

CORPORATE SOCIAL RESPONSIBILITY AND MULTINATIONALS

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CSR (Corporate Social Responsibility) is in the center of one of the most intense debates in the present occidental culture. Even though, at a first glance it seems a new corporative "toy", an ideological "ghost" that lacks substance, the idea of social responsibility involves a new vision, with important ethical and social implications on the consumer market and tries to subtly modify the public's perception of what a business is.

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CSR is defined by Stephen B. Young in the supplement Partners of the magazine 22 as being:

"In a business you don't need only financial capital, but also assets, human resources, and also a social capital created on reputation and trust. Investing a part of the profits towards such resources, the company will offer a smaller profit to its share holder in the short run, but it will create a durable form of capital. I call corporate social responsibility all these non-financial forms of capital: human resources, assets, social capital and reputation".

The principle idea of this quotation refers to the active implication of companies in activities with a social impact (charitable, humanitarian, ecological events) and the acknowledgement that the consumers' decision-making depends more and more of factors of a different nature than a commercial one. CSR is about the contribution a company makes to society through its core business activities, its social investment and philanthropy programs.

From this point of view, one of the essential objectives of this new vision is given by the fact that the communitarian space means primary source and the finality of a business. The needs, ideals and interests of the consumers are independent and cannot be treated separately. Because of this reason, this objective of CSR means letting go of the narrow perspective of the relationship that a consumer has with a company or a product in favor of a complete experience with which the consumer can associate the image of a company with experiences and interests that don't belong to the consumption sphere.

In the effort to define and make popular the concept of social responsibility it is tried to reconcile capitalism and ethics, and by doing this, also to annihilate the negative halo that is associated with companies worldwide (greed, deceit, all associated with profit). Is a "moral capitalism" possible or are these two terms destined to remain in an ideological conflict forever? As any new concept, social responsibility is seen as being ambiguous and is received in the Occident with a lot of hostility, hostility mainly coming from the cultural spaces influenced by the Marxist tradition. The main issue of these spaces is the irreconcilable differences between the class that exploits and the humble and evidently exploited consumers. From this point of view, humanitarian actions are considered to be forms of symbolic manipulation through which heartless moguls fake disinterest and generosity in pursuit of the maximization of profit, fast capitalization and positive image brought by social implication.

According to the World Economic forum survey of CEO's and leaders in 2004, corporate brand reputation outranks financial performance as the most important measure of success. Several studies show that companies practicing CSR have a better image and do better financially, grossing in higher profits by 18%.

Turning to Africa, it has been said that “CSR is a theme generally inserted in the countries of the South by the countries of the North”. Multinational projects in Africa are focused on ethics, fair labor issues, HIV/AIDS, education and child labor. CSR is a particularly prominent theme among mining, oil and gas companies in Southern Africa, due to their potentially significant negative social and environmental impacts.

CSR and Health Issues

Between 1999 and 2000 more people died of AIDS in Africa than in all the wars on the continent, as mentioned by the UN Secretary General, Kofi Annan. The death toll is expected to have a severe impact on many economies in the region. In some nations, it is already being felt. Life expectancies in some nations is already decreasing rapidly, while mortality rates are increasing. “[2000] began with 24 million Africans infected with the virus. In the absence of a medical miracle, nearly all will die before 2010. Each day, 6,000 Africans die from AIDS. Each day, an additional 11,000 are infected”. (Lester R. Brown, HIV Epidemic Restructuring Africa’s Population, World Watch Issue Alert, 31 October 2000)

UNAIDS estimates for 2007 that there were roughly:

- 32.8 million living with HIV
- 2.5 million new infections of HIV
- 2 million deaths from AIDS
- over two-thirds of HIV cases, and some 80% of deaths, were in Sub-Saharan Africa.

