



**IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY
IN THE REPUBLIC OF MOLDOVA**

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“Education is the most powerful weapon which you can use to change the world.”

Nelson Mandela

Abstract

Perception regarding the role of businesses in our society has been going through a transformation. We no longer identify a company's sole purpose as being that of maximizing shareholder return but we increasingly expect companies to do good for society. There is growing recognition that Corporate Social Responsibility is essential in today's business and companies are voluntarily disclosing their effects on the people and communities where they operate.

Corporate responsibility is helpful not only for corporations to show higher commitment to practice ethics particularly to develop economic forces and to improve the quality of lives of the workforce and their respective families but also for stakeholders. Social discrimination puts stones in the way of corporations for not to build up good capacity for sustainable livelihoods.

This study undertakes the significance of Corporate Social Responsibility not only for wealth creation but also for maximizing the value of wealth creation to society.

Key words: Corporate social responsibility; corporate sustainability; stakeholders; social policies and strategies; corporate programs of social responsibility.

Jel Classification Numbers: M14; Q56.

Sumário

A percepção relativa ao papel dos negócios na nossa sociedade tem vindo a sofrer uma transformação. Não mais identificamos como o único objectivo de uma empresa o de maximizar o retorno monetário do accionista e cada vez mais se espera que a empresa seja benéfica para a sociedade. Há um crescimento no reconhecimento que a responsabilidade social de uma empresa é essencial nos negócios e as empresas estão voluntariamente a divulgar os seus efeitos junto das comunidades onde operam.

A responsabilidade corporativa é vantajosa, não só para que as empresas demonstrem uma maior dedicação à prática de ética particularmente para desenvolver forças económicas e para melhorar a qualidade de vida dos trabalhadores e das suas respectivas famílias, mas também para os accionistas. A discriminação social é um óbice no trajecto das empresas dado não conseguir desenvolver sustentáveis boas condições de vida.

Este estudo baseia-se na importância da responsabilidade social empresarial não só como criação de riqueza mas também para maximizar a importância da criação dessa riqueza para a sociedade.

Palavras chave: Responsabilidade social empresarial; sustentabilidade corporativa; as partes interessadas; as políticas sociais e as estratégias; programas corporativos de responsabilidade social.

Jel Classification Numbers: M14; Q56.

Resumo Executivo

No mundo contemporâneo, marcado pelas mudanças contínuas, o negócio desempenha um papel mais significativo do que o fez nos séculos passados. A actividade das empresas influencia a economia, o ambiente, causando consequências no médio social. O negócio tem um impacto considerável tanto ao nível local como ao nível global. Em muitos países, tem um papel importante no processo de elaboração e de regulamentação da legislação e da política fiscal do estado.

Este estudo representa um trabalho que reflecte e desenvolve a noção de responsabilidade social corporativa. Para mostrar como decorre, de forma prática, a implementação da responsabilidade social corporativa na República da Moldávia, foi elaborado um estudo na empresa “MOLDCELL S.A.”. A empresa, cujo capital de investimento tem origem estrangeira, marcou-se como um líder e um modelo de implementação da responsabilidade social corporativa no mercado económico moldavo.

Além do objectivo principal da organização, no que consta o desenvolvimento económico: aumentar as receitas através duma vasta oferta de produtos e serviços inovadores orientados para as necessidades dos clientes, oferecendo a melhor qualidade à preços acessíveis; a empresa tem claramente definidos alguns objectivos sociais. Essa atitude demonstra um alto grau de sensibilidade social tanto através da qualidade dos produtos prestados, como através das actividades que a empresa pratica e promove à favor da comunidade. Um dos factores que demonstra essa tendência é o conjunto de projectos sociais que a empresa implementa a favor dos seus clientes e da sociedade, criando uma imagem favorável face as autoridades locais, face as sociedades e face ao ambiente económico do país.

Utilizando os produtos e serviços mais modernos e inovadores, Moldcell confirmou a sua liderança na implementação das novas tecnologias na República da Moldávia. A infra-estrutura e os equipamentos de alta tecnologia, os quadros altamente qualificados, a experiência e o apoio dos accionistas, permite que a companhia Moldcell fornecesse soluções de comunicação móvel de qualidade com base nas tecnologias avançadas que atendem as necessidades individuais de cada cliente em parte. Até agora Moldcell implementou mais de 40 serviços baseados nas

tecnologias avançadas. Graça a abertura à inovação, Moldcell realizou investimentos consideráveis para a aplicação na prática das mais recentes soluções de comunicação móvel.

Neste sentido, salienta-se a necessidade de ganhar mais experiência, de catalisar uma mudança de atitude o que tem a ver com a responsabilidade social das organizações e dos parceiros públicos relacionados. Este estudo vai juntar algumas recomendações concretas e práticas relacionadas a atitude geral dos agentes económicos face à importância desse assunto, bem como as medidas que devem ser tomadas pelas duas partes: as entidades económicas da República da Moldávia e a sociedade.

Temos de salientar o facto que, em termos de Responsabilidade Social Corporativa, as empresas da República da Moldávia vão aprender a implementar este conceito nas suas actividades apenas com o suporte das empresas internacionais. Assim sendo, este estudo propõe formas de melhorar as estratégias de Responsabilidade Social Corporativa , modalidades de aumentar a eficiência dos resultados nas empresas que desenvolvem actividades com responsabilidade social, conjuntos de recomendações para facilitar a implementação das práticas de responsabilidade social nas empresas menos habituadas com este conceito, tal como várias sugestões orientadas às autoridades públicas para uma promoção mais eficiente das actividades de responsabilidade social no mundo de negócios da Republica da Moldávia.

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Acronym List

AIF	Association of Foreign Investors
AmCham	American Chamber of Commerce in Moldova
CSR	Corporate Social Responsibility
EDGE	Enhanced Data Rates for GSM Evolution
GAAP	Generally Accepted Accounting Principles
GPRS	General Packet Radio Service
IFRS	International Financial Reporting Standard
ISO Certification	International Quality Standards
JSC	Joint Stock Company
NGOs	Non-governmental Organization
PR	Public Relations
SOX	Sarbanes-Oxley Standards
UN	United Nation
WAP	Wireless Application Protocol
WBCSD	World Business Council for Sustainable Development

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1. Introduction

This thesis represents a study incorporating and developing the concept of Corporate Social Responsibility. There has been elaborated a study in JSC “MOLDCELL” in order to demonstrate how occurs the practical implementation of Corporate Social Responsibility in the Republic of Moldova. The company, being a foreign-owned enterprise, is a leader and a role model on the Moldovian market in the domain of Corporate Social Responsibility.

In addition to the main purpose of the organization, from an economic point of view, aiming at increasing revenues by offering innovative products and services oriented to customer requirements, providing high quality and affordable prices, the company has some clearly defined social objectives. This concern the demonstration of a high degree of social sensitivity both through its products, the quality of its products and through community activities which it promotes, which it carries out. One of the factors that demonstrates this trend is the set of social projects that the company implements for its customers and for the society by creating a favorable image of it both in the eyes of authorities and of the society and the business environment.

1.1. Background to the Study

Under conditions of acute competitiveness the image of the company depends not only on economic and financial indicators, the quality of products, the new jobs created, but it is heavily influenced by the way the company contributes to the prosperity of the community, the stakeholders, the environment.

Being very widespread in Europe and the USA, Corporate Social Responsibility (CSR) is becoming a phenomenon increasingly present in the Republic of Moldova. Although we cannot speak of significant performances in this domain, it started to develop, and specific activities, although these are not numerous, those which have been achieved, enjoyed much popularity.

CSR is not just a PR tool. Being built in a correct way, it presents many advantages for the company: it enhances the reputation, increases the loyalty towards the brand, increases the

market share of the company, attracts and retains valuable employees. However, CSR is mutually beneficial, being formulated according to the principle of “win-win”. Companies create a better image, influencing eventually the profit gain, and communities, involved groups are supported in solving social problems.

The study focuses on identifying the barriers encountered by domestic companies during the performance of CSR actions and the formulation of ways how to remove these barriers: that relate to the interaction with interested persons, communication in the field of CSR, there being offered several ways, the use of which may increase credibility in the public’s opinion of the company’s actions oriented towards the environment and the society. Moreover, one proposes ways to improve CSR strategies and to increase their efficiency for companies which perform socially responsible activities, recommendations how to facilitate the integration of socially responsible practices within the companies which are less familiar with this concept, as well as recommendations for public authorities for a more efficient promotion of social responsibility actions in the local business environment. Recommendations are proposed after analyzing the activity of a domestic company - Moldcell, which is a leader in the CSR domain.

1.2. Problem Definition

Once a company becomes sounder from an economic point of view, it must assume accordingly a more increasingly obvious moral responsibility. We cannot just talk about responsibilities towards shareholders, but towards all groups that directly or indirectly contribute to the profit procurement and towards groups affected by the activity of the company - employees and their families, suppliers, distributors and creditors, consumers, the local community and even the society as a whole and future generations. All these responsibilities, beyond the moral minimum, are related to what we call Corporate Social Responsibility.

In response to the increasing role of business, there changes the attitude towards the activities and responsibilities that companies have towards those whom they influence in the society. Thus, the company is becoming concerned not only about the final results of the operation of economic entities - the society is forming, de-facto, some certain expectations on

how companies perform their activity: how they consume natural resources, how they use the work of employees, which is the impact of business on community development etc.

In this context, there can be argued the fact that there are many perspectives and opportunities for promoting the concept of CSR in the business environment of the Republic of Moldova. The determination of some strategic directions for the development of socially responsible practices in our country demands the need of study of the international experience on support and development policies and instruments in this domain. The need to implement CSR practices in order to develop the corporate environment and the society as a whole shows the topicality of the theme of this thesis research, as well as the importance of the study.

2. Literature Review

2.1. Corporate Sustainability

In the contemporary world, characterized by constant changes, business plays a more significant role than it did in the past. The activity of companies influences the economy, the environment, causing social consequences. Business has an impact both locally and at the global level. In many countries it is involved actively in the improvement of policy and state regulations.

In response to the increasing role of business, there changes the attitude towards the activities and responsibilities that companies have towards those whom they influence in the society. Thus, the company is becoming concerned not only about the final results of the operation of economic entities - the society is forming, de-facto, some certain expectations on how companies perform their activity: how they consume natural resources, how they use the work of employees, which is the impact of business on community development etc.

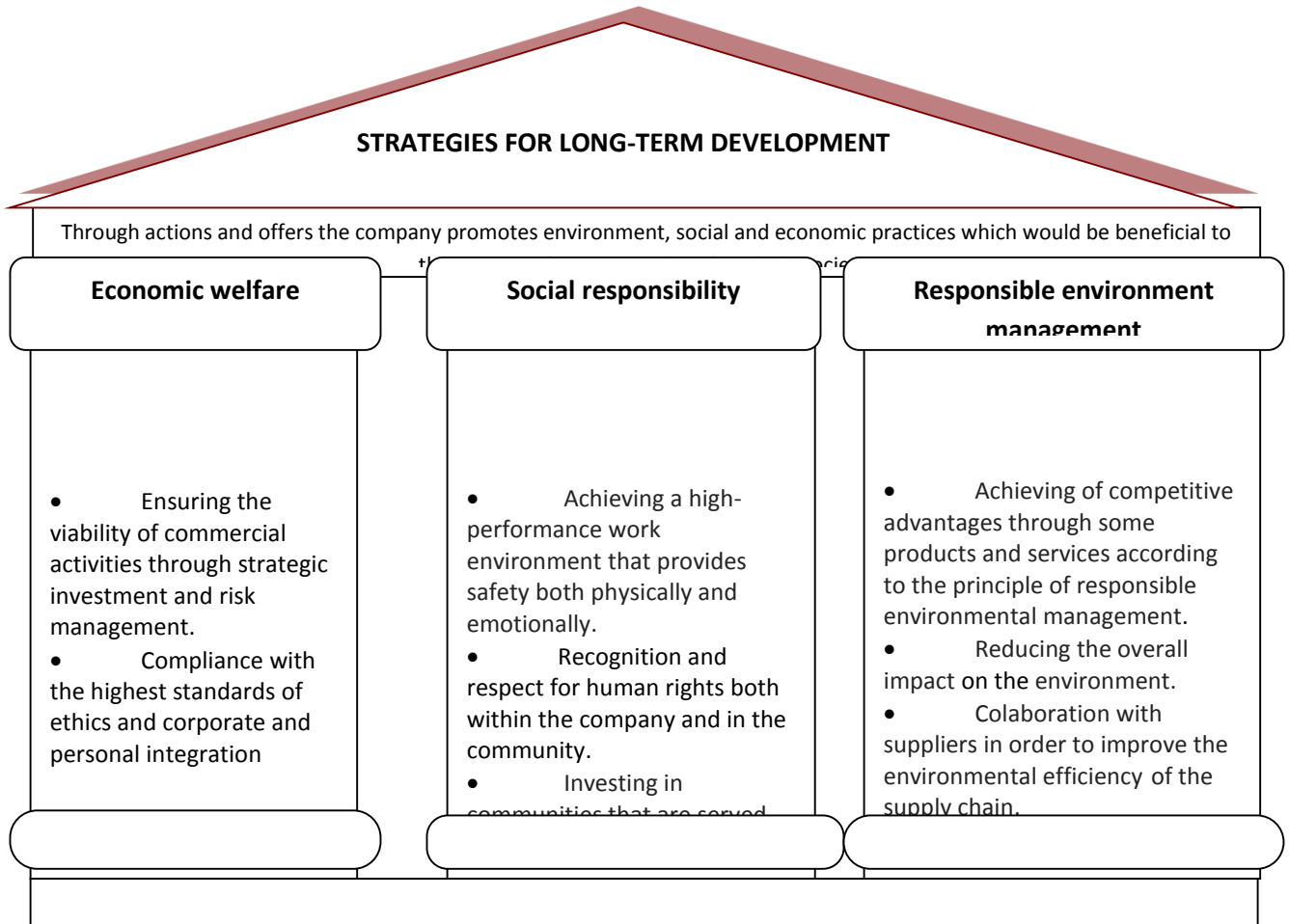
Given the essential role of companies in the common welfare, the society advances a growing number of social requirements – formal and non-formal - on how to conduct business.

