

CONCEPTUAL DELIMITATIONS OF THE CASE RESPONSIBILITY OF ORGANIZATIONS

Andreea BARANGA¹,
Laurențiu BARANGA², Alina Georgiana IANCU³, Dorin IANCU⁴

Abstract. *Social responsibility of organizations is not a new term. Moreover, this represents a moral value, existing for centuries to do well to others. But the new approach is to do well in a way that offers mutual benefits. In order to better understand the conceptual delimitations of the case responsibility of organization we have to see the way it was treated in time by different scientist.*

Keywords: social responsibility, moral value

Jell classification: M14

1. Introduction

Social responsibility has become an equation thus profit at the confluence of the law and philanthropy: the need to understand the communities in which they operate is becoming a vital need for companies. Managers now face a multitude of problems, including increased for the company's shares, corporate governance codes, human rights violations, the need to consult shareholders, conduct in the workplace, and, not least, sustainability strategies. In a constantly changing global environment, social affairs issues looming ever larger and more diverse as business ethics, responsibility to society, community investments and standards of good practice in labor [9].

2. Conceptual delimitations of the case responsibility of organizations

In order to better understand the conceptual delimitations of the case responsibility of organization we have to see the way it was treated in time by different scientist. The first which refers to the term "social responsibility of companies" is H.R. Bowen in "Social Responsibilities of the Businessman"[4].

The ethicist W. Franken [11] distinguished four moral duties: don't hurt, to prevent harm, repair harm and do or promote better. R. Duska and N. Bowie [5]

¹Phd., Valahia University of Targoviste, (barangalaurentiu@yahoo.com)

²Associate professor, Valahia University of Targoviste, (barangalaurentiu@yahoo.com)

³Phd., Valahia University of Targoviste, (aly.iancu@yahoo.com)

⁴Assistant PhD, Valahia University of Targoviste, (dorin_iancu04@yahoo.com)

apply this theory in the business domain. Adapting their theory, it can say that social responsibility of organizations beyond the minimal moral duty to make legal profits, a company must assume [3]: First, the obligation for don't hurt through products and activities; when harm is necessary, the company should recognize it public and minimize it; Secondly, the obligation to prevent harm, when it is possible, when is in proximity of that and especially when it is the only organization that can do this; Thirdly, the obligation to do good, is the weakest of all. It is justified, for example, to require a company to give up some profit to minimize or prevent harm than give up some profit to make a social good.

Thus, generalizing practices in achieving corporate social responsibility activities, it highlights the following three phases [7]:

- *Phase I* (1960 - mid-1970s). It is characterized by performing the preponderance of philanthropy. Business and social activity are dispersed. Aid is often given in cash or in goods, taking into account the personal preferences of the driver.
- *Phase II* (mid 1970s - early 1980s). It is characterized by the emergence of strategic philanthropy, when business began to correlate social problems with the strategic objectives of companies.
- *Phase III* (late 1980s). A gain widespread practice of achieving social programs. The commercial sector, commercial and state began to join efforts in order to solve concrete social problems.

Financial activities dishonorable of American company Enron in the early 2000s caused one of the biggest corporate crises in the world with strong impact on institutional policies. Enron went bankrupt in 2001, registering debts of about 31.8 billion dollars. Before this time, Enron was the seventh largest US company, ranking number one in the world in the energy trade. After Enron, corporate responsibility policies have become an important tool in the strategy of companies to regain the trust of stakeholders [1]. Social responsibility has become an equation thus profit at the confluence of the law and philanthropy: the need to understand the communities in which they operate is becoming a vital need for companies. Managers now face a multitude of problems, including increased for the company's shares, corporate governance codes, human rights violations, the need to consult shareholders, conduct in the workplace, and, not least, sustainability strategies. In a constantly changing global environment, social affairs issues looming ever larger and more diverse as business ethics, responsibility to society, community investments and standards of good practice in labor [9].

The first reference to the term "corporate social responsibility" is H.R. Bowen [4] in "Social responsibility of business" ("Social Responsibilities of the

Businessman"). Bowen argues that a company has an obligation to "pursue those policies, to take those decisions, or to follow those lines of action which are desirable in terms of goals and values of society". In also argues that the concept of social responsibility means: *companies exist because society and behavior and their methods operating must coincide with those of society*.

Markets become free and remain free only if those involved in the transaction adopting responsible behavior and respect basic values such as honesty, trust, fairness, and self-discipline. The alternative for socially responsible behavior is the existence of inefficient markets and costly government regulations. Free capital flows, knowledge and human resources are only possible in communities, known for transparency, respect for private property, market-oriented legal framework and viable mechanisms for solving problems. The alternative is the lack of capital, high transaction costs, restricted markets, underdevelopment and poverty.

Corporate social responsibility means achieving commercial success in an ethical manner, with respect for people, community and environment. This involves meeting the expectations of legal, ethical, commercial or otherwise that society has towards the company, and to make decisions that balance the needs of all who have a role in the company's life. Also, business people need to behave like responsible agents in moral society [4]. Another point of view belongs to T. Donaldson, who considers social responsibility as a contractual obligation that companies have towards society. Companies play a central role in society and for this reason enables them to use both natural and human resources to perform their functions for a productive and achieve power status. As a result, the company has implicit social rights: for the right to exploit resources in the production process, the company can demand the right to control these processes. The specifics of this type of contract may change as social conditions change, but overall it remains the basis for legitimacy demand or assertion by RSI. D. Wood extends these ideas, identifying three principles to follow for corporate social responsibility [12]: companies are "social institutions" and this forces them to use their power responsibly; companies are responsible for providing the environment in which they are involved; managers are "moral agents" who is forced to responsibly exercise their decision-making powers. According to scientific literature, corporate social responsibility can be defined in several ways, among which the following:

- "To act with social responsibility means not only to fulfill legal requirements but go beyond them by voluntary investment in human capital, environmental management and relations with all interested groups" [16]
- "Corporate Social Responsibility is a concept whereby companies integrate, on a voluntary basis, business objectives, social and environmental protection

in all their products or commercial transactions or relationships with interest groups" [17]

Archie B. Carroll [6] pyramid emphasizes corporate social responsibility. In this pyramid we find different dimensions of social responsibility. Each "floor" of the pyramid corresponds to the consideration of a particular type of interest:

- *The first level*, the economic, corresponds to the consideration of shareholders, board members, and demands their return on invested capital;
- *The second level*, the legal, corresponds to the consideration and respect for the rules of operation of the institutions in the said sector;
- *The third level*, the ethical corresponds to application and consideration of employees and competitors;
- *The highest level*, the philanthropic level, corresponds to consideration of the environment as a whole and it could become an important element in establishing the identity of the organization.

An important aspect of all definitions is that corporate social responsibility should not be prescribed by regulations. Thus, corporate social responsibility is described as "all actions designed to promote a particular social interest, beyond the direct interest of the organization and beyond what is required by law" [10].

Companies from different countries create and implement new programs of social responsibility. Address them in a systematic way companies improves performance and ensure long-term development. Among the benefits they can get are the following [12]: improving reputation; reducing risks and costs; protecting against expensive lawsuits; stronger competitive position; expanding access to capital; credit and foreign investment; increase profits in the long term; support sustainable development; obtaining international respect. Social entrepreneurship refers to all the main economic initiatives whose purpose is social or environmental. There is any consents in defining the concept of social entrepreneurship. What is common to all definitions is the reference to the link with economic, political and social system of a country [2].

Social entrepreneurship in the Western world has experienced several approaches to its identification:

- *Vocational enterprise*. The beginnings of social entrepreneurship in the US when Bill Drayton has launched the first network of social entrepreneurs ASHOCA in 1980. The concept was launched at Harvard Business School Social Enterprise Knowledge has developed a network (Skene), defining social entrepreneurship as a strategy or activity an organization to generate income to support its social mission. This includes any company or organization that is committed to creating social value in goods and services

with a social objective. It's the so-called policy of NPO (nonprofit Opportunity). It introduces the concept of "changemaker"[15].

- *The social enterprise cooperative.* This status has allowed citizens to bring social services whose quality and / or production became difficult achieve.
- *Commercial social enterprise.* This type of enterprise emerged in the UK in early 2000, following the classic approach combining business with social valences. Under this initiative, entrepreneurship, social grouping has any commercial activity and social objectives whose surpluses are reinvesting in activities with a social objective.

