting a case*

Source: Available on-line at <http://www.responsabilitatesociala.ro/studii-de-caz-csr/gdf-suez-energy-romania/totul-incepe-acasa.html>, accessed on the 18th of August 2017

Marketing related to a cause consists in the commitment of donating a sum of money according to the sales made in a certain period of time. Its characteristics are: they happen over a predefined period of time, they relate to a certain product and they are for the benefit of an ONG.

Case study

Against Animal Testing

The Body Shop is a global ethical beauty business with five core values: *Support Community*, *Fair Trade*, *Activate Self Esteem*, *Defend Human Rights*, *Against Animal Testing*, *Protect The Planet*. Starting from the year 1990, *The Body Shop* company, has a new value, other than the ones mentioned above, which is the refusal of testing cosmetic products on animals. Thus, all the company's products have this message on the label: „Against Animal Testing”. In 1996 *The Body Shop* has persuaded 4 million people to sign a petition which prohibits animal testing in

EU countries.

As a result, in 1998 UK has forbidden these tests and then other 4 countries joined: Germany, Austria, Belgium and Holland. In 2003, the European Parliament has adopted Dictate 93/35/CEE, which imposed all the producers from the cosmetic industry to stop animal testing until late 2009. (Dictate 93/35/CEE). Animal testing of finite cosmetic products in the EU was forbidden from 2004, and that of the cosmetic ingredients from March 2009 ("the prohibition of testing"). Starting from the 11th of March 2009, it is also forbidden to commercialize on the EU market, of cosmetic products and their ingredients which were tested on animals in order to fulfill the dictate's requirements ("the prohibition of marketing from 2009").

By adopting and promoting this message, The Body Shop is trying to acquire a high visibility, as a result in 2008 it was awarded the prize Lifetime Achievement Award offered by UK Royal Society for the Prevention of Cruelty to Animals.

Fig. 3. Case study: *Marketing related to a cause*

Source: Extract from Dictate 93/35/CEE, JO L 151, 23.6.1993, available on-line at <http://eur-lex.europa.eu/legal-content/RO/TXT/PDF/?uri=CELEX:31993L0035&from=RO> and accessed information on-line at http://thebodyshop.ro/upload/files/TBS-Values_report-2016.pdf, (23 septembrie 2017)

Social marketing represents a CSR program through which the company wishes to change the negative behavior, in the target public, by strengthening a positive behavior. The targeted negative behavior is selected considering the society's problems, the severity and the number of the affected people. The company influences the stakeholders' behavior in order to improve their well-being, preventing accidents, helping the society, protecting the environment in order to improve the quality of life. (Kotler, Ph, Lee, N., 2008).

Case study

Safe Road - The ABC of Safe Driving. National Program for Safe Driving

Through this project, *HOLCIM ROMANIA* company is trying to raise awareness of the importance of safe driving during the whole process of supply. The program, which is implemented for 3 years, consists of a series of valuable projects, whose main objectives is the drop: of loss of human lives and of the number of critical incidents on the roads of Romania. Globally, every year, car accidents take the lives of 1,3 million people and injures 20-25 million people between the ages of 15-29. Statistically speaking, Romania is the first at car accidents deaths in the EU and second in Europe, after Russia. On the streets of Romania, every four hours, a person loses its life. (<http://www.csrmedia.ro/csr-brand-holcim-romania/>, accessed on the 12th of August 2017).

Case study

Campaigns for the Discouragement of Driving under the Influence of Alcohol

Leo Burnett Thailand has created a campaign for the **Foundation "Don't Drive Drunk"**, through which it raises the awareness of the dangers of drunk driving. The campaign was created in the context of alcohol being the most common cause of deadly car accidents in Thailand. It has gained the gold medal in the "Public Interest" category. The posters suggest that any type of alcoholic drink, combined with driving, becomes a lethal weapon and it is equivalent with a suicidal gesture. (<http://www.responsabilitatesociala.ro/stiri-csr/campanii-spectaculoase-despre-siguranta-la-volan-premiata-la-epica-awards-2013.html>, accessed on the 17th of August 2017).

Ad Council of America has launched a prevention campaign against driving under the influence of alcohol. Its logo << Another small one for the road >> was replaced by << Friends don't allow friends to drive while drunk. >> Approximately 68% of the Americans state that they have personally stopped someone else, who were drunk, from driving. (Kotler, Armstrong, 2008, p.328)

Fig. 4. Case study: *Social marketing*

Philanthropic actions are achieved through donations, scholarships, funding. The causes supported by the companies must be in concordance with the company's objectives and are achieved with the help of an ONG or an institution over long periods of time.