As a result, companies, focusing on the achievement of primary targets in business: the profit reason, efficiency maximizing, maintenance of stability in relationships, the trend to grow consistently, however, begin to understand and accept gradually the need to put in practice a social and an environmental policy. Moreover, companies begin to have an approach and a long-term perspective in everything they do, without neglecting the opportunities arising at different times.

Thus, it is the responsible behavior of companies, a behavior which must comply with the foundations of the concept of “sustainable development”.

Sustainability is defined as a triple core (triple bottom line), being measured by three indicators: economic, social and environmental (Figure 1).

Figure 1: Strategies for long-term development of companies



Source: www.geneva-international.org

Sustainable development is a concept introduced and popularized in year 1987 by the World Commission on Environment and Development (Brundtland Commission), being defined as: “Development that meets the needs of the present without compromising the ability of future generations to ensure their own needs” (www.geneva-international.org).

We may mention that the sustainable development refers to the establishment and enforcement of such values of the organizational culture of the company, which, ensuring the needs of the organization and controlling risks (economic, social, environmental), protect,

maintain and improve at the same time the human, financial and natural capital for future generations.

Planning of CSR programs of the company is performed not only from a pressing need of the moment, taking care only of effect, such as sponsorship actions, but it is desired that one achieves his/her goals and achieves long-term, sustainable results through any direct action of the company or supported by the company.

Initiatives of community support, of long-term responsible actions of companies exert influence on trust and respect towards them, affecting the entire business activity and providing economic benefits.

Companies have to engage in social issues. At the same time, we must understand that the business environment alone cannot solve the huge global problems such as poverty, poor quality of education and health services. Governments are primarily responsible for these public services. “The business environment is not responsible for all the problems in the world and does not have resources to solve them all”, states Michael Porter, Professor at Harvard Business School and Mark Kramer, Director of FSG Social Impact Advisors in a study published by Harvard Business Review in December 2006. However, they believe that “every company can identify a particular set of social problems which it can address with a maximum of success and from which it can get the most significant competitive advantages”. Thus, “when a well-managed company uses its resources, experience and management skills for the management of those social problems which it is acquainted with and about which it is concerned, it can cause a positive social impact greater than that of any institution or philanthropic organizations”.

2.2. Corporate Social Responsibility

As the economic force and the communication ability of companies increase, increases and their social impact. This power may be tempered, balanced by a set of moral obligations to be assumed by the organization. Thus, not only managers, but also companies are morally responsible. We cannot just talk about responsibilities towards shareholders, but towards all groups that directly or indirectly contribute to the profit procurement and towards groups

affected by the company activity, that are employees and their families, suppliers, distributors and creditors, consumers, the local community and even the society as a whole and future generations. One expects from managers and companies not only to generate a legal profit, but not to harm others, to minimize the unavoidable evil in economic activities and to do good, identifying community problems in which to invest. All these responsibilities, beyond the moral minimum, are related to what is called Corporate Social Responsibility (www.responsabilitatesociala.ro).

CSR has three facets. The first one is the compliance with the letter and spirit of law - to be ethical, transparent, objective, and honest. The second aspect of social responsibility is the mitigation or remedy of any kind of damages which are caused by the company's operations, particularly upon the environment. A third aspect of responsibility is related to the reduction of damages caused by the sustainable development (Porter and Kramer, 2002).

In 1932, G. Berle and G. Means argued like in prophetic manner in the book *The Modern Corporation and Private Property* that: "Corporations have ceased to be merely legal instruments through which commercial transactions and individual businesses take place. Although an exaggerated effort is dedicated to this purpose, the corporation has acquired a greater or broader significance. Reaching unprecedented proportions, one can say that there appeared and evolved a corporation system that has attracted a mix of attributes and powers, reaching a level of prominence entitling it to be regarded as a key social institution (Ionescu, 2006)".

It can be argued, however, that the first academic debates about CSR began in the 1950s. Under the name of "social responsibility", initially there stood in the background expectations of the company from the business environment and ethical obligations towards it. Howard Bowen, considered to be the father of CSR, in 1953 defined this concept in his book "Social Responsibilities of the Businessman" as "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those directions that are approved in terms of values and objectives by our society".

Bowen argues that "the acceptance of the concept of social responsibility has a double motivation:

- Business exists due to the society and its behavior and its operating methods must be enrolled on the list of basic expectations of the society;
- Businessmen must behave like agents morally responsible towards the society” (Munteanu, 2006).

Another point of view belongs to T. Donaldson (1983) who considers social responsibility as a quasi-contractual obligation which companies have towards the society. A company has a central role in the society and this position allows it to use both human resources as well as natural ones in order to accomplish the productive functions and to gain a certain competitive position and a certain social status. As a result, the society acquires implied social rights: in exchange for the granted right to exploit resources in business processes, the company may claim the right to monitor those processes. The characteristic features of this type of contract may change as social conditions change, but it remains at the foundations of the legitimacy of the request for assuming social responsibility in overall. Later D. Wood (1991) extends these ideas by identifying three principles that determine the assumption of social responsibility:

- Companies are “social institutions” and this fact forces them to use their power responsibly;
- Companies are responsible for the impact they generate on the environment in which they operate;
- Managers are “moral agents” representing models at community level, thus, being forced to exercise decision-making powers responsibly.

Integrating this concept in the general theory of stakeholder, CSR is described by McWilliams and Siegel (2000) as “*all measures designed to promote a particular social interest, beyond the direct interest of the organization and beyond that what is required by law*”.

Armand Tuzzolino built on the ground of these theoretical foundations, the pyramid of organizational needs by extension of Maslow model.

Initially, social responsibility appears in the U.S. in 20’s-30’s years of the last century in the form of individual philanthropy actions. Actions of Andriu Carneghi and John D. Rockefeller

are well known, who by donating some impressive amounts, contributed to the solution of social problems, or social programs carried out by Henry Ford, who aimed at a very high remuneration of employees. Personal acts of generous owners are undertaken by companies, these becoming key players in corporate philanthropy. Social responsibility actions gain momentum in 60's-70's years in the U.S., being undertaken excitedly in 80's-90's years in Europe. It is believed that the first institutional effort to promote CSR is dated back to 1983-1984, when in Great Britain appears the initiative "Business in the Community", among the first attempts to assess the role of business in the community development and to improve social responsibility of economic entities.

Thus, generalizing the practices of companies in carrying out social responsibility activities, one highlights the following three stages:

- Stage I (the 60s - mid 70s). It is characterized mainly by carrying out philanthropy actions. Business and social activity are dispersed. Aid is often given in cash or in goods, taking into account the personal preferences of the leader.
- Stage II (mid 70s - early 80s). It is characterized by the emergence of strategic philanthropy, when business began to correlate social problems with the company's strategic objectives.
- Stage III (late 80s). The practice of implementation of social programs becomes widespread. The commercial sector, the commercial one and the state began to unite their efforts in order to solve specific social problems (KnoRus, 2008).

It is clear that the term "social responsibility" involves value judgments. Therefore, the concept is a subjective one and is influenced by the context. No wonder that there are a lot of definitions of CSR and academic debates on the content of CSR are very intense. CSR actors differently understand the concept of CSR and how CSR should be addressed. Even in Moldova, where the concept of CSR is not widely known, there are a variety of opinions about how CSR should be and how it should be promoted by companies and other stakeholders interested in the company activity. However, most authors and companies understand that CSR is not just a money donation within the framework of philanthropy actions, but rather a different style of

doing business, an integrated style into the company culture at all its operational levels and present in every moment of time.

A recent definition was formulated by the World Business Council for Sustainable Development (WBCSD) according to which, CSR is “the commitment of companies to contribute to the sustainable economic development, working with employees, their families, the local community and the society to improve the quality of life”.

An example of a company implementing CSR in its business is KPMG. The company defines CSR as “understanding of community issues in which the management of our social impact along with our financial performance take part. By this we believe that we can enhance the value we add to society and reduce the negative impact of our work (KPMG, 2003).”

Social responsibility of PepsiCo company consists in “continuously improving all aspects of the world in which we work - environmental, social, economic - creating a better tomorrow than today (Annual Report, 2004)”. The company focuses on five areas decisive for its success: corporate values, diversity and inclusion, health and welfare, water and packaging.

Government of Great Britain talks about CSR as “the way in which companies take into account the influence they exert on the economic, social and ambient environment as a result of the activity, maximizing benefits and minimizing losses (www.csr.gov.uk)”. Some scholars define CSR as “situations in which the company does more than is required and engage in actions designed to bring a gain to society, actions which go beyond the immediate economic interests of the firm and the minimal strictness imposed by law (McWilliams, 2005)”.

Actions that companies realize as part of CSR should present something more than the minimal legal requirements and tax liabilities in order to be classified as social responsibility. Indeed, compliance with the law and the payment of taxes is a universal obligation of companies, involving legal responsibility, not only social responsibility. Individual corporations or groups of corporations can draw up their own CSR principles, after the model of the British Win with Integrity Framework Initiative. Alternatively, they may adhere to international norms of conduct, such as those promoted by the UN Global Compact.

European Green Book (2001) regards the social responsibility as a “voluntary integration by companies of concerns from the social sphere and the ambient environment in their commercial activities and in their interaction with stakeholders”. The concept of CSR means going beyond the fulfilling of legal requirements by “extra” investing in human capital, the ambient environment and in relations with stakeholders. It is a voluntary instrument, but it must be implemented properly in order to gain the trust of stakeholders.

Parkinson brings other notions in the domain of social responsibility and distinguishes between the relational responsibility and social activism (Parkinson, 1996). Relational responsibility relates to the assistance of groups, such as employees, suppliers, customers or the community affected by the company. Social activism, on the other hand, favors groups that exceed the actual activity of the company. Parkinson (1996) explains “social activism is an effort of the company in social purposes emerging independently on the way in which the company conducts its business and makes up a involvement of the corporate activity in a non-commercial sphere”.

However, as Parkinson believes, these concepts can sometimes overlap in practice, the difference is useful as relational responsibility will usually coincide with the interests of the company to gain profit, or in the worst case it has a neutral impact on the company’s profit, while social activism can result from sacrificing profits.

Expert Group from the Republic of Moldova defines CSR as “actions through which companies do more than they are asked to do according to their pecuniary obligations. They adhere to certain corporate values trying to demonstrate that they can effectively contribute to solving social problems. Companies believe that, assuming these responsibilities, they do not only display efficiency in solving social problems, but also create a positive image and even make an investment in their own future by educating a generation of faithful customers (Expert Group, 2005)”.

After Thomes M. Jones’s opinion, the social responsibility of the company is the concept designating the obligations of companies towards groups set up in society, other than shareholders, and those prescribed by law and trade unions. The two sides of this definition are:

the first one, the obligation must be voluntarily accepted; the behavior influenced by constraining forces of law or trade unions is voluntary. The second obligation is broader, is going beyond the traditional duty towards shareholders to other societal groups such as: customers, employees, suppliers, neighboring communities. The essential feature of this definition is that social responsibility should be voluntary and involve discretion of managers to act in one way or another (Jones, 1980). Since volunteering becomes a “must” it is not “voluntary” (Newspaper Cariere, 2005)!

Social responsibility of the enterprise is defined by Samuel C. Certo as “the obligation of managers to take actions that protect and improve both the welfare of society seen as a whole, and the interests of the organization (Certo, 2002)”.

In the book “Corporate Social Responsibility”, Luminita Oprea said that CSR is “the amount of actions covered by a long-term strategy: donations, sponsorships, voluntarism, expertise, benefits”. Social responsibilities of companies differ according to their profile. A manufacturer of tobacco can support a research program in preventing lung cancer, a builder in the development of environmentally friendly materials, and a car company in ways to increase the road safety.

Corporate citizenship is a concept that compares the company with a citizen and, accordingly, has both rights and responsibilities. But one thing is certain: both practitioners and theorists agree that the premise that every company starts with when adhering to the status of corporate citizen is that the welfare of the community in the midst of which it operates to directly affect the firm's ability to make profit or not (Mateescu, 2007).

Mariana Petcu, in her article on “Corporate Social Responsibility”, regards the concept as “the manner in which the company operates under the laws and regulations established by the society in accordance with universal human rights”.

CSR is a very dynamic concept that is continuously improved by new ideas and continuous transformations. And if at the beginning of the last century this concept developed

slowly, without finding support in the business world, it is now treated as a fundamental business philosophy in most of developed countries.

2.2.1. The content of social responsible activities of companies

Of course, the most developed and most widely accepted model of corporate social responsibility is the so - called “the quadripartite model of corporate social responsibility”, originally proposed by Archie Carroll in 1979 and improved then in a recent work carried out in collaboration with A. K. Buchholtz (Carroll & Buchholtz, 2000).

Carroll sees CSR as a multilayered concept, in which he distinguishes four interrelated aspects - namely economic, legal, ethical and philanthropic responsibilities, arranged in a pyramid so that the “true” social responsibility involves bringing together all four levels in corporate behavior. In fact, Carroll and Buchholtz offer the following definition: “Corporate Social Responsibility includes that what the company expects from an organization from an economic, legal, ethic and philanthropic point of view in a given time (Carroll & Buchholtz, 2000)”.

Economic responsibility: Companies have shareholders who expect a reasonable gain on their investments, have employees who want secure and better paid jobs, have customers that require high-quality products at affordable prices, etc. This is by definition the rationale of to be of various affairs in society, so that the first responsibility of a business is to function as an economic unit and to maintain itself on the market.

Crane and Matten highlight a number of significant differences between applications of the model in the U.S. and Europe. The model of capitalism in most countries of continental Europe accepts a much broader definition of economic responsibility and takes more into account the company’s obligations towards its employees and local communities. For example, many German companies, such as the conglomerate Thyssen, continue to keep the operation of unprofitable units in the former communist east of the country, as the “abandonment” of this region, despite the poor economic situation, is considered socially unacceptable and given the

mainstream in the public opinion in Germany, it would be likely to result in serious image problems, seriously affecting the reputation of the big companies in West Germany.

Legal responsibility: Legal liability of the corporation requires businesses to comply with the laws and respect the “rules of the game”. In the recent years many branded companies have incurred legal penalties after demonstration in court of unfair competition practices, evidenced in illegal strategies designed to preserve their market sector and to increase unjustifiably profitability (which means that these companies focused excessively on their economic responsibility). Giant Microsoft lost a suit at law which lasted a long time in which the corporation was accused of violating antitrust laws by abusing of its monopoly position in order to disadvantage its competitors; the lawsuit resulted in severe losses for the company. As in cases of economic responsibilities, Carroll believes that the meeting of legal responsibilities is a mandatory requirement of the society towards any corporation.

Legal responsibility is regarded in Europe as the basis of all other forms of social responsibility, mainly due to the prominent role of the state in the regulation of corporation activities. Europeans tend to attribute to the state the role to impose rules of the economic game, while in the North American concept government regulations are regarded rather as some unwanted interferences, as they limit the individual freedom and private initiative.

Ethical responsibility: Ethical responsibilities require the corporations to do that what is just, fair and equitable, even if they are not forced to do so by the existing legal framework. For example, when in 1995 Shell Company wanted to drill in the drilling platform Brent Spar from the North Sea, it had all legal approvals of the British government, and, however, fell as a victim to the company initiated by Greenpeace and consumer boycotts. As a result, the legal decision to install the drilling platform was finally, not implemented, because the company did not take into account the demanding ethical expectations of society (or at least, of groups of protesters). Carroll argues therefore that ethical responsibilities consist in that what the society expects of corporations, beyond economic and legal requirements.

Philanthropic responsibility: On the top of the pyramid, the fourth level of CSR includes philanthropy actions. The Greek word “filantrópíe” literally means “love of people” and the

introduction of this term in the context of business environment covers all those situations in which the corporation is free to decide, without any external coercion, to engage in actions in order to improve the quality of life of employees, local communities and, ultimately, of the society as a whole. This level of social responsibility includes a wide variety of initiatives, including charitable donations, the construction of recreational facilities for employees and their families, the support to local schools, sponsoring of arts and sports events etc. According to Carroll, philanthropic responsibilities are only those required by the company, without being claimed or expected of corporations, which makes them “less important than the other three categories”.

The merit of the quadripartite model proposed by Carroll and Buchholtz is that it structures different CSR on distinct dimensions without ignoring the primordial fact, companies are required to be, above all, profitable within the law. In this sense, it is a theory pragmatic as possible.

However, the model does not tell us what happens when two or more types of responsibilities are conflicting. Here’s a very banal example. The problem of closure of production units very often puts the problem of finding a balance between economic responsibilities (which require efficiency and profitability) and ethical responsibilities of the company, of which employees expect to provide stable jobs. When company Renault has made public its intention to close the car plant in Belgium, sweeping away more than 3,000 jobs, the Belgian government protested vehemently, describing the measure as a “brutal” one, instead Renault shares rose immediately by 13% on all stock markets (Craciun, 2005: 172).

Thus, CSR is the achievement of commercial success in an ethical manner, with respect for people, communities and the environment. This means to meet the legal, ethical, commercial and other expectations which the society has towards companies, and to make decisions that would balance the needs of those who have a role in the company’s life (The Economist, 2004).

2.2.2. Strategies of companies in the domain of social responsibility

Companies can adopt different strategies in the domain of social responsibility. The used technologies, methods and the directions of social actions will depend on the strategy chosen.

2.2.2.1. Strategies of companies according to Archie Carroll

Archie Carroll called four CSR strategies depending on the mentioned categories (legal, economic, ethical and discretionary) involved in the organization's policy. These are:

- *Reactive strategy*. The corporation disclaims any responsibility for social problems, trumpeting that this problem has to be dealt by the government or trying to prove that there is nothing to reproach, since it complied with all legal requirements.

- *Defensive strategy*. The corporation recognizes its social responsibility, but tries to get rid of it acting on the line of least effort, relying mostly on facade measures and policies of image designed to save the appearances, avoiding the serious involvement in positive and expensive actions.

- *Accommodated strategy*. The corporation accepts its social responsibilities and strives to act so as to please influential pressure groups in society.

- *Proactive strategy*. The corporation seeks to exceed accepted standards in its activity field and to anticipate the future expectations of the public, doing more than that what may be required normally at the respective moment.

Many corporations differentiate themselves with regard to adopted social responsibility strategies. For example, in the past, the major tobacco companies vehemently denied any link between smoking and certain serious diseases (reactive strategy). Once the harmful effects of smoking were accepted cigarette manufacturing companies have opposed, as vehemently, antitabagism companies denying that they have known about the additive properties of nicotine, lobbying against government regulations and indefinitely delaying processes in which were involved by the victims of tobacco (defensive strategy). Lately, the weight of evidence against the tobacco forced the leading corporations from this industry to adopt a more flexible policy. For example, Phillip Morris launches a program of prevention of youth smoking. Because of their poor accountability of the near past, these seemingly proactive policies of corporations

producing cigarettes are regarded with skepticism, being interpreted by their critics rather as purely defensive measures, at the very most accommodated (Craciun, 2005: 176).

The basic idea reflected in this subchapter is that all members of society have different material needs, which must be satisfied by the economic system by production activities, rendering of services, distribution, assignment etc. Business is not the only possible way in which these material needs can be satisfied. They were imposed with the rise of capitalism, being, at least until now, the most efficient solution to support rapid and constant growth, an increase in economic efficiency, quality and variety of products and services, a relative or absolute decrease in prices etc. Essential is the fact that not the society exists for businessmen to earn a profit from it, but vice-versa, business exists to meet social needs.

2.2.2.2. Strategies of companies according to H. Johnson

Depending on the manner of approach to CSR activities, in H. Johnson's model there are outlined five levels of corporate behavior (Blagov, 2004):

- The level of responsibility lack;
- The level of compliance with laws;
- The fragmented level;
- The strategic level;
- The level of full support of society.

According to this model, there appears the possibility not only to classify enterprises after a CSR criterion, but also to compare the levels of social responsibility with the results of economic activity of that economic unit (Table 1).

Table 1: Classification of behavior in the CSR domain

Nr.	CSR Levels	Basic features	Examples of practices
1.	The level of responsibility lack	Companies do not comply, at least partially, general and legal	Using illegal labor of migrants in breach of norms of security, payment, working time usage etc.;

		standards that are promoted by the society.	Distortion of reports; Unethical promoting.
2.	The level of compliance with laws	Companies comply with the law only at a minimum level required for survival.	Compliance with product safety standards; Compensation of employees not lower than the minimum level; Recycling of production waste.
3.	The fragmented level	The company is involved in a limited number of unorganized CSR actions. The reasons for these activities have an ambiguous character - from an orientation to profit, for a long period, to the satisfaction of personal ambitions of the owner.	Participation in philanthropy actions; Supporting local communities; Sponsorship actions; Creation and / or maintenance of social facilities for company employees; Increase of quality, certification to international quality standards.
4.	The strategic level	The company addresses different aspects of the activity in a systemic way, including CSR, considering them important to increase financial indicators. Reasons for CSR activity are residing in the strategic nature.	Management of human resources, oriented towards the selection, maintenance and development of competent personnel; Consumer satisfaction, taking into account their needs and providing a reverse link; Developing a total quality management.
5.	The level of full	Companies are	Practices typical of Level IV;

	support of society	developing their policies on the grounds that its business must be “good” regardless of the potential financial outcome - positive or negative.	Employment of persons with disabilities and minorities; Using natural and environmentally clean materials; The active support of social organizations, such as, for example, Greenpeace.
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Source: Blagov, Iu. E. 2004. "The concept of corporate social responsibility and strategic management". Russian Newspaper of Management, No. 3: 27.

Level 1: Sustainable compliance of this level is impossible under conditions of a developed legal system as it leads to considerable expenses to the company, such as fines and court fees. Such companies whether stop their activity, or switch to a more advanced level - the level of compliance with laws. Such companies design their work, focusing only on short-term profits.

Level 2: The correspondence of this level allows to reduce some costs, but it gives no additional competitive advantages to the company because most enterprises (according to H. Johnson's opinion, probably in the U.S. 99% of companies – “do so”) (Blagov, 2004) as a minimum, refer to this level. Paying taxes in good time ensures a quiet life to the company leader, but it is insufficient to distinguish among competitors.

Level 3: At the first glance it seems that this level should have an impact on financial indicators. But the piecemeal approach to CSR actions probably cannot considerably improve the results of the company activity and has more a defense character than an offensive one. Oriented non-systemic efforts, for example, to meet the expectations of state bodies, consumers or employees, may conflict with the expectations of other interested persons.

Level 4: Several studies in this area show a stable link between social responsibility, oriented towards employees and consumers and financial results (Berman, 1999). The relationship between the results of the company's social responsibility oriented towards other stakeholders is not so obvious, but we must mention that it served less as an object of

investigation. Management of stakeholders as a system, allows to ensure both the synergistic effect and the sustainability of the business. Thus, the CSR appears not only as a major element of strategic management of the company, but can have a strategic character. However, the diagnosis of this level is difficult because, due to the lack of effective communication with the public, the achievement of CSR programs does not allow to identify the approach applied: fragmented or strategic.

Level 5: Companies treat the profit not as the single and the most important purpose, but as a condition of survival. One can expect that companies that refer to the last level may register a negative influence upon financial indicators. But, at the moment, there are performed no studies which could confirm or contradict this assumption.

2.2.3. Arguments „pro” and „against” Corporate Social Responsibility

Companies participating in social responsibility programs do not only cause a positive impact on society, but have a beneficial influence on the evolution of its activity.

Performed studies have shown that in most cases there is an interdependence between the responsible corporate behavior and economic indicators of enterprise activity. But, there is noted some methodological limitations related to quantitative characteristics of “social responsibility” and “economic indicators of the company” in all the investigations. Thus, it is considered that social indicators of the company’s activity must be estimated by means of a thorough analysis from the annual reports, press articles, or perceptions of “image” of the company, in terms of the general public. It is obvious that all of these criteria in order to determine CSR have some gaps. At the same time, it is necessary to note the fact that the evaluation of economic indicators of company’s activity (turnover, profitability of measures and their price) is more precise and objective.

In order to obtain accurate information it is necessary to determine how the social responsible activity influenced (both positively and negatively) on the performances of the company for the past years. For this reason, researches, based on financial data for short periods would not create a complete and truthful picture. In addition, if social responsibility beneficially

influences on the economic indicators of the company, it does not mean that it has become the cause of increase of efficiency of the company activity. It can be vice versa. One can assume that namely a tremendous income allows to the company the opportunity to undertake social programs. Other researches show that social responsibility has a neutral impact on company activity, and if one is participating in social programs highly dispersed from primary aims of the economic unit, perhaps it can adversely affect the price of its shares (Robbins and Koulter, 2007).

Was determined that the better reputation of the company is, the more extended is the period during which it receives the maximum income from its activity. And less time is necessary in order to obtain average financial indicators per industry, for example, for the launch of new products or services.

Social responsibility indirectly ensures a motivation profit, even if one does not earn money, generosity can create a very favorable image to the company in order to support it in its efforts to achieve the set objectives.

At the moment, there are methods of evaluation, e.g. "London Benchmarking Group" which allow to determine the level of involvement of the company in the community. The analysis assumes a cost-benefit relationship.

First of all, company **inputs** in community involvement programs are analyzed: **Financial** (sums of money), **Time** (number of paid hours of involved company employees), **In kind** (products, equipment, services, facilities offered for activities of involvement in community), **Time of management** (how worth is the time of management invested in community projects).

All these elements are accounted for, and the total represents the company's investment in community involvement activities.

The second major area of analysis refers to **outputs** and, not least, to **impact**. **Output** refers to: company benefits, community benefits, additional support or the value of additional support generated due to the company's initiative

(www.responsabilitatesociala.ro/editoriale/cum-masori-implicarea-companiei-tale-in-societate.html).

However, both in the specialty literature and in the economical practice there are different opinions on this topic (Table 2).

Table 2: Arguments „pro” and „against” the Corporate Social Responsibility

„Pro”	„Against”
<p>Changing public expectations. According to the society, economic entities must have in the present not only economic targets, but also social ones</p>	<p>Violation of the principle of maximization of profit. Business is already socially responsible if it is dealing with solving its own economic problems</p>
<p>Favorable long-term prospects for the business. Companies that have recognized the need of a social activity usually have more reliable guarantees as for the long-term income</p>	<p>Dispersal of goals. The desire to achieve social objectives may diverge from the primary purpose of business - achieving high economic indicators</p>
<p>Ethical commitments. Economic entities can and should be responsible towards the society, because it is fair and ethical</p>	<p>Expenses. Often socially oriented activity expenses are not fully recovered and in this case someone has to compensate them</p>
<p>Creating a positive image in society. Since the society treats social goals as important ones, companies can create a positive image, by solving social problems</p>	<p>Too much power. Business has now become one of the main forces of society and if the company begins to interfere with social purposes, it gets more power</p>
<p>Improving the external environment. Participation of companies in social events helps to solve many important problems of society and accordingly, leads to improving the current situation</p>	<p>Insufficient skills and experience. Management of companies usually does not possess a sufficient qualification for solving social problems</p>
<p>Reducing state regulation. By raising the</p>	<p>Insufficiency of responsibility. Forms and</p>

level of social engagement, the company can count on a reduction of pressure from state bodies	unique and concrete procedures of social references of the company do not exist
Balance between responsibilities and power. Companies, especially large ones, have considerable power in society. In order to balance this power it is necessary to exist a responsibility	
Interests of shareholders. Corporate social responsibility contributes sooner or later to the increase of prices of company shares	
The existence of resources. Companies have financial resources, specialists in various fields, as well as experience in management, sufficient to support social projects that need help	
Better to anticipate problems rather than to liquidate their consequences. The company must take some efforts before social problems become serious and their solvement becomes costly in time and money	

Source: Robbins S., Koulter M. 2007:206. “Management”, Publishing House “Williams”, Moscow.

2.2.3.1. Benefits of involvement in social activities

Thus, CSR should not be regarded as a panacea of a nature to solve all existing or potential problems, but as an opportunity to show an interest for local issues, enabling the staff involvement in community activities, to recourse to environmentally friendly production

technologies and to consume organic products, which will result in a positive effect on local companies.

The following reasons are the most significant ones for a company to engage in CSR programs.

1. Improvement of company's financial indicators

In the case of comparable financial indicators, the company that pollutes the environment, uses child labor or inefficiently uses natural resources of the community is losing its attractiveness for investors towards a socially responsible company. The existence of an appropriate policy in the domain of the environment and society indirectly reduces risks and confirms a high level of management at all activity levels of the company, the corporate ability to diagnose problems and react promptly to them. Finally, it reduces the price of resources attracted for the company's growth and increases its value.

2. Obtaining consumer loyalty towards the company and its products

Currently, consumers treat the socially responsible policy of the company as a leverage. For example, if social programs help to promote corporate values and allow to react to the emotional state of the consumer, then the result of such an activity will consist in the increase of loyalty towards the company and its products.

Studies have also shown that when consumers have to choose between similar products, consumer preferences are turning to brands perceived as "responsible". So:

- 70% of European consumers believed that the responsibility of a company is important in the decision to purchase a product or service (MORI: 2000)
- 86% of Americans were likely to change a brand in favor of another similar one, but involved in a social cause (Cone Corporate Citizenship Study: 2004)

3. Improvement of company's reputation

Social orientation of the performed activity, observance of business ethics contribute to strengthening the company's reputation and image in society. Through these activities one increases the visibility and credibility of this economic entity. Namely positive image of the company can protect business in critical situations not provided for any company: the emergence of negative information in the mass-media, control bodies mistakes, competitive intrigues, etc.

In the case when a company demonstrates its responsibility towards the community, good reputation related benefits have immediate consequences. So:

- 61% of opinion leaders all around the world are willing to recommend products of a responsible company (The Insightpoll.com Opinion Elite Panel: 2004);
- 84% of Americans believe that social responsibility is important when they are thinking about companies which they agree to see as operating companies in their community (Cone Corporate Citizenship Study: 2004).

www.responsabilitatesociala.ro/beneficii-ale-programelor-de-csr.html

4. Motivation of employees

Involvement in CSR programs creates a strong positive feeling among employees. More and more employees feel the need to be proud of their companies. And some measures are taken so that groups of employees work together, developing the team spirit. Such programs have a positive impact on increasing productivity in the company, motivation of staff, minimizing costs, due to the lack of loyalty towards the company. So:

- 78% of U.S. employees prefer to work for a company perceived as ethical and with a good reputation, rather than to have a higher salary (The Cherson Group, 2001).
- for 81% of Americans, the responsibility of a company is an important decision factor when they are choosing their job (Cone Corporate Citizenship Study: 2004) (Idem).

5. Stabilization of communities that leads to the economic growth

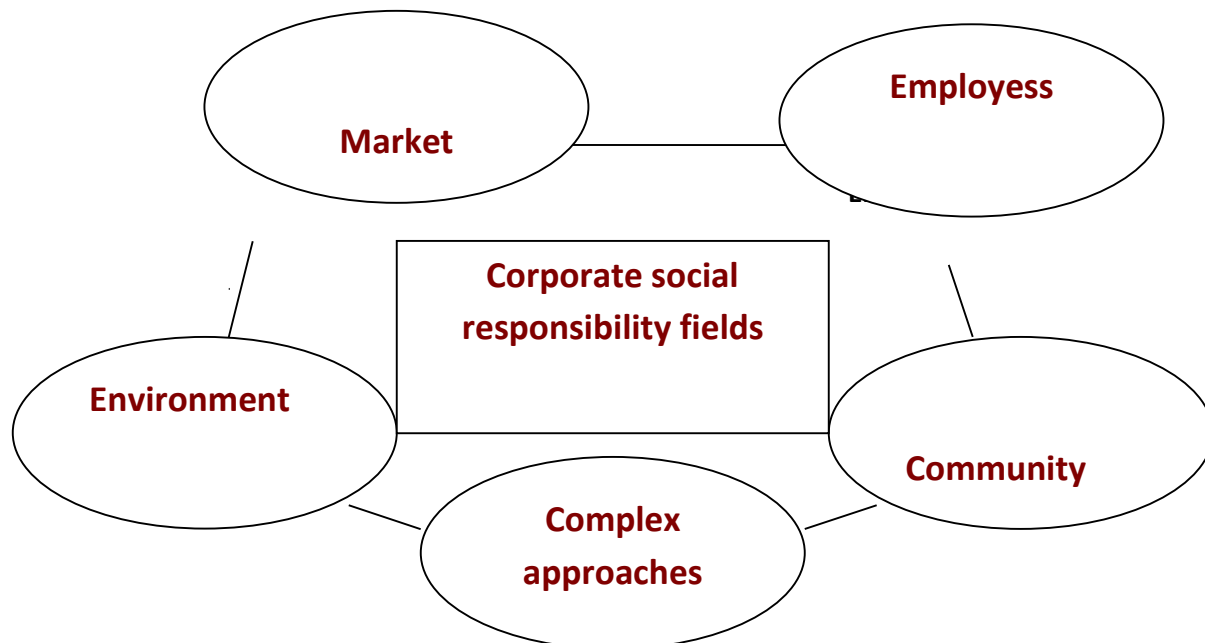
The company seeks a transparency enhancement, greater involvement in solving social problems and improving ethical behavior from companies. Unethical behavior of some companies claiming their reputation by being ethical and socially responsible can be more dangerous than in the case of firms with an unethical behavior without claiming the opposite.

Too often, you can hear about urging the mass-media to write about “generosity” of donations or charity work for NGOs and other CSR activities. In these examples, it is worth noting that the articles, pictures and images remain true purposes - promoted through false “mass- media events” to ensure maximum exposure. But the activity performed only for PR may have benefits anyway (www.responsabilitatesociala.ro).

2.2.4. Main directions of Corporate Social Responsibility actions

CSR actions can refer to different fields. Initially, being active in one field, the economic entities take a comprehensive approach in this direction together with its development(Figure 2).

Figure 2. Corporate social responsibility fields



Source: European Commision (2001).

Main aspects with regard to sizing CSR activities are drawn up by the European Commission (2001). All fields can be reported internally and externally.

Internally:

- management of human resources;
- security at the workplace;
- accommodation to changes;
- management of the environment impact and natural resources.

Externally:

- partnerships with the local community;
- partnerships with business partners;
- human rights;
- world protection of the environment.

We believe that it is useful to analyze indicators that reflect the company's contribution in this direction at every field of social responsibility activities.

Below we will describe some of the main activities of CSR.

2.2.4.1. Activities directed to the labour force

The main purpose of these activities consists in attracting and retaining highly skilled employees, the increase of loyalty level of employees towards the company.

CSR in this domain may include:

- Training and development of staff (including career planning, learning process throughout the life "lifelong learning");
- Informing of employees and participation in company decision making (delegation and participative management);

- Responsible and fair remuneration or financial support for employees (e.g. pension systems, interest-free loans);
- Providing a social package to employees;
- The balance between the professional and private life;
- Equal opportunities for women and minorities (ethnic, religious or sexual);
- Active promotion of employees founding themselves in an inactivity state after some illnesses or permanent or temporary disability.

Main indicators that characterize the activity of enterprises in this field: the amount of financial funds allocated for staff training; the amount of financial resources allocated to ensure a social package and a rewarding system for employees; the average salary of the employee; the number of employees who participated in improvements; number of average training hours per an employee.

2.2.4.2. Labour security and health

From the perspective of labour safety and health, CSR means to take care of the health and safety of employees in a superior way than requirements of legal provisions and to take into account external implications, such as the use of SSM as a criterion in selecting suppliers or marketing.

In this context, CSR actions may concern:

- Improvement of work conditions;
- Increase of satisfaction at the workplace;
- Promotion of a preventive culture oriented to achievement of a high level of occupational safety (prevention of professional diseases);
- Medical serving of the company staff;
- Granting aids for the maintenance of children of employees.

Main indicators characterizing the activity of enterprises in this field: the amount of financial funds allocated for the protection of security technology at the workplace for medical attendance of workers, for the support of female-mothers who are employees and their children,

in order to improve working conditions; the number of employees who were provided with trip and treatment vouchers in sanatoriums etc. at the expense of the company.

2.2.4.3. CSR activities directed to the environment

Depletion of natural resources, global warming, environment pollution, manmade disasters are just some of the acute problems caused by human activity. Realizing the importance of the subject, many enterprises have taken on the responsibility to protect the environment.

Care for the environment means not only the observance of legislation in this field, but also:

- Efficient use of resources;
- Reduction of waste and pollution;
- Recycling of waste;
- Concern for the environment in the design of products / manufacturing processes;
- Applying an "environmental assessment" of suppliers, in terms of their environmental standards;
- Informing of business partners, customers or of the society concerning environmental issues;
- Volunteering actions oriented expansion of green spaces in the community.

Main indicators that characterize the activity of enterprises in this field: the amount of financial funds allocated for enhancing ecological safety of production processes and for the creation or modernization of wastewater treatment stations; the number of actions taken in order to protect the environment and the number of employees who took part at them.

2.2.4.4. CSR activities directed towards ensuring an ethical business practice

Companies rely in their activity on a network of internal and external relationships that are vital for mutual prosperity. The way in which these working relationships are managed often have a major impact upon the success of a company. Good relationships with business partners bring gains for both sides.

CSR in this field may include:

- A policy of informational transparency in relations with shareholders, suppliers, partners, customers and other stakeholders;
- Organizing of support programs of the small business in case of large enterprises;
- Development of collaboration programs with state organizations, professional associations, other NGOs.

Main indicators that characterize the activity of enterprises in this field: the amount of financial resources allocated for information and communication with interested persons, for spending cooperation programs with state and public organizations.

2.5. Models of Corporate Social Responsibility

Some models that have a major impact on the evolution of the concept and CSR practices can be identified below.

2.5.1. American model of Corporate Social Responsibility

In the U.S., state authorities contribute to the development of philanthropy and sponsorship activities by changing the tax policy, legislation, performing a control in the purposes of the public interests. State forms of stimulation are multiple: one introduces facilities for the income tax, the amount of social contributions is deducted from the taxable income, etc.

Various corporate philanthropic trust companies, which have the aim to finance the resolution of various social problems, play an important role in the implementation of CSR in the U.S.

In most of the cases (95%) the trust company belongs only to one company, but, sometimes it can be formed on the basis of financial funds that belong to different companies (e.g., when the foundation is created by a few companies, operating in a region) (CnoRus, 2008:45).

During the evolution of economic methods of stimulation of CSR by the state, these were completed constantly by new facilities. For example, initially philanthropic trust

companies were unable to use existing resources as capital - to be invested. However, trust companies began to grow much faster than the amounts allocated from them in charity purposes. Then companies obtained an additional facility - the right to invest a portion of the available philanthropic funds in state securities and with the lapse of time and in securities of private companies. After granting such facilities, the company is able to maintain charges for social actions, even in those years, which were not marked by outstanding financial results. Moreover, the company, which has subsidiaries or branches in other regions, may carry the financing of social of branches until they reach a certain level of profitability, which would allow them to meet the social policy with their own forces.

Thus, U.S. provides a classic example of CSR realization through direct minimal state involvement (which would imply the receipt of appropriate legislative acts) in this process. State regulation based on economic incentives is the essence of the American model of CSR, which has confirmed its effectiveness over several decades.

2.5.2. European model of Corporate Social Responsibility

Under the influence of European Community legislation, one has changed some aspects of social responsibility in some member- states. Thus, there is a Ministry of Social Responsibility in the the UK and France since 2002 and France passed a law that requires the publicly traded companies to produce a report on the activity in the field of social responsibility. Companies are required to assess the impact of their activities on the environment and society, and to find solutions in order to participate in the harmonious development of society through dialogue with all stakeholders (<http://www.responsabilitatesociala.ro>).

United Kingdom is a distinct pattern in terms of CSR, including features typical of the American and European model. Namely the active business support from the side of the state represents the common aspect with the European version. The country is characterized by a well-established system of health and social insurance. The main features of the British CSR model are:

- broad development of independent consulting in the field of CSR;

- increased attention from the financial sector devoted to CSR projects (increasing the number of socially responsible investment trust companies);
- special interest of the mass-media. For example, “Times” published CSR indices in the “Company Profiles” every week.
- the professional training system in the field of business, which is substantially different from the European one by the number and diversity of university courses in the CSR field;
- Government participation in the development of CSR. This is manifested by the creation of partnerships with private companies in the education field, supporting initiatives in this field by financing of projects, promoting of initiatives to adjust national standards to the international ones in CSR (CnoRus: 2008).

Table 3: Comparative analysis of the main CSR models

Indicators	SUA	European Community	Great Britain
Appearance period	Approximately 100 years	25-30 years	20-25 years
Flexibility	A reduced level of changes	An average level of flexibility	A high responsiveness to changes
Main forms of CSR	Programs of companies in partnership with communities, aimed at improving working conditions and employees' social security	Social programs, development of social reporting standards, their implementation in practice, the idea of social reporting	Social investment funds, special programs, social attitudes towards the staff
The freedom level in the	It is not regulated at the legislative level, there is	A strict regulation, the existence of specific	The number of legislative acts in this area is

realization of CSR	full freedom	mechanisms, rules and regulations	minimal
Society's position	Active, collaboration	A lack of trust towards business, active	Average
State's role	Business collaboration with representatives of the local state power in order to fix low limits of taxes	A high level of state involvement, a high level of taxes	State participation is insignificant
Control	Social	At the level of state and society	Social
Business's position towards CSR	To the extent required by the rules of business behavior and the possibility to increase the company's costs	Activity in the limits of laws, the perception of its role in the social, economic and environmental processes	Demonstration of the initiative, the perception of its role in the CSR implementation

Source: “CnoRus”, 2008:51, “Corporate social responsibility: management aspect”, Moscow.

Of course, in the case of the Republic of Moldova, where the attitude towards CSR is quite hostile, it is early to talk about a perfectly legal framework in this field. However, given the existing trends in economically developed countries and the desire to fit in Europe, it will be necessary to refer to the fact that the future belongs to socially active companies.

2.6. The Corporate Social Responsibility situation in the Republic of Moldova

The detailed study of national specifics in the implementation of CSR practices becomes important in order to promote the concept of CSR in the Republic of Moldova.

The perception of the concept of CSR is different in the country at the moment. Most of the population, being influenced by the former socialist ideology, expects from companies to solve social problems in the place of state. One assumes that namely companies need to take care of social protection of the population, including test and treatment sheets, providing housing, creating various facilities in order to create comfort at workplace etc. Since most companies cannot do this thing, one has formed a negative attitude towards business and its leaders.

In turn, many businessmen believe that social responsibility is reduced only to the creation of jobs, providing of employees with decent wages and taxes. In the mentality of society, responsibility may be expressed by the formula "you have to share" and is perceived more than as a philanthropic activity.

Thus, for domestic enterprises, CSR issues are at the same time well known and new.

Among the difficulties that adversely affect the achievement of CSR activities by companies from the Republic of Moldova one may highlight:

- the negative impact of the period of transition to the market economy, that is characterized by inhibition of social programs and general trends of companies to get rid of the social infrastructure;
- non-familiarization of company management with the relationship between CSR and the possibilities of creating a positive reputation of the company on the market, obtaining a brand loyalty etc.;
- underestimation of both the companies and the persons interested economic of the economic effect from implementation of social programs in practice;
- fairly low level of business culture shown by the business community from the Republic of Moldova, which does not allow to assess the true value of the company's activities in terms of compliance with ethical norms (e.g. some economic entities are performing

charity activities, helping children in orphanages, but, at the same time, uses child labor in its activities in some cases);

- the negative attitude of the management of some companies towards social programs, considering them as an inefficient use of available financial funds and a waste of time.
- the lack of a robust policy at the state level oriented to the support of CSR practices of companies, the creation of tax incentives for these activities.

During the implementation of the concept of CSR in the Republic of Moldova one has carried out some investigations in this area. Among the first studies we may mention “Assessment of Corporate Social Responsibility in the Republic of Moldova”, carried out in September-November 2005 by the analytical center "Expert Group". It notes that CSR practices and of public information on CSR are at an early stage and are promoted by a small number of domestic and foreign, medium and large companies. CSR practices and of public reporting on CSR are limited to a few sectors and do not differ greatly from the situation from other countries in the region.

Moldovan companies have a sense of social responsibility in business. Their social responsibility encompasses a wide area ranging from the internal one towards employees and shareholders to the investment in community development and to charity. But, usually, these initiatives are distant from that what companies consider to be their core business. At the social level these initiatives are decoupled from one another and which is even more important, they are not made public (<http://expert-grup.org/docs/25/responsabiitate-sociala-corporativa-rom.pdf>).

Analysis of local social practices, as for social responsibility, suggests that a large part of the actions taken by companies in this direction is reduced to philanthropy actions. But the experience of developed countries shows that they are a starting point in the evolution of CSR policies. If, initially, philanthropy actions are based on spontaneous and scattered judgments, along with the development of the activity, there is a correlation with the company's strategy and the desire to improve the situation in the nearest areas. Thus, companies that produce

cigarettes support sporting events, automotive companies - environmental programs, advanced technology companies - scientific investigation of perspective.

Analyzing the CSR experience of companies that are part of the Global Pact in the Republic of Moldova, one may mention the fact that a group of businesses, leaders in this field emerged: Moldcell IM, IM Orange, ICS Red Union Fenosa SA, ICS Endava LLC, BC Mobiasbank Groupe Société Générale SA, Moldova Agroindbank, IM Sun Communications LLC. As one notes, most of them are large enterprises with foreign capital. Namely these do not limit themselves to co-participation in organized philanthropy actions of NGOs, but initiate on their own projects with a high social sensitivity, based on the interaction with interested individuals and addressing acute social problems.

Despite the fact that a large number of enterprises from the Republic of Moldova achieved a certain CSR activity, they do not consider it necessary to communicate about their social policies. There are frequent cases when companies have websites designed to a very high level, but they do not communicate anything about the actions taken by companies in the social field.

Assuming by the firm of a social behavior is based, in most of the cases, on decisions of a strategic nature. As a result, a number of companies define their competitive advantage in terms of social responsibility. However, this attitude is fairly recent, it begins to be taken over and by companies from the Republic of Moldova.

International organizations that are oriented toward promoting this concept have a beneficial influence on social policies of companies in the country, Global Pact (Global Pact) of UN having an important role.

3. Conceptual framework of existing problem

In order to successfully implement CSR activities, CSR policy must be well organized, efforts being made to avoid typical mistakes in this area. According to data of the survey conducted by the representative of the Charities Aid Foundation from Russia, there are several mistakes, because of which social programs of companies fail (the company does not treat them as manifestations of socially responsible business) (Tcaciuc, 2004).

1. One of the typical mistakes committed by companies that want to show a responsibility towards the society: reaction to the problem, but not its settlement. Instead of paying taxes for environmental pollution, firms could have altered existing technologies.

2. **Projects based on blind following of indications of local authorities** are less effective in this regard (instead of analyzing the directions certainly needed to be supported, companies help those which are indicated by the officials).

3. At the same time, **the lack of transparency of social activity**, when it is not clear whom, how and why some companies make donations is a little useful for creating the company's reputation.

4. And the last mistake – **financing of objects and not of programs**. Often, instead of supporting, for example, programs to fight poverty, companies choose “popular” items for charitable purposes (churches, monasteries), undertaking a honor mission, but, often, it is not urgent for society, such as, for example, helping orphanages or providing useful training courses for the unemployed persons.

Only avoiding these mistakes and taking into account the interests of all interested parties one can get a high efficiency in the implementation of social programs.

The development process of social programs in the company should involve the following steps:

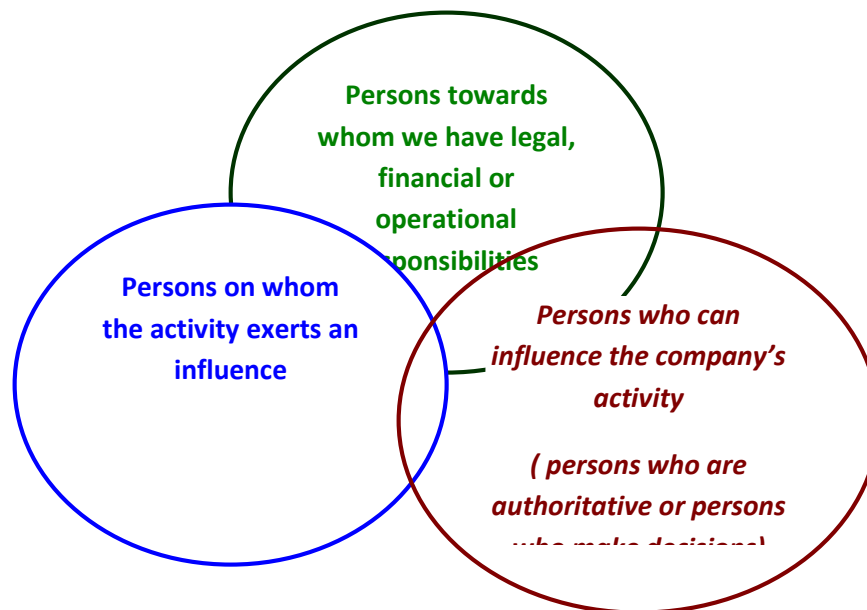
- strategic analysis;
- identification of stakeholders;
- diagnosing of social problems.

One should start with a **strategic analysis** in order to obtain a high social sensitivity, shaping the content and priorities of the company's social responsibility actions. The purpose of this initial phase of the process of interaction is to materialize the strategic objectives, **identifying then who are the interested persons**, the risks of the in the interaction with them and methods of influence on main interested persons.

Strategic approach of the interaction with interested individuals enables the company to perceive and to react to any problem or significant threat, which it copes with, but not activate, stumbling from one crisis to another.

It is through effective collaboration with the interested persons that the company can **correctly determine social problems**, the settlement of which will beneficially influence both the society and the performances of the company. It is crucial for the company to choose namely those problems that are important for sustainable business development. Otherwise, if the company cannot correctly classify problems according to their impact, then it undertakes risks in relationships with stakeholders to focus only on short-term trends and important social propensities.

Figure 3: Stakeholder map



Source: www.urbanecomomics.ru

It is important to perceive how problems related to the company’s activity may interfuse with certain expectations and concerns of interested persons in the diagnosis of problems related to the company’s activity.

Table 4: Sources of information concerning stakeholders’ expectations

	Sources of information concerning stakeholders’ expectations
What one knows	Due to their current contacts, company employees now have some knowledge about issues that bother stakeholders. In addition, stakeholders have already addressed these issues through feedback channels: hotlines or conferences for investors.
What stakeholders tell the company	Direct communication with stakeholders can provide a wide range of information, but this dialogue is necessary to be monitored fairly, so that stakeholders do not have the feeling that everything is limited only to discussions.
What stakeholders tell about the company	Tracking the information flow at the local and national level; scientific publications in this field; reports and publications of governmental and intergovernmental organizations; companies organized by NGOs, public surveys and corresponding discussions at forums through Internet.

Source: Appendix to the standard AA1000SES, p.39 (www.urbaneeconomics.ru).

For this reason, problems identified *only within the organization* require a simpler method of selection, but it is difficult to argue their topicality for interested persons and is quite difficult to obtain a high level of transparency. The same, *various committees and initiatives*

can be used for this purpose, for example, branch associations and the Global Pact, which will allow to use resources wisely. However, the most effective method of choosing problems is the *collaboration with the company's stakeholders*, as, in this case, one ensures a broader approach, one helps to improve relationships, one increases the company's credibility and, thus, one exerts a positive influence on the image of the economic entity.

The process of choosing the problem must emerge from the strategic analysis carried out previously. The desire of the management to get high financial indicators in short terms may negatively affect this process. It is important to select namely those particular issues or causes that are viable for sustainable business development.

Thus, it is necessary to cumulate strategic objectives of interaction with stakeholders and the problems that were diagnosed through the essential test. Each strategic objective may be entrusted with several problems simultaneously. For example, in order to meet customer expectations with regard to the “socially responsible” production process one should analyze several aspects: human rights, environmental and health protection. If one believes that any subject was not given due consideration, he/she should be convinced that it is included in the list of problems and assessed according to the essential test.

The problem may be important both for the company and for society, but may not be realized to the necessary extent. The same problem can be at different levels of awareness by the society in different regions, countries, areas.

One distinguishes four different maturity levels of the social problem: the latent, felt, strengthened and institutionalized one (Table 5).

Table 5: Maturity levels of the social problem

Levels	Features
Latent	<p>Only most active residents of the community and NGOs know about the problem;</p> <p>There are no sufficient scientific evidence or of other nature;</p>

	Companies either do not notice the problem, or do not want to deal with it.
Felt	Political circles and mas- media mention about the problem; The first investigation of the matter appear, but one feels a lack of information; Leading companies are seeking a solution to the problem.
Consolidated	Companies gain experience in solving the social problem; Many voluntary initiatives to address the problem appear; There appears the necessity of legislative regulataton of the problem; One drafts standards and carries out collective actions.
Institutionalized	One receives legal and business rules; Methods promoted become a common norm for conducting business at a high level.

Source: Appendix to the standard AA1000SES, p.43 (www.urbanecomics.ru).

Usually, one pays higher attention to problems at high levels of maturity. But this does not mean that the discussions on them were finished and one found the decision absolutely convenient for all stakeholders. Thus, an efficient process of interaction with interested individuals must be flexible, to allow space for permanent changes and attracting new groups of stakeholders, even if the problem is already institutionalized. A good example serves the practice of nearly 20 years of corporate environmental reporting.

In the framework of the study, conducted by the International Research Agency in 1996, 19053 of respondents were surveyed and one determined priority social issues, the company and consumer attitude towards them (Table 6) (Ahmedov and Shirocenskaia, 2003).

Table 6: Consumers' and companies' attitude towards main social problems

Social problems	The consumers' attitude (%)	The companies' attitude (%)
Medicine/health system	68	7
Schools/education	52	1
Environment issues	44	4
Invalids' problems	41	-
Children's problems	38	3
Poverty	37	5
Problems of people without shelter	33	10
Rights and animals' protection	31	11
Alcoholism and drug misuse problems	30	-
Communities' problems	27	-

Source: Ahmedov, N. A., & Shirocenskaia, I. P. 2003. "Marketing of significant social problems as a new trend in increasing loyalty towards the company and its brands".

Marketing in Russia and abroad. No. 1.

As the table shows, British consumers give preference to primary issues, such as health, youth education, environment protection and believe that social investments should be directed in these areas, but not to sponsoring sports, the arts, which are not mentioned in their lists but take instead priority positions in corporate activities

4. Methodology

Research methodology serves for the purpose to satisfy research needs. It sequentially puts steps to be followed in sorting order. Research methodology defines the purpose that has to be satisfied with the help of results come out of data analysis. Research methodology holds an important place in whole research study. It helps in drawing significant conclusion based on the evidences found in the result of data analysis; it is formulated to be useful enough to achieve the aims and objectives.

During conducting our research we were eager to take help from secondary data, as key advantages of using secondary data include time and cost savings. Works of world-renowned scientists in the field of CSR: M. Friedman, P. Drucker, H.R. Bowen, K. Davis, R. Blomstrom, McGuire J., Carroll A., Sethi S., Schawartz M., Ionecu Gh., Craciun D., S. Certo, Kotler Ph., Blagov Iu.E., Konovalova L.N., Cricevschii N.A. and the works of local researchers: Covas L. Cotelnic A., Solcan A., Belostecinic M., Levitcaia A., S. Buciuscan and others served as **a methodological and theoretical-scientific support of the research.**

Legislation of the Republic of Moldova, as well as European Parliament resolutions on CSR of the enterprise; international standards in the field of quality, social responsibility and environmental management; the data base obtained after carrying out the survey served as an **information base.**

Importance of the study:

- Highlighting and emphasizing the importance of CSR activities both for business competitiveness and sustainable development of the national economy;
- It substantially contributes to identify the situation concerning CSR actions of companies from the Republic of Moldova;
- It provides viable recommendations for the implementation of CSR activities of companies contributing on the horizon to increasing their competitiveness and addressing some social problems.

The scientific research algorithm is based on combining qualitative methods through case analysis, data collection and processing.

Given the fact that we are dealing with a complex of subjective factors superimposed on a hybrid and multidisciplinary concept, such as CSR, the approach of analysis is difficult and delicate. In order to separate and describe the dimensions of involvement of companies in responsible activities, one recurses to qualitative analysis techniques.

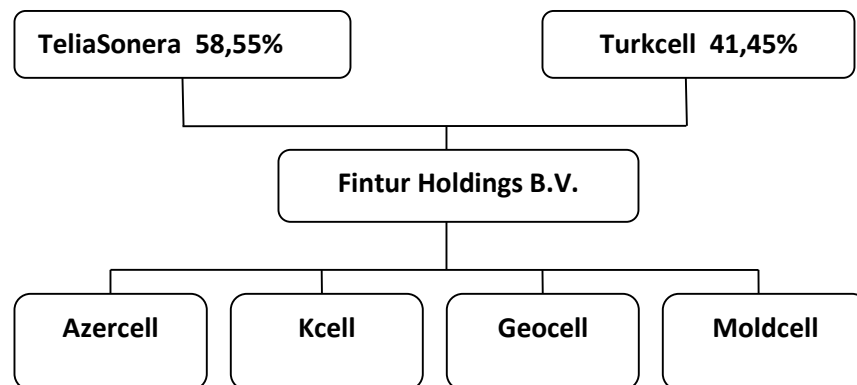
Thus, the research is designed and conducted in order to contribute to the enrichment of approaches from the special literature with regard to business management which combines the results of companies with responsible behavior. CSR can be considered as a resource that contributes to competitive success, either directly or indirectly through corporate reputation as evidenced by the literature in this field.

5. Data Analysis

5.1. Company Profile

Moldcell Company started its activity in the Republic of Moldova on April 28, 2000 marking a new stage in the development of the mobile telecommunications sector from the Republic of Moldova. The shareholder of the mobile operator Moldcell is Fintur Holdings BV, TeliaSonera Eurasia holding the majority equity stake (58.55%) - one of the most advanced mobile telecommunications groups in the world, which has leading positions in the Nordic and Baltic Countries and ranks 7th in the world by the number of subscribers. The remaining share (41.45%) is owned by the leading operator from Turkey – Turkcell (www.moldcell.md).

Figure 4: Structure of majority shareholders of Moldcell Company



Source: Data provided by the company.

Company's emergence has been a real revolution on the mobile market from Moldova. Namely Moldcell was the company that transformed the mobile phone from a luxury in something useful and absolutely necessary, decreasing rates in the Republic of Moldova by 50%. In the period 2000-2003 Moldcell was the company that revolutionized the mobile market from Moldova with services that did not exist until then: SMS, Roaming, Pre-paid, per-second billing; with leading technologies like WAP and a customer-oriented attitude through Moldcell Centers located throughout the country and a modern showroom. In December 2004, Moldcell

reconfirms its leadership in the implementation of new technologies in Moldova and launched 2G technologies – GPRS for the first time.

Moreover, following the strategy to provide its customers with everything that is newer and better in the domain of telecommunications in a consistent way, in 2005 Moldcell continues to invest in technologies and launches EDGE (Enhanced Data Rates for GSM Evolution), a technology that has increased 3 times the data transfer speed compared to GPRS. During this year one launched 18 new, useful and available services of which 10 are offered exclusively, performing at the same time the extension of the work program of the Customer Service Department, 24 of the 24 hours, 7 days a week.

In 2006, a year in which the company focuses on the further implementation of the effective management strategy which is highly appreciated by the subscribers of the company and the development of innovative services based on advanced technologies that come to satisfy the communication thirst of customers, and at the same time, to develop the service sector in other areas of business: Moldcell Transport Manager, Mobile Security Service, Data Kit, Moldcell Smart Settings.

In the next period of activity Moldcell invests in the construction of the network and development of 3G services, being the first mobile operator from the Republic of Moldova who publicly demonstrated on June 24, 2008 that it is ready to provide 3G mobile services from a technical standpoint, presenting for the first time for Moldova the broadband data transfer and video calling.

Having been launched in 2000 rather as an alternative to the existing mobile communication, Moldcell changed its perception. Thanks to the operator, the mobile phone has become a vital, essential and accessible necessity from a luxurious accessory.

The summary of those 12 years of ubiquity and primacy of Moldcell was formulated by the customer as follows:

➤ of 12 years:

Customers have the chance to choose what is best; can display their feelings in writing via SMS.

➤ of 7 years:

Higher attention is given to the Customer Service that is serving 24/24; one can explore the world with the mobile Internet 7 days.

➤ of 4 years:

Moldcell creates a bridge between Moldova cities by the regional tax, making communication more accessible for the rural population. Moldcell give the chance for friends and relatives to meet wherever they are in the world through the video call.

➤ of 2 years:

Moldcell offers the latest and most advanced products available in the world - tablets and smartphones.

➤ of one year:

The operator is ready to provide the fastest technology in the world - 4G.

Moldcell is the preferred choice of Moldovans who value the Quality and Attitude - 2 components underlying the daily activity of the operator.

It has built the most advanced national fiber optic network from Moldova, one has supported over 370 educational, socio-cultural, health projects and conducted a transparent business, which contributed to the development of society. The customers, the population from Moldova can enjoy everything that is the newest and advanced in the domain of mobile telecommunications: one brought 14 technologies on the market for the first time, the most popular smartphones in Europe, the highest qualitative Customer Service and the most comfortable mobile Internet.

Moldcell registers the largest number of subscribers connected to the network the second consecutive year and is a leader in the speed with which it expands its 3G network. In less than half a year, 3G network increased by 43%, currently covering about 73% of the territory of

Moldova. Thus, the internet browsing by devices or directly from the mobile phone is more comfortable than ever with the new product Moldcell – “Internet ca lumea”.

“Internet ca lumea” is a new product with 5 pricing options that aims at satisfying the browsing thirst of the most demanding users, because it is inspired by the experience of communication of customers. The product is intended for all new and existing customers for web browsing on tablets, laptops or personal computers.

Moldcell Company Awards: Moldcell is awarded the “State Prize for achievements in the quality field” in 2008 for the second consecutive year, and receives the title “Best Taxpayer of the Year” for the fourth consecutive year. Being awarded the great prize in the category “Socially responsible brand” first launched in 2008 by the organizers of the contest “Brand of the year 2008”, represents the recognition of the company’s efforts to improve population’s welfare and to give value to cultural life in Moldova. Moldcell is the only company in telecommunications being awarded this prize.

Moldcell Brand- winner of the great award- statue “Golden Mercury” in the years :

- 2005 – nomination „Fidelity”;
- 2006 - nomination „Fidelity”;
- 2007 – nomination „Leader”;
- 2008 - nomination „Socially responsible”;
- 2009 - nomination „Socially responsible”;
- 2010 nomination „Rebranding”;
- 2011 - nomination „Reputation and trust”;
- 2012 - nomination „Socially responsible”;
- 2012 – gold medal at nomination „Debut of the year” („Internet ca lumea”).

These awards show the assessment of Moldcell Company performances and the contribution which it makes to the country’s image at the national and international level. Also the company received the award – “The General CSR Award” (2008), awarded in the contest organized by the American Chamber of Trade. The year 2008 was very fruitful for Moldcell as for achievements recognized internationally. On December 25, 2008, the company obtained the

Certificate of Conformity with Quality Management System ISO 9001: 2000 offered by “Bureau Veritas”, the world leader in certification, Moldcell being the first mobile operator in Moldova, certified with ISO 9001: 2000 (www.moldcell.md).

5.2. Analysis of the Company Moldcell activity in the CSR field

The concept of CSR is embedded in the general development strategy of Moldcell Company starting with its launch on the Moldovan market, inheriting this approach from its international shareholders. The company is an active promoter of a proper business conduct, with respect for internationally agreed principles and values of national heritage. Moldcell believes that the business attitude must be fair, continuing to be a generator of qualitative products and services, one of the best employers in Moldova and leader in the implementation of modern technologies, being actively involved in the community life of the Republic of Moldova. Since 2006, the operator is a member of the network of the Global Compact under aegis of the United Nations, which promotes CSR in the world, presiding over the network in 2008. By signing the pact, the company expressed its desire to observe, promote and improve best practices, formulated as 10 principles, ranked on four areas: Human Rights, labor standards, environmental protection and the fight against corruption. Thus, the company pursues the performance of a fair activity, observing values declared at the global level, which will lead to the creation of a better healthy, democratic and financially sustainable life and business environment (www.moldcell.md).

For 10 years, Moldcell is institutionalizing and integrating CSR values in the daily operations of the company. The company constantly contributes to the improvement of the quality of life in the society in which it operates by investing in the professional development of its employees, supporting programs for gifted children and youth of the country, as well as various projects and events with cultural- artistic character, the figure of which exceeds 170 projects during its activity, promoting Moldova's image and being an exemplary model of successful investments.

CSR is integrated by a sustainable development strategy of the company, being implemented at three basic levels: economic, environmental and social.

5.2.1 CSR practices of Moldcell Company at the economic level

Moldcell Company directly contributes to the improvement of the economy of the Republic of Moldova, being *an important taxpayer*, investing in its infrastructure, making its contribution in creating a friendly atmosphere for new investments. Since the initiation of the company's activities, one has invested the amount of 83 million USD and 84 million are planned to be allocated by the end of 2011.

Due to the business growth and expansion of turnover, the company is now one of the largest taxpayers in the country, being awarded the title "Best Taxpayer of the Year" for four consecutive years.

Since August 2007, the company, along with other three mobile operators, pays a fee in the amount of 2.5% of the turnover, collected by the State Social Fund, in order to support socially vulnerable groups. In 2007-2008 this amount amounted to 21 million USD.

Since the beginning of its activity, Moldcell contributed to the budget of the country with 21.8 million USD of taxes. It contributed indirectly to providing salaries of public employees (10%), capital investment (40%), as well as equipment of hospitals, kindergartens, schools, universities, nursing homes, etc. (50%) from taxes paid by the company for the state and local budgets.

Moldcell Company continuously optimizes its internal operation processes and the management, internal and external communication, promotes a healthy, correct business and with maximum transparency, countervailing corruption, manifested in various aspects and levels, and ensuring *the financial and fiscal transparency* by operation on the basis of international quality standards, such as Sarbanes-Oxley Standards (SOX) – internal control system applied at the U.S. stock market, International Financial Reporting Standard (U.S. GAAP, IFRS) Management Information System (SAP, Hyperion) the procurement procedure.

During its activity, Moldcell Company promoted business in transparent conditions, with respect for the people, traditions and values, being honored to be the only company in

telecommunications awarded the prize with the nomination “Socially responsible trademark” launched for the first time in 2009. In this context, the company promotes *a new style of leadership and corporate culture* by means of: Code of Ethics and Business Conduct; Code of Conduct of GCNM members on combating the worst forms of child labor and Environment Code GO GREEN.

By using the most modern products and services, Moldcell Company confirmed its leadership in the implementation of new technologies in the Republic of Moldova. Infrastructure and high-tech equipment, qualified personnel, experience and support of shareholders allow to Moldcell Company to provide quality mobile communication solutions based on advanced technologies that meet the requirements of each subscriber individually. Up to the present, Moldcell implemented over 40 services based on advanced technologies. Thanks openness to innovation, Moldcell made considerable investments for the application in practice of the latest mobile communication solutions. Moldcell has revolutionized the mobile phone market in the Republic of Moldova, being the first operator which implemented high-performance technologies, Moldova ranking thus among the first European countries that have such technologies. Even beginning with the foundation of the company, the main purpose of it was to provide innovative services, oriented to requirements of subscribers, of high quality and at affordable prices. Moldcell values the loyalty of users, the operator continuing to pleasantly surprise customers with new and innovative products and qualitative services, original projects and major promotions to please all customers. Moldcell uses technologies to serve the society: to facilitate communication of people with disabilities, inform users on certain matters of public interest as a source of information and disease prevention (sending SMSs about the hazard and prevention of influenza AH1N1); to organize fundraising campaigns: the campaign “Give a second to children”; campaign “A house without dangers for your child”; the international charity actions of supporting victims of Beslan; to save economic resources and to protect the environment; replacing of physical movements with audio/ video conferences.

The correct behavior of the company on the market is represented by the company's efforts to impose morals in the marketing policy, advertising and consumer rights, practicing fair prices, actions to obtain customer loyalty. Moldcell is a customer-oriented company, translating

into reality the slogan “Every client matters”. This statement is a motto exemplified by 70 promotional campaigns and personalized offers implemented so far. Thanks to the attitude promoted by Moldcell, Moldcell opened a showroom in Chisinau and more complex customer service centers in various regions of the country. Special care to customers was the main reason for extending the work program of Customer Service. Now it is available 24 in 24 hours, 7 days a week. Moreover, the company expands and modernises Centre Moldcell network, thus facilitating public access from Moldova not only to its services, but also to a service to the highest level.

Moldcell Company *plays an active role in the business community* thanks to international experience, resource allocation and direct involvement of the management in the activity carried out by different associations and networks, like: AmCham (American Chamber of Commerce in Moldova); Local Network of the Global Compact under the auspices of the Office of United Nations from Moldova (which it chaired in 2008); AIF (Association of Foreign Investors).

5.2.2 CSR practices of Moldcell Company at the environmental level

Moldcell promotes in its activity a socially responsible business and takes account of the environmental protection, it fulfills its commitments by performing a number of actions aimed at reducing the negative environmental impact; initiatives of the company in conducting business on the basis of standards of rational use of resources used within the company; employee involvement in voluntary pro-environmental actions; supporting activities of youth education in the ecology field. In the company all the machines used are certified by documents proving their compliance with standards set forth by national and international rules; in the selection of equipment and suppliers of equipment, one of the selection criteria is the impact on the environment mobile phones that have been given to the company's employees in order to be used and that are already obsolete as a result of exploitation over many years, are written out and stored in special warehouses till their recycling; all outworn equipment that can not be repaired are subject to the same process, the plan of services and expansion of the product portfolio includes the development of technical solutions able to reduce the negative impact of certain processes on the environment;

The national campaign “Go Green”- a project supported by Moldcell Company, through which representatives of civil society and the business environment from Moldova undertake to join efforts to promote environmental protection and to become a model for improving social and ecological performances, to promote a corporate pro-ecological culture, to use “3-R” principles “Reduce, Reuse, Recycle”, to popularize the initiative among partners, competitors and other stakeholders and to report the obtained progress in environmental protection in their annual report.

“Green Day - because we care”- a public initiative through which employees- volunteers of Moldcell Company have done works of furnishing in the public garden Rose Valley of Botanica Sector and Forest Park of Riscani Sector. The participants in the event, employees led by the management team showed dedication and team spirit, confessing that this initiative, in addition to being one of the most interesting team-building activities, gave them a great moral satisfaction.

“Moldcell serving environmental protection”- since October 2009, the company stopped issuing paper statements of account. Up to the present, one sent monthly tens of thousands bills to Fantasy subscribers, there being used over 20 tons of paper yearly. Now the statement of account is available to Fantasy subscribers in USSD version directly on your mobile.

Ecology Olympiad- for 6 years Moldcell Company supports the Republican Ecology Olympiad, giving valuable prizes to talented young people for their efforts.

5.2.3 CSR of Moldcell Company at the social level

Besides the introduction of high technologies in communications in the Republic of Moldova, Moldcell has proven to be a company that observes local traditions, admires and promotes talents, develops and invests in young people. Moldcell has an active involvement in the community life, contributing to its development. The company has supported more than 100 socio-cultural projects, including international festivals, concerts, entertainment projects and other events that are designed to give color to the community life.

Incorporating the values of CSR in the company's development strategy, Moldcell proves a serious engagement of the management and employees, becoming a model company for promoting social partnerships with various stakeholders.

Orientation towards employees is a basic feature of the company. Training, know-how and permanent experience exchange, new approaches of leadership styles, organizational behavior, events of building team and social spirit- all these are evidence of the company's ongoing investment in its employees. During 2008:

- 242 of 314 employees participated in development programs and training;
- The total training budget for the period 2000- 2008 made up - 610.821 USD, for 2008 making up- 285,249 USD (15584 hours), by 25% more hours than in year 2007 and accordingly by 70% more compared to year 2000 (6940 hours);
- The budget of trainings in the technical field made up- 248.444 USD during the years 2000-2008, for 2008 it amounting to- 84.094 USD (4108 hours in 2008, compared with 2246 hours in 2007);
- 33 employees participated in international conferences of obtaining and growing international experience (21 in 2007 and 12 employees in 2008);
- 4 employees of Moldcell Company are involved in the international program of Managerial Talents of TeliaSonera group of Moldcell;
- 45 students have earned Moldcell Scholarship (21 students in 2007-2008, 24 - in 2008-2009) and participated in the professional development program within the company;
- 65 new jobs created (30 in 2007 and 35 in 2008).

The company offers a wide range of benefits and social assistance, including: mobile phone services offered by Moldcell to its employees; member cards of sports clubs, the cost being partially covered by the company; leasing gyms for employees of the company practicing various types of sports; voluntary medical insurance offered by Moldcell; bank loans offered by Moldcell to its employees on favorable terms; exchange of experience in the group TeliaSonera; insurance for cases of work accidents.

Employment policy of the company aims at promoting and observing human rights, it meaning: eliminating abusive child labor; observance of human right; health protection and safety provision (seminar GlaxoSmithKline - preventing cervical cancer); encouraging the employment of persons with disabilities; Gender equity (women- 61%, men - 39%).

Philanthropy, charity and sponsorship, community support programs conducted by Moldcell- sponsorship policy of the operator aims to bring a value in the field of: education, schooling, health protection, culture and arts, promotion of youth, the support of disabled people, investing in tomorrow's professional staff and investing in children. The support of all spheres listed above is expressed through projects, some being initiated and carried out by Moldcell exclusively and becoming a tradition, others being carried out by social partnership with ministries and local public authorities, the Metropoly of Moldova and mass-media, health care and education staff, NGOs, international bodies and the private sector.

Moldcell Company "Ambassador of Culture of the Republic of Moldova"- thanks to the support of the mobile phone operator there was possible to perform a number of very important projects for the culture of the Republic of Moldova: Festival of Queen Violin, Ethno-Jazz; Artistic International Symposium; International Festival "Songs of the world", International Festival of Theatre Art "BITEI", International Festival "The Little Prince".

Active and constant contribution of the company to the organization of music and theatre festivals, art exhibitions and artistic symposiums, concerts and performances, to discovering and promoting young artists made it to obtain the status of "Ambassador of culture" in the country.

Investing in education, investing in the next generation- considering the investment in children and young people as one of the most precious one, the company has implemented various programs aimed at helping and developing the next generation of the country:

The Festival of Arts for children "Orange Flash" - one of the most significant projects undertaken by Moldcell Company to the benefit of children, offering them a unique opportunity to express themselves using their imagination: ingenious images, essays, works of ceramics, moulded toys. More than 16,500 children participated in the four editions of the festival and

hundreds of them have received precious awards from Moldcell. In 2008, the project showed the following results: about 900 children from over 100 schools, lyceums, gymnasiums, creative centers, including 15 boarding schools from different regions of the country participated in the fourth edition of the competition. The edition from 2008 was held under the auspices of the Minister of Education and Youth of the Republic of Moldova, with the support of the Parliamentary Committee on Social Protection, Health and Family of RM, which means that the festival has become one of the important national events dedicated to children.

One could mention the following among other projects and initiatives:

“Managerial Competition Championship”- a competition for the most active and ingenious young persons, students of the Faculty of Economics and Novice Managers. Moldcell Company supports various initiatives to promote youth, believing that young people is the most valuable investment in the future of Moldova.

National Youth Conference *“Model of United Nations”*- in order to familiarize the participants with the rules of international law, globalization issues and tools of effective diplomacy, Moldcell Company agreed to support and participate in this event. Being on the third edition, the competition focused on high school graduates from the capital and in the regions of the country.

Campaign *“Put your mind in motion”*- an anti-copying campaign conducted in order to identify the active youth, socially responsible for the future of the generation of professionals who are to be engaged after graduation.

Project *“English courses for journalists”*- already held in three editions, gave an opportunity to journalism specialists to profit by a free English language course offered by Top English School of Today.

Health Care- a priority field in the CSR activity of Moldcell. The mobile phone operator launches partnerships and supports projects that aim at changing attitudes and behaviors of society for the better, focusing on direct positive impact on beneficiaries.

Anti-cancer campaign “*Give Hopes*”- Moldcell Company has participated in the national fundraising campaign in order to purchase anti-cancer drugs and equipment for the Oncology Institute from Chisinau. The campaign was conducted by the Association of Pharmacists from Moldova.

Campaing “*Help children injured in home conditions*”- in the national communication campaign “*A house without dangers for your child*”, Moldcell launched a fundraising campaign for children aged 0 to 5 years who have suffered from accidents at home. By this Moldcell aims at inciting the public opinion, at alerting the adults who look after children that a habitual residence hides dozens of dangers for children, that their safety and well-being depend entirely on the responsibility of the family.

Support in the technological and information development of the community- transfer of knowledge and experience is essential for effective and harmonious development of any activity field. Therefore, Moldcell holds conferences of national importance, in which reputed professionals, academics and practitioners, students and young professionals meet to learn new things, to exchange ideas and make strategic decisions. We could mention the following among them: International Conference “Information Technologies BLT +”; “International Conference on Border Management”, organized by the Association for Business and Parliament of the Republic of Moldova; roundtable on the theme “Issues of social advertising in the Republic of Moldova”; International Conference “Governance and Bussines for better social responsibility”, an event attended by more than 120 delegates and guests of honor, among which the Chairman of Parliament of the Republic of Moldova, U.S. Ambassador in Moldova and experts from Sweden, Spain, Romania, Ukraine and Moldova.

Charity Activities- one of the major philanthropic initiatives undertaken by Moldcell was the support offered to the population of the regions affected by floods in August 2008. Moldcell came promptly to the aid of all those who were in the calamity stricken areas and struggled with it, needing an urgent communication, providing free mobile communication for 2 weeks. Balance of the supporting campaign:

- Moldcell covered an area of more than 20% of the country territory with mobile communication, more than 22.000 people from 15 regions of the country have benefited from the provided support;
- The amount of free minutes consumed has exceeded 1 million;
- In addition to the nation-wide initiative, company employees collected and distributed personally material goods to those 69 families from 7 villages of Rezina District whose homes have been severely affected by the floods.

Among the many philanthropic projects carried out by Moldcell Company there can be listed:

“Santa's Enchanted Route”- an activity for children, having no precedent in the Republic of Moldova, initiated by the Academy of Santa Claus in partnership with Moldcell Company, in the framework of which children received a variety of gifts and communication with Santa. In the same period, Moldcell helped Santa bring joys and gifts to over 800 children from Moldova.

Thus, based on analysis of all CSR activities conducted by Moldcell during these years, one may mention an evolution in time of CSR communication platforms within the company. If at the beginning, the endowment of schools, hospitals, children’s homes were in the forefront, today these platforms have expanded to more stimulating fields, such as the support of culture, sports and qualitative education, fostering the entrepreneurial spirit.

Also, the study of social responsibility practices of the company shows that a great part of the undertaken actions shall be reduced to: *philanthropy actions* and *promoting a cause, volunteering actions* slowly acquire value, the company using its human resources in the support of a cause; *cause related marketing, social marketing and socially responsible business practices* being less publicized programs.

5.3. Recommendations for the organizations from the Republic of Moldova in the CSR field

The involvement of companies in social programs, beyond the social duty that organizations have towards communities they belong to, represents a marketing tool that leads to improving the image and increasing the reputation of companies they open, differentiation

toward competitors and brand loyalty, the increase of sales and the market share, attracting and retaining valuable employees. As companies will waive partially some of the standard tools of advertising, more organizations will be involved in community issues, acting in order to mitigate them, profiting thus by the creation of a positive image through inciting the public sensitivity.

The need of a change of attitude and practice in the social responsibility field by organizations and public partners involved is obvious. Further, we will try to offer some concrete and practical recommendations related to both the general attitude in this field, as well as to concrete steps that should be taken by both organizations of the Republic of Moldova, and authorities and society.

Let us talk at first about external forces of organizations that to some extent influence the behavior in the social responsibility field of them. For companies to demonstrate a socially responsible behavior, a strong demand from the public for such behavior is needed. Communities and NGOs should address more vigorously social responsibility issues and to be actively involved in their solving. In turn, the authorities should rather establish an open dialogue with companies than to address them in a “soviet” unfriendly style. At last, social responsibility of organizations is a matter of internal conviction and corporate culture, but not of coercion.

Government should refrain from interfering in the social responsibility politics of companies. On the other hand, the authorities should make efforts sustained for the establishment of a legal framework to encourage private companies to carry out socially responsible business. At the same time, (central, regional and local) authorities should engage in a permanent dialogue with companies in order to tackle the most pressing common social problems. But this dialogue must be based on transparency and voluntary participation. This partnership should involve discussion about common goals and instruments used to achieve these goals. Compulsory education of a “social responsibility” is unacceptable and damaging for development goals.

The involvement of the third sector in the debates concerning CSR is not less important. NGOs can play a vital role in identifying problems, building coalitions and ensuring sustainability of public-private relations. But these should improve their skills so as to be able to engage in dialogues on technically complicated issues. Beyond this, NGOs are the best agents in the dialogue between citizens and the business environment.

Social Responsibility as a concept and practice should be promoted through mass-media for informing the society of the Republic of Moldova. Offering prizes to journalists writing about social responsibility could serve as an incentive for attracting mass-media institutions in the national campaign of promoting Social Responsibility.

However, the greatest effort should be made by companies. They should identify the most relevant and influential stakeholders and discuss with them. For the company, the result of the dialogue should be a clearer picture of public expectations, a deeper understanding of the way in which social reports should be structured and a set of indicators to be used to reflect the company's progress in areas which the public is most interested in. These indicators should be compatible with international standards of public information. Some national standards consistent with international ones can be developed by a working group consisting of representatives of several companies.

The same indicators may serve as tools and guidelines for assessment of the social impact of actions that are part of social responsibility of organizations. The impact must be evaluated correctly and the public must be informed about this impact. The public should be given the opportunity to express its opinion and the company should take into account this opinion. Such assessments will help the company to improve its social responsibility policies. Business associations, employers, small and medium-sized enterprises and other similar organizations must join to improve their public presence and communication. This will contribute greatly to restoring public trust in business, a trust that is currently quite weak in Moldovan society.

Participation in conferences organized by international organizations on the issue of social responsibility and adherence to the principles of some initiatives such as the Local Network of the Global Pact from the Republic of Moldova will help firms to raise their standards in the field

of social responsibility. The knowledge obtained through this involvement will make Moldovan companies understand that social responsibility is not just donating money for high moral ideals. It also includes basic human rights, moral integrity, care for the environment and promoting accountability across its networks in the upstream and downstream. Investing in sustainable development of the community may be proven and is economically profitable, as it enhances company image in society and gives long-term growth opportunities to it. Caring for clients must become a way of life of the company, which will increase its comparative advantages in an increasingly competitive environment.

Companies have to understand that social responsibility of organizations can turn even into a strategic advantage which in turn will further enhance the company's reputation. This will allow the company to differentiate its products in relation to competitors. Namely companies are appropriate institutions to further the view that a “socially responsible” product or service is more valuable than others to consumers.

Companies should strive to incorporate the principles of social responsibility in everyday activities. Social responsibility should not be regarded as a occasional activity, but as an integral part of corporate culture. Donation of money and the granted aid at solving social problems are important. But public effects of these activities will be greatly enhanced if companies should establish effective communication with social actors interested in its activities. Publication of reports of CSR or their coherent integration in the annual financial report would be a good start.

Communication methods used by companies should be improved. It would be unfortunate to miss opportunities provided by modern technology. Companies have still more to do to turn their web pages into effective tools of communication with the public on various topics, including on social responsibility. Direct communication between the staff responsible for social responsibility and external stakeholders should be simplified and enhanced. This will encourage the public to perceive the company as a responsible, open partner and trustworthy as for solving social issues.

Subsidiaries of Western companies from Moldova should be encouraged to incorporate into their practice standards of organizational social responsibility used in their home countries.

Domestic companies operating in sectors with significant impact on the environment should also be encouraged to report the way in which they observe the environment laws and should be invited to be part of this core group. These two categories of companies are required to report on their own responsibilities and to promote national best practices of CSR. For example, they may require from their upstream and downstream partners to publish information on social responsibility. For the beginning, these reports may not fully comply with international standards in this field and they may reflect only the most visible and easier to assess activities, such as local development, sponsorship and philanthropic activity. These reports will become more complete and consistent with the company's understanding of the important role which reputation and public recognition have.

In the process of developing a socially responsible project, the company, after it had set the strategic objective, identified interested persons, which it will focus on and the social problem to be addressed, it has to determine the methods and instruments through which it will perform the activity. Thus, it is necessary to determine the type of the social program through which it will attain the set goals.

Most of proposed programs follow the model proposed by Philip Kotler and Nancy Lee in the book “Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause” (<http://www.responsabilitatesociala.ro/practici-de-afaceri-responsabile-social.html>).

1. Promotion of a cause;
2. The cause-related Marketing;
3. Social Marketing;
4. Philanthropy actions;
5. Volunteering in the community;
6. Socially responsible business practices.

Currently, companies from the Republic of Moldova lack the continuity in many projects initiated (there is no long-term strategy in this direction) and focusing on a specific field chosen for investments in CSR, this is due to the fact that many companies have no specialists to deal, in particular, with this thing (in general, these have other responsibilities within the company).

All the above-mentioned programs offer a lot of ideas and possibilities for any company from the Republic of Moldova wishing, to some extent, to learn what it means to be socially responsible in business. Description of the above proposed programs demonstrates that the organization in fact would raise the prestige and bring success not only at the image level, but also from an economic point of view with a socially responsible behavior.

Effectiveness of CSR programs depends only on the amount of social investments allocated in this direction, the message which the firm conveys through these activities and the honesty which it does with is more important. The message promoting CSR actions should be based on public expectations, not on that what the company wants to communicate.

Even if we highlighted above a number of achievements and positive aspects of Moldcell Company in the field of social responsibility, we would like to mention that there are aspects that could be improved in the field of social responsibility. One proposal would focus on personnel policy, so as the company's management to develop a broader policy of employment of disadvantaged classes or people with disabilities. Of course, the company's activities require a high degree of staff training and this should not be ignored, but there are still ways in which such practices are encouraged. During the implementation of a program that would help the mentioned persons find a job, informing the public about such concerns will continue to improve the company's image.

Another proposal for Moldcell Company would be to improve relationships and create partnerships with NGOs. Partnerships with the public sector which Moldcell Company has are particularly partnerships with government or local authorities, and of course, they offer an advantage, especially in the context of the Republic of Moldova. But, being a large company, Moldcell should encourage NGOs to partnerships, even if it advocated for certain requirements to be met by them. It could submit programs in which NGOs should implement certain projects or charitable activities, promoting at the same time the financing company's image. Thanks to such programs, both organizations would have partners and of course Moldcell Company in the first row.

Social responsibility of organizations can be a vehicle to better. And it is a great thing because it is a tool of private initiatives. Companies should not constantly expect from the state to do something. They can act within their respective spheres of influence without waiting for political reaction. Moreover, this kind of political action raises standards for politics, which will be challenged to take actions.

As noted in the Republic of Moldova, there is a lot to assess in the field of CSR. There are enough levers that allow companies to grow themselves and at the same time to contribute to the development of society in which it operates. Through this study we realized once again that it is good and absolutely necessary for organizations from the Republic of Moldova to exercise a high degree of social responsibility, a fact which will make the business environment itself to reach a high level of development favorable to all stakeholders.

Prospects of development of the CSR concept in the local business environment relate to the development of measures to combat barriers that arise in the process of development of CSR practices, measures required to be taken both by companies, and domestic public authorities.

In the process of achieving social responsibility actions, companies must continually benefit by mutual understanding by governments in the legislative sphere, taxation, rational regulation and rendering of services necessary for companies.

One could mention the following *measures required to be taken by public authorities* for a more effective and more intense promotion, awareness and CSR implementation within the company and the business environment of the country as a whole:

- In the Republic of Moldova there is the need for collaboration of state authorities with the business environment in the CSR field that shows practices of Central and Eastern European countries in this respect. There is a need for harmonization and adjustment of national legislation with European standards regulating and promoting social responsibility activities and the creation of legislative levers to encourage such practices in this regard;

- Establishment of a CSR index / award at the national level for the most active companies- as an incentive, which will be provided publicly and will be recognized by the local authorities. Using social responsibility ratings or social rankings- that reflect comparing of levels of CSR within an acceptable rating bar. Social classifications can be performed at different levels: as per the field of activity, at the national level. They are a viable method of transforming the “fuzzy” public opinion in a real economic force that stimulates improvement of technologies and management (Covas and Braguta, 2009).
- stimulating companies performing CSR activities by recognizing their status, based on a mechanism of audit and external control;
- The contribution of civil society to the development and promotion of CSR through the development and implementation of joint projects with the business environment record a considerable importance. International experience advocates CSR activities planned both at the state level and at the level of social partnerships with business and civil society;
- Promoting CSR by the mass-media: TV books, TV forums, creating a website- for communicating achievements in this field, interviews in the written press with successful examples. Corporate responsibility standards require a high level of accountability and it is rightly worth talking about achievements in this field. When a company takes upon itself to yield superior results and to meet a greater extent of CSR criteria, achievements in this field should be communicated so as to make up an example for other members of the business community and society in general. Good deeds deserve public recognition, stimulating in this way companies to carry out further social responsibility activities and because they have greater capacity to educate by providing examples;
- Organization of CSR trainings for the mass-media, ranging from regulatory bodies and of control, aiming at the introduction of amendments to the laws on mass-media advertising, the involvement of mass-media having a considerable importance in advertising social responsible activities of the company and their results in order to encourage positive experiences in the CSR field;
- CSR strategies of companies could be improved by a further research, analysis and communication. Currently, we do not have complete knowledge of CSR in the Republic

of Moldova. There is partial information on social investment programs that take the form of donations or sponsorship and corporate philanthropy. We have, however, little information about CSR strategies, about company's policies towards groups involved or affected by the actions of companies. They serve as additional arguments in favor of achieving a nationwide research on the concept and practices of CSR in the country.

Also, the implementation of *certain measures in the current activity of the company* has particular importance, one stressing in general:

- Ensuring standardized social reporting procedures, of disclosing social and environmental practices to shareholders, investors, employees, consumers, local communities, NGOs, thus observing the right to transparency and access to their information. Beyond the *quantity* of social investments, which is more characteristic, CSR is the way how to do it. *Moral dimension*, and not only this, measures performance of CSR. Moral dimension is given by the *intentions and effects* of social programs or actions. And the ultimate benchmark of excellence in CSR, *transparency*- lies behind the intentions and effects (www.responsabilitatesociala.ro). It is important, therefore, that companies know and take into account the impact of their activities on all four areas. There results the importance of communication and transparency in CSR. On one hand, companies must find ways to interact with affected groups, from shareholders and employees to customers and local communities. On the other hand, companies must create tools to provide information on social and environmental impacts of their actions and strategies to these groups.
- In order to create mutually beneficial relationships with all stakeholders in the process of achievement of social responsibility actions, the company must also continuously display: openness and transparency- it allows others to see if the company has sound principles of CSR and whether it applies them; trust- it demonstrates that the company uses principles of CSR to be seen as a trustworthy and non-exploiting; cooperation- joint decision-making regarding the way one should establish standards and measures necessary to be achieved; alignment- it demonstrates that the company is responsible, empathetic and able to be fair towards key stakeholders through shared interests, benefits

and purposes; compatibility of opinions- implementing corporate responsibility through dialogue; commitment- to plan and act so as to achieve a balance between the interests of the organization and those of the persons whose interests are affected or supported by the organization (www.responsabilitateasociala.ro).

- Another important goal of the company, in addition to creating and defining an internal culture of excellence in CSR, is reporting in the external environment of achievements and organizational commitments. *CSR annual report*- which must include a three-level approach: financial, environmental protection and social performance. Paper reports are the traditional ways of informing standards and achievements in the field of CSR. But many such documents are never distributed or reach only those who are not directly interested in the subject. Thus, publishing reports on the company website would be a solution. In this way, the interested reader can follow various links in order to read reviews and corporate success. Links can also be used to make the connection between business and nonprofit partners in the field of CSR. It is also wise for progress to be reported consistently. *Financial Report* (report for stakeholders or financial supporters)- financial partners appreciate the company's ability to profit by some means that demonstrate that certain standards of accountability follow. *Communication with employees*- another way of communicating corporate responsibility is in many communication vehicles used in relation to employees, including intranet and executive reports. Organizational culture is vital to the way how employees behave and work. This culture is also necessary for the organization to practice CSR. *Advertising and other promotional options*- these tools can integrate CSR values in advertising their products and services and bring arguments in favor of obtaining funds by government agencies and nongovernmental organizations. Thus, one demonstrates that organizational actions really bring benefits to its stakeholders.

6. Conclusion

Having a socially responsible behavior is a priority for companies in the XXI century. It is clear that the term “social responsibility” involves value judgments. Most authors and socially responsible companies understand that CSR is not just a money donation within philanthropy actions, but rather a different style of doing business, a style integrated into the company culture at all operational levels and present at any point of time.

The two faces of the concept of CSR are: firstly, the obligation must be voluntarily accepted; the behavior influenced by constraining forces of laws or unions is not voluntary. Secondly, the obligation is broader, is going beyond the traditional duty towards shareholders, to other groups of society such as consumers, employees, suppliers, nearby communities.

Empirical studies have not shown a clear link between social responsibility and profitability of firms. As noted, the arguments cited for social responsibility treat the business activity of the enterprise for longer periods and in a broader context, while social anti- responsibility is caused by the desire to achieve immediate profitability.

In order to demonstrate how the practical implementation of CSR takes place, one has conducted a study in JSC “MOLDCELL”. In addition to the main purpose of the organization, from an economic point of view, to increase revenues by offering innovative products and services oriented to customer requirements, providing high quality and at affordable prices, the company has some clearly defined social objectives. This concerns the demonstration of a high degree of social sensitivity both through quality of its products and through activities in favour of the society which it promotes in the practice. One of the factors that demonstrate this trend is the set of social projects which the company implements for its customers and the society by creating a favorable image in the eyes both of authorities and the society and the business environment.

Consent and support of the society through such actions is important, but the fact if the consumer agrees to bear the consequences and costs of the social responsibility actions weighs

the most, as they will be ascribed to the consumer through higher prices for goods and services related to these activities.

Our business community is influenced by western business culture adopted by European and American companies investing in Moldova, most of them showing good results in terms of CSR.

The economic performance of the private sector directly influences social responsibility, because this responsibility involves many expensive items for companies. Therefore, only when the company reaches a reasonable degree of financial stability and economic profitability, it can invest more in the community and provide a high training to employee or give charity.

Foreign companies and joint venture companies are on average more efficient than others. Therefore, it is expected that “costly” social responsibility actions to be implemented firstly by these companies.

One should note the fact that the society expects voluntary contributions from companies in solving social problems. The population has a negative opinion about the fact that local companies often are forced to make donations in order to achieve the goals set by the authorities. It is natural that companies have the right to decide independently to whom to offer help, possibly seeking the consultation of the community.

Companies from Moldova are bound to support a large number of activities that would normally be the integral responsibility of the government. “Forced” social responsibility may scare businessmen and make them reticent regarding the involvement in truly important social projects.

It is difficult to assess the cumulative social impact of these initiatives. Though they have been conducted mainly at the local level, their effect may be proven to be very positive for the overall development of Moldova. The total value of investments in the community development done by local and foreign companies may be greater than the projects funded from the public budget.

Both international and national law demand firms to undertake some social responsibility activities.

Unfortunately, we can say that in Moldova there are few companies that would be world leaders and would animate the movement of social responsibility. The business environment is influenced by the government and a relatively small number of interest groups. This structure of the private sector limits enormously the process of strengthening the social responsibility, as an advanced approach to social responsibility is still expected primarily from MNCs and large national companies.

The investment that a company makes in CSR will generate benefits only when it is focused on and related to that company's business strategy. A strong commitment towards the social responsibility concept can generate power and vitality within a company and can propel your success based on knowledge and innovation.

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