The estimated number of adults and children living with HIV/AIDS, the number of deaths from AIDS, and the number of living orphans in individual countries in sub-Saharan Africa at the end of 2007 are shown below.

| Country | People living with HIV/AIDS | Adult (15-49) rate % | Women with HIV/AIDS | Children with HIV/AIDS | AIDS deaths | Orphans due to AIDS |
|--------------------------|-----------------------------|----------------------|---------------------|------------------------|---------------|---------------------|
| Angola | 190,000 | 2.1 | 110,000 | 17,000 | 11,000 | 50,000 |
| Benin | 64,000 | 1.2 | 37,000 | 5,400 | 3,300 | 29,000 |
| <u>Botswana</u> | 300,000 | 23.9 | 170,000 | 15,000 | 11,000 | 95,000 |
| Burkina Faso | 130,000 | 1.6 | 61,000 | 10,000 | 9,200 | 100,000 |
| Burundi | 110,000 | 2.0 | 53,000 | 15,000 | 11,000 | 120,000 |
| Cameroon | 540,000 | 5.1 | 300,000 | 45,000 | 39,000 | 300,000 |
| Central African Republic | 160,000 | 6.3 | 91,000 | 14,000 | 11,000 | 72,000 |
| Chad | 200,000 | 3.5 | 110,000 | 19,000 | 14,000 | 85,000 |
| Comoros | <200 | <0.1 | <100 | <100 | <100 | <100 |
| Congo | 120,000 | 3.5 | 43,000 | 6,600 | 6,400 | 69,000 |
| Côte d'Ivoire | 480,000 | 3.9 | 250,000 | 52,000 | 38,000 | 420,000 |
| Dem. Republic of Congo | 400,000-500,000 | 1.2-1.5 | 210,000-270,000 | 37,000-52,000 | 24,000-34,000 | 270,000-380,000 |
| Djibouti | 16,000 | 3.1 | 8,700 | 1,100 | 1,100 | 5,200 |
| Equatorial Guinea | 11,000 | 3.4 | 5,900 | <1,000 | <1,000 | 4,800 |
| Eritrea | 38,000 | 1.3 | 21,000 | 3,100 | 2,600 | 18,000 |

