

## ROMANIAN ECONOMIC ENVIRONMENT – RESPONSIBILITY POLICIES AND BUSINESS ETHICS

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**Abstract:** *Corporations regarded as socially responsible can benefit from a large satisfied clientage while the public image of social irresponsibility can end up with a boycott or any other hostile actions from costumers. Positive contributions to social development can be considered by companies as long term investments in the consolidation of a safer community life, better educated and much more equitable which corporations can benefit from by unfolding their activities in a more dynamic, stable and resourceful environment. These are serious economic reasons which can be in the advantage of economic agents who can commit towards different social groups.*

**Keywords:** *social responsibility, corporate social responsibility, business ethics, best practices.*

### 1. INTRODUCTION

Companies' social implication has become a frequently approached subject due to a set of factors like: economic globalization, depletion tendency of resources, alarming increase of pollution and the diminishing role of the public sector. Consequently, corporate social responsibility becomes a component more and more significant of the business environment's interaction with the society where organizations unfold their activities. This term is of interest to both those who apply it in their current activities and also to the academic environment which, in order to create future managers, gets involved in its study. Companies which can prove the application of social responsibility policies are economically the elite of the business environment, be it in the EU area or not. According to general opinion, they will survive the globalization phenomenon from the economic field, while the rest disappears. Currently, people have become more aware of environment protection, its greening and a company's purpose achievements because they raised their expectations from companies than product quality and profitability.

Sustainable development is a concept approved by the European Union which aims to involve community organizations in states and local communities with incentives to achieve strategic partnerships with all stakeholders in the process (citizens, businesses, central and local). Global concept of sustainable development is a reality accepted by the entire public opinion alarming consequences of the greenhouse effect, the prospects planetary resource depletion and worsening social situation of more than half of the planet on the edge of subsistence. European countries in general and the members of the European Union in particular is already a model in sustainable development even if there are large disparities between the 27 EU members Social responsibility becomes more complex when multinationals beyond national barriers: it is difficult to reach a consensus on socially responsible behaviour within its own culture, just as it is difficult to determine ethical values common to many areas culture.

## **2. SOCIAL RESPONSIBILITY ACTIVITIES**

There are three general principles according to which managers should be concerned with the organization responsible behaviour: a company's right to exist depends on its responsibility towards the environment, governments can introduce strict laws that businesses in their area do not include social standards, a policy characterized social responsibility leads to social acceptance and thus strengthens a firm's viability. However, in recent years have other incentives for accountability in business firms, including pressure from customers, local communities, regulators, banks, financiers and insurance service providers. Corporate involvement in addressing issues that concern society has become a frequent topic on the agenda of the business community and non-governmental sector and ultimately public policy. There are several reasons for increased interest in this topic, the need to find alternative sources of funding and flexibility in employment in a European and global context which requires companies to be more accountable and transparent, from the simple desire to approach a market segment that partners or competition and it addresses the need to respond as effectively and thoroughly the issues facing each community. (Friedman, M. & Friedman, R., 1998).

## **3. THE PRACTICE OF SOCIAL ACCOUNTABILITY IN THE ROMANIAN BUSINESS ENVIRONMENT**

Identifying opportunities for economic development is the top priority of XXI century. However, the process can become sustainable only considering the local environment from a perspective can bring benefits to quality of life. It became an important guide to many communities who have found that traditional modes of interpretation planning and development creates, rather than solve, problems of environmental pollution. Where traditional mentality leads to urban pollution and excessive consumption of resources, sustainable development provides real and lasting solutions that strengthen our relationship with the natural environment. In existing, Romania concerns the leap to a market economy and achieves EU standards s / he did a little later than other members for which, the politics of social development and the social

responsibility had not taken into account the concept of sustainable development, protecting the environment and helping the poor communities.

The Romanian market is hardly familiar with this concept because the lack of budgetary resources and specific programs of the State left this subject especially in the task NGO / s and mass / media and less in the other's task involved actors (authorities local public opinion, employers, private or public companies, etc.) One of the issues that concern Romanian managers concerns the question whether it is fair to make you known social projects within the company and among business partners. (Gheorghe S., 2010)

Another question arises from the fact that social responsibility projects are decided and coordinated by managers not business owners. Is it ethical to do philanthropic gestures on other people's money? Sounds like a rhetorical question, because the role of managers is apparently only company to manage money, but we must keep in mind that corporate social responsibility is a marketing tool that can bring profit. Public incentives inactivity social responsibility requires a full awareness of the benefits and economic and environmental costs. Current soil degradation, environmental pollution with harmful substances, lack of educational programs unilateral consumption and storage resources used products in specially designated areas are all opportunities that multinationals company managers, but not only can afford to carry out social responsibility programs and activities.

When taking into account all these factors, these benefits become evident in the sense that, on the one hand communities, local authorities and people manage to overcome social problems with external sources of funding and on the other hand the companies in question are shown in marketing activity over the competition and manage their customer loyalty. By converting waste into usable resources, recycling provides a way to manage solid waste reduce pollution, conserve energy, create jobs and develop industries more competitive. Like in areas designated waste discharge or burning them in incinerators, recycling and it cost money. Judicious use of resources within a company can be a good example of accountability on ecology and environmental protection. For example, Coca-Cola HBC has 650 employees involved in a management training program and preventive ecological driving. In six months, the program led to important changes in driver behaviour, but also to reduce fuel consumption, CO2 emissions and accidents in the whole fleet. Recently, the company OMV Petrom has implemented a program of nationwide social responsibility Andrei's Country which involved more than 600 students from all over the country and involving a program to green land through afforestation. Publicized as a program with a similar impact it runs a competitor - Romania takes roots (Gheorghe S., 2011).

The concept of social responsibility of companies is a relatively new concept on the Romanian market the companies involved in the needs of society, a certain attitude ethics beyond their current business and becomes reality through a partnership between local communities, authorities and international organizations. Terminology is still vague and coverage terms sometimes overlap. Examining multiple definitions can lead to a set of concepts, allowing use this marketing tool by companies who want to promote a responsible attitude in the community. Corporate social responsibility has three faces. (Bauman Z., 2004)

1. compliance with the letter and spirit of the law - to be ethical, transparent, objective, honest
2. reduce or remedy any kind of damage they produce the company's operations, particularly on the environment.
3. sustainable development related decrease damage

Another model of social responsibility based on four components envisages economic responsibility, the primary responsibility of legal, ethical and philanthropic responsibility. However, determines what happens when two or more types of responsibilities are in conflict. Here is a very trivial example. Problem closure of production units, where ArcelorMittal. S.A. Galati frequently puts the problem of finding a balance between economic responsibilities (which require efficiency and profitability) and ethical responsibilities of the company, to the inhabitants of Galati, from which employees are expected to provide stable jobs. Ethics and social responsibility has become a sensitive issue, especially in developed countries economically. Underestimation of this phenomenon can lead to loss of customers; reduce the volume of operational activity and difficulties in attracting new customers. The consequences are implied for business: reduced profitability, low growth prospects, a significant decrease in the market value of the firm. Each of us, as social actors, has its own system of beliefs and values that reflect their social and cultural environment as a result of adaptation to the external environment problems and difficulties of integration and religious norms.

Responsibility of social actors is due to the power relations between them and the existing institutional environment, particularly its structure and functionality. Decisional freedom is the essential component of morality and of ethical, more relevant than any other criterion. For this reason I believe that democracy and the free market system provides the possibility for conflict of interest between social actors in a more equitable than a system based on oppression and domination of others - environmentally friendly, in fact, to enhance corruption and opportunism. Corporate social responsibility has become a frequent topic due to a combination of factors: economic globalization, the trend of resource depletion, pollution hazard alarming increase and decrease the role of the public sector. CSR is becoming an increasingly important component of business interaction with the society in which organizations operate. This term is of interest both to those who apply it in their daily activities and academic environment to create future managers responsible, engaged in studying it. Nowadays constant need for change has become a habit. People, both individuals and legal entities, to develop and assert, must continually adapt to environmental progress, seek to create something new, innovate in everything we undertake.