Case study

Corporate Philanthropy

Philanthropic actions represent the oldest initiative way of CSR. The companies directly contribute by allocating sums of money and/or products in order to support a cause. Philanthropic actions can be represented by:

- *Money sponsorship* (example: Education for the development of the practical competences, BCR ROMANIA has strategic partnerships with the greatest universities in the country. Its main goal is to create projects that will help students develop their practical competences, in order for them to easily integrate on the labor market. For example: Petroleum-Gas University from Ploiesti has received 15.000 Euros for supplying a modern classroom in order for the students of this university to develop new trans-curricular competences.
- *Products or services donations* (Every child in a Kindergarten") is a project accomplished by *CARREFOUR ROMANIA* and of *Carrefour Foundation* together with OvidiuRo, from the common wish of helping children get the best education possible and of setting the foundation of a healthy society. The two are involved in the fight against the ever rising school early leaving, by donating clothes, supplies and food necessary to the children. With the financial help of Carrefour Romania and of Carrefour Foundation, OvidiuRo has offered access to an early education and to a healthier nutrition for over 2.200 children with a high risk of school early leaving. (<https://www.csrmedia.ro/csr-brand-carrefour/>, accessed on the 2nd of September 2017)
- *Funding* (the company launches its own financial program to which environment ONGs can apply). "Ideas from Andrew's Country" is a financial program started under the form of a national project contest, through which *OMV PETROM* and *PACT Foundation* encourages sustainable eco-civic initiatives. In 2016 individual's, ONG's, public and educational institutions' initiatives were financed, those that framed the following three domains: community development; education for employability and for the environment (eco-efficiency and eco-innovation).
- *Scholarships* (example: the company initiates a scholarship program for disadvantaged young people). Ursus Scholarships - Students for the Community: Through this program, *URSUS BREWERIES* offers annually scholarships to the students of Cluj county, who are involved in social activities, thus supporting the local development of communities in which they activate. The Ursus Excellence Prizes: this program wishes to reward the Babes-Bolyai University students that have exceptional academic results. (<http://www.csrmedia.ro/csr-brand-ursus-breweries/>, accessed on the 19th of August 2017)

Fig. 5. Case study: *Philanthropic actions*

Community volunteering is an initiative of encouragement for the employees to volunteer for an ONG or a cause.

Case study

Together for the Community

For example, Restoration of the Orphanage Ciresarii - PLOIESTI which took place in May 2012. Team Holcim Romania from the concrete station in Ploiesti and the team from the aggregate station in Stancesti have got involved in the restoration of the Orphanage Ciresarii and in the redevelopment of the playground for the disadvantaged children.

Holcim employees have performed repairs to the building, have cleaned and painted the reception and recreation rooms, have donated and assembled a TV and TV cable, have donated a refrigerator and have offered fruits to the 17 institutionalized children. The action was part of the campaign "Together for the community" which was given rise by the Holcim Group Centenary and by the anniversary of 15 years of activity in Romania.

All through the year 2012, those over 80.000 Holcim employees from all over the world have got involved for minimum a day as volunteers in social programs, with the purpose of summing up, through the time spent on these actions, at least 100 years. This has represented a symbolic gift offered by the Holcim team to the global community as a sign of appreciation for the support of the people over time.

Fig. 6. Case study: *Community volunteering*

Social responsible business practices program of CRS through which the company voluntarily enriches its way of working so that it contributes to the protection of the environment and to the well-being of the community.

A company can act changes in order to adopt social responsible business practices in domains as:

- locations designs which it acts (example: design of headquarters, of production units and of sale, so that a high level of safety exists, the environment is protected, the consumption energy lowers etc.)
- improvement of production processes (example: waste disposal, lowering the level of chemicals used as fertilizers etc.)
- withdrawal of certain products which can be considered harmful, even if they are not illegal (example: McDonalds gesture of withdrawing the "Supersize" helping of fries and soda)
- choosing some production materials and some *packing* which can protect the environment (example: to allow lowering the waste quantities, to facilitate the recycling process, to eliminate toxic emissions)
- offering objective information about the products (example: the packaging includes information about: the potential negative effects of consumption, the volume of physical activities necessary to burn calories or fats that the product contains etc.)
- developing programs which follow the well-being of the employees (example: medical assistance, psychological assistance, recreational or sport facilities etc.)
- ensuring responsible marketing policies, especially regarding children (example: prohibiting online sales to minors, withdrawal of marketing programs from schools, of

- some products which can be harmful etc.)
- enriching the access to marketed products for persons with disabilities (example: access ramps in stores, accessible web sites etc.)

Fig. 7. Case study: *Social responsible business practices*

Source: *** Responsabilitatea sociala a firmei (Category: Cultura organizațională), available through <https://conspecte.com/Cultura-organizationala/responsabilitatea-sociala-a-firmei>.

Conclusions

Globally, the social responsibility aspect has already become part of the business and it is permanently present on the companies' agenda, the key words being - investment in the image. Thus, the great companies invest in this kind of programs a large sum of money. But these sums represent, in the managers' point of view, a long term investment, with significant results for the business they rule. The European Commission states that for the following year, its role is to bring a plus of visibility to the social responsibility policy, in order to recognize the already made efforts by some organizations in this direction and to encourage them to continue this step. The concept of social responsibility is obviously increasingly necessary for the Romanian business society.

Sophocles said that "every well-doer thinks a little about himself too". In the case of Romanian organizations, this concept is at the base of developing relations with the community, the main purpose of implementing corporate social responsibility programs being mass-media publicity. Unfortunately, the commitment towards the community of these organizations is, most of the time, for a short period of time and it hasn't got a real basis.

Every organization must be aware that such approach can bring them benefits, both through creating a competitive advantage and through promoting a positive image and a good relation with all the partners, aspects that argue the inclusion of social responsibility in the development strategy.

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