

# THE INVOLVEMENT OF THE BUSINESS SECTOR IN CORPORATE SOCIAL RESPONSABILITY (SCR) PROJECTS

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## Abstract

The paper endeavors to test the hypothesis according to which by non-governmental organizations and private companies, by means of social corporate activities, can interfere with the functioning of the market in the sense of reducing the effects of negative externalities generated by the market. The structure of the article is threefold: the first section represents the theoretical framework for the analysis (main concepts: social corporate responsibility, externalities, market failures); the second section addresses the evolution of this phenomenon in Romania while the third part discusses a case study that is focused on social corporate responsibility practices.



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### **Corporate social responsibility, externalities, market failures**

The market doesn't always succeed to allocate resources in an efficient way or, in other words, it cannot always aggregate the individuals' behavior that is guided by the objective of maximizing the benefits for his/her own sake in a way that is proper for maximizing general welfare. If the market is "allowed" to function merely based on the mechanisms of supply and demand, as a result of the competition among different producers, then the conditions for a market failure are created. In other words there will be a surplus of goods and services in certain fields and a shortage of goods and services in other fields that are less lucrative. Market failures can be defined as a set of situations when the requirements for obtaining a solution for the efficient functioning of the market are not met. These situations are referred to as market failures; political institutions are thus responsible for "supporting" the market or replacing it. The factors that generate market failures are:

- a) Externalities;
- b) Public goods;
- c) Monopoly.

The paper discusses merely externalities which are regarded from the perspective of economic inefficiency; they usually occur:" when companies or individuals generate certain costs or benefits for other parties that are not on the market" (Samuelson, Nordhaus, 2000).

It can be argued that an externality occurs when the activity of an individual, company or government imposes unpaid costs on other. More specifically, there are situations when certain benefits or costs associated with the production or consumption of a good affect other persons who are neither the producers nor the consumers of those goods. Most common examples of externalities deal with water and air pollution. The government responds either by controlling the activities that generate the externality or by setting sanctions/fees on these activities in order to offset the costs for the society.

Literature distinguishes between two types of externalities: positive (which take the form of public goods; this topic will be addressed in the next subsection) and negative (most literature is focused on them) (Samuelson, Nordhaus, 2000).

Currently, modern states are mostly interested in reducing the effects of negative externalities and less interested in positive externalities. As a direct result of economic development, and demographic growth, negative externalities transform into veritable threats for modern societies. In this context it is suffice to mention the issue of global warming, waist storage, or the production of dangerous foods for humans' health or the production of radioactive materials. These are all problems that steam out of market failures and which can be solved only by the intervention of the government by means of public policies.

The involvement at the community level or social involvement of the companies refer in general to the positive and conscious impact anticipated by the company as

a result of its engagement in community problems, issues, and projects by means of employing the company's resources and cross sectoral cooperation and to the leader role played by the company in solving community's problems or promoting development opportunities.

The concept of "social corporate responsibility" implies very often-judgmental values and it is context driven. Despite this fact, most authors and companies agree that social corporate responsibility (SCR) is more than a simple cash donation as part of charities; it is rather a novel way of doing businesses, a philosophy integrated in the organization's culture at all operational level and present at all moments in time. Generally speaking, SCR means gaining economic success in an ethical manner, by having respect for the people, their communities, and the environment. This means that companies need to meet the legal, ethical, and commercial expectations that the society has vis-à-vis companies, and to make decisions that take into consideration the needs of all parties that are involved in or affected by the company.

Keith Davis and Robert Blomstrom (Davis, Blomstrom 1975) define the concept of SCR as "the obligation of the decision-makers to act in such a way as to protect and enhance the general welfare of the society, besides the necessity to protect their own interests. A more specific definition I provided by Joseph McGuire the idea of SCR implies that a business doesn't have only economic and legal obligations but also responsibilities vis-à-vis the community it operates in. The two definitions bring to light four major dimensions that help us make operational the concept of SCR: economic responsibility, legal responsibility, ethic responsibility, and philanthropic responsibility (McGuire 1963).