| | | | | | | |
|------------------------------|-------------------------|-------------|-----------------------|---------------------|--------------------|-----------------------|
| Ethiopia | 980,000 | 2.1 | 530,000 | 92,000 | 67,000 | 650,000 |
| Gabon | 49,000 | 5.9 | 27,000 | 2,300 | 2,300 | 18,000 |
| Gambia | 8,200 | 0.9 | 4,500 | <1,000 | <1,000 | 2,700 |
| Ghana | 260,000 | 1.9 | 150,000 | 17,000 | 21,000 | 160,000 |
| Guinea | 87,000 | 1.6 | 48,000 | 6,300 | 4,500 | 25,000 |
| Guinea-Bissau | 16,000 | 1.8 | 8,700 | 1,500 | 1,100 | 6,200 |
| Kenya | 1,500,000- 2,000,000 | 7.1- 8.5 | 800,000- 1,100,000 | 130,000- 180,000 | 85,000- 130,000 | 990,000- 1,400,000 |
| <u>Lesotho</u> | 270,000 | 23.2 | 150,000 | 12,000 | 18,000 | 110,000 |
| Liberia | 35,000 | 1.7 | 19,000 | 3,100 | 2,300 | 15,000 |
| Madagascar | 14,000 | 0.1 | 3,400 | <500 | <1,000 | 3,400 |
| <u>Malawi</u> | 930,000 | 11.9 | 490,000 | 91,000 | 68,000 | 560,000 |
| Mali | 100,000 | 1.5 | 56,000 | 9,400 | 5,800 | 44,000 |
| Mauritania | 14,000 | 0.8 | 3,900 | <500 | <1,000 | 3,000 |
| Mauritius | 13,000 | 1.7 | 3,800 | <100 | <1,000 | <500 |
| Mozambique | 1,500,000 | 12.5 | 810,000 | 100,000 | 81,000 | 400,000 |
| Namibia | 200,000 | 15.3 | 110,000 | 14,000 | 5,100 | 66,000 |
| Niger | 60,000 | 0.8 | 17,000 | 3,200 | 4,000 | 25,000 |
| <u>Nigeria</u> | 2,600,000 | 3.1 | 1,400,000 | 220,000 | 170,000 | 1,200,000 |
| Rwanda | 150,000 | 2.8 | 78,000 | 19,000 | 7,800 | 220,000 |
| Senegal | 67,000 | 1.0 | 38,000 | 3,100 | 1,800 | 8,400 |
| Sierra Leone | 55,000 | 1.7 | 30,000 | 4,000 | 3,300 | 16,000 |
| Somalia | 24,000 | 0.5 | 6,700 | <1,000 | 1,600 | 8,800 |
| <u>South Africa</u> | 5,700,000 | 18.1 | 3,200,000 | 280,000 | 350,000 | 1,400,000 |
| <u>Swaziland</u> | 190,000 | 26.1 | 100,000 | 15,000 | 10,000 | 56,000 |
| Togo | 130,000 | 3.3 | 69,000 | 10,000 | 9,100 | 68,000 |
| <u>Uganda</u> | 1,000,000 | 6.7 | 520,000 | 110,000 | 91,000 | 1,000,000 |
| United Rep. Of Tanzania | 940,000 | 5.4 | 480,000 | 130,000 | 77,000 | 1,200,000 |
| <u>Zambia</u> | 1,100,000 | 15.2 | 560,000 | 95,000 | 56,000 | 600,000 |
| <u>Zimbabwe</u> | 1,300,000 | 15.3 | 680,000 | 120,000 | 140,000 | 1,000,000 |
| Total sub- Saharan Africa | 22,000,000 | 5.0 | 12,000,000 | 1,800,000 | 1,500,000 | 11,600,000 |

Constraints such as social norms and taboos, or lack of decisive or effective institutions have all contributed to the situation getting worse. In South Africa, a relatively wealthy African nation, President Thabo Mbeki had long denied AIDS resulting from HIV. Only through public outrage and international pressure was he forced to admit that there is a problem. However, other nations in Africa have shown a more proactive response to the crisis.

Senegal has been a success story when it comes to fighting HIV/AIDS. Reasons are many, including that: problems were recognized early; resources were poured into fighting HIV/AIDS; courageous steps were taken to deal with the religious and cultural taboos head on, using mass media to raise awareness effectively; both prevention strategies and reactive approaches such as

condom use have also been promoted and universal access to anti-retroviral drugs was found to be more effective than user fees, for example and by monitoring and responding, they were able to increase health coverage and access to essential medicines, as USAIDS reported in its World Report 2004.

Uganda has also been another success story in fighting. Botswana, Ethiopia, Tanzania, Senegal, and Zambia, have also tried to provide free HIV treatment as user fees have prevented people from receiving health services. Some of these free treatments are funded by a combination of government resources and donor contributions, showing partnerships at work.

CSR discourse on health is not well developed. Surprisingly, multinationals do not place their HIV/AIDS workplace programs in the context of CSR. It seems AIDS has become such an overwhelming crisis that multinationals consider addressing AIDS a fundamental requirement for the sustained growth in Africa. Provision of HIV/AIDS counseling and services has become commonplace among multinationals operating in Africa, and, with the advent of cheaper treatment options, provision of antiretrovirals at the worksite is no longer unusual. In terms of worksite HIV/AIDS programs in Sub Saharan Africa, about 31% of Tanzanian enterprises have some type of prevention program by mid-2003, compared to 32% of Ugandan and 44% of Kenyan enterprises.

Chevron Texaco has launched a comprehensive HIV/AIDS program for its employees and their families in Angola, the program provides peer education, condom promotion, confidential testing and treatment of sexually transmitