



## Corporate Social Responsibility – Premise of Supporting Medical Units in Order to Sustainable Development of Social and Economic Environment in Romania

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**Abstract** At present it is necessary to extend economic limits of enterprises, regardless of their field because all organizations should be an responsible socially organism. Social-economic environment and current business dynamics require organisations certain challenges that they need both to accept and to respond to. In our days objectives related to profit there are not the most important because all organizations must develop strategic programs to protect the environment and must take into account all stakeholders. Based on these considerations, this paper aims to highlight the importance of corporate social responsibility and the necessity for their involvement in actions to support economic and social environment in Romania. The subject is achieved by analyzing the most important actions on the involvement of the large companies operating on the Romanian market in the development of health units, seen as the main engine of the Romanian economy and society development.

### Key words:

Social responsibility, medical units, business ethics, economic and social environment, sustainable development

### JEL Codes:

M14, I10

### 1. Introduction

The organizations represent central element of an economy and are an important component of economic and social environment. Operation of the organizations can be effective or less effective depending on the result of its actions on the internal environment and the external environment. External business environment has a high level of uncertainty and this requires to all organizations to accept the market rules in a way in which can take advantage of the opportunities it offers, avoid uncertainties and risks be properly treated.

The efficiency of an organization, regardless of its field of activity depends on a number of factors, such as: employees' ability to use internal resources available, management ability to anticipate the environment changes, the degree of adaptation to these changes and market trends and how to exploit business opportunities.

The current context of economic development and changes faced by organizations, both nationally and internationally, require us a change of attitude towards the conduct of their business. In most cases, the organization is perceived as an economic entity that

produces and/or distributes goods and services using in this process a number of resources, both tangible, materials and intangible resources. However, this strictly economic limitation should be extended and organizations should be seen as a socially responsible organism. To reach an optimal situation, *economic responsibility* of organizations should be correlated with their *social responsibility*. It is essential that the report between the two components to be a constant concern of management, regardless of the environment in which the company operates, the size, activity, resources available or any other factor.

The organization is created to respond to the needs of more people. However, these people are part of a group and the group is part of a society, so going over individual interests of stakeholders, we going to focus on the common interests of the group and society as a whole. In the current economic environment, *the social environment of organizations* has a particular importance. A well-defined social image contributes significantly to success in business. It is known that a negative image, socially speaking, affect the success of a company sometimes in considerable proportions. To achieve their objectives, it is essential to understand all

type of relationships which company has with the environment, and the obligations and responsibilities that management must assume concerning the social environment.

## 2. Methodology of Research

The research was conducted through a thorough documentation of national and international literature relating to international corporate social responsibility issues. In principle, it aims a review of the most representative ideas on theme, followed by an analysis of the activities of large companies and the ways of its involvement in supporting health units in Romania.

The main aim of the research is determined by underlining of the need for the development of units providing medical services, especially hospitals, to sustainable develop of economic and social environment. Based on the relationship of interdependence between the economy and health, we believe it is essential that attention be directed to the hospital units, which are the main provider of health care services. In this way, the advantages are manifold, both for citizens and for the country's economic progress.

## 3. Literature Review

Authors such as Keith Davis and Robert Blomstrom had defined the concept of social responsibility as "*obligation of the makers decision to act to protect and improve the welfare of society as a whole, along with the need to protect their own interests*" (Davis și Blomstrom, 1975). Joseph McGuire stated that "*the idea of corporate social responsibility means that a corporation has not only economic and legal obligations, but also certain responsibilities to the community in which it operates*". Based on these considerations, we can say that corporate social responsibility represents the base of achievement the private interests of organizations which are sensitive to the needs of society (McGuire, 1963). Based on these considerations, we can say that corporate social responsibility represents the base of achievement the private interests of organizations which are sensitive to the needs of society.

The issue of the involvement of companies in social responsibility activities is not new. Since 1991 various authors and researchers like Archie B. Carroll tried to provide scientifically sound answers to the question "*what does it mean for a corporation to be socially responsible?*" (Carroll, 1991).

In this way the pyramid of social responsibilities take shape with the four basic components that determine the dimensions of these concepts: economic responsibility, legal responsibility, ethical responsibility, philanthropic responsibility. For this reason, *social*

*responsibility policy* should operate as a self-regulatory mechanism by which the activity will be monitored, thus ensuring compliance with the law, ethical standards, international norms, society values.

In classical economic theory, every company is regarded as producing profit. However, behind this profit, there is another reason why organizations have been created, namely, to meet the needs of individuals and society.

### 3.1. Corporate Social Responsibility - influences on economic and social environment from Romania

In the current economic context, the *social-cultural factors* related to the social structure of the population, health, education, culture, science, attitude and perceptions of individuals, factors with a direct impact on business organizations that have a special significance for the market economy. The social environment includes desires, actions, individual interests and must be analyzed in terms of characteristics, norms, culture, values and ethical principles thereof.

The new dimensions of space and time (now one of the most important resources) will influence how society perceives and refers to the political, economic, educational, cultural and social reality. Corporate social responsibility can be addressed both by reporting activity results in terms of social responsibility and reporting processes and phenomena within firms. That means that companies need to take some social responsibility for their products/services, information from the market and also need to develop an ethical behavior in front of the internal and external customers and society as a whole.

In a relatively short time, the power of international companies has become enormous and therefore increased and their responsibilities. The issues touched by this concept covers generally different issues such as: job creation, setting up training programs and generating equal opportunities for all employees, respect for human rights - as an essential condition, the impact on the environment and community, ethics business - regarded either as a cost or as an investment in the long run, the relationship of interdependence between ethics and corporate governance, health and safety (Militaru and Zanfir, 2012).

Therefore, the company perceives the role that organization plays in different ways, much larger, in terms of losses and damages caused by its activity. Therefore, the organizations involved in various social responsibility projects are perceived as mature organizations with long-term vision. Moreover, these specific projects or actions make a remarkable improvement in brand image and help to increase

consumer confidence in the products and services created. Although, at first glance those aspects can be regarded insignificant for a large company, has been demonstrated that improving the brand image and reputation is an advantage for the sustainable development of the companies. Experts say with conviction that there is now a strong link between a company's reputation and financial results from at least two reasons: firm's reputation at nationally and internationally are contributing to the increase or decrease in market value (it is essential to attract investors) and directly influence consumer purchasing decision. In this context, social responsibility plays a decisive role for the increase of market share. For all stakeholders is important that social actions to be more than simple objectives and be included in the company's development strategy, developing such a new way of doing business.

World Business Council for Sustainable Development (WBCSD) considers corporate social responsibility as an ongoing commitment of companies to behave ethically and contribute to economic development while improving in the same time both the quality of life of employees and their families and local communities and society as a whole. Following discussion around this affirmation was developed following definition of the concept, so *"corporate social responsibility is the commitment of companies to contribute to sustainable economic development, working with employees, their families and society at large to improve their quality of life"* (Militaru and Zanfir. 2013).

Currently, most companies are concerned about the responsibility regarding the impact of their activities on stakeholders. Regarding our country was made an analysis of the main companies in terms of opinion leaders, analysis that is essential to understand how the concept of social responsibility is perceived in a country where the term is relatively new.

Last report presented by Dragoş Dehelean [1] contains affirmations from 111 opinion leaders regarding the social responsibility of major companies operating on the Romanian market. Thus, we have shown a few companies that have the greatest impact on public perception: Petrom (62%), Vodafone (30%), Raiffeisen Bank (22%), Unicredit Ţiriac (20%). The last placed have been Orange, Coca-Cola HBC Company and Rompetrol, all with 9%. According to the same source, the opinion leaders who participated in the survey had nominated this companies taking into account more the reputation of certain initiatives on social responsibility and less based on the knowledge of their overall activity. This is the reason why appear on the top positions the companies who have recently had major projects with an important reputation, especially in the online environment [2].

The main reason that these companies were nominated is the company's investment in various actions for environmental protection (77%), supporting disadvantaged categories (45%), education and the promotion of young talent (39%), supporting health care units and health promotion. Petrom Company is highly appreciated due to the campaign *"Rediscover Romania"*. Other examples are: OTP Bank - *"education and access to culture for children in rural areas"*, BCR - *"financial education and entrepreneurship"* or Rompetrol, which is known primarily for the health component of the principal program of corporate social responsibility, and less for the environment.

The examples presented above are real proof that companies are involved in actions, projects and campaigns to improve the quality of life. There are also clear evidence that in the current economic context, for a company is no longer sufficient to meet its profit objectives. Long-term vision is reflected in the degree of development of environmental programs, health promotion or initiating campaigns to stimulate civic behavior.

### **3.2. Supporting health units-premise of sustainable development of the social environment in Romania**

In recent years there has been a major concern of companies for public health. Most often attention is directed to hospitals, the main units of the health system. In Romania, the hospital activity is sometimes difficult to release because of deficiencies of the health care system, which is in a continuous process of reform.

The list of companies that have made investments to develop health units and also, to develop the activities of health care system can be continued with other examples:

- Avon Cosmetics Romania is the national subsidiary of Avon International, the largest direct sales company in the world and a major player in the cosmetics market. Present in over 100 countries, the company recorded a global turnover of over 10 billion dollars annually. The concern for helping hospitals and easier access to specialized medical services has become internationally recognized. In 2007, the company donates 150.000 USD for the hospital of St. Spiridon from Iaşi. The campaign developed in 2008 when Avon Cosmetics Romania launches with Renaissance Foundation, the project *"Mobile Diagnostic Unit - Breast and Cervix"* for women in communities with limited access to medical investigations. In 2009, the company sponsoring the completion of the first oncology hospital in Timişoara with a value of 150.000 USD. The effects were immediately noticeable, at present being more than 900 patients that annually receiving free services. Also, the company continued to fund the project

initiated in 2008 and the year 2012 had bring new funding for the Mobile Diagnosis. At the same time the company sponsoring the Institute of Oncology Ion Chiricuța of Cluj-Napoca, for the purchase of new performance medical equipment.

- Regarding the involvement in campaigns that support and sustain the hospitals we cannot remember the extensive renovation project for the Children's Hospital "Marie Curie" in the period 2007-2009. In June 2007, Scheherazade Foundation initiated the fund-raising campaign to renovate the Marie Curie Hospital from Bucharest, the largest children's hospital from Romania. This project has been the main concern of the Foundation that managed to raise over 1.5 million for this purpose. These funds were used to renovate the hospital in accordance with European standards, in this project being involved a great number of companies who have understood its importance: Colgate, Petrom, Philips, Romstal, LG, Orange, Vodafone, Enel, Carrefour, Romtelecom, Autotalia, Mega Image, METRO, Copperbeech, Apa Nova, Avicola Buzău, FortuneGroup, Porsche Romania, Rompetrol.

- S.C. Cargill Oils S. A is another company that did not remain indifferent to current health care issues. In 2008, through the "Run for Health" campaign, which was attended by 200 people, of all ages, succeeds in funds for the Clinical Emergency County Hospital from Craiova. The donation consisted of 228.306 RON for the purchase of medical equipment, hospital renovation and cleaning.

Also, the year 2011 is characterized by the company's investment in medical equipment, although the negative effects of financial crisis were still being felt. Polystart Company, in collaboration with the Foundation Gazeta de Sud, was involved in the modernization of Neonatology Section of the Municipal Hospital "Philanthropy" from Craiova, with fund worth 13.000 RON. Also in 2011 we note and the impressive donation to Rotary Club Muhlhausen for the Lugoj Municipal Hospital, donation amounting to up to tens of thousands of euro.

Poor financing of national health system is a current issue in Romania, being recognized even by those responsible for maintaining public health. For many public sector hospitals are never enough funds and the work cannot be carried out properly. Emergency County Hospital of Craiova is just one example of a significant number.

For many important sections of the hospital in 2012 donations were "a breath of oxygen."

The list of companies involved in recent years in the hospitals support and development of medical services units is impressive. It could not be otherwise, since

there are considerable advantages for each entity involved in this activity.

Following research was shown that social responsibility of business organizations represent a concern of the management regarding social welfare and addresses both on the long-term interests of the company and its relationship with the environment in which it operates. Social responsibility of the organizations means integrating the public interest in making decisions process and respect a triple goal as defined in the literature: *People, Planet, Profit* (Militaru and Zanfir, 2010).

#### 4. Conclusions

Increasingly more organizations become aware of the moral effects they produce in the activities they carry out, becoming in this way more concerned by the issues of business ethics and corporate social responsibility. Development, especially, respecting for ethical codes as guidelines for making ethical decisions in business, will become an essential requirement for future organizations. Companies are aware that this can transform in owning a competitive advantage and that the positive effects respecting the codes of ethics are multiple. Through an effective policy on social responsibility will be satisfied the expectations of all stakeholders, whether we refer to internal or external customers, shareholders, suppliers and the society as a whole.

What is lacking to Romania at the moment? First of all, we consider that the measures from periodically reporting of CSR activities are absolutely necessary. Stakeholders and especially consumers have the right to be properly informed about the activities impact on society. Then, we believe that at this time the development of hospitals is becoming increasingly necessary.

Big companies understand that supporting health units is a major factor in improving the quality of life of current and potential customers. Organizations involvement in supporting the units that providing health services will contribute a lot to the social environment development and to the development of a healthy society. Following the above, we conclude that the successful achievement of objectives is dependent upon by the combination of those four components of social responsibility pyramid. Economic performance is the foundation for pyramid components, meaning that, for profit (*economic responsibility*), the organization must operate in compliance with regulations of law (*legal responsibility*), to take account of what is right and moral, respecting the business ethics principles (*ethical responsibility*) and to contribute to improve the quality of life in the community in which they belong (*philanthropic responsibility*).

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## Endnotes

- [1] \*\*\* Dragoş Dehelean is the General Director of the Selenis Agency, communication consulting agency specializing in using the online field ([www.selenis.ro](http://www.selenis.ro));
- [2] \*\*\* The information was taken from the research report: The Balance of Corporate Social Responsibility at 2010, presented by the General Director of the Selenis consulting agency, available at [www.responsabilitatesociala.ro](http://www.responsabilitatesociala.ro)