

**Western Ambitions and Eastern  
Limitations:  
CSR Practices at France Telecom  
Group in France and Romania**

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Submitted to

Central European University

Department of Public Policy

In partial fulfillment of the requirements for the degree of Master of Public  
Policy

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Budapest, Hungary

2007

## **ABSTRACT**

This thesis will analyze the relevant policies, practice and reporting of a multinational company, Orange, in the constantly developing industry of telecommunications. The aim is to identify the mainstream practices employed by the company in a young market economy such as Romania, and the response of the society to these actions. While CSR is seen primarily as an invention of the Western competitive markets, comparing the CSR employed by the company in France (the headquarters) and Romania (a subsidiary) will be helpful in understanding whether this concept can be successfully adapted in young market economies. In this sense, this research would offer important feedback for corporations that intend to expand in this region and consider employing CSR a competitive advantage for increasing their profitability. Therefore, the analysis will focus on both the social and economic dimensions involved, since the arena in which CSR practices are employed is ultimately the market.

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## **List of Abbreviations**

CSR	Corporate Social Responsibility
EP	The European Parliament
Euro-MPs	Members of the European Parliament
GRI	Global Reporting Initiative
IO	International Organization
ILO	International Labor Organization
NGO	Non-governmental Organization
OECD	Organization for Economic Cooperation and Development
SMEs	Small and Medium Enterprises

## Introduction

*The human race is and has always been a colonizing species without an intellectual or institutional capacity for equilibrium.”*

(O’Riordan 1993 cited Pearce 1995 287)

Of the first 100 greatest economies on Earth today, 51 are corporations and only 49 are countries (Werther et al. 2006). As striking as this ratio might be, it illustrates the present situation world wide, where the private and the public sector are indeed competing (yet, by different means) to bring welfare and development. It is worth mentioning that the annual sales of General Motors equal the GDP of Denmark, which indicates the comparable power individual actors can have as opposed to a whole nation (Zadek 2001). However, while public institutions have the endorsement of citizens through the social mandate they have been appointed, corporations emerge initially with the financial support and to the benefit of their shareholders. Since their social influence is comparable, it is therefore legitimate to ask whether corporations should obey and be accountable to public scrutiny just as governors are (Habisch 2005).

The supporters of profit maximizing businesses argue that in the existent legal framework, companies are already held accountable for their social impact. Simply by gaining profit within the lines of existent regulation, companies fulfill their socially responsible role as growth enhancers. On the other hand, CSR advocates argue that firms should restate their mission, vision and strategy to keep up with the current challenges of sustainable development (Werther et al. 2006). Since the business

sector has been developing tremendously, regulation can hardly keep pace with the occurring changes. Consequently, in most parts of the world the law does not go beyond regulating an economic framework in which the main goals of business are making money, providing jobs and paying taxes. Therefore, to compensate for the alleged legal gaps, companies are encouraged to meet the social demands of their stakeholders by undertaking additional obligations, to those enforced by regulation. Consequently, by employing corporate social responsibility, companies can maintain the trust and support of their stakeholders, and these factors have a crucial influence on the profitability of the business.

However, even if regulation is seen by social activists as lagging behind the challenges of globalization, it is not the initial purpose of business that needs changing in order to accommodate CSR (Zadek 2001). On the contrary; business practice shows that famous representatives of industry promoted social responsibility as a key-factor in their businesses as early as the beginning of the 20<sup>th</sup> century. For instance, when asked about the purpose of his business, Henry Ford stated that it is “to do as much good as we can, everywhere, for everybody concerned ... and incidentally to make money” (White 2005 cited Kolbel 2006 19). Closer to date, Ziad Alahdad, former COO of The World Bank Office in Romania, stated that “CSR is as old a concept as the sense of entrepreneurship and as any governance system. It is neither a buzzword, nor a short trend and it is certainly not a “phase we are going through at present. CSR emerged to last” (Open Society Foundation 2005).

Hence, there is evidence that CSR is only a new tag for what the business sector has been voluntarily doing for a long time. Therefore, incorporating CSR in the business

strategy does not mean that firms have to undertake a shift to something seen as unforeseeable before, but adapt their vision according to the challenges of sustainable development. In other words, businesses should consider being more than just profit seeking entities. Hawken (1997 cited Zadek 2001 3) notes that approximately 3000 pounds of waste is generated for each 100 pounds of manufactured product. Moreover, as Zadek and Tuppen (2000 cited Zadek 2001 3) point out, “half of the world’s original forest cover has disappeared” in the past century, and due to extensive industrialization “the capacity of the Earth’s ecosystems is ... degrading at 3% per year.” In consequence, it is beyond doubt that extensive production creates significant negative externalities, such as pollution and habitat loss and that business is very likely to face a high demand for social accountability in the close future. (Pearce 1995) However, an abrupt shift in the business strategy to encompass sufficient (whatever that might mean) CSR is not a feasible solution, since no long-lasting problem can be solved overnight (Pearce 1995).

Thus, although the economic growth (supported mainly by consumption) generated worldwide has enhanced “personal health, literacy and longevity” (Zadek 2001 3), it is still the “contented majority – the economically fortunate and politically dominant” Western society that sets the rules of the game, to get the highest benefits of the economic development (Galbraith 1992 cited Pearce 1995 287). Thus, the wealthiest 225 individuals in the world (the majority of whom are citizens of developed countries) own the equivalent annual income of almost 50% of the world’s poorest, while “1.2 billion people live on less than US\$1 per day” (United Nations Human Development Report 2000 cited Zadek 2001 3). In addition, according to the UN

(1998 cited Zadek 2001), the amount spent annually on cigarettes by Europeans (US \$ 50 billion) exceeds “the annual cost of the US\$40 billion [...] that would take to achieve universal access to all basic services” to people in developing countries. If only for these facts, it seems unlikely for sustainable development to be attained in the close future, since the uneven patterns of consumption encourage an imbalanced distribution of welfare. Thus, much as they may claim their concern and support for an economic shift of the developing world, the rich nations would not easily change the consumption habits they have acquired during the last decades just for the sake of the world’s poor or of the future generations (Pearce 1995).

With inconsistent options from the sides of the business sector and the consumers, the eyes of the public opinion turn towards the governments. However, even if the officials seem to have acknowledged the potential benefits of CSR to sustainable development and even advanced suggestions and encouragements for undertaking such practices, no state – except France - has thus far issued a binding regulation in this respect (Murray 2003). The causes are multiple: a low priority of the topic and the fear that CSR might actually impinge upon foreign investment in third world countries (Kolbel 2006); the lack of agreement upon the meaning of the term and the concern for competition distortion in the EU (Murray 2003) and maybe what is more obvious, the economic, political and disruption such a change would imply, specifically when governments can not offer a preview of “where society is heading” (Pearce 1995 289).

In other words, as Murray (2003 2) points out, many governments in developed countries agree that CSR “provides one means by which business could help

manage globalization”, but thus far such corporate practices have neither been regulated nor voluntarily adopted by all actors from the business sector, simply because nobody can tell precisely how much CSR a company is due to undertake. Thus, in the absence of quantifiable effects, legal incentives and substantive support from the consumers’ side, why should companies care about CSR?

As Kolbel (2006 5) notes, “in the course of globalization large firms have outgrown the ability of many individual states to regulate them effectively... due to liberalized markets, hot capital, and the complexity of global governance.” Furthermore, the business sector has been the starting point of several major social changes such as gender equality or civil rights protection, thus proving that there are certain times when governments can not manage social changes by themselves (Kolbel 2006). While sustainable development is the common goal in the name of which governments promote CSR, the business sector, as the most innovative area of economy, might be the most appropriate venue for research and development in this respect (Werther et al. 2006).

However, abstracting from the global (and maybe too vague) goal that is sustainable development, employing CSR could offer companies (significant) private benefits that might be difficult to get through alternative means. Brand awareness and fidelity, increased market share, and higher demand from previous customers are just some of the aims to be alternatively pursued through costly PR or advertising. Staff retention, motivation and efficiency can increase significantly through CSR practices, thus saving resources in the long run (Murray 2003). Furthermore, the positive impact of employing CSR in the community might stand out once the company faces a crisis,

and it is supported by the public to rehabilitate instead of facing bankruptcy, for instance (Werther et al. 2006). At the governance level, the company might be bidden in public-private partnerships, which might cause double benefits in terms of image and financial capital. Furthermore, tax exemption could be a palpable benefit for companies proving their social responsibility. Last but not least, even if the impact of business on the environment is not entirely quantifiable, there is significant evidence showing that resources are being depleted at an alarming rate, this being a threat to the future of the business itself.

In this complex context of social, economic, legal and ethical implications raised by CSR, this thesis will analyze the relevant policies, practice and reporting of a multinational company, Orange, in the constantly developing industry of telecommunications. The aim is to identify the mainstream practices employed by the company in a young market economy such as Romania, and the response of the society to these actions. While CSR is seen primarily as an invention of the Western competitive markets (Werther et al. 2006), comparing the CSR employed by the company in France (the headquarters) and Romania (a subsidiary) will be helpful in seeing whether this concept can be successfully adapted in young market economies. In this sense, this research would offer important feedback for corporations that intend to expand in this region and consider employing CSR a competitive advantage for increasing their profitability. Therefore, the analysis will focus on both the social and economic dimensions involved, since the arena in which CSR practices are employed is ultimately the market.

## Chapter 1 – What is CSR and why care about it?

### **1.1 An attempt to define CSR**

#### **1.1.1 Key definitions of CSR in the literature**

As even the fundamental book of Christianity –the Bible- could not gain full consensus on its “right” interpretation, it is probably not surprising to notice that there are as many definitions of CSR as companies and advocates concerned about it. However inclusive, evasive or precise these scattered opinions might be, the main idea that prevails in most of them is that the company should return the community the favor of being supported to expand. In other words, what the companies are trying to achieve through their CSR policy is to become a neighbor in the community “by choice not chance”.

In this sense, Murray (2003 7) argues that CSR can be effectively approached if “reduced to a quantifiable business plan” known as “the triple bottom line”: environmental, social and financial reporting. (Elkington 1994 cited Werther et al. 2006 72) For achieving positive results through this triple streamed strategy, companies are aiming to strengthen the ties with the groups that are affected by their decisions, for the purpose of engaging them in the strategic decisions that will eventually affect them. Therefore according to this view, “corporate social responsibility is about how a company manages relationships with all its stakeholders, whether staff, shareholders, consumers or the communities in which it operates” (Murray 2003 8).

Going further on this path, some view corporate social responsibility as an effective means of achieving sustainable development. Among them, The World Business Council for Sustainable Development regards CSR as “the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life” (Molenkamp 2006 cited Muller 2006 15). As depicted both by Murray and Molenkamp, CSR seems to be a viable solution for attaining both economic and social development, this being a highly desirable goal since the two factors are interdependent (Molenkamp 2006 cited Muller 2006).

Caroll (1979 cited Werther et al. 2006 8) notes that “the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time”. He also suggests that we look at these expectations as if piled up in a pyramid with the economic responsibilities on the bottom and the discretionary ones on the top, the latter representing the socially proactive attitude companies are expected by society to take. The graphic representation proposed by Caroll might not be randomly chosen. A similar illustration has been provided by Maslow for his well-known “pyramid of needs” (Annex 2). Thus, just as Caroll’s model sets the discretionary expectations on the top, suggesting that they raise public concern when all the other levels have been accommodated, Maslow’s pyramid sets personal development and recognition as top level needs, to be addressed after food, security and conservation have been achieved. In other words, Caroll defines CSR as a desirable step in the progress of business, just as self development is seen as a necessity for human beings after reaching a certain threshold of wellbeing.

Along the lines of Carroll, The Institute of Directors (2002 cited Werther et al. 2006 8) states that “CSR is about businesses [...] going beyond the legal obligations to manage the impact they have on the environment and society.” This also reflects the views of the European Commission (2002 cited Murray 2003 9), which defines CSR “as a concept whereby companies integrate social and environmental concerns in their interaction with stakeholders on a voluntary basis.” Thus, voluntary practice seems to be a key word in stating what differentiates CSR from regular law compliance.

A considerable number of views on CSR stress upon the business-oriented nature these practices should display. Spearheading the debate, Simon Zadek (2001), chief executive of the US-based non-profit organization AccountAbility, argues that CSR should support the business strategy and not cause the company to risk its profitability. Along these lines, he defines a socially responsible corporation as one “that takes full advantage of opportunities for learning and action in building social and environmental objectives into its core business by effectively developing its internal values and competencies” (Zadek 2001 151). As Werther et al. (2006 10) put it, “leaders should address stakeholder concerns in ways that carry strategic benefits for the firm. CSR is not about saving the whales or ending poverty or other worthwhile goals that are unrelated to a firm’s operations and are better left to government or nonprofits.”

However supportive the above definitions might be, contradictory views of CSR exist as much as for any other issue that implies power strategies and money. Perhaps the

most reputable one comes from the Nobel Prize winner economist, Milton Friedman, who is seen as heading the movement of CSR skeptics. Friedman sees “CSR-related issues [as] a distraction from the firm’s profit seeking and wealth creating function” (Friedman 1962 cited Werther et al. 2006 50) as “there is only one social responsibility of business, to use its resources to engage in activities to increase its profits, so long as it stays within the rules of the game.” (Friedman 1970). Although it is more up to date, the brief definition of CSR as “the rope that will hang capitalists”, advanced by Borelli (2007), highlights the same skepticism towards social responsibility as showed by Friedman four decades ago. Although such “anti-definitions” are less numerous, they certainly highlight the position of a considerable squad fighting for the right of business to opt out CSR.

### 1.1.2 Key words of CSR

However diverse points of view these definitions might illustrate, one should note that a significant part of them (even the one of Milton Friedman, who is less than favorable to CSR) stress the fact that social responsibility is **additional** to what is enforced by regulation. This attribute supports the presence of a second key word in these definitions, namely the **voluntary character** of CSR. Hence, as long as businesses comply with the law, there is basically no need for the state to enforce further regulation regarding social responsibility. However, it is not rare that companies promote a social involvement that they pretend is supplementary, while they are actually just following the legal rules (The European Commission 2004). This is usually the case of employee discrimination (ethnic, racial or sexual), where the laws request that no such discrimination be allowed at the working place, but

since there are companies who break the law, it is easier for the complying ones to praise their mandatory compliance as if it were self-imposed.

Another core aspect of the above definitions is that none of them undermines or excludes the basic **economic purpose** of companies. As Porter and Kramer (2002 cited Werther et al. 2006) stress the acid test of effective corporate responsibility is whether the company would benefit by the social change to such a large extent that it would pursue it irrespective of the media coverage it could get. This brings into attention the **mission** of the company who needs to reflect the real necessity of employing CSR for the success of the business in the long run, not just for adhering to a popular “trend”.

Along these lines, an aspect that weights more in the present as compared to the classical definition of corporations as profit maximizers is the significantly higher importance of social equity (Kolbel 2006). Companies are now called to assess their strategy bearing in mind the need for common benefits for all those involved or affected by the activity of the company (staff, consumers, community, competitors, authorities, media, the environment, etc.). This takes us to another key word, the **stakeholders**.

However, what these definitions fail to address is whether CSR should focus on **welfare** or **development**. One might find it interesting to note that for the developed countries (the zone that has generated the concern for CSR), strategic management addressing CSR focuses on welfare, while in Africa and South-Eastern Asia the strategies to support development are predominating (Grantmakers East Group

2004). This is an aspect worth considering, since at some point, these two approaches can exclude each other, even if both promote CSR. One should consider, for example, that several leaders from developing countries have said that corporations opening subsidiaries in their countries had better not tackle welfare but development (Kolbel 2006). They were aware that it is the lack of severe legal constraints that allowed companies to operate in their countries and since this boosts the local economy, they prefer to work more than forty hours per week in less than appropriate conditions and earn money to support their families than have no jobs (Kolbel 2006). To these people, it is the very absence of the legal constraints of welfare that can ensure development. Thus, it is the mere absence of Western CSR standards in these countries that is considered responsible.

### **1.1.3 Definition of CSR**

Summing up the significant points analyzed above, the key words of CSR are additional, voluntary character, economic purpose, mission, stakeholders, development and welfare. Based on that we could say that *corporate social responsibility is the voluntary pursuit of additional social involvement (to what is legally stated) that companies undertake to the benefit of their stakeholders, as a means of increasing business profitability in the light of their mission to bring welfare or development.*

### **1.2 Arguments For and Against CSR**

Although the attitudes toward CSR are spread on a wide range, most of those holding an opinion about these practices usually find themselves in one of the two opposing sides: critics or preachers. The Shareholders and the Stakeholders theories

are the most commonly used labels when addressing these opposing views. The following sections will therefore provide an overview of the arguments each of the two sides advance to defend their position toward CSR, and based on which they consequently opt in or out of social responsibility.

### **1.2.1 A critical view of the Shareholders Theory**

According to Smith (2003) “the shareholder theory of corporate governance [states that] ... a manager's primary duty is to maximize shareholder returns”, and by investing a certain amount of the profit to the benefit of other stakeholders it might obstruct this “secular” right of the investors.

The group adhering to this view follows the outlook of Friedman, who argues that the only responsibility of a business is to earn a profit, “as long as it stays within the rules of the game” (Friedman 1970). Thus, by the mere fact that a company complies with the law and contributes to the functioning of a competitive market, it is a great organizer of the economic life, this being a proficiency that not even the state – during communist regimes - could equal (Kolbel 2006). To those who might see companies as ruthless, never-ending profit maximizers, Kolbel proposes the argument that it is precisely the regulatory framework that does not allow companies to gain significant profit unless they comply with social norms. Therefore, why take additional responsibility if the regulation deems already sufficient social accountability?

An argument advanced by the Economist (1999) in support of the shareholders theory defeats CSR activists by their own weapons. As Zadek (2001), one of the most fervent advocates for CSR, states, social investment should not risk the

profitability of the firm. However, as shares can change hands even less than once a week due to speculations, the stock market focuses many times on short run returns, thus punishing the CEOs who chose to make long term responsible investments rather than increase the dividends overnight. However, as Kolbel (2006 19) notes, this argument does not really apply in Continental Europe and Asia, where “ownership in a company is traditionally far more concentrated than in the Anglo – Saxon regions”. Hence, as “the market share is often more important than stock price”, the shareholders value more the strategies employed by CEOs for the long run profitability of the firm (Kolbel 2006 19).

Following the argument of profitability, Borelli (2007), states that by allowing social activists to transpose their agenda in the economic environment “CEOs are choosing socialism over capitalism.” In consequence, “they are undermining the very foundations of our free society”, as the activists are not concerned with economic growth but with their own socio-political agenda, and the interest of a company toward CSR is only a window of opportunity for accommodating their goals. (Borelli 2007) Similarly, Martin Wolf (2004 12) believes that “the process that generates the commitments to CSR, is [...] one of blackmail and concession [...] as] why would a process of bargaining between publicity-seeking, single issue NGOs and profit seeking companies necessarily reach the right outcome?”

Werther et al. (2006) take this debate further, highlighting that CSR can be a dangerous tool in the hands of the wrong activists. Precisely because CSR claims are advanced by those who have access to media channels, they do not necessarily represent the interests of all stakeholders. Thus, a small group might end up controlling the social behavior of a firm both to the disadvantage of its economic

profitability and to that of the other stakeholders. As a brief note, it might be interesting to ask ourselves how many people actually require such practices, since in the UK, one of the few markets that has “appointed a minister with specific responsibility for overseeing corporate social responsibility”, ethical sales represent only 1.6% of the UK consumer products market (Murray 2003 19). Thus, as long as the majority of the consumers in a mature market such as the UK do not show much support for such business initiatives, the CSR advocates might consider slowing down their pace as “measures that seem crucial to some might not really count to many others (Zadek 2001).

Speaking about measures, a counter argument for CSR pointed out by Buchholz et al. (1989) is the lack of accountability of such practices. Thus, as long as there is no established authority to supervise the enforcement of these practices, CSR can be harmful in two ways; first it might become a venue for overstatements from those who do nothing more than comply with the law, but praise this as social responsibility. The second negative effect is the tendency of some companies to praise their minute implications as extremely important, simply because there is no comparison term in the market. Both in the short and the long run this can mislead the public at large in making the right distinction between CSR and law compliance or marketing strategies.

Another argument in favor of the shareholders primacy is put forward by Alasdair Murray (2003), former deputy director at the Centre for European Reform. Although a fervent activists of CSR, Murray is not trying to downplay what is in his view the main flaw of these practices: most CSR policies are based on the corporations’ guidelines, not so much on what is actually needed or stringent. Indeed, a company can not

accommodate the requests of all its stakeholders and nor should it. However, in the absence of some general standards, a company can boast its social contribution and capitalize brand awareness without actually having an impact on the life of the community. Thus, as Bishop (2004) stresses, the external pressure of the activists for CSR might only result in superficial compliance not in fully consented involvement, this being less than beneficial to the society.

As Holliday et al. (2002) further point out, CSR activists might distract public opinion from the inefficiency of governments, by asking companies to take over the tasks of the former. For instance, how can a company enforce its gender equality programs in the Arab states, where society discourages women employment (Werther et al. 2006)? It is very difficult to state precisely “how far [...] does a company’s responsibility extend [...] and how should it adapt to local cultures” (Holliday et al. 2002 113). By demanding the spread of CSR, activists are actually tackling the effect, not the cause of the problem. As Bishop (2004) notes, the pressure civil society and the media put on companies exempts the governments from paying the social costs they should bear for such ample social reforms. In other words, where does the role of the state and of the civil society end, and where should implication of the company begin? Following this point, one can see that employing CSR might not always favor society at large, as it would support governments in avoiding their responsibilities.

Matthew Bishop’s (2004) article *An Opposing View on Corporate Social Responsibility* suggests further arguments along the lines of the Shareholders Theory. According to him, talking about the need to develop corporate social responsibility implies that the business sector is inherently irresponsible, a fact that

has proved to be untrue, as the highly blamed, huge profits raised by corporations actually contributed to global growth, at a scale larger than envisaged 40 years ago. Moreover, the pressure for CSR that companies undergo can prevent them from opening subsidiaries in countries that could benefit by an external economic boost. As companies might be accused that working conditions in say Nigeria are not similar to those in the UK, CSR activists can actually hinder both the growth of the company and the one of the local economy. As Kolbel (2006) puts it, companies can fight poverty through business activities rather than through CSR practices.

Another aspect pointed out by CSR skeptics is the actual improvement CSR implies. Thus, “paperless trading” might indeed result in the preservation of forests, but it might also increase the “carbon footprint” and affect the ozone layer by investing in extra computers to operate these documents. Until reliable data is available, companies can not be expected to use their budget in switching to alleged socially responsible means of production that may consequently make no difference to the community. Therefore, the validity of the investment in CSR should always be judged against its long-run utility, as social initiatives should serve a double scope: creating tangible (financial) results for shareholders and social value to the other stakeholders. As the survival of companies and social growth depends on profit, we have to consider CSR through a “strategic lens” (Werther et al. 2006 44).

The above arguments raise awareness about the dilemmas faced by the business sector when considering CSR as part of their business plan and the weaknesses of employing such practices. While this section mainly outlines the shortcomings of CSR, a legitimate question that arises is whether society is willing to allow the business sector to take incremental steps in doing CSR, or it will it make no

compromise until companies comply with the standards envisaged by social activists. Therefore, the next section will try to answer this question by analyzing the advantages of employing CSR for society at large.

### **1.2.2 A critical view of the Stakeholders Theory**

The stakeholder theory, as developed by Freeman (2005), restates the role of corporations in today's society by taking into account and giving appropriate consideration to all stakeholders that have an impact or are influenced by the activity of an organization. While the traditional input-output model limited the role of corporations to "converting the inputs of *investors, employees and suppliers* into usable outputs which *customers* buy, thereby returning some capital benefit to the firm", the stakeholder model expands the focus range of the companies to *public authorities, trade unions, communities* and even *competitors* (Wikipedia 2006).

Al Kolbel (2006 19) highlights, the stakeholders theory defines corporations as "a means of organizing economic life", versus a "method of property tenure" thus surpassing the traditional perception of business that implied "the primacy of the shareholders over other stakeholders for granted". Figures illustrate this view as 91% of the businessmen polled in the US said they participate in CSR and 4 out of 5 businesses worldwide incorporate some form of social responsibility (Triple Bottom Line Investing 2007).

To begin with, Kolbel (2006) notes that several major social changes that occurred in the last century, such as gender equality, environment conservation and civil rights protection, had business initiative as starting point. Thus, companies prove to be sometimes more effective in setting a social agenda and having it carried out, than

other sectors of society. On the other hand, it is also a fact that legislators pass new laws when the social pressure for certain aspects to be regulated rises extremely. Thus, as long as companies keep along the lines of social responsibility by adhering voluntarily to self-imposed standards, official rules are less likely to be imposed. Either way the responsible initiative of companies can benefit society in the endeavors to achieve sustainable development.

Another argument refers to the value prospective investors or buyers attach to companies engaged in socially responsible practices. As one of the studies conducted by KPMG on 100 of the top 500 companies in Europe shows, two thirds of the companies operating high-risk activities and one third of those operating in a medium-risk environment withdrew from transactions (fusions or acquisitions) that involved socially and environmentally irresponsible companies (Ethical Performance 2004).

Along the same lines, *Investment News* presents the current trend of green investment, as being no longer “the domain of hippies” (Skinner 2007). “Today’s environment friendly investors include hedge funds, retirement accounts and individuals who believe that the “greenest” firms will move to the tops of their industries” (Skinner: 2007). Thus, a trend that seemed to be concerning only social activists, increasingly raises awareness among corporations, fund analysts, advisers and even the clients who are actively requiring such investment opportunities. Probably one of the best examples illustrating the mainstream concern for CSR is the environmental-investing strategy of Goldman Sachs & Co. laid out in November 2005, as Carsten Henningsen, chairman of Progressive Investment Management Inc. notes (Skinner 2007). Not only did the leading global investment banking, securities

and investment management firm donated a valuable portfolio asset, “680,000 acres of a remarkable piece of land [...]a haven of biodiversity[...] in Tierra del Fuego, Chile - an area about a third the size of Yellowstone - to the Wildlife Conservation Society” (Hukill 2006). The company further upheld the astonishment of some quarters by making a commitment “to reject projects in environmental no-go zones and to institute further changes in the way it does business--all with an eye on ethics and the environment” (Hukill 2006).

Another aspect that might raise the interest toward CSR is the increase in the market share. As seen in the previous section, consumers are not exactly in a rush to boycott the products of socially irresponsible companies. Furthermore, as Werther et al. (2006) show, those who can afford to make socially informed buying decisions are not those lying at the base of pyramid, but the very few with a high income, whose impact on the general level of consumption is negligible. Thus, how could an increase in the market share be envisaged as consumers can not afford yet to be active drivers of social change? The answer is provided by the joint report of the International Finance Corporation and the World Resources Institute entitled *The Next 4 Billion: Market Size and Business Strategy at the Base of the Pyramid (BOP)* (Moore Odell 2007). The study shows that four billion people living in "relative poverty" have a projected buying power of \$5 trillion. As poor markets do not usually fit in the business plans of corporations, they end up being supplied by local monopolists. For instance, as Robert Katz, Research Analyst of the Sustainable Enterprise Program, World Resources Institute notes, “low-income communities often don't have public water service, leaving BOP consumers to purchase from private water vendors. These vendors charge anywhere from eight to sixteen times as much

as the utility" (Katz 2007 cited Moore Odell 2007). Furthermore, "the 100 fastest-growing companies located in inner-city, underserved markets in the U.S. recorded a compound annual growth rate of 55% between 2001 and 2005 [... and] over the next decade, the growth in the workforce in the U.S. will come predominantly from minorities and immigrants, many of them living in underserved communities" (Weiser 2006). In consequence, giving consideration to "second hand" targets might pay off largely in terms of profitability.

However, CSR does not only imply direct market benefits. The wellbeing of employees as major stakeholders should also stand as forefront argument when advocating for CSR. According to Deloitte & Touche USA, seven out of ten Americans had rather worked for socially responsible companies if the location and the salary were comparable (Open Society Foundation 2004a). Moreover, nine out of ten people think that it is important for companies to provide voluntary work opportunities for the employees and six out of ten think that this results in higher work satisfaction among the members of a team. The European perspective of the wellbeing of employees lies among the same lines. Thus, Murray (2003) believes CSR to improve staff recruitment & retention rates, resulting in higher productivity.

The above arguments clearly state the socio-economic benefits of corporations employing CSR. However, the positive aspects of social engagements can not entirely offset the pertinent objections made by the supporters of the Shareholders theory. As both sides offer equally powerful arguments in support and against CSR, one might conclude that the debate on social responsibility can only be reduced to opposed arguments and polarized positions: CSR as an economically disruptive strategy vs. CSR as driving force to sustainable development. Ian Davis, managing

director of McKinsey & Company, demolishes this misconception through a balanced overview of the relation between business and society, without granting priority to any of the two theories (The Economist 2005).

### **1.2.3 Reconciling the two sides**

According to Davis, the shareholders theory is flawed because it ignores the impact major social issues can have on the business community (The Economist 2005). According to him, social pressures can predict changes in regulation or new tendencies in the labor market, can influence the consumers' behavior (such as the fear of obesity among children determined OFCOM to prohibit fast food advertising on TV within certain hours), or it can highlight new business opportunities (such as ecologic fuels). On the other hand, the stakeholders view is « guilty » of being overly defensive as it suggests limited, punctual solutions such as dialogue with concerned groups or charity, thus tackling the effects not the causes.

Davis argues that an effective view - both economic and social wise - of the relations between business and society drives the company to act on three levels : integration of the social concerns and the social actors in strategy building; efficient administration of the « contractual » relations between company and society, which implies quick understanding and adaptation to changes or to new requirements that might occur in this contract; initiative and involvement in open debates on social issues and leadership in the matters that concern the business environment (The Economist 2005).

## Chapter 2 – Speaking Practically About CSR

### ***2.1 Integrating the needs of the community in the business activity***

While the previous sections have offered an overview of the nature of CSR and the emergence of the practices under this umbrella, this section discusses the actual stages that are usually followed when inserting CSR in the management strategy. As Zadek (2004 cited Open Society Foundation 2004b) explains the process of acknowledging responsible practices has two dimensions, one regarding the organization and another regarding society. These two dimensions define together the way in which the company will choose and enforce socially responsible practices in the future.

#### **2.1.1 The organizational dimension of CSR**

According to Zadek (2004 cited Open Society Foundation 2004b), at the organizational level, the learning process consists of five steps: defensive, compliant, managerial, strategic, and civic stages. At the *defense* stage, the company is the target of criticisms from the mass-media, the civil society or the consumers because the way in which it operates does not comply with certain standards or harms people or the environment. Usually the criticisms are unexpected, and therefore, they are denied in a concerted effort of the PR and Legal departments. At the second stage, the *compliance* efforts are minimal but the company understands the necessity of investing resources in avoiding future criticisms. As Zadek (2004 cited Open Society Foundation 2004b) remarks, this is usually the stage at which most companies remain. One could note that based on the definition of CSR advanced in the previous

section, these two initial stages do not count as social responsibility, since the company is legally bound to respect certain standards.

At the *management* stage the company tackles responsible practices in a more mature manner, since it understands that the problem requires long-term commitment for being solved and that good practices require a change in the management and the core operations of the company of which the management and the board are in charge, not the PR and the Legal department. The *strategy* phase is characterized by a thorough understanding of the competitive advantage responsible practices and long term commitment can ensure. Getting to this stage can be a vital achievement for some industries, such as those operating in mobile telephony for example, where a minimum level of radiations can be an important decision factor in purchasing a more costly, branded communication device. Finally, at the *civic* level, the company turns into a watchdog of the industry it operates in, making sure that responsible practice is undertaken by the other actors. This should be seen as beneficial phase for all those operating in the industry, since self-regulation can prevent the enforcement of strict top-down regulation.

### **2.1.2 The Social Dimension of CSR**

According to Zadek (2004 cited Open Society Foundation 2004b), at the social level, the learning process regarding the ability of companies to anticipate and adapt themselves to the perception society has in a certain matter, a perception that is continuously changing. To give an example, twenty years ago discrimination (irrespective of reasons) was not that big a concern in Central and Eastern Europe. However, lately, increasingly more social actors (government included) see such

behavior as unacceptable and strive for a change. Accordingly, companies should understand this perpetual process and respond to it in a most effective manner.

Following this idea, Zadek (2004 cited Open Society Foundation 2004b) proposes a four-stage model for understanding the route taken by a certain matter in order to raise awareness. *Latency* is the first stage, during which an issue is seen as being a problem only by social activists, and there is no research on this matter. The second stage is *emergence*, during which the issue is acknowledged by the political class and/or the mass media and starts being researched, while top companies experiment different ways of solving it. The next step is *consolidation*, during which private, voluntary initiative for compliance is taken, while the matter is publicly advocated for in the attempt to set compulsory rules. The final phase is *consolidation*, during which regulation is enforced and such practices are regarded as models in business activities.

## **2.2 How Is CSR Evaluated by the Market**

Like any activity that implies the development of a strategy, CSR requires evaluation. However, a clear-cut estimation of the impact of CSR is hard to provide given the different aspects that have to be quantified and converted into a common unit of measurement. But for the impact of CSR to become meaningful in business terms, figures should prove that the practices involved match the amount of harmful effects generated by a company through its economic activity. Despite this stringent need, it was not until May 2007 that, for example, a software for measuring the carbon footprint was generated, undoubtedly subject to constant improvement and update (Zerofootprint 2007).

As far as CSR evaluation is concerned, the respective reports usually reveal the economic value of the investment not so much the social impact of certain activities. Moreover, as some aspects (such as voluntary work or psychological comfort) are difficult to quantify, some companies might chose to attach them the highest possible monetary value to praise their implication in the community (Alex Fisher, personal communication, April 4, 2007).

As far as prescriptive data are concerned, there might probably be as many codes as companies employing CSR (Nidasio 2004). However, the most well-known ones have been developed by international organizations such as UN (Global Compact), ILO (Tripartite Declaration of Principles Governing Multinational Enterprises) or OECD (Guidelines on Multinational Enterprises Private Initiatives) (Rania 2002). Similar initiatives, such as certification standards (SA 8000, ISO 14000, EMAS) or the Global Reporting Initiative (GRI) have been advanced by the business community itself. However, except for a very few, these codes are not binding nor do they imply the evaluation of the companies that claim to respect them (Elkeiy 2005).

However, to the attempt of prescribing an evaluation system similar to financial auditing, Alasdair Murray opposes two problems. First, “verification is subject to management capture” (Murray 2003 17). In other words the check-up is being operated only on those CSR policies approved by management. For instance, if an oil company runs a successful CSR program focused on employment relations but lacks initiative for environment preservation, the audit would not signal the absence of the latter but only the success of the former. Second, major accountancy firms could monopolize this profitable business, just as it happened with the Big Six in

accountancy auditing. This might lead to situations when the same company deals both with the accountancy and the auditing, diminishing the “risks” for evasive reporting.

As the business sector proves helpless in appointing a watchdog for CSR, all eyes seem to turn to governments and the civil society as last resorts for monitoring and evaluation. However, as cynical as this observation might be, most institutions that are appointed to monitor and control negative externalities fail in their mission because they do not benefit from the positive output of their watchdog role. This is actually a classic argument in the debate against IOs or NGOs, which are seen as incapable to admit their uselessness once their mission has been accomplished.

### ***2.3 Should CSR Be Regulated?***

CSR, as defined in section 1.1.3 is seen as making a major contribution to Europe’s sustainable development agenda with the aim of transforming Europe into the world’s first economic power, as stated by the European heads of state at the Lisbon Summit in March 2000 (The European Parliament 2007). Therefore, as of July 2001, the EU released several documents targeting CSR as a high priority factor in achieving the economic development and growth (The European Commission 2001).

Thus, the Green Paper on CSR released by the EU Commission in 2001 was followed in 2002 by a Policy Paper on CSR and the creation of a Multi-Stakeholder Forum joined by European organizations of employers, business networks, NGOs and trade unions (EurActiv 2006). The aim of the Forum has been to raise awareness of social responsibility and promoting innovation and transparency in the

use of CSR at the European level. According to the members of the Forum, the European understanding of CSR implies “a way of doing business which contributes to sustainable development, reinforcing competitiveness, social cohesion and environment protection” (Habisch 2005). In addition to this, the Commission has stressed the importance of CSR being “implemented in dialogue with stakeholders” (The European Commission 2006).

Despite the increasing efforts and expertise on CSR the Multi-Stakeholder Forum revealed, up to date, no binding regulation on CSR has been stated in Brussels for the unified European market. Moreover, following the March 2006 release of the Commission's CSR Communication, all NGOs composing the EU Multi-Stakeholder Forum on CSR stepped out. This happened as a protest against the Commission setting up a different body for the same purpose, the European Alliance on CSR, which does not include any NGO (EurActiv 2007). Although it had a high impact at the European level, the split has been envisaged for a while, as the two divisions of the Forum companies and NGOs have been constantly advocating different views regarding CSR. Thus, while the NGOs supported the enforcement of general standards for CSR, envisaging prospective regulation in this area, the companies “claimed the right to define CSR standards that they should apply” (EurActiv 2007).

The boldest appeal for CSR in Brussels came from the European Parliament in March 2007, when the MPs “agreed that it was time to put the corporate social responsibility claims of companies to test and to make directors 'personally responsible' for any shortcomings”(Norwich Union 2007). In consequence, under the new plans advanced by the Euro-MPs, businesses might have to file reports on their actual impact on combating inequality and environmental degradation. However,

although the EP requested that firms disclose their socially responsible activities in files listing standard topics, the more sound voice of the Commission suggested that the companies be let to decide by themselves what social and environmental concerns they should incorporate into business practices (EurActiv 2007). As one can see the initiatives taken at the European level are far from prescriptive. The Commission refrains from drafting binding regulation although the Parliament seems quite fervent to cast their vote for enforcing it. However, this precaution of the Commission is totally understandable in the current socio-political context, where the EU-member states are highly divided in their positions on CSR.

Thus, if the United Kingdom replied promptly to the European appeal for CSR by appointing a minister for that matter as of 2003, countries such as Germany, Austria and France remained skeptical toward such initiatives (Murray 2003). In view of the latter group there is already enough legislation to discourage misbehavior, Murray further states. Furthermore, appointing a minister to handle and give a boost to local CSR initiatives does not guarantee welfare and development, as the UK proved by “hosting” the largest inequalities in Europe and the highest levels of poverty out of the top 10 competitive nations (Zadek 2001).

Moreover, as Belgium has proved, well-intended, unilateral initiatives can be harmful for market competition. The social labeling of the products manufactured by socially responsible producers indeed has helped the consumers make informed choices; however, as the issuance of social labels implies a costly process of verification and approval on behalf of the authority that releases them, such measures can prevent smaller companies to compete on the market because they lack the resources for getting this certification (Murray 2003).

Another aspect that makes a joint decision at European level even harder to take is that EU regulation on CSR might impose only “European values” as being acceptable in this sector. Moreover, general opinion, already sees CSR as particularly Northern oriented (since the Southern hemisphere seems to remain silent in this crusade for responsibility), thus tightening the limits even more to the European borders could only harm the economic relations the old continent developed abroad (Kolbel 2006). Along these lines it is worth noticing the inconsistency of CSR practices not only at European level but worldwide; thus, as nobody knows how much CSR is best, how can responsible behavior be regulated and enforced?

However, what makes CSR by far harder to regulate than any other business compliance is having the word “corporate” next to social responsibility in this expression. As the UK based consultancy organization Good Corporation revealed, “75% of the EU economy in terms of GDP is outside the mainstream of CSR practice” simply because this percentage does not represent corporations but SMEs (Murray 2003 45). Thus, introducing legally binding reporting would “shy small businesses away from CSR practices” and from the incentive to operate says the European SME Employers’ Association (Norwich Union 2007).

As one can see from the above, the EU states are indeed deeply divided about the threshold of CSR but this does not mean that a rigid model is required for that. While the UK, along with Denmark and the Netherlands, is by far the greatest advocate for CSR, it is also one of the strongest opponents to binding regulation in this respect, as

it considers the EU to be already effective in setting the trade, aid, environmental and social policies (Murray 2003).

The decision of employing CSR seems, therefore, to be left at the discretion not so much of the member states themselves but of the companies operating in the European market, which are expected to undertake voluntary commitments for social responsibility. Should this current trend engage an increasing number of corporations, they might create alliances with greater chances to sustain CSR and influence others toward that. In the long run, such alliances might seek to codify their agreements into formalized norms applicable to the newcomers through legal enforcement (Zadek 2001).

## Chapter 3 – CSR in France and Romania

### 3.1 CSR in France

As Lenssen and Vorobey (in Habisch 2005), stress, cultural and historical differences can play a crucial role in setting national thresholds for social responsibility in business. According to Beaujolin and Capron (2005 in Habisch 2005) the powerful social movements during the past two centuries have set the concern for employees and their families high on the social agenda of industrialization. Hence, the tremendous rise of the trade unions in France has occurred due to a “spirit of class struggle” in a society where the increasing mutual distrust between employers and employees has been dealt with by the state through a rich social legislation (Beaujolin and Capron 2005 97 in Habisch 2005). Thus, even if the social security systems and employment frameworks have been traditionally managed jointly<sup>1</sup> by the employees and employers since the 19<sup>th</sup> century, the state has gradually taken a more active position in their negotiations by converting private social plans into welfare policies as early as 1945. As Beaujolin and Capron (2005 in Habisch 2005) further note, people in France prefer to mandate state institutions to uphold their social demands from companies, instead of using aggressive means, like boycotting for instance. Due to this particular mindset, “France is the only European country in which social reporting is obligatory by law” (Lenssen and Vorobey 2005 362 in Habisch 2005).

Hofstede (1984, 1981 cited Lenssen and Vorobey 2005 in Habisch et al 2005) advances additional arguments to explain the particular course taken by CSR in

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<sup>1</sup> For organizations counting more than 50 employees

France. According to him, the variation of several cultural factors can provide a proper framework for analyzing the role business is expected to take in different societies. For instance, by showing high uncertainty avoidance (UAI) and individualism (IDV), France has no tradition for product boycotting, unlike in the Anglo-Saxon economies where this is a common reaction to corporations' social indifference. Hence, it is likely that consumers rank other attributes (such as innovation, user-friendliness) higher than the investment in community programs for instance, when making a purchase decision. Consequently, judging by the Anglo-Saxon perception, social responsibility in France might look like a concern of the state than of the other stakeholders.

Additionally, Beaujolin and Capron (2005 in Habisch 2005) see the Catholic Church to have had a particular influence in making CSR an employee-focused and state-regulated zone in France. Although the French society is not very religious, the large mistrust towards money and business is seen by them to have religious roots. Furthermore, the wide spread belief that good deeds should not be communicated to the public if they are to be sincere is seen by the authors as having religious roots as well. As this sample of sacred preach has turned into common wisdom, people hardly associate religion with their reluctance to CSR but the connection is thought by Beaujolin and Capron to be relevant.

During the French presidency of the G8, the local business sector was encouraged to align their practices to the UN Global Compact standards (The European Commission 2004)). This initiative was envisaged to widen the scope of social reporting, as set by the new economic regulations in 2001. According to Law No

2001-240 (The European Commission 2004), the most requirements of social reporting focus on the employee's status, giving a more superficial look to environment preservation, community issues and labor standards in the subsidiaries operating abroad. However, the later adoption of a national strategy for sustainable development (2003) and the involvement in this strategy of officials from each ministry - along with representatives of the civil society - spread the focus on more stakeholders.

### **3.1.1 Conclusions**

To conclude, the French perception of CSR has deep roots in the particular socio-cultural environment of France. The high concern of the French people for the wellbeing of the employees generated a higher demand for social responsibility for these stakeholders, compared to any other. However, due to a historical distrust among companies and their employees, people expect social commitments (mainly in the area of employment) to be imposed on companies by public authorities, a fact which questions the voluntary nature of CSR. However, despite what seems to be a lack of voluntary initiative, the concern of the companies for being good service providers should not pass unnoticed, as it highlights their consideration for the consumers.

### **3.2 CSR in Romania**

France has long been looked up to as a model for development in Romania. Even during communism, the France was one of the very few countries outside the Iron Curtain to which Romania opened its gates and established a more relaxed foreign policy. Therefore one would expect that Romanian business practices resemble

certain French characteristics. Although the Latin origin of the two languages has contributed to a similar understanding of the word responsibility (as implying liability not voluntary actions), it was the Anglo-Saxon understanding of the term that has prevailed in the Romanian business environment. This is easily explicable as CSR appeared quite recently in France (around 2000) at a time when Romania had already switched its focus to the previously inaccessible Anglo-Saxon business world. Thus, Romania imported the CSR concept with the same connotations as it has in the English speaking world.

However, the local culture has shaped the international patterns of CSR to fit Romanian realities. Hence, a fundamental difference from the approach of Western economies is the focus of the companies on charity (welfare) rather than investment (development) While such focus on welfare is expected for companies operating in underdeveloped countries, it might not show a high degree of social responsibility in Romania. This local understanding of CSR can be simultaneously explained by a traditionally reactive attitude of companies toward needy and a scarce proactive approach toward higher social goals; a lack of tradition for evaluation and follow up of CSR, as such activities are rather seen as fortuitous and not being part of a responsible management strategy; the need for quick publicity to increase brand awareness and market shares as charity sells better than long term investment strategies (Muresan 2007). As it can be seen, the interventions made by companies look more like aid initiatives (with certain marketing benefits) than community investment.

As compared to France, the demand for CSR is not primarily oriented toward employment relations and benefits. On the contrary, the range of topics raised by the media is just as wide as the stakeholders they address. Minority tolerance, domestic violence, alcoholism, safe driving or charity for the disabled are just a few of the issues considered to be of public interest. However, as Attila Gasparik (2006) notes, Romania lacks the legal mechanisms for giving proper consideration to social responsibility. In his view, the causes are multiple.

To begin with, the regulation is ambiguous or minimalist in this area ( Gasparik 2006). The sponsorship law is a clear illustration of the first attribute. Although issued in 1994 in response to the economic changes of the time and amended six times with the same purpose, the law reflects a rudimentary understanding of sponsorship in the context of a market economy. The sponsorship is highly restrictive both for the beneficiary (who has to go through a long and bureaucratic process before getting the funds) and for the donor (who has little if any fiscal incentives for his act). The law of the Audio-Visual Broadcasting is a good example of minimalist, malfunctioning regulation. The law stipulates in a single line paragraph that “public interest announcements and calls for charity are to be broadcasted free of charge” (The Romanian Parliament 2002). However, the law does not define the bare concept of “public interest statements”. Moreover, it can not require but from public stations to broadcast such audio/video clips free of charge. In addition, as civil society is only a young and inexperienced stakeholder in social agenda setting, it can not easily convince private stations to allocate time slots for such clips, free of charge. Furthermore, the state can not easily intervene in such situation as the memories of

party controlled-media during communism are still fresh, and besides any such interference would infringe the European legislation regarding free competition.

Another particularity of CSR (understood mainly as charity) in Romania is that the beneficiaries of private sponsorship are primarily (90%) state institutions (Nitulescu 2004). Several possible explanations for that are provided by a study conducted by The ADD Foundation in 2004: funding a campaign run by a public institution raises the credibility and marketing benefits that a company would gain by running its own social program; the broadcasting costs for such campaigns are significantly lower than for regular advertising; sponsorship has a stronger touch on consumers than classic advertising (EurActiv 2004). Still, although the study highlights the main motivations of sponsors it does not touch upon the reasons that lead public institutions to accept such significant support. As an exception, Nitulescu (2004) points out a possible answer for this: the under-funding of public awareness programs from the state budget. In other words, (as far as their community-related budgets are concerned) companies prefer to “invest” in publicity and the public authorities support them. Hence, it is unlikely that companies would feel encouraged to start running their own community-related programs as long as it is more advantageous to cover the lapses of the public budget.

Getting back to the comparison with France, in Romania CSR programs do not address mainly the employees, as a privileged group among other stakeholders. The 2006 Best Employers Study<sup>2</sup>, showed that salary ranked seven among the factors that motivate employees to keep their job, while performance recognition and merit-

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<sup>2</sup> A comparative study conducted in ten countries of CEE involving 1800 top managers and 90000 employees in over 500 companies

based promotion ranked first and second (Vidroiu 2007). The same study showed that in spite of such preferences, only 37% of the respondents think that in Romania promotion at work is merit-based and only 42% were granted verbal recognition for their performance. Hence, it seems that employers at large are not seen as investing much in their relationship with the employees.

### **3.2.1 Conclusions**

To sum up, CSR is only in its beginnings in Romania. Without showing a particular interest for certain social issues or group of stakeholders, companies employ CSR mainly in the form of charity, thus highlighting a certain orientation toward short-run social goals, compared to long-run investments as part of a responsible management strategy. The tendency for reaching short term goals is also underlined by the high marketing benefits of the activities companies usually invest in.

### **3.3 Conclusions**

Both in France and Romania, the local culture has had a tremendous influence on the way CSR has been understood and applied. French people tend to rely on the state rather than on private companies for social responsibility in the area of employment. As their active demand engendered the issuance of mandatory requirements, there arises the question if this still counts as CSR once the state regulates it. On the other hand, in Romania neither the demand nor the supply of CSR focuses on long-run effects in terms of sustainability. Charity is the main tactic employed by most companies in their CSR endeavors mainly because of the marketing benefits it can generate. Moreover, in Romania it is mainly the media and not so much other stakeholders that stir the interest for social responsibility, unlike in

France where the demand seems to be coming mainly from the people, who mandate the state to uphold their requests.

## Chapter 4 – Case Study

Following the theoretical overview of CSR in the previous chapters, this section will analyze the practice, reporting and socio-economic implications of such activities as employed by Orange in Romania. The aim is to identify the mainstream practices employed by this company in this young market economy and the response of the Romanian society to these actions. To avoid confusion, during this analysis the French subsidiary of the Group will be referred to as France Telecom, while the Romanian subsidiary will be identified as Orange

In the analysis, both quantitative and qualitative methods are used, such as a questionnaire and a content analysis of the 2005 CSR Annual reports of Orange and France Telecom. Before proceeding with the data interpretation, it is necessary to have an overview of the corporate identity of the two branches so as to understand their position in the telecom market.

France Telecom has been the main residential telecommunications network operator and service provider in France. For several years it has extended its services to include mobile telecommunications, both as network operator and as service provider. The company undertook its first commitments to compulsory ethical principles in business in 2003, when it released the Code of Ethics to be followed by all its employees, locally and abroad (France Telecom 2005a). According to the three-year strategic plan NExT<sup>3</sup> 2005-2008 currently being implemented by the management, the company “undertakes to maintain a fair balance between economic

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<sup>3</sup> New Experience of Telecommunications

competitiveness, social progress and protection of the environment”, thus committing to triple bottom line reporting across the Group (France Telecom 2005b 2).

Orange has been operating in Romania since 1997 both as a mobile telecommunications provider as well as a network operator. It has been the market leader since 2005, currently reporting EUR 1.082 billion revenue for 8.57 million customers (more than one third of Romania’s population). The Orange network covers 80% of the territory and 97% of the population (Vrinceanu 2007). The CSR reports released annually since 2003 highlight the commitment of the Romanian branch to the guidelines established at Group level by France Telecom.

#### **4.1 The Survey**

A ten-item questionnaire (Annex 1) was distributed through convenience sampling to 33 respondents belonging to the social network of the author. Regarding the demographic profile, the sample was gender balanced (48% males and 52% females) for an even outlook of the matter, all respondents being Romanian residents aged 25-35, holding at least a bachelor degree and consequently earning a higher salary than the average income (above 250 EUR). For the same purpose of evenness, the respondents had diverse professional backgrounds, ranging from economics to public relation, academia, NGO, the governmental sector and engineering. Although convenience sampling does not grant external validity to the research, the author thinks that the results can provide valuable information on the opinion about CSR shared by the corresponding division of the Romanian population (young adults, educated, higher income than average).

To begin with, the survey highlighted a low familiarity of the respondents with the CSR practices employed by Orange (*Question 7*). Almost half of them (48.5%) reported that they are not very familiar with or hardly ever hear of such initiatives, compared to only 5 (15.1%) respondents who follow their activities closely or are familiar with the general lines. As the subjects have a wide access to media, most of them having daily access to internet, print media or radio, such responses can show either their limited concern for the CSR activity of corporations in general or an inefficient CSR strategy on behalf of the company. Charity for the hearing and visually-impaired, biodiversity conservation and trainings for private economic initiative in rural areas, free internet access in several remote villages or the marketing and PR trainings organized for students are just a small part of the 2005 CSR report of Orange. However, as half of the subjects “hardly ever hear of such initiatives”, some possible explanations might be that the activities either cover too scattered topics (inconsistent strategy), they do not address the interests of the subjects or the figures are simply insignificant for the media to cover them. As the annual report does not include key-figures as to what was the budget spent on CSR, the last option might be a viable explanation for the low popularity of the programs run by Orange.

The presumption that most corporations operating in Romania employ inefficient or insignificant (if any) CSR strategies is further supported by the high percentage of subjects who have not witnessed such activities (51.5%, *Question 5* which is *What have you witnessed companies in Romania are primarily doing for the community they operate in?*). Of the remaining responses, 21.2% show charity as the main

activity employed under the umbrella of CSR but not necessarily as a proof of social responsibility. The companies running such “sponsorship” programs are mainly seen as committed only to capitalizing marketing benefits, irrespective of the tactics they have to use for that (CSR included). Furthermore, although 27% of the respondents listed several general CSR activities implying long-run benefits (such as environment preservation, social programs for poor people or access to education) without mentioning specific companies or program names, this might show a tendency either to pleasing the scope of the research or to failing to admit unawareness of precise initiatives.

However, the presumption that the subjects might not be interested in CSR is dismissed by the significant percentage of respondents (82%) who ranked social responsibility as “the most important issue” and “highly important” in the activity of corporations operating in Romania (*Question 3*). Actually, CSR is rather seen as a priority for corporations, none of the respondents having considered it “the least important” or “of little importance”. However, most answers (66.7%) showed a moderate enthusiasm toward CSR by not ranking it as “the most important issue in the activity of a company”. Since all of the individuals surveyed have an income above average, the author expects that the average Romanian has an even stronger preference for material satisfaction than for social development.

A moderate attitude is also shown by most respondents toward sanctioning socially irresponsible companies (*Question 4*). 57.6% of the subjects see advocacy and NGOs’ activity as the best means of persuading companies about their social mandate, while only 15.2% see boycotting as a viable solution. It might be because

of the former communist regime that there is hardly any tradition in Romania for demand influencing the supply and thus for boycotting. Not long ago standard goods were being provided – according to the party directives - in strict, insufficient monthly rations, that left consumers chose between buying low quality goods and lacking them. However, as none of the subjects showed indifference to social responsibility (“I do not care about the issue”), nor disregard (“Buy more of the products of irresponsible companies”), it can be stated that the respondents do not have a highly biased understanding of CSR, despite the communist legacy that still resides in certain aspects of social life. On the other hand, although a significant percentage (21.2%) of the subjects opted for “leaving companies to choose their own strategies”, this should not be seen as indifference toward CSR but rather as an automatic reaction of support for private economic initiative by all means, due to its former suppression.

This support of consumers for private initiative is further explained by the need for better competition among suppliers (companies), as opposed to the lack of options during the former regime. As “quality” was ranked first and “price” second among the factors that influence purchase decisions, this shows that the market supply does not yet accommodate the basic physical requirements of the customers, leaving the social benefits to be addressed at a later point (*Question 1*). As Maslow’s pyramid shows, biological requirements such as the need for food and lodging need to be accommodated before social needs can be addressed (Annex 2). Extrapolating this theory to the present case study, one can understand that the concern for corporations’ involvement in environment preservation, for instance, would come only after these companies fulfill their primary role of supplying affordable, competitive products.

This assumption is further expanded on by the respondents in *Question 2*, where attaining “customer satisfaction”, “creating reliable, innovative products” and “paying fair salaries to the employees” got the highest scores, thus highlighting the predilection for physical benefits among Romanian customers. In this context, “community involvement” was ranked on the pre-final position, followed only by “profit maximization” on behalf of the companies.

Once again the subjects showed reasonable support for CSR when asked if they are willing to pay higher prices for products provided by companies with high social standards (*Question 6*). 66.7% confirmed their willingness while, out of the remaining respondents, 18.2% were open to suggestions (“I am not sure”). It is notable that none of the subjects completely rejected this possibility, the highest level of aversion to extra charge being expressed by the option “I do not think so” (15.2%). As for the extra sum that positive respondents would be willing to pay, this ranged from 10 to 20%, with an average of 13%.

While customers are willing to pay extra for CSR programs, they also expect companies to invest in CSR an effort comparable to their market share (*Question 8*). This statement was supported by almost 85% of the subjects. In consequence, companies are highly expected to release more accurate, transparent reports of the budgets they invest in CSR. However, as Werther et al. (2006) note, it is a general trend for companies to list tens of activities in their reports without stating the budget they invested, and unfortunately Orange is not an exception to this rule.

The credibility and transparency of CSR initiatives is further addressed by *Question 9*, where a program for used mobile phones recycling is seen by 57.6% of the subjects rather as “a PR exercise” than as “a true example of social responsibility” (21.2%). The distrust for corporations’ real commitment to CSR is taken further by almost 20% of the subjects who see this activity as “a market strategy for discrediting the competition”.

*Question 10* gives the floor to the respondents to come up with suggestions for CSR in Romania. Although a significant part (21%) of the sample could not make any suggestion, it can not be inferred that they were not familiar with the concept, as the questionnaire was preceded by an explanation of the scope of the research as well as a definition of CSR. It is notable that, of the remaining 79% responses, most suggestions do not go beyond general remarks such as “preserve the environment”, “sustain education”, “treat the employees right” or “provide reliable products”. On the one hand this shows a sufficient understanding of the varied issues CSR can cover under its wide umbrella. On the other hand it outlines once again the small exposure people have to CSR, due to the shortage and lack of variety among such corporate initiatives.

#### **4.1.1 Conclusions**

Although the 33-individuals sample is not representative of the Romanian population, the results of the survey might offer a view of the opinions shared by the larger subset of young educated adults. Based on these results, we see a general trend for moderate support for CSR on behalf of the individuals surveyed. Among the possible explanations for their limited support, the need for material comfort before advancing

social demands seems to be a leading justification. Given that all of the respondents have an income above average, the author expects that the average Romanian shows even stronger preference for material satisfaction than for social development.

Due to the high focus of companies on charity - primarily for marketing benefits - the respondents see corporations as having a hard time understanding that CSR is more than window dressing. Therefore, as long as the market (both the consumers and the suppliers) focuses primarily on basic requirements – i.e. *competitive* products at *affordable* prices – one can not expect it to show high consideration for challenges of a higher sort, such as proactive social responsibility.

The questionnaire did not focus exclusively on the activity of Orange because the author wished to get a glimpse of the general CSR trends in the local market, as well. Thus the data collected was helpful in analyzing and comparing the CSR strategy of Orange to the trends in the Romanian business sector. As most respondents showed no different attitude or particular knowledge of the CSR initiatives of Orange (either in the multiple choice or open questions) as compared to other companies, we can presume that the company fits the general CSR profile of corporations operating in Romania.

#### ***4.2 Content Analysis of the Annual CSR Reports of Orange and France***

##### ***Telecom***

In addition to the questionnaire, the author has run a comparative content analysis of the latest annual CSR reports issued by France Telecom and Orange. While the strength of the analysis rests in the reliability of the information, the main weakness

lies in the difficulty to compare the activity carried by France Telecom at group<sup>4</sup> level to the one carried individually, in one of its subsidiaries (Orange Romania). However, even if the CSR report does not cover France individually, expanding the information in this joint report to France only can be justified by the leading manpower of this local branch compared to the one of entire group.

#### **4.2.1 Key documents for CSR policies within the France Telecom Group**

As highlighted previously, the concern for employment relations tops any other area in the sphere of social responsibility in most corporations operating in France. This is also the case for the France Telecom Group. Not only has the company adapted its employment policy (2003) to fit the French legal requirements for triple bottom line reporting, but it also issued a Worldwide Agreement (2006) on the labor rights that have to be respected in every subsidiary of the group, Orange included. Along with this agreement, the Code of Ethics issued by the Ethics Committee<sup>5</sup> has restated the concern and support of the management for the employees as the central resource of the Group for “responsible growth.” Furthermore, as signatory of The Sustainability Charter of the European Telecommunications Network Operators’ Association, the Group has committed to

a sustainable provision of products and services with significant environmental, social and economic benefits [... and] a determined effort to integrate our business activities with environmental, social, and economic responsibilities — minimizing, where practicable, any negative impact these activities may generate” (ETNO 1996).

Following this commitment, the Group has restated its CSR principles to show more concern for other stakeholders (such as the community, the clients, the environment,

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<sup>4</sup> The 2005 Corporate Social Responsibility and Sustainable Development Report of France Telecom does not only cover the activity of the company in France, but also in the UK and Poland, as these subsidiaries stand for 70% of the group’s manpower

<sup>5</sup> A three-member group appointed directly by and reporting to the President of France Telecom

etc.) along with the employees: “preserving the quality of life, controlling risks, innovating for society’s benefit and mobilizing everyone’s skills”.

As a member of the Group, Orange has to align its CSR policy to the principles set by the France Telecom Group through the NExT Strategy:

[Creating] a fair balance between economic competitiveness, social progress & the protection of environment; inventing a new generation of communications services based on convergence of technologies; contributing concrete responses to all stakeholders (France Telecom 2005b 2).

Therefore, as expected by the author, employees’ wellbeing represents a significant part of the CSR policies implemented by Orange. Although to a lesser extent, the company has also expressed in its Mission Statement (1997) the commitment to the wellbeing of the clients, suppliers, community and environment as major contributors to its sustainable development. Following the mandatory directives set by the headquarters (through the Worldwide Agreement, the Code of Ethics and the NExT Strategy) Orange opened its CSR department in 2003, this also being the first year when it started releasing annual CSR reports.

Based on the requirements implied by these directives, the next sections will analyze the main policies and initiatives employed by France Telecom and Orange to the benefit of their main stakeholders (as seen by the company).

#### **4.2.2. The Employees**

The largest part of the information included in the annual reports of both companies regards employment policies. However, while Orange suggests the primacy of its staff over the other stakeholders by covering this topic in a distinct chapter (more

than half of the pages of the report), France Telecom inserts staff-related data into general topics that highlight the connections between its different stakeholders. Thus, “preserving the quality of life, controlling risks, innovating for society’s benefit and mobilizing everyone’s skills” are the main topics of the French report in which different stakeholders are being addressed together, thus minimizing the chances for certain groups to seem unimportant compared to others. In comparison, Orange structures its report, according to its main stakeholders: “our employees, our suppliers, the environment, Orange in the community.”

Regarding the employees, the Worldwide Agreement of the labor rights within the Group requires similar policies and activities to be implemented by both companies for the wellbeing of these stakeholders. Apart from restating the Group’s compliance with several legal requirements (prohibit child labor and exploitation, combat unfair discrimination, uphold the right to association etc.), the agreement notes the support for international mobility, granting equal pay for equal work and anticipating and providing social support during restructuring, etc.

Apart from the general guidelines to be followed at Group level, the subsidiaries are encouraged to engage in all activities that could bring added value to the CSR strategy. This is where the main differences between the two subsidiaries emerge. While the activities listed by France Telecom address employees’ satisfaction as a means of personal development, the highest budget activities employed by Orange show mainly profit-related responsibilities. Renting new offices for the employees in the two biggest cities in Romania, organizing brand awareness workshops and providing job-related training for the newly employed is rather a matter of work

efficiency and profitability than of employee wellbeing. Furthermore, stating that out of the 2053 employees only three hold different citizenships from Romanian might support the image of “community employer” but it contradicts the support for international exchange at Group level mentioned in the Worldwide Agreement (although it seems natural that at this stage not many foreigners want to start a job in Romania, but would rather go to a Western country). In comparison, at France Telecom the employees are given the opportunity to start or take over a business of their choice irrespective of field (apart from their employment within France Telecom) and to attend stress relieving trainings and Tai Chi lessons (apart from working in fully-equipped offices). Moreover, 12 foreign citizens and 120 disabled people were hired 2005 while 32 were encouraged to travel abroad for the same purpose of international exchange.

Hence, one can notice that even if the same general guidelines apply to both companies, France Telecom is a few steps ahead Orange regarding the integration of CSR into its business strategy. Although employees are seen as top priority stakeholders in both locations, the different expectations and traditions of the labor markets in the two countries cause the companies to invest differently in this target group.

#### **4.2.3 The Clients**

Regarding the clients, it is again the local mentalities and expectations that have triggered different amounts of investment and concern from the two telecommunications companies. In France users’ expectations resulted in the creation of additional services with a much wider utility than interpersonal dialogue,

data transfer or internet access. For instance, the Pangoo solution provides warnings to people exposed to floods or fire risks; Eudom facilitates the communication between teachers and pupils' parents; M2M<sup>6</sup> processes and imaging systems provide elderly and dependent people with personal care services (e.g. a telephone bracelet for chronic pathologies, for children in hospital to stay in touch with their families and friends). Consideration has also been given to the visually impaired who can receive their bills in Braille.

In comparison to these, the main requests coming from the Romanian clients (and listed by Orange as prospective CSR achievements) address the efficiency of the services provided by the company not its CSR policy. A shorter waiting time at call centers, more involvement of the client service assistants as well as network expansion in remote areas shows indeed the concern of the company for delivering good service, but it does not make Orange socially responsible for this alone.

Despite the different requests and initiatives employed for clients' benefits in the two countries, there are several common issues that have not been raised by either company in their report. For instance, the small sized fonts in commercials or invoices (that read important information which the client tends to ignore) and the unrestricted access of minors to adult phone lines by using the services of the company, not to mention also the highly debated roaming tariffs that charge (like for most other European operators) unjustified huge costs on clients traveling abroad.

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<sup>6</sup> Machine to machine

#### **4.2.4 The community and the environment**

Among the stakeholders covered in the CSR reports of the two companies, the community benefits by the least precise data about the quantifiable impact of the CSR programs. This is also the case for the environment-related programs. This is understandable as it can be difficult to convert non-material aid (e.g. psychological counseling for homeless people) or avoided greenhouse emissions into currency. However, as both companies assess that they have a significant impact on the community and environment (most of the CSR programs run by Orange range in this area) it is legitimate to ask how much significant means.

As far as Orange is concerned, there are many programs under the umbrella of CSR that address these areas. Money donations for house reconstruction for those affected by floods; the partnership with the Light into Europe Foundation for supporting visually impaired children; the Youth Parliament (elected by junior high pupils in two cities to assist the local Government in dealing with human rights, social cohesion, multiculturalism and equality of chances policies); trainings and consultancy for disadvantaged communities to boost local economies; information hot points in remote villages; partnerships for biodiversity conservation in rural areas– these are just some of the activities run by Orange for the community and environment it operates in.

A high commitment for these stakeholders is also shown by France Telecom through its varied portfolio of activities ranging from healthcare (visual and hearing impairment), education (combating illiteracy, education for girls in developing countries), culture (vocal music) to energy consumption reduction (e.g. by using low

energy ventilation systems, using communications – teleconferences – as a substitute for business travels, etc.), products recycling and natural environment preservation through national partnerships.

Based on this, one can note that both companies acknowledge the challenges and requirements of sustainable development with regard to community life and environment preservation. However, as long as no precise figures can quantify the impact of these CSR activities it might be difficult to tell where social responsibility ends and where the PR work starts. Judging by the varied programs listed in the reports of both companies, the budget invested for CSR should be significant. On the other hand, civil society considers 79% of the corporations' reports are "very fairly useful" (Werther et al 2006 75) because they tend to boost small investments for marketing benefits without really trying to reach the 1%<sup>7</sup> threshold. Whether this might be the case of France Telecom or Orange remains to be seen. However, one might understand that, were the two companies to reach this threshold, they probably already would have stated so in their reports.

#### **4.2.4 Conclusions**

The CSR annual reports of both companies highlight the primacy of employees among the other stakeholders (although these differences tend to be blurred out in the French report). This approach is justified for France Telecom by the local culture and legislation, while for Orange it is the mandatory directives coming from Group level that required a similar approach. However, unlike France Telecom where the CSR policy for employees shows additional initiative to mandatory regulation, Orange

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<sup>7</sup> 1% of gross income for CSR is the voluntary internationally set quota for responsible investment

tends to promote law compliance or work efficiency boosters as social responsibility. As far as the customers are concerned, Orange is inclined to promote high quality service as social responsibility, in contrast to France Telecom where the users' expectations resulted in the creation of additional services and applications. Regarding the community and the environment, both companies seem to be highly involved in their development, although the wide range of programs employed under these topics are hardly quantifiable.

Based on these, the general view of the author is that France Telecom makes a higher contribution to sustainable development through CSR than Orange. While France Telecom clearly shows proactive involvement apart from the legal requirements, Orange is only in the beginning with its CSR endeavors. The company is definitely a good example for the Romanian business environment but providing good jobs as well as good service is not enough for claiming it socially responsible.

## Conclusions

Government regulation can hardly keep up with the pace of industrial expansion to limit the fast resource depletion it entails. To that end, corporate social responsibility is one of the few tools available for the business sector to make economic growth sustainable in the long run. However, CSR being a voluntary tactic, there are neither general guidelines nor precise evaluation systems for it, making it sometimes unclear how CSR can be employed with success without risking the business profitability. Hence, identifying the response of society to such strategies would benefit the companies that consider employing them. For that reason, this thesis has analyzed the CSR policies, practice and reporting of Orange Corporation in Romania and the reactions raised by these activities among different social groups..

For that reason, defining CSR in Chapter 1 and examining the arguments raised by scholars for and against such practices have been basic steps in analyzing voluntary social commitment. Based on the various view points considered in this chapter, CSR has been defined as a voluntary, sustainable development-oriented strategy of increasing business success. In addition, the debate having the Stakeholders and the Shareholders Theories as starting points highlighted the possible limitations, challenges and advantages of CSR for the stakeholders involved.

Following this, Chapter 2 has provided an overview of how companies integrate the needs of the community in their strategy to the benefit of the stakeholders involved in or influenced by their activity

Further on, Chapter 3 has presented an overview of the factors that are thought to be influencing the perception of CSR in France and Romania. It has been observed that culture, political regimes and capitalism play a crucial role in setting expectations with regard to the social commitment of companies. The findings have shown that in terms of demand for CSR, France is more active than Romania, but this higher interest is accompanied by a reliance on the state rather than on the private sector.

This hypothesis of Romania being less concerned about CSR has been confirmed by the findings in Chapter 4. The respondents of the survey have indicated that Romanians might not be used yet to taking a highly active part in demanding or sanctioning the absence of CSR, although they acknowledge its benefits. Moreover, companies operating in Romania have been seen as focusing on charity as the main CSR practice, primarily because it provides rapid marketing benefits. The comparative content analysis confirmed these findings by showing relevant discrepancies between the CSR programs implemented in the French and the Romanian branches of the same telecommunications company. While France Telecom has clearly shown proactive involvement apart from the legal requirements, Orange is only in the beginning with its CSR endeavors, as providing good jobs and good service is not enough for claiming social responsibility. Thus, although the sample used for the questionnaire was not probabilistic, its feedback helped advancing internally valid findings that consequently received external confirmation.

Among the weaknesses of the research, using convenience sampling for the survey and comparing annual reports of entities of different sizes are the main points to be made. A possible solution for the first point was described in the previous paragraph,

As for the second aspect, such endeavor can be justified by the fact that France Telecom has the highest manpower of the three subsidiaries included in the 2005 CSR report of the Group and thus expanding the information in this joint report to France only can be justified

The main strength of this thesis lies in the comparative approach of the analysis. While most information sources available in Romania only present individual initiatives or compare the CSR programs of local companies, this research presents a comparative analysis of two countries. This could be of particular interest now that Romania has entered the EU, as local companies might have to face similar pressure for employing CSR just as the Western countries do. Hence, further research could focus on the specific potential the Romanian market has for boosting its commitment for the rising standards of CSR.

## ANNEXES

### Annex 1

#### Questionnaire

Dear respondent,

I am carrying out a survey of how Romanians view corporate social responsibility (CSR). Your input is voluntary and strictly confidential. It will contribute to identifying the response of the society to the CSR actions employed by corporations in this young market economy that is Romania. This, in turn, could offer important feedback for corporations that intend to expand in this region and consider employing CSR a competitive advantage for increasing their profitability.

What is this CSR? Simply stated, corporate social responsibility (CSR) is extra activities that companies do in order to benefit their communities and themselves.

Stakeholders: Employees, managers, shareholders, consumers, authorities or the communities in which companies operate

Thank you in advance for your time and help!

**1. Please rank the THREE most important factors that usually influence your product/service purchase decision:**

Availability

Price

Producer reputation

Product brand

Quality

Recommendations of friends/relatives

User-friendliness

**2. Please rank the THREE most important things that companies in Romania should focus on while providing products/services:**

Create new, reliable products  
Keep their costs and prices low  
Maximize their revenues, profit/share-price  
Optimize their processes for efficiency/customer satisfaction  
Pay fair salaries to their employees  
Proactively contribute back to their community

**3. How important do you think CSR (Corporate Social Responsibility) should be for corporations operating in Romania?**

The most important issue  
High importance  
Medium importance  
Low importance  
The least important issue

**4. What should be done to corporations that do not embrace CSR (Corporate Social responsibility) in Romania?**

Leave them alone as they are free to choose their own strategies  
Aggressively convince them to embrace CSR  
Mildly try to convince them to engage in CSR (through NGO advocacy)  
Buy more of their products  
Buy less of their products  
I do not know what would be the best thing to do  
I do not care about the issue

**5. What have you witnessed companies in Romania are (primarily) doing for the community they operate in? If you have not, please just write N/A.**

**6. Are you willing to pay a higher price for a product/service of a company with high CSR standards?**

Yes, absolutely  
Yes, but within certain limits  
I am not sure  
No, I don't think so  
No  
(If positive, up to what percentage of the original price?)

**7. Are you familiar with the socially responsible practices employed by Orange in its activity?**

Yes, I follow them closely  
Yes, I am familiar with the general lines  
I sometimes hear of their CSR initiatives  
Not very familiar/I hardly ever hear of such initiatives  
Not at all  
(If positive, what can you remember about the CSR strategy of Orange?)

**8. Do you think that having the largest share in the Romanian mobile telecom market should drive Orange to be more socially proactive compared to the competition?**

Yes

No

Maybe (Explain)

**9. Connex-Vodafone, the major competitor of Orange, has recently launched a recycling program for used mobile phones. You consider this:**

A true example of social responsibility

A PR Exercise

A market strategy for discrediting the competition

I do not care/ I have no opinion about it

**10. What ideas would you suggest to companies in Romania to give back to the community they operate in?**

## Annex 2

### Maslow's Hierarchy of Needs Pyramid



Maslow's Hierarchy of Needs is shown above. The pyramid illustrates the five levels of human needs. The most basic are physiological and safety/security, shown at the base of the pyramid. As one moves to higher levels of the pyramid, the needs become more complex.

Source: University of Tasmania 2006

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