- Economic responsibility represents the foundation of all other types of responsibility and mainly refers to the company's obligation to be successful or lucrative.
- Legal responsibility refers to the company's responsibility to follow rules and to comply with its contractual obligations.
- Ethical responsibility implies following a certain code of good practices in business that governs the company's relations with the internal and the external environment of the company.
- Philanthropic responsibility refers to the involvement of the company in the development of the community it is located in and endeavors to enhance the quality of life in the community.

By means of internalizing and complying with the four types of responsibility the company can become a good "corporate citizen" (Archie, 1991). The first two types of responsibility are a must, the third one is desired, and the last one is optional but recommended.

Currently, the European Commission regards SCR as a "concept that helps companies integrate the social sphere and the environment among their economic activities and interact with the main actors in their field of interest on a voluntarily basis" (Carta Verde, 2001).

UK government refers to SCR as the "manner in which companies take into consideration the influence they have on the economic and social realm, and on

the environment, thus maximizing gains and minimizing losses. Some researchers define SCR as the situation in which a company does more than it has to do and gets involved in activities meant to benefit the society; these activities exceed the immediate economic interest of the company as well as the minimal requirements set by the law.

From a historical standpoint, in the United States SCR has developed hand in hand with the philanthropic tradition, mostly due to the entrenched belief that companies can voluntarily play a social role in the community they are located in. In Europe the concept of SCR is mostly focused on the integration process of social and environmental dimensions into the company's activities and on the interaction with the key actors.

Currently we can talk about a dialogue at the global level that focuses on the impact of the company's decisions and activities on the environment and the society, including here both the potential positive impact and the minimization of risks.

A brief evolution of the concept (Yakovleva, 2005) of SCR throughout the 20<sup>th</sup> century is presented below. For each stage several characteristics are outlined.

**The 1859 – 1910 stage** – During this stage the corporation is considered to be responsible only vis-à-vis its stakeholders/owners and managers; first and foremost the company has an economic responsibility regarding the society in the form of making a profit and producing goods and services. Labor was considered at this point in time a commodity that could be easily traded.

**The 1900 – 1950 stage** – At the beginning of the 20<sup>th</sup> century the corporation starts to become responsible vis-à-vis its owners, managers, and employees who are now regarded as more than just a production means. Therefore, the company has the obligation to provide employers with a work environment that stimulates their potential and to acknowledge the employees' rights that were supported by unions.

**The 1945 – 1965 stage** – After 1950s the corporation is regarded as responsible vis-à-vis its owners, managers, employees, and its external public. The companies have started at this point to offer complete information about their products to customers, thus trying to avoid abuses regarding the pricing policies the way in which products were made.

**The 1960 till present stage** – after 1960, the corporation becomes vis-à-vis its owners, managers, employees, its external public, and the society as a whole. Besides obligations previously included into corporate policies, the companies have now to respect the environment, to offer equal opportunities to minority groups, and to act in such a way which supports the promotion of social justice. In this context, companies are more than economic and legal entities, but also social organizations.

Based on the evolution discussed above the following conclusions can be drawn:

- First, the number of legal and moral obligations or responsibilities businesses needs to comply with has gradually increased
- The realm of important stakeholders has continuously grown – from owners in the classical theory of the firm to the local community and the society as a whole;

- Companies were forced to assume more and more moral obligations; some act upon them, while some of them merely incorporate them into company's adds and discourses;
- However, rhetoric moral discourse is no longer credible;
- Transparency becomes a priority.

Both for individual donors as well as for businesses, the donation strategies are very often reactive – they come as a response to the requirements supported or advertised by non-profit organizations. Individuals make most of their donations through the church or by direct contact with those who ask for donations. Except for churches, organizations rarely use social networks in order to improve their strategy for asking for donations. Most strategies end up by collecting small amounts of money from individual donors. On the other hand companies use varied techniques for making donations thus expecting to gain a combination of economic and social benefits. Three of the methods used by companies are discussed in detail below: donations (deductions) made from the salary, corporate voluntarism and corporate foundations.

## **Donations**

**Donations (deductions) made from the salary** (Steckel, Simons, Simons, Tanen 2002): they refer to donations that are deducted from the employees' salary. Such a program offers the employees the opportunity but not the obligation to make a donation through the salary deduction system created by the company for a nonprofit organization of their choice. Usually the company matches the sum donated by employees.

Usually these donations are a mechanism through which all employees can constantly support a NGO by monthly donations out of his/her salary. Each employee has the freedom to choose the organization he wants to support and the amount to be donated. Very often the company matches the total amount raised by the employees. The money are directed towards the selected organizations either monthly or twice a year.

This mechanism has two major advantages for those companies that want to become socially engaged. First, the company can promote the employees' interest, by getting involved and supporting those causes that are of interest for them. The mechanism is fairly cost free but easy to implement once it was established. In this sense the organization has the moral obligation to offer updates and information regarding the way in which funds are used and to offer the possibility to those interested to get involved in other ways as well. Secondly, these donation programs, if well managed, lead to the creation of a long-term relationship between the supported organization and the company, as well as personal satisfaction for those employees who choose to get socially engaged.

## **Salary donation models**

**Salary donations for one organization** – The money raised by the employees and the company is directed towards one organization. On the donation list the employees write the name of the organization they choose to support.

**Salary donations for multiple organizations** - The money raised by the employees and the company is directed towards multiple organizations. The employees choose from a list of organizations those to be supported based on either their interest or as the result of presentations made by NGOs.

**Salary donations for one or multiple causes\*** - The money raised by the employees and the company is directed towards different causes. Periodically there is a selection process of the organizations that implement projects meant to support the chosen causes. The system of salary donations is associated with a program for non-refundable financing. Thus the company keeps functional the salary donation program while offering more and more organizations the opportunity to benefit from support.

**Salary donations for one or multiple causes\*\*** - The money raised by the employees and the company is directed towards different causes. In order not to burden the company with an intern selection system for the causes to be supported, the money is directed toward a fund meant to support that cause, which is managed by a separate entity, usually a non-profit organization.

#### **The advantages of this method are:**

- It offers the employees the possibility to support a cause that affects them or interests them directly;
- The employees have the feeling, that besides their work, which usually implies a high degree of specialization, they can contribute to a field that interests them (arts, sports, education) but in which it would be unlikely for them to get otherwise involve;
- Enhancing the feeling of pride among employees that steams from them belonging to a team/company that cares. Often employees who are supporting community projects say that they are proud to have a work place above the average; this evaluation is based on the fact that the company supports such projects;
- The managerial efforts required by such a donation system are relatively small compared against the benefits for both the corporation and its employees;
- The company can prove that it cares about the employees needs and interests by matching the sum they donate;
- The sum matched by the company can be deducted from the income tax, completely or partially (0.2% out of the annual turnover or 16% out of the profit) as a donation.

The salary donations models depend on who initiated the mechanism, the employees' commitment to support one or multiple organization, and on the causes the company decides to support.

#### **Corporate voluntarism**

**Corporate voluntarism** refers to all formal and structured methods that companies use in order to encourage their employees to become volunteers during work hours in the benefit of the community.

Corporate voluntarism comprises all forms in which the company encourages its employees to work for an organization or the community in general and to commit their skills, and expertise in their field of activity to such projects. Programs based on voluntarism usually imply for employees to get involved in activities that are different from their daily tasks (for example company managers become for sort periods of time construction workers, sales agents become personal assistants for sick persons, etc). If employees comate their time and expertise in favor of the community, this type of voluntarism is also called pro bono contribution.

This mechanism is especially useful in those companies whose employees feel that hey no longer belong or are a part of the organization's culture (companies that have numerous employees, high turnover rates, or experience rapid increase in the number of employees). By creating teams of volunteers who work together the feeling of belonging to a specific organization, which has its own values and norms is created and maintained.

### **Several advantages of this method:**

- The attractiveness of this mechanism stems from the fact that it implies getting people involved in different projects that otherwise might be hard to achieve (mere employees – management team, employees – the beneficiaries of their work, company – organizations, and company – local institutions).
- The employees can get actively involved in solving needs or developing projects that are of interest for them and they can also see very rapidly the results of their work;
- The relationships among coworkers can be consolidated as each employees get to know his coworkers in different contexts from their job routine;
- The level of employees' satisfaction vis-à-vis their work and the company they work for may increase when they have the possibility to get actively involved at the community level;
- Besides the skills they use at work, employees have the opportunity to develop new abilities;
- The feeling of belonging to the company increases;
- The community perceives the company's commitment through the use of its resources and personnel to solving community's needs;
- The company may build its reputation on the slogan – the company is doing ok when the community is doing ok.

Due to the need to make the programs based on voluntarism more efficient, in those countries where voluntarism is a standard practice, numerous novel types of voluntarism have occurred. These new methods meet the employees' and the company's needs. This happens because they take into consideration where the employee is from the development of the career standpoint – entry level, changing the job, maximum achievement, recalification, or retirement-, how much he/she wants to get involved and which are the benefits to be derived by the company.

## Corporate foundations

Companies sometimes create corporate foundations as a means for offering funds to NGOs. Even though the foundation receives money from the company it created, it is independent from the company. Corporate foundations usually have their own employees, which make decisions either independently or in partnership with a directory council from the company.

Corporate foundations are independent non-profit entities governed by the law on associations and foundations. It is financially supported by the mother-company, which creates a strong bond with the company but it functions as an independent entity, having its own board, personnel, and projects. In order to increase the independency level from the mother-company many foundations build in time endowments.

The way in which corporate foundations support the community depends on the level of available personnel, the way in which they get involved (hired or volunteers) and its level of expertise in the field of activity. There are situations when they partner with other non-profit organizations active in the community by means of offering the resources they have available (money, volunteers, goods, services). Non-refundable financing programs represent a specific instrument. For these programs, the foundations identify clear objectives and state their objectives very clearly in advance. They have specific application deadlines and application procedures and forms. The organizations that want to get this financing need to take into consideration all these aspects. The company/foundation can either make public the call for application or limit the applicants to already known organizations. The selection of the organizations to be supported is made by a selection committee internal or external to the foundation.

Another way in which foundations can become engaged at the community level is by means of operational programs. In order to implement projects, operational teams are established. These teams work directly with the beneficiaries.

## Types of corporate foundations

The way in which these foundations are organized depends greatly on the strategy for community involvement adopted by the company. Best practices from other countries, adapted to the Romanian context in a hybrid form, allowed us to identify several types of corporate foundations. The classification criterion was represented by the degree of independence from the mother-company. A first model is characterized by a high degree of dependence of the foundation on the mother company and it is called **integrated corporate foundations**. Some main features of the integrated foundations include:

- All the foundation's members, including the board, are part of the company;
- The strategy and the action plan for community involvement is set in accordance with (sometimes it is even similar with) the company's strategy
- The personnel of the foundation is made up of company's employees who work as volunteers or on a part-time basis;
- The programs based on voluntarism undertaken by the company are developed in strong connection with the foundation's activity;

- The company's top management is involved in the development of the foundation.

The opposite model is that of foundations that are **independent from the mother-company**. One has to understand though that there are variations and different degrees of dependence and independence that can be encountered in practice. The characteristics of independent corporate foundations include:

- Foundation members are not necessarily part of the company – both from within the company and from outside;
- The foundation is not entirely dependent on financing from the mother-company;
- The foundation's strategy and operational plans are drafted independently from the strategy of involvement at the community level of the mother-company;
- The foundation's personnel is not exclusively formed of company's employees;
- The programs based on voluntarism of the mother-company are not related to foundation's activities;
- The company's top management is not involved in the development of the foundation.

**The advantages of this method include:**

- Corporate foundations are created by companies that regard them as an efficient structure for implementing their policy regarding the involvement in the community; thus companies are willing to allocate annually a budget that will be utilized in order to support the foundation's activity;
- The companies which are often confronted with a high number of requests for support have thus the opportunity to give all requests the proper importance, without interfering with the daily work;
- Corporate foundations represent an accurate mechanism through which the company can create coherent involvement programs at the community level, thus ensuring the desired effect on the beneficiaries;
- By creating a corporate foundation, the company publicly acknowledges its continuous involvements in a certain field, thus funds are allocated in a clear, strategic way. Companies are also able to avoid funds being wasted on smaller, disparate projects, which do not guarantee an impact o the long run;
- From a fiscal standpoint, the company is making the process of directing funds towards the beneficiaries more clear;
- Another benefit is related to prestige – the management and the employees, when the foundation is created, are eager to get involve and acknowledge this implication publicly;
- The company has the opportunity to cover fields of interest or needs that were not previously covered by the activity of other formal structures.

