

Models of dependancies between economic development and corporate social responsibility

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ABSTRACT

In the current context of the economic-financial crisis, corporate social responsibility represents a bridge for the harmonization of the interests of all stakeholders on the economic-social scene. The article is focused on two main objectives. The first goal was to point out the existent dependences between the general economic growth, corporations and stakeholders, through the corporate social responsibility. These dependencies are reflected in international principles and behavioural models (UN Global Compact Management Model, The Blueprint for Corporate Sustainability, CAUX principles) proposed by the European Community and the international organisations UN Global Compact and OECD. The second objective is to carry out an analysis model in main components and a hierarchical classification which has confirmed moreover that the large economic powers are the cause and explanation of their involvement in the principles of social responsibility. This article points out the implementation level of the principles of corporate social responsibility in Romanian. The characteristic is the involvement of most of the companies especially in donations and sponsorships. The economic-financial crisis has led to the movement of the accent towards partnerships based on entrepreneurship, especially in what the relation between the companies and non-governmental organisations are concerned, in order to provide funds and to take employees in voluntary actions.

KEYWORDS

Transnational society, Corporate Social Responsibility (CSR), Analysis models in the main components

JEL Classification

M14, F23, C54

Introduction

Social responsibility represents an attitude of the company towards society where success can be obtained by complying with the law, assuming an ethical behaviour, giving a special attention to the environment and taking into consideration the needs and interests of all partners (Oprea, 2005).

One of the major dilemmas concerning managers refers to the question whether it is correct to make known all the social responsibility actions. A part of the managers of the companies consider it is enough to make known the social projects inside the company and the business partners (Militaru, 2006). Multinational companies interact in different ways: donations, sponsorships, corporate social responsibility.

Milton Friedman (Friedman, Milton, 1970) when referring to the "stakeholder theory" he noticed that the managers should satisfy different persons which may affect the results of the company: employees, customers, suppliers, local community organizations. The idea of this theory is that managers do not have to concentrate exclusively on the needs of the shareholders, but they have to employ a company in new activities of social responsibility.

Friedman's theory was developed later by Donaldson and Preston (Donaldson, T. J., and L. E. Preston, 1995), who pointed out the ethical and moral dimension of the corporate social responsibility

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activities, as well as Jones who considers that the companies involved in such activities are motivated to be more honest, trustworthy and moral.

A controversial problem refers to the ethics of the company which bring prejudices to the communication or the environment and which carry out at the same time social responsibility projects. One should discuss whether these companies have the right or not to create a positive image based on some corporate social responsibility activities.

Bagnoli and Wats(2003) modelled this behaviour and found out that the tendency of a company to get involved in social responsibility strategic actions relies on the intensity of competition on the market and on the extent to which consumers are willing to pay a higher price for social responsibility (Militaru, 2006). Authors have reached the conclusion that there is a reverse relationship between the intensity of competition and the involvement of the company in social responsibility actions.

In the last decades, in spite of an extremely dynamic internationalization of the global economic activity, there is no regime of standards and rules in the field of foreign direct investments. There was the problem of adopting some international instruments which should function at a bilateral, regional or multilateral level. The most complex of these instruments is the *Transnational Corporations Code of Conduct*. The regulation of the code is structured around six main problems: preamble and objectives, definitions and purpose, activity and code of conduct of the transnational companies, treatment of transnational corporations, intergovernmental cooperation, and implementation of the code.

The preamble mentions the fact that the role of the code is to serve as a focalising centre of the international agreements and understandings regarding the transnational companies. With respect to the definitions and purpose, the definition of the transnational corporation is formulated in the UNO vision.

The part regarding the activity and conduct of transnational corporations is structured on two major problems: general and political problems and economic, financial and social problems.

The general and political problems have the purpose of dealing with the worry expressed by the developing countries regarding the sovereignty of the states and their right to regulate the economic activity carried out on their territory according to the national objectives and priorities. Therefore, the main problems approached refer to: national sovereignty, economic accomplishments and development objectives, renegotiation.

