

## DIMENSIONS OF THE CORPORATE SOCIAL RESPONSIBILITY

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Abstract: A new concept is lately used when dealing with organization management, i.e. social responsibility. When explaining the meaning of the corporate social responsibility one can appeal to moral and economic reasons.

Nowadays the permanent need to change has become a custom, the firms must adapt continually to the general development, and they must permanently accomplish new things, innovative things. When defining or redesigning the mission of a company, managers should consider the need of assuming an active role in the organization, i.e. “corporate social responsibility” (CSR). The Corporate social implication is more and more important due to overall factors, such as:

- Economical globalization;
- Tendency to lack resources;
- Increasing pollution danger
- Decreasing role of the public sector

Looking for the meaning of the social responsibility as seen by the organizations, Dan Craciun, Vasile Morar and Vasile Macoviciuc are identifying economic and also moral reasons [D. Craciun, V. Morar, V. Macoviciuc]: There are economic reasons such as:

- Corporations perceived as socially responsible can benefit of a larger and more content clientele;
- Employees are interested in working for those corporations which are perceived as socially responsible;
- Corporate volunteering in social activities and social programmes can prevent the government right to propose legislation, ensuring a greater independence of the corporations in relation with the governmental control, thus;
- Positive contributions to the social development can be considered as long-term investments into a more secure community life;

Several moral reasons favoring the corporate social responsibility are:

- Corporations give birth to social problems so they have the responsibility to solve them and to prevent new problems to appear;
- Corporations must use their resources and power in a responsible social way;
- All the corporation activities have a certain social impact, through the products or the services or the available jobs, or indirectly, through the impact on other companies;
- Corporate activity counts on the stakeholders' contribution;

Management problems (implicitly a social responsibility) become more complex as the companies suffer the internationalization phenomenon. If it is difficult to reach a consensus about what represents a social responsible behavior within one's culture, it is much more difficult to find mutual ethical values of various cultures.

There are three general principles which demand managers to look after the corporate responsible behavior [Gh. Gh. Ionescu, N. Bibu, V. Munteanu]:

- The right of a company to exist depends on its responsibility concerning the environment;
- The governments can introduce strict laws if business do not follow social standards;
- Social responsible policy leads to social approval and consolidates the firm viability.

Firms' interest concerning problems which affect society is nowadays a frequent topic in the business community agenda and the non-governmental sector. The first to mention the social responsibility is H. R. Bowen, who says that an organization has the responsibility to watch those policies and to take those decisions which are accepted by the society objectives and values. Social responsibility is also considered to be a logical consequence of the obligation implied by the increase in the firm social importance. Another point of view belongs to T. Donaldson, who considers social responsibility as a contractual obligation between firms and society. The firm has a central role in society, thus it uses natural and human resources to obtain an advantage over the competition. In its turn, the society can make use of its right to exploit the productive processes in which those resources are exploited. D. Wood extends these ideas, identifying three principles to follow for social responsibility:

- Business organizations are also "social institutions", this leading to a responsible use of power;
- Business organizations are responsible for what they offer to the environment where they are activating;
- Managers are "moral agents" who must responsibly display their decisional prerogatives.

In time, the idea that firms cannot be considered just private institutions anymore, but **social institutions** has gained attention. Archie Carroll suggests that corporate social responsibility is defined based on the economical, legal, ethical and social demands the society has for the business [A. B. Carroll]. Tuzzolino and Armandi have expressed a motivational theory of the organization social response starting from the motivational model proposed by Maslow. According to this theory, the organizations adopt social responsibility policies after fulfilling their first three level needs:

- **Survival needs** or the rationality of the economical activity – profit and dividends;
- **Security needs** – acquiring and maintaining competitive advantages;
- **Affiliation needs** – joining the employers' union, trade union or lobby groups.

Assuming the social and community role is on the fourth level, this is the equivalent for the self-achievement need in the Marlow model.

As a conclusion, one can state that business corporate social responsibility refers to taking into account the general impact of a company in the society and the necessity of responsibly managing the entire group of stakeholders. According to Whitehouse, a general approach of the social responsibility implies [L. Whitehouse]:

- Human rights;
- Work conditions within the providers chain;
- **Environment** impact of the processes, operations, products and services;

- The processes, operations, products and services impact on **the local community**;
- The processes, operations, products and services impact on **the customers**;
- Investment responsibility.

Pro social responsibility approach also had opponents. The most important of them is the neo-liberal economist Milton Friedman [Gh.Gh. Ionescu], who thinks that the **single possibility of a business organization is to maximize the profit in order to obey their owners' rights, the only ones legitimate**. In his work, "*Capitalism and Freedom*", Friedman considers the social responsibility doctrine as a fundamental subversive one in a free society. For more than three decades corporate social responsibility issue has remained a very debatable one. Managers admit that social responsibility extension and enforcement is a strategic decision.

The most important reasons for a company to involve in social responsibility projects are the following:

- Ethical reasons: besides being responsible for the profit and for the employees or clients, the contribution to the improvement of the local community and environment is an important issue;
- Designing a positive image;
- Communities stabilization which leads to an economical increase;
- The improvement of the relationship with the local authorities;
- It helps the employees to become one (identify) with the company.