#### **4. CONCEPTUAL APPROACHES TO SOCIAL RESPONSIBILITY**

In Maslow's theory firms have CSR policies only after fulfilling the necessities are on the first three levels and survival needs (or rationality of economic activity) - obtain dividends or profits and level 1 security needs - obtaining and maintaining competitive advantages or level 2 affiliate needs - participation in trade unions or

employers or in lobbies or level 3, the need to assume the role of social and community (need for self-equivalent of Maslow model, level 4. social responsibility, becomes more complex when multinationals beyond national barriers: it is difficult to reach a consensus on socially responsible behaviour within its own culture, just as it is difficult to determine ethical values common to several cultural areas. Three general principles according to which managers should be concerned with the organization responsible behaviour: a company's right to exist depends on its responsibility towards the environment, governments can introduce strict laws that businesses in their area do not include social standards, a policy characterized by social responsibility leads to social acceptance and thus strengthens the viability of a company. (Carroll, A.B., 1979). Yet in recent years have other incentives for accountability in business firms, including pressure from customers, local communities, regulators, banks, donors or insurance providers. Corporate involvement in addressing issues that concern society has become a frequent topic on the agenda of the business community and non-governmental sector and ultimately public policy.

There are several reasons for increased interest the subject, the need to find alternative sources of funding and flexibility in employment in a European and global context which requires companies to be more accountable and transparent, from the simple desire to get closer to a market and partners or competition that it addresses the need to respond as effectively and thoroughly the problems facing each community. Empowerment activities are not necessarily new: most companies have always been close to communities and sought are some good actors or taxpayers. fact, many owners and managers instinctively realized that "doing the right thing" - to serve customers, take care of the morale and safety of staff, being careful to suppliers, to be fair competition and protect the environment is good business practice that helps. European Union actively supports Member States' approach to succeed in imposing a new approach to the relationship between communities and companies operating in national and international markets. effort, already made, to become "the most competitive and dynamic economic sector in the world, capable of sustaining economic growth with better jobs and greater social cohesion" as objective set at the Lisbon European Council in 2000, involves a major social component from all actors involved in the market. international authorities in this way, national, public companies, private and any organization able to engage as responsible are required to connect the proposed new objectives so that economic development and social inclusion have the finality some targets are considered to be both moral and cultural traditions agree and especially with the new European social standards specific to a model of economic growth and social welfare as the EU wants to become. CSR (Corporate Social Responsibility) is a way To understand the development of any business through the medium and long term contribution that you have to hold businesses to achieve standards and development of contemporary society adoption of CSR principles of economic actors at different levels help completing the objectives of sustainable development and to this end states and international organizations have defined a set of criteria for Dummies explains what a "desirable corporate behaviour in society." directly firms are now prepared to cooperate with various local or central authorities in order to increase their visibility in a market whose standards are in constant

change. within organizations is desirable in relation to their employees to be concerned companies: ( Craciun & Morar, 2005)

- to optimize quality of life standards employees
- providing a safe and healthy work environment for all involved directly and indirectly in company activity
- the specific interests of all parties involved in situations of crisis by restructuring the work done in a responsible way
- minimizing corporate actions performed on natural resources and especially on the environment

## 1. CONCLUSION

The problem is crucial for companies operating in contemporary Romanian economy since achieving a functioning and competitive market economy should be characterized by an increase in economic efficiency and productivity, which means the disappearance of the weak sectors or environmental performance and staff layoffs. On the other hand, conversion of redundant labour is with some slow, many workers being made redundant and thus putting pressure on central and local budgets redirecting and limiting the potential for new investment and thus create new jobs.

Social responsibility can be seen as a logical consequence of the obligations arising from increased power (importance) of a firm's social and correlation of this growth with social responsibility can lead eventually to the loss of this social power and hence the decline of the company.

### Acknowledgement

This work was cofinanced from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/1.5/S/59184 „Performance and excellence in postdoctoral research in Romanian economics science domain”.

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