Another important problem of this Code is that of illicit payments. That is why reference is made to the transnational corporations which should not resort to corruption practices in their activity. In order to provide the compliance of the regulations, corporations have to keep the correct evidence of these payments and to make available the requested evidence documents for the authorized bodies from the guest countries.

The nature of the stakeholder's interests is different: the employees are expecting a fair remuneration of the labour and a stable and comfortable working environment; the shareholders are looking to increase the value of the investment. The customers were safe products and a fair quality price ratio. Suppliers are looking to obtain regular orders and payment on time for the delivered products and creditors should cash in debts and interests. Communities are interested in the development of the region by employing loyal labour force and protecting the environment. Governments are looking to increase profits by collecting taxes, are following the growth of the economic development and the improvement of the social environment. At the same time, each category of stakeholders may exert their influence on the companies if their expectations are not met, with the help of the strikes and trade union actions, by exerting the right to vote in the case of the shareholders and reorienting the buying and selling option in the case of the buyers and suppliers of the company.

1. Corporations and stakeholders

In the current world economy characterised by the fast globalization and the shocks of the economic-financial crisis, in a world of contrasts where the developed economies co-exist with countries in extreme poverty, there appears the need for a bridge to harmonize the interests of all economic and social actors.

Beyond the existence of the states defined on the map of the united nations of the world, of the communities as the European Union, on the world scene, transnational corporation represent through their economic power an essential element which influence the economic-social equation. Transnational corporations generate a significant number of working places, investments and tax on profit for the regions and nations where they carry out their activity but at the same time they can leave thousands of people without working places or when they decide to reduce the operations.

Table 1. Organisational characteristics of transnational corporations

Design of organisation	Ethnocentric organisation	Polycentric organisation	Geocentric organisation
Identity	Same nationality as the mother company from the origin country	The same with the nationality of the host country	A true international company with national interests
Complexity of organisation	Complex in the origin country but simple in on the level of the national units	Varied and independent	Very complex and interdependent
Decisive mechanism	„Hub” to the centre	Slight coordination to the centre	Tight cooperation between the general quarter and the national units
Evaluation and control	Performances and staff are evaluated according to the standards of the mother company	Local and diverse standards and evaluations	Selecting the adequate global standards for each national context
Recruitment and training	Recruitment and training of key managers from the co-nationals of the country of origin and placing them in national positions	Recruitment and training of key managers from the co-nationals of the host country and placing them in management positions	Recruitment and training of key managers from the most competent, from the whole company irrespective of nationality and placing them in national leading positions
Information and communication flow	High volume from the general quarter to the national units, under the form of indications and orders	Low volume between the general quarter and national units, insignificant volume between the national units	Informational and decisive flow bidirectional between the national units/general quarter and national units.
Motivation, rewards and sanctions	Concentrated on the level of the general quarter; low level of stimulation on the level on national units	Varied systems from one country to another in the same country	Mangers of the general quarter and of the national units are stimulated ad rewarded according to the degree to which they meet their objectives

Source: according to Barlett & Goshall Cross Border Management: Motivation and Mentalities (Dumitru, 2000)

Transnational societies with the highest growth are those with a higher transnational degree – which are expanding their operation on an international scale. The incomes of the last company from the Top Global 500, Dai Nipon Printing on the level of 2009 are of 17.053 million dollars, comparable with the gross internal product of some states as Estonia, Bosnia and Herzegovina. Certain transnational businesses have more employees than the number of inhabitants of a small country. In 2009, Wal-Mart Stores have 2,1 million employees, income of 408.214 million dollars and is situated on the first place in the top of the largest companies of the world.

In spite of this, in the period 2004-2006, corporation has become the target of the critics due the local communities, low salaries and worsening of the labour conditions of the employees. Wal-Mart is brought to trial due to the accusations of discrimination of women. The mega-store project is rejected by the city Council from Inglewood, California as a consequence of the worry of the local community regarding the impact on small business, salaries in the community, traffic and public safety. The critical documentary

”The High Cost of Low Prices” is broadcasted and highly commented by the public on websites.

On the other hand, the Wal-Mart stores offer a rich range of goods at low prices. The shareholders are fully rewarded as a consequence of the growth of the price of the share from 5 cent in 1970 to 63 dollars in 2002. In the period 2004-2006 Wal-Mart was a major client for 61.000 suppliers, starting from the large corporation to the small suppliers.

The Wal-Mart case is described by Anne T. Lawrence and James Weber in “Business and Society: Stakeholders, Ethics, Public Policy, 12th edition, the corporation being a pattern for the capitalism of the 21st century. Wal-Mart represents an example of the complex and contradictory way in which corporations affect economic partners and social ones. The property theory of ownership (Lawrence, A.T. & Weber, J., 2008) regards the company as a property of its shareholders with the purpose of maximizing the income of the investors, the interests of the shareholders being situated above the interests of other stakeholders.

Table 2 Expectations of corporations and partners on the level of society

The expectations of the partners on the level of the society from the corporations	The expectation of the corporation from the governments
<ul style="list-style-type: none"> ○ Profitability and long term vision on investments ○ Adherence to a set of governance principles ○ Payment of taxes ○ Production processes which should not be harmful to the environment ○ The existence of an ethical code ○ Social responsibility policy which should include: resources, social audit, management system for social responsibility, training. ○ Support of local communities, philanthropic contributions ○ Absence of corruption ○ Absence of transfer prices ○ Good working conditions and safety systems for the employees ○ Non-discriminatory recruitment and promotion of the employees 	<p><i>On a national level:</i></p> <ul style="list-style-type: none"> • Stable environment which should provide open markets • Clear investment policy • Safe legal frame and institutions which apply it, competent administrative apparatus without corruption • Democratic practices • Fiscal incentives for social responsibility practices <p><i>On an international level:</i></p> <ul style="list-style-type: none"> • Correct and transparent rules for the trade activity • Independent arbitration bodies for disputes • Availability of information regarding: investments, transfer of the best practices and funding the social responsibility actions

Source: according to Hopkins, M. (2003)

Corporations have complex relations where other organisations are involved, individuals and society on its whole. Moreover, any modern enterprise, irrespective of its size represents an integrant part of the global business environment which includes groups, persons or organisations which affect and are affected by the decisions and operations of the company. Beyond the responsibility towards shareholders, company serve a wider public that of increasing the value for society – theory of the stakeholders. (Lawrence, A.T. & Weber, J. (2008).

In this vision corporations have multiple obligations and the interests of all stakeholders have to be taken into consideration. The term stakeholder includes beside the category of shareholders for which the company has to obtain profit, customers, employees, suppliers, competitors, community and last but not least the environment.

The corporate social responsibility is the concept where companies integrate voluntarily their obligations regarding society and environment in developing their business and the interactions with all stakeholders according to the definition given by the European Commission.

In consequence the partners on the level of society have expectations from corporations. Corporations also have expectations from governments, in exchange of a larger involvement in the direction of social responsibility.

2. Models proposed by international organisations regarding corporate social responsibility

European model. In its Memo 09/109 the European Community looks at social responsibility as at a win-win scenario, where companies increase their profitability at the same time with the benefits brought to society. The advantages of the actions of the companies in the direction of social responsibility in the vision of the bodies of the European Community include:

- ✚ Direct benefit reflected in profitability.

The increase of the loyalty of the employees by providing them professional development, a stable and comfortable working environment, labour-personal life balance leads to the growth of productivity and quality of the labour product.

- ✚ Reducing the costs by reducing the polluting processes, the carbon and the resources saving policy.

- ✚ The benefit brought to the image of the country and its reputation, consumers being attracted more and more by the companies promoting a responsible attitude and implicitly being attracted of its product.

- ✚ Strengthening the position and influence of the company through the favorable image in the local community, of the non-governmental organizations, trade unions, investors and last but not least of the public sector.

- ✚ Promoting the corporate social responsibility policies as a consequence of the attention paid to the corporate governance and business ethics. The European Economic Community with its multiple activities assumes the role to increase the degree of awareness regarding corporate social responsibility, to transfer the best practices on an European level and to organize discussions which should lead to future actions.