Very interesting in this point is stressing the interferences, but also the differences between social responsibility, philanthropy and corporative citizenship. The difference between a company's social responsibility and philanthropy is that the first one involves the development of a strategy which aims to the community and a partnership which leads to a gain for the company. Philanthropy is money or products contribution for a charitable cause, without the person in question to expect any services or even recognition in exchange. Organization philanthropy means volunteer use of the company resources to produce social value. Corporative citizenship is the business strategy which involves the company's values and the choices the committee, the managers and the employees adopt daily as they involve in society. There are three important principles which define the essence of corporative citizenship:

- Minimizing the negative aspects: working to minimize the decisions' negative consequences over the stakeholders groups;
- Maximizing the benefits: the contribution to the social and economic welfare through resources investment in activities from which the interests holders and the other fellow laborers could benefit;
- Responsibility towards the key co-workers: building trustful relationships, meaning transparency and opening.

### Corporate social responsibility types

Beyond any shadow of a doubt, the most elaborate and widely-accepted corporate social responsibility model is the so-called "corporate social responsibility quadripartite model", initially proposed by Archie Carroll in 1979 and improved in a recent work in partnership with A.K. Buchholtz (2000). Carroll sees the corporate social responsibility as a multilayer concept

with four intercorellated (intermingled) aspects: economic, legal, ethical and philanthropic responsibilities - pyramidal disposed. The real social responsibility involves the union of the four levels in the corporation behavior.

**The economic responsibility** refers to the profit the shareholders have the right to claim for their investment, to the wages and the benefits for the employees, to the high quality products and services for the customers. The first layer of corporate responsibility represents the base for the other types of responsibilities. Satisfying the economic responsibilities is demanded imperatively to all the firms.

**The corporate legal responsibility** demands the business to obey the laws and the "game rules". For example, comes into my mind the case of some firms which had to undergo penalties as a result of sending into justice for disloyal competition, i.e. illegal strategies.

**The ethical responsibility** urges the corporation to act justly, correctly and equitably, even though they are not forced by the law to act as such. For example, when Shell wanted in 1995 to open the Brent Spar oil rig in the North Sea, although the company had the British govern legal approval it was the victim of the customers' boycott and Greenpeace powerful counterstrike. Eventually the legal decision to install the oil rig was not carried out because the firm did not take into account the society ethical expectations.

**The philanthropic responsibility** represents the fourth level of the corporate social responsibility; it is set on the top of the pyramid. This social responsibility level encompasses a large variety of initiatives, such as donations, building leisure centers for the employees, supporting the local schools, sponsorship for artistic or sport events. According to Carroll, philanthropic responsibilities are a concern only for the organizations, they are not required or expected, this makes them less important than the other three categories.

Carroll and Buchholtz's quadripartite model structures various corporate social responsibilities into distinct units without disregarding the fact that the firms should be profitable within the law limits. But the model does not explain what happens when two or more types of responsibilities are in conflict. Another limit of the model is the fact that the authors had in mind only the American business background.

It is quite interesting to apply Carroll's model to the Romanian economic realities. Concerning the economic responsibility one should notice that few Romanian companies are interested in designing long-term strategies for developing and diversifying the trade activity forms. In Romania economic responsibility means absurd expenses for luxurious automobiles or squandering to build massive and ridiculously sumptuous holiday villas on deserted hills, where the owners come a few times a year [D. Craciun, V. Morar, V. Macoviciuc]. The most severe problem of the Romanian enterprisers is the legal responsibility; many firms have to choose between legality and bankruptcy (those who act according to the law are not trusted, or they are, but in the same time they are despised and pitted for being fools).

It is difficult to identify in this misty framework a certain ethical responsibility of Romanian companies. On the other hand, philanthropy has an important place, it brings a fit image.

## **Types of corporate social responsibility programs**

### **A. Promoting the cause**

It is a type of program by which the company contributes with money or other resources to increase the public preoccupation and involvement for a cause. The main objective is persuasive communication to support one of the objectives above. Such a campaign goals at:

- Stimulating the attention of the public for a cause;
- Persuading the public to find out more about a cause;
- Persuading the public to donate money to support a cause;
- Persuading the public to donate non-financial values (clothes, toys, books);
- Persuading the public to join in a way or another cause.

### **B. Cause related marketing**

It is a type of program through which a company promises to donate for a cause a sum which depends on the sales in a certain period of time. Usually a CRM campaign implies an offer which is valid for a certain period of time; it refers to a certain product and it is for the benefit of a NGO or another partner who can legally deal with the cause and can administrate the money.

### **C. Social marketing**

It is a corporate social responsibility program which suggests changing the negative behavior or the public's opinion into a positive behavior. The most typical problems are:

- Life and security menaces (traffic safety, family violence);
- Health;
- Environment;
- Civic involvement.

### **D. Philanthropic activities**

It is a program which enables the company to directly support a cause with products or money:

- Money donations;
- Subsidizing
- Scholarships
- Product and services donations
- Free expertise
- Access to the company channels, locations or gear.

### **E. Volunteering for the community**

It is a type of initiative used by the company to encourage the employees to act voluntarily to support the community, a NGO or a cause. In order to stimulate its employees to volunteer, a company could choose to:

- Promote volunteering as an organization value;
- Recommend certain causes by means of internal communication;
- Recruit and organize crews of volunteers;
- Support the employees in their efforts to find a good cause;
- Offer paid off work days;
- Grant subsidizing to NGOs;
- Recognize the employees' merits in volunteer activities.

### **F. Socially responsible practices**

They are a firm initiatives to voluntarily improve its 'modus operandi', so that to contribute to the community general well-fare and to preserving the environment. A firm can operate changes in order to adopt socially responsible practices in fields such as:

- Location design;
- Improving the production;
- Withdraw products which cab be considered harmful, even they are not illegal;
- Choosing production and wrapping materials in order to protect the environment;
- Responsible marketing policies especially concerning the children;
- Improving the access to products for the disabled.

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