Corporate foundations are among the most dynamic forms of culture and civilization nowadays. Created by companies, financed totally or partially by the private sector, they support or implement social, civic, health, education, or cultural programs at

the local or global level. Corporate foundations represent an efficient and convincing brand management tool, working as a spokesperson for companies in their public relations activity. Also, they are an expression of corporate civism, a way in which corporation express themselves socially. They integrate a set of moral, social or even religious values in their daily practices and business strategies.

As a conclusion it can be argued that SCR represents an entire business culture which includes ethics, consumers' rights, good treatment of the labor force, economic and social justice, technologies that are not harmful to the environment, moral integrity and investments in the community. Beyond the real of academic debates, most definitions agree that SCR can be regarded as a tool through which the impact generated by the company is taken into consideration and which tends to maximize positive externalities and to minimize the negative ones. Despite numerous diverging approaches, there are several agreed-upon features of SCR:

- SCR implies that organizations voluntarily adopt measures that contribute to solving community and environmental problems;
- SCR is closely intertwined with the concept of sustainable development: the business needs to consider the economic, social, an environmental impact of their operations;
- SCR is not an optional tool, an appendix to the main activities undertaken by a company; it is a way of doing business;
- SCR is not just a cash donation as part of charitable events. What distinguishes SCR from philanthropy is the fact that SCR implies the development of an engagement strategy at the community level and a partnership with the community that will benefit the company as well. We can therefore talk of a partnership that benefits all involved parties.
- The companies' motivation for creating such SCR programs can be determined by altruism, paternalistic behavior, personal interests, commercial spirit, or a combination of these factors.

### **Corporate social responsibility in Romania**

Recently, several SCR campaigns took place in Romania. One of the reasons that might explain this trend refers to the emergence on the Romanian market of multinational companies that have a strong tradition regarding SCR.

The emergence of the SCR concept and SCR practices in Romania (Brady, 2005) has at least two main causes: first, economic development and the emergence on the market of multinational companies have determined a certain pressure in the sense of identifying proper ways for consolidating corporate image and reputation. This has led to the emergence of more and more sophisticated strategies. These were developed as a response to the emergence of educated consumers who have the information that allows them to make informed decisions on the market. Second, the exit of the big donors and the diminishing of the financial resources from international entities have generated a different kind of pressure on NGOs. They have to diversify their fundraising strategies and focus on the domestic donors: the public sector, the business sector, and citizens.

There are in Romania donation programs and social campaigns supported by NGOs as well as corporate voluntarism programs and corporate foundations. The companies that are the most involved in SCR programs remain the international companies; most domestic ones do not have this interest in supporting such efforts. One of the reasons for this fact is that domestic companies do not have the information regarding the impact of SCR on the consumers and the society at large as the topic is still new.

In Romania the field of social responsibility is growing fast and in the same time the expectations vis-avis the business sector are increasing as well. Those companies that will be known for their contributions to defining and meeting the national priorities will have the biggest chances to win in the process of economic development. SCR in Romania is currently a topic far from being ignored by companies. Companies in Romania tend to diversify the mechanisms through which they can impact the community they operate in.

### **The Romanian experience – salary donations**

Vodafone – Connex Company has supported starting with 1998 the activities of several NGOs that provide services for disadvantaged groups – elderly, children in foster care institutions, ill persons by means of a salary donation program. Since the creation of the program employees have started to know some of the beneficiaries of the money and friendships were established. If in 1998 350 persons took part to this donation program currently there are over 1200, which accounts for 60% of the total personnel.

Telezimex is a company in the field of components and electronic devices distribution, which currently has 73 employees. In 2003 the company initiated a salary donation program meant to support a program of the Romanian Foundation for Child, Community, and Family. The sum raised by employees and matched by the company covers the costs for the transport of those children who attend one of the centers run by the foundation but were not able to pay them from their own money.

Coca Cola HBC Romania chose in 2004 to involve its employees from Bucharest in a salary donations programs. In order to select a program to be supported with these funds a survey was conducted among employees. The results showed that they wanted to invest in programs that focused on children and young people who were proactive and with a lot of initiative. This was the general profile of the projects; the company looked into the community in order to identify them. Based on the experience of the Bucharest subsidiary, the company decided to extend the program to all the other subsidiaries.

### **The Romanian experience – corporate voluntarism**

In 2005 the *GlaxoSmithKline* decided to encourage employees to think about the idea of voluntarism. An opportunity for getting involved at the community level was represented by teambuilding programs that were transformed from traditional programs meant to facilitate the interaction among team members into programs associated with voluntarism activities in institutions that have as beneficiaries disadvantaged groups.

The first program has a result the restoration of a classroom for the high school for students with visual deficiencies in Bucharest. A second project is a partnership with the Sf. Macrina center where the GSK employees participate together with children in difficult situations to projects meant to build trust, and the enhance their abilities for interacting with other people.

In 2002, *Lafarge* Company started a national partnership for 5 years with Habitat for Humanity, Romania that implied voluntarily work at the Habitat construction sites as well as cash donations. The goal of the company was to gradually increase its contribution to the construction of new homes to the point where two houses will be built completely with money and labor from Lafarge. Following employees' participation to the construction projects the company published brochures for each team. They became a good mechanism for promoting voluntarism among employees and a good way of disseminating these activities among partners.

### **The Romanian experience – corporate foundations**

In 2002 GlaxoSmithKline decided to create the corporate foundation “Partners for Life” in order for the company to be able to promote health-based programs on a continuous basis. The company through the corporate foundation has supported and continues to support the activity of some partner organizations in the field of health care such as: Casa Sperantei, Romanian Angel Appeal, and Light into Europe. A&D Pharma – most of the company’s social projects are run through Sensiblu Foundation, established in 2002. The role of this foundation is to make easier the process of administering the resources directed by the company towards the community but also in order to create a clear distinction between the economic and social goals of A&D Pharma. The main project of the foundation is the Blue House, project that focuses on providing counseling and assistance for family violence victims. This project is managed directly by Sensiblu Foundation.

In Romania there are less than 20 active corporate foundations. Multinational corporations created the first ones in around 1995. Among the oldest ones we can mention Ronald McDonald foundation for children and among the newest one we can mention PricewaterhouseCoopers. Starting with the year 2000, more and more Romanian companies are interested in creating this type of entities. Organized differently, acting in different fields, sometimes more efficient than governmental institutions, corporate foundations represent a clear sign of prosperity and maturity on the behalf of the business sector.

In the last two years concepts from the field of SCR have become part of the conscience of Romanian business people. This fact stems from the existence of multinational companies, which are involved in such projects and have a long tradition in this field. Statistics show us that approximately 5000 were involved in 2005 in SCR project at the national level.

## **Case study regarding the involvement of the Microsoft Company together with Civitas Foundation in CSR projects**

In order for a community to prosper and to develop it is important that the persons involved in this process to have a proper and sufficient level of knowledge, skills and abilities, to have access to informational technologies that will foster the development of know-how in all fields relevant to community development. The existence of educated human resources generate at the community level dynamism, strategic thinking, an increase in performances. All these characteristics together with the existence of modern IT have as a result the stimulation and the dinamization of communities with regard to long-term development.

In this sense it is argued that the lack of available ITs which has as a direct effect a weak information among community members, reduced access to information and a lack of adequate skills among citizens and public institutions in the rural area has led to the current situation- chaotic development, based on random factors.

In order to illustrate the level of companies' involvement in the process of community development the partnership between Civitas Foundation and Microsoft, having the support of Bechtel is presented. The aim of this collaborative effort was to mobilize community members and increase the involvement level of the citizens into various community activity.

Microsoft "Unlimited Potential" (UP) by Microsoft Company is a global project oriented towards enhancing on the long run the education level in the field of information technology among youngsters and adults. The program is offered through Authorized Centers for Training of the community. The program is part of a bigger framework namely Microsoft Community Affairs which was among the first corporate investment programs for communities in the field of IT. Microsoft became involved in such programs due to its belief that by providing training and technical skills, the company becomes a partner for the individuals in the community with regard to the sustainable development of the community. The objective of this program administration was to initiate a local development process based on the accumulation of skills in the field of IT, English language and management among community members as well as to offer access to information and increase the capacity of local administration to draft and implant projects. It was at this moment that Civitas Foundation became a partner.

Civitas Foundation for Civil Society is well known as a promoter of local and regional development initiatives, the main reasons for its creation being the need to increase the capacity of public administration and to stimulate the involvement of citizens in the decision-making process and local governance. Civitas Foundation perceives the development of a community in a holistic way, by development meaning the process through which community members enhance personal and institutional abilities to mobilize and administer resources in order to gain a sustainable amelioration of life quality. This amelioration needs to take place in such a way as to respond to personal aspirations.

Bechtel launched in 2004, in the same time with the starting of the construction project for the Borş-Braşov highway, the idea of implementing community projects

in order to support the communities displaced by the construction of the highway. By implementing such projects the company intends to increase the capacity of taking advantage of the opportunities created by the construction of the highway (or to limit the negative externalities associated with the construction project) by means of accumulating abilities and specific capacities by the community members and by increasing the level of involvement and social responsibility. Civitas Foundation proved to be a viable partner for the company because of its experience in supporting rural communities from the region affected by the construction of the highway. This experience was based on the implementation of the pilot project “Community Facilitator” in the Cluj and Bistrita Counties. Two of the communities affected by the construction project namely Savadisla and Mihai Viteazu were part of this pilot project as well.

In this context, at the beginning of the year 2005, the partners and the collaborators from the three organizations – Microsoft Romania, Civitas Foundation and Transylvanian Highway Company – initiated a program to support the community development of rural communities through enhancing the opportunities created by the construction of the Transylvania Highway.

The goal of this program was to promote a process of local development based on the accumulation of IT aptitudes, English language proficiency and skills for project management by the members of local communities, by providing access to information and by improving the local public administration capacity to develop and implement projects.

Using the two instruments – local development agent and community center - this approach represents an innovative model for stimulating and mobilizing rural communities to achieve sustainable development. The objectives of this approach were:

- To facilitate the access to information
- To develop the skills needed for the access on the market force (computer skills, English proficiency, project management, rural tourism), and to enhance the opportunities created by the construction of the highway;
- To facilitate the strategic planning of the development priorities of a community and to provide support for their implementation;
- To advertise the communities in order to become better known;

This project represents a model where the community was trained, informed and developed using informational technology (through a community center) and expertise (through the local development agent). The coordinators and the partners aimed through this project to initiate a process of local development in two communities, which would be passed by the Transylvania Highway. The project also aims to test the potential of this initiative as a successful tool for the development of other communities, which would be also passed by the Transylvania Highway. Each of the two communities included in the project (Savadisla and Mihai Viteazu) have a population of 6,000 inhabitants, and are among the most wealthy communities in Cluj County. The project team selected them because Civitas Foundation had a previous partnership with local councils from the communities, where it implemented some development projects.

As we mentioned previously, the methodology included two instruments: a local development agent and a community center. The local development agent is a person having a college degree (in economics, sociology, public administration, etc.), who works for local public administration. He or she initiates and facilitates local strategies elaboration process and attraction of extra-bugetary financial resources to local budget by writing project proposals, implementation of projects granted, advertising the community through the design of a website for the community, identification of local, regional and international partners and the development of local term relationships with them, channelling the community needs to local decision makers, the information of the community members regarding the financial opportunities targeted to them, etc. The local development agent is a resource person, a interface between the community and the local public administration. The Civitas Foundation and its partners trains the agents in order to better exercise their role.

The Community Center (CTLC – Community Technology Learning Center) is a space having the needed equipment and software, the connection to Internet. The members of the community, especially the youth, have the opportunity to learn and take advantage of the using IT technology, to develop the abilities, to access and use the information in short time. In this regard, the community center is a tool that the local development agent can use it to mobilize the members of the community. It represents a gathering and learning environment, and it provides the community the opportunity to learn and in consequence to prosper.

Some of the main activities implemented through this project are listed below:

- **Selection and training of the local development agent working in Mihai Viteazu** – in Savadisla, the other community included in the project, already had a similar agent working there since 2003, when Civitas Foundation implemented the project “Community Facilitator. Pilot project in Cluj and Bistrița-Năsăud”;
- **Identification of community centers**, their rehabilitation and equipment. In Savadisla, a tele-center already existed, and the Association for Community Development and European Integration Savadisla, which was partner in the project, managed it. Through this project, the space was rehabilitated and equipped with equipments and softwares of last generation. In Mihai Viteazu, the City Hall provided the space for the center, and this was located in the city hall yard. Also, this center was rehabilitated and properly equipped.
- **Organization of training courses** - computer skills, English language, project management, and rural tourism – **in the community centers**. The computer training courses followed a program provided by Microsoft Romania, and professors from the community taught them, who also taught the English language courses. The goal was to keep and spend as much as possible of the financial resources within the community. The courses were held primarily during winter, knowing that the inhabitants of these communities are working in the agriculture and from spring to autumn they are primarily preoccupied by this activity. Also, in the community center, different meetings and debates of initiatives groups were organized, granting opportunities were presented (especially the active measures of the SAPARD program), as well as the process of community development

(presentation held by professors from Babes Bolyai University), debates regarding the need for creating micro-regions and for applying for projects within the program Leader, which would have been available after accession in EU, etc.

- **Development of local initiative groups.** In each community local community groups were organized. These groups included 15 members, who were the formal and informal leaders from the community and from the villages belonging to them, especially the teachers, the priests, local entrepreneurs and regular inhabitants). The goal of initiative groups is to make community problems (as they are perceived by its members) known to the local development agent and to identify together with him and with Local Council the solutions to these problems through direct involvement and taking important responsibilities. Also, the local initiative groups are responsible for review and update the local development communitites of the two communities.
- **Design of the websites of the two communities.** The goal of this activity was to advertise the two communities and to promote the local rural turism, the local tourist attractions, as well as the local traditions and products.
- **Organization of community forums and festivals.** In august, each community with the support of the local development agent organizes a festival. The two communities organized these festivals annually. This year, the available resources through the this project and the support provided by the local development agent offered the opportunity to both communities to better organized the festival, and in Savadisla the festival was held in each village belonging to the communitiy.

The areas included in the project were Savadisla and Mihai Viteazu communes, Cluj County, Nord-West Region, Romania.

#### **The project outcomes were:**

- Selection and training of one local development agent;
- Two community centers rehabilitated and equipped with the equipment and software;
- Organization of two local initiative groups, 7 training sessions for the initiative group from Savadisla and two training sessions for the group from Mihai Viteazu;
- Approximately 180 people were trained in the community center from Savadisla and 120 people were trained in the one from Mihai Viteazu (training topics: how to use computers and English language);
- Other 300 people visited the community centers to use the Internet, to print and copy documents, and to get information;
- Organization of forums/festivals in the two communities;
- Design of the website for each community;
- Beginning of the update process of local development strategy in Mihai Viteazu;

## Conclusions

This initiative had the large support of the communities where it was implemented, and a large number of their inhabitants showed their interest to participate into the activities organized in the community centers. The large number of the people participating to the construction of the highways proves the impact that project had on these communities. Most of these people participated to the training courses in English. In this way, the employees were able to communicate with the foreign representatives of their employer because they had the skills to use English language and to work on computers. For example, some of the people that took the IT courses, were hired for jobs that involved the use of computers. The project, being developed over 3 years is estimated to have an even larger impact in the end because people will have the opportunity to learn to use specific softwares that would help them become more efficient, to start their own business, to advertise their products or services (through the design of their own websites). Also, on long term, the agent for local development will contribute toward attraction of more grants into the community from Funds of European Union, governmental funds, Funds of the World Bank, for the sustainable development of the community.

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