The model of United Nations Organisations. The initiatives of the European Commission are followed by the actions of the United Nations which founded on 26 July 2000 the organisation Global Compact with the declared mission to offer a homogenous global frame of values and principles shared by its members with the purpose to give a human face to the global market according to the declaration of the General Secretary UNO, Kofi Annan, in a speech from 1999. 47 companies took part in the launch of the organisation but UN Global Compact presently includes 8.000 participants, 6000 from the business sector and 2000 outside the business sector from 135 countries [16].

The values promoted by Global Compact refer to the human rights, labour standards, environment and fight against corruption and are synthesized in 10 basic principles: p:

<i>Human rights.</i>	1st Principle: Business should support and respect the human rights adopted internationally.
	2nd Principle: Business should make sure they are not accomplices to the abuses coming from the violation of the human rights.
<i>Labour.</i>	3rd Principle: Business should support the liberty of association and the effective acknowledgement of the collective negotiation right.
	4th Principle: The elimination of all forced types of labour.
	5th Principle: Child labour abolition
	6th Principle: Elimination of employment discrimination
<i>Environment.</i>	7th Principle: Companies are required to have a cautious approach regarding the environmental changes.
	8th principle: Assuming the initiatives regarding the environment.
	9th principle: Encouraging the development and the distribution of the "friendly" technologies regarding environment
<i>Anti-corruption.</i>	10th Principle: Companies should fight against corruption under all its forms including bribery.

UN Global Compact carried out in 2009 a thorough study with 1.044 participating companies from 97 countries. The results have shown that in spite of the economic decline, the respondents from the business sector have maintained their efforts in the direction of implementing the social responsibility policies. Moreover, there have been registered 1.500 new participants to Global Compact. Generally speaking, the study points out the continuation of the action for the compliance with the human rights, labour, environment and anti-corruption principles.

The classification of the most frequent reasons for participation to UN Global Compact carried out by the organisation, puts on the first place the growth of the trust in company, followed by the integration of the principles related to sustainability, universal nature of the promoted principles, challenges related to the environment and efforts in the direction of community support. The pressure from the external stakeholders and the expectations of the financial markets are among the last positions of this top.

For the first time in 2009, transnational corporations identify concrete actions of involvement in order to align the subsidiaries to the social responsibility principles in the company. The actions involve creating the positions with the task of social responsibility, supervising the activity of the branches regarding social responsibility, organising sessions for the increase of the awareness of social responsibility. In 2010, Global Compact launches the guide "Supply Chain Sustainability . A Practical Guide for Continuous Improvement" for the companies interested to learn how to incorporate sustainability in the managerial practices and strategies of the suppliers from the supply chain [13].

Together with Deloitte, UN Global Compact proposes a management model in order to align the managerial practices to the 10 principles (UN Global Compact Management Model), together with an advanced model regard the practices on the level of leadership (The Blueprint for Corporate Sustainability)

The management model proposed by UN Global Compact involves going though the following steps:

- ✚ Transposing the UN Global Compact principles in the strategies and operations of the company
- ✚ Setting the risks and opportunities on the fields covered by principles

- ✚ Defining the objectives, strategies and policies
- ✚ Implementing the strategies and policies in the company along the activity chain which add value
- ✚ Measuring and monitoring the impact and the progress for the fulfilment of the objectives
- ✚ Communicating the progress and employing the stakeholders in the application of the strategies

The model which refers to the practices on the level of leadership, involves besides the implementation of the 10 Principles also action which support a more comprehensive approach of the objectives, participation to UN Global Compact networks and the involvement of the branches.

The Blueprint for Corporate Sustainability stipulates the participation of the CEO, of the Board of Directors and of the stakeholders as being the nucleus of the actions related to social responsibility and sustainability. [13].

The OECD Model. In 1976, OECD adopts a set of guiding lines for the multinational enterprises considered to be a comprehensive tool supporting the corporate responsibility. The OECD guiding lines enjoy the support of 40 governments, 30 OECD Member States and 10 outside this organization. OECD promotes standards at a higher level regarding the employment of the labour force and industrial relations [15].

The Caux model. The year 1986 is the foundation year of the Caux group consisting of leaders of businessmen from the USA, Europe and Japan which created the 7 general principles for the management of the organization based on two ethical concept, the *kyosei*, Japanese concept which means to live and work together and the concept of human dignity. The Caux principles refer to business responsibility beyond its shareholders, to the wider category of stakeholders, to a business behavior which exceeds the letter of law in the positive sense of building trust. The Caux principles involve not only recognition of international and national laws but also of the fact that certain behaviors although legal may have negative consequences. (Hopkins, M., 2003).

The social and economic involvement in the direction of innovation, justice and global communication, avoiding illicit operations as bribery, money laundering, weapons trade for terrorist purposes, supporting international trade with the help of the multilateral system GATT and WTO , respect towards environment are other requirements of the Caux philosophy for the organisations. Beyond their philosophical vision, the Caux principles represent the starting point for many business ethic codes and corporate actions in the direction of social responsibility.

3. Dividing the analysis in main parts and the hierarchical classification in the relations between the economic development and corporate social responsibility on the level of the European Union

The economic development involves economic, environmental integrity and social responsibility. The overall appreciation of the performances of the organisations cannot disregard the economic and social performances. Performance is not an objective measure, an attribute of a phenomenon measured outside the observer, but it is built by actors in relation with the type of activity carried out and the proposed objectives. Increasing the economic performances involves a series of dependences from the internal and external environment of the organisation, including the social responsibility towards all interest holders.

The following indicators have been selected for the *factorial analysis*: GDP for the period 1996-2008, population for the period 1998-2007, and unemployment rate for the period 1998-2007. For the data collection the statistical service of the European Union Eurostat has been used. The statistical data which are the object of the analysis are presented in annex 4. Due to the fact that there is a lack of data

regarding these indicators for certain countries of the European Union, in different period, we considered necessary the analysis of the arithmetic average.

In 1960 the population of the European Union was of 403 million persons and has increased little by little reaching in 2007 to 495 million people. In the period 2003-2007, the number of inhabitants from EU increased by almost 2 million people per year. In 2007, Germany, France, Great Britain and Italy, these four countries together had almost 54% of the EU population. The states which joined the EU after 2004 ad 103,3 million inhabitants in 2007. Ireland, Spain and Cyprus registered the highest demographic growth. Eurostat predicts that the EU population will increase by 2035 reaching 521 million people, and is going to decrease in 2060 to almost 506 million people.

After the qualitative nature of the variable is known, an analysis of the main components will be made in the first part. Its purpose is the representation in a space with two dimensions of the countries of the European Union (Bértaut, Monica Becue, Pagès, Jérôme, 2008). Then with the help of the typological classification we will obtain the most coherent partition of this multitude of countries. In order to apply the statistical descriptive methods mentioned above for the identification of the economic, demographic and social particularities of the EU countries, only the medium variables were selected: GDPm, Popm and Rsm.

The correlation matrix which has resulted from the analysis in main component is the following:

Correlation matrix

	GDPm	Popm	Rsm
GDPm	1.00		
Popm	0.95	1.00	
Rsm	0.00	0.16	1.00

<i>Legend</i>			
GDPm	–	Average gross domestic product	
Popm	–	Average population	
Rsm	–	Average unemployment rate	

From the analysis of the correlation matrix, the following interpretations are resulted:

- The correlation coefficient between the average population and average GDP is of 0,95, which shows a strong connection, almost linear between the two characteristics;
- In exchange, the correlation coefficient between the average GDP and the average unemployment rate is of 0,00 which shows a complete lack of connections between the variables.

The calculations have been made with the help of the SPADN program⁴. The histogram of their eigenvalues in the following:

Histogram of the first 3 own values

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+-----+-----+-----+-----+-----+
| NUMBER | VALUE | PERCENTAGE | PERCENTAGE |
|
|   | EIGENVALUE |IN INERTIA| CUMULATED |
|
+-----+-----+-----+-----+-----+
|  1  | 1.9633 | 65.44 | 65.44 | *****
|  2  | 0.9997 | 33.32 | 98.77 | *****
|  3  | 0.0369 | 1.23 | 100.00 | **
+-----+-----+-----+-----+
    
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⁴ SPADN – soft utilizat pentru analiza datelor numerice

The sum of the eigenvalues equals the number of variables. The first two eigenvalues allow the determination of the main axes 1 and 2. These two axes are formed on the main field. The main axis gives back 65,44% of the inertia and the second 33,32%. The first plan explains 98,77% of the total inertia of the dots cloud, which means keeping the analysis only for the first two components.

The histogram of the eigenvalues shows a break after the second eigenvalue. This criterion allows the determination of the number of axes which are to be interpreted.

In order to obtain an interpretation for the axes, we have to show the variables first. Therefore, one has to calculate the correlations between the main and the variable components (figure 3.3). This allows the determination of the correlation circle.

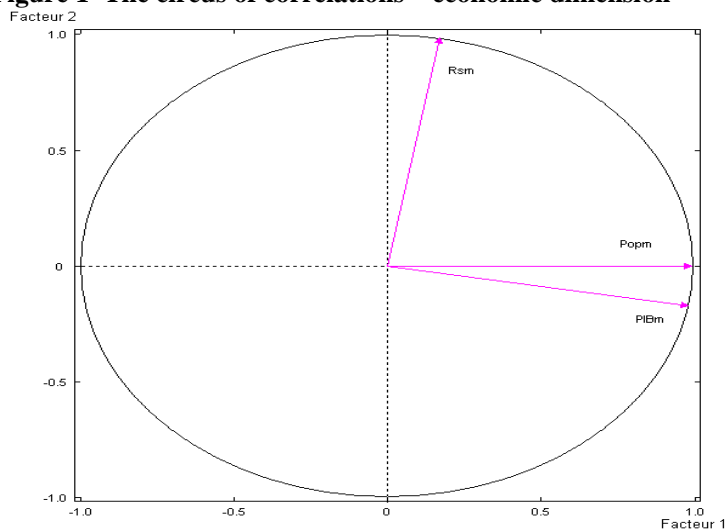
The correlation matrix of the factorial variables shows that the first main component is correlated with the GDPm and Popm, and the second main component is correlated with the Rsm variable.

The first main component is determined by the behaviour of some countries as Germany, France, Great Britain, Italy and Spain which have a cumulated contribution of 77,77% of the variation of the first main component. This first main component opposes behaviours as those from countries like Germany, France Great Britain, Italy and Spain indicated through positive values with the ones from countries like Luxemburg, Cyprus, Malta and Slovenia, indicated through negative values.

Germany, France, Great Britain, Italy and Spain are called the great powers of the European Union due to the economic development level. The first four countries have a numerous population and Spain which is the weakest populated one in comparison to these has the lowest values of GDP suggesting the emergence of the economic financial crisis. Luxemburg, Cyprus, Malta and Slovenia are developing countries with a low population.

The first main component can be called the economic-demographic performance/intensity. The way in which the first component is determined from the initial variables has a contribution of 65,44% of the total variation measured in a normal analysis.

Figure 1 The circus of correlations – economic dimension



Slovakia, Poland and Bulgaria which have a cumulated contribution of 47,5% of the variation of the second main component. This main component has opposite behaviours from those from Luxemburg, Cyprus, the Netherlands, Austria, Great Britain indicated through negative values, with some of the countries like Slovakia, Poland and Bulgaria, indicated through positive values.

The countries which joined the European Union in 2004 as Slovakia and Poland register high unemployment rate values and Bulgaria which joined in 2007 is in the same situation, and therefore there should be taken measures for the decrease of unemployment.

Luxemburg and the Netherland, founding countries of the European Union register low unemployment rate along with Austria, Great Britain and Cyprus, the latter joining the EU in 2004.

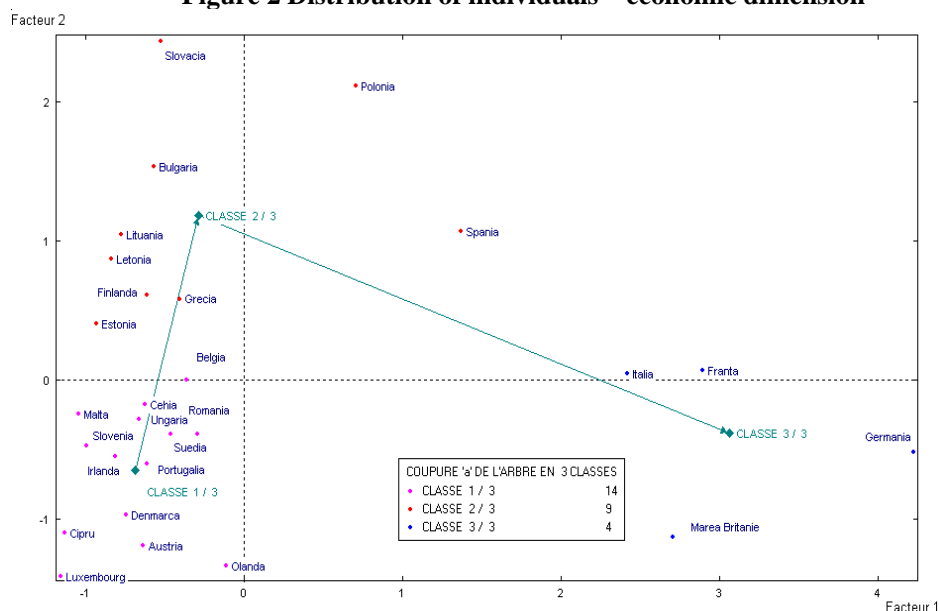
The second main component may be called the social performance/intensity.

The first main component is determined from the initial variables and has a contribution of 33,32% of the total variation measured in an analysis.

By reducing the data to the two main components it results a list of well represented countries as Bulgaria, Denmark, Germany, Cyprus, Estonia, Ireland, Greece, Spain, France, Italy, Malta, Slovenia, Great Britain (for which the co-sinus has high values), and another list of bad represented countries like Belgium, Sweden, Romania, Hungary (for which the square sinus has relatively low values)

After applying the typological analysis – there are three classes in the hierarchical classification. The distribution in three classes can explain the 79,19% from the inertia of the reduced initial data. The factorial coordination of the average behaviour inside the cases is found in the column “Coordonnées” from the table after the consolidation process. The graphical representation in the first factorial plan is given in the table after the consolidation process. The graphical distribution in can be seen in figure 2.

Figure 2 Distribution of individuals – economic dimension



The 1st class has an effective of 14 countries. The behaviour inside the class is well described by countries as Portugal, Ireland, Denmark, Slovenia, Sweden, Hungary, the Czech Republic. These countries are described through values below the average of the indicators which describe the economic dimension. The coordinates for the first two factors of the average behaviour in this class are $-0,69$ and $-0,65$. This fact is interpreted by average economic intensity and the below average unemployment rate. One can conclude that the first class can be called the developing countries class.

The 2nd class consists of 9 countries. The behaviour from the class is well described by countries as Bulgaria, Lithuania, Greece, Latvia, Finland. These countries are described through above average values regarding the unemployment rate and below average values for the economic-demographic indicators. The coordinates for the first two factors of the average behaviour from this class are $-0,29$ and $1,19$. This fact is interpreted by economic intensity which is below average and high unemployment. We can conclude that the second class can be called the class of the low developed countries.

The 3rd class consists of 4 countries. The behaviour inside the class is well described by countries as Great Britain, France, Germany and Italy. These countries have above average values with respect to

the Gross Internal Product and population. The coordinates for the first two factors of the average behaviour in this class are 3,06 and -0,38. This fact is interpreted through economic-demographic intensity above average and below average unemployment. But France and Italy have an average behaviour regarding the unemployment rate, anticipating the economic financial crisis from 2008. We can conclude that the third class can be called the class d developed countries.

After theses analysis one can say that from all EU member countries five of these, which are called the great powers (Germany, France, Italy, Great Britain and Spain) explain very well the influence of the sustainable economic development factors on tourism.

The analysis on main components and the hierarchical classification has confirmed moreover that the great economic powers are the cause and the explanation of their involvement in the social responsibility principles. The classes one ad three have obtained high values, and the second class had lower values. If we associate the economic logic to this mathematical logic and analyse the components of the second class, one can see the limited experience in the field of social responsibility.

4. The emergence of corporate social responsibility in Romania

In Romania, corporate social responsibility appears in Multinational Corporations. Social responsibility is taken into consideration by companies which act on the Romanian market more as a tool of improving the image, and it is not a result of the awareness of the needs of all parties involved, stakeholders. The integration and the contribution of the organisation to the social and environmental performances of the community are not taken into consideration. From here the lack of strategic dimension of the social responsibility policies and their involvement in donations or occasional sponsorships are characteristic for most of the Romanian companies.

In spite of this, Multinational Corporations represent a positive example by the consequence of their involvement in the field of corporate social responsibility. Moreover, they follow the evaluation and improvement of the investments in the community and obtaining information regarding the social projects. Therefore, one has to mention the initiative of the Community Relations Association (CRA) which introduced in Romania from 2008 the evaluation service of the community investments London Benchmarking Group (LBG) where four large companies from the Romanian market joined: Orange Romania, BRD-Societe Generale, Petrom and Lafarge Romania. The community projects of these companies reach in 2008 the value of 5,27 million Euro and a number of 310.000beneficiaries. The investments are oriented towards the environmental protection, 33%, supporting the less favoured categories 21%, interventions in situations of calamities 16% and education and youth 15%.

The involvement fields of the four large corporations reflect the main directions of actions of the corporate social responsibility in Romania, less initiatives being oriented towards the civic rights and the human rights, controversial causes from the social sphere (using drugs, minorities, management of goods donations) or medical or scientific research.

From the companies involved in the program Good CSR 2009, Banca Comerciala Romana, EurActive Romania, the pharmacies Dona and Romstal Impex, Orange Romania is one of the few companies which are making their social responsibility report public from 2003.

At the same time the report mentions that Romania does not report the existence of a policy regarding the stress at the working place or the diversity of the labour force unlike France or England.

The Romanian Commercial Bank is another member of the reporting and communication group Good CSR 2009, developed by the company Braun&Partners. From the budget of 2010, BCR directs 40% to education, especially the financial one, 15% to project from the social field and 10% to project of sustaining the entrepreneurship. For 2010, as a consequence of the economic situation BCR declared that it will pay a special attention to the financial education projects for the benefit of the less favoured categories. At the same time, there will be financial education projects, projects for financial mechanisms and responsible money management, these being essential during the crisis period.

In what the relation with the non-governmental organisations are concerned, BCR is looking to increase the degree of involvement of the volunteers from the company and is encouraging the local entrepreneurship, as a way through which the NGO can provide a part of the necessary funds.

Building partnerships, replacing financial resources with donations and sponsorships in products or time, are solutions proposed by A&D Pharma to the NGOs for the crisis period. Although the intention is to restructure in 210 the donations and sponsorship program for the donations and sponsorships, A&D Pharma declares that it will keep its investments especially in the prevention and fighting against domestic violence programs but also in the social scholarships granted to some university students.

If the multinational companies seem not to give up the activities regarding social responsibility, positive signals are also registered on the level of governmental institutions. At the end of the year 2009, the Chamber of Commerce and Industry of Romania announces the foundation of 42 assistance offices in the local chamber of comers, by carrying out a project estimated to 6,5 million Euro finances from European funds. The purpose of this initiative is to facilitate the best partnerships on a European level.

Conclusions

The analysis in main components proved to be a very efficient statistical-mathematical method, which builds new variables and graphical representations allowing both the visualization and the existence of some groups of individuals or variables. Starting from the results of the analysis of the main components, the typological analysis was used with the purpose of grouping the countries in a low number of classes. Using the analysis of the main components and the typological analysis led to the creation of three classes, the first consisting of sixteen countries and the last of five countries. The conclusion of the analysis was that the great economic powers (Germany, France, Italy, Great Britain and Spain) are the source and the models of corporate social responsibility.

There have also been pointed out the social pressures felt in the context of the changes triggered by the current economic crisis. The CSR study24/7 Top 100 companies regarding the performances and the communication in the field of social responsibility in the countries from Central and Eastern Europe carried out by the company Braun&Partners Network in 2009 points out a low performance in the field of communicating the best practices in the field of human resources, projects carried out by companies together with the civil society, the lack of specialists in the field and the transparency in the CSR practices.

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