Since the 1990s, the European Union level to create a vision that it attaches great importance to the project office of the undertaking participatory governance and respect its bureaucratic nature of the enterprise. Thus was created the European network EMES circles (Emergence of Social Enterprises) [18] which was later Mouvement des Entrepreneurs network model creation sociaux (Mouves) [19]. So there are economic criteria, social and governance anchored in an economic enterprise resource mixed (public and private) and respecting the principles of social and solidarity economy.

Conclusions

An important aspect of all definitions is that corporate social responsibility should not be prescribed by regulations. Thus, corporate social responsibility is described as "all actions designed to promote a particular social interest, beyond the direct interest of the organization and beyond what is required by law" [10]. Everywhere in the world of social entrepreneurship opportunities are as rich, but what differs is the organizational culture account appears specific area that has a particularly strong impact on human behavior and interpersonal relationships. It gives the example of East Asian countries such as Japan, China, South Korea, Taiwan, Hong Kong the concerns of entrepreneurship are strongly influenced by their specifications: harmonious vision of the world, the importance of Confucius and ludism; virtual absence of a civil society; the spirit of solidarity manifested in crisis, whether economic or environmental; intense social dynamics which obliges the state to be anchored in it.

REFERENCES

- [1] Barry, N. (2002), *The Stakeholder Concept of Corporate Control is Illogical and Impractical*, The Independent Review, volume VI, no. 4, Spring 2002, available at: http://www.independent.org/pdf/tir/tir_06_4_barry.pdf
- [2] Barzaga C, Defourny J. *The emergence of social enterprise*, (Routledge, London, 2001).

- [3] Borțun, M., Borțun, I., *Perceptions about SCR and SCR actions. A Case study of Romanian Managers* (Corporate social responsibility from public relations to Sustainable Development, (coordinator Borțun D.), SNSPA, Bucharest, 2010).
- [4] Bowen H. R., *Social responsibilities of the businessman* (Harper & Brothers, New York, 1953), cited in Maurrasse D., Jones C., *A Future for Everyone: Innovative Social Responsibility and Community Partnerships*, (Routledge, 2003).
- [5] Bowie N., Duska R., *Business Ethics*, (Prentice-Hall, 1990).
- [6] Carroll, A. B., *The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders*, (Business Horizons, 1991).
- [7] Crăciun, D., Morar, V., Macoviciuc, V., *Etica afacerilor*, (Ed. Paideia, Bucharest, 2005)
- [8] Diaconu B., Dana O., *Between do no harm and do good*, www.responsabilitatesociala.ro, accessed in 11th September 2016.
- [9] McWilliams A., Siegel D., Corporate Social Responsibility and Financial Performance: Correlation or Misspecification?, *Strategic Management Journal*, Vol. 21/5, 2000.
- [10] Oprea L. *Corporate social responsibility*, (Ed. Tritonic, Bucharest, 2005)
- [11] Hill, P. H., Stephens, D., *Corporate Social Responsibility: An Examination of Individual Firm Behaviour*, (*Business and Society Review*, 2003, p. 339-364)
- [12] William K., Frankena, *Ethics (Foundations of Philosophy series)*, 2nd Edition, (Pearson, 1988).
- [13] Wood D., *Corporate Social Performance Revisited*, (*The Academy of Management Review* 16(4), 1991).
- [14] *L'entrepreneurchangemaker selon Ashoca*, available at http://ashoca-changemakerswek.com/?id_page=about
- [15] Commission of the European Communities, *GREEN PAPER Promoting a European framework for Corporate Social Responsibility*, Brussels, 2001, available online at: [http://www.europarl.europa.eu/meetdocs/committees/deve/20020122/com\(2001\)366_en.pdf](http://www.europarl.europa.eu/meetdocs/committees/deve/20020122/com(2001)366_en.pdf)
- [16] Commission of the European Communities, *Communication concerning Corporate Social Responsibility: A business contribution to Sustainable Development*, 2002.
- [17] EMES-<http://www.emes.net/index.php?id=100>.
- [18] http://www.alternatives-economiques.fr/du-rififi-dans-l-economie-sociale-fr_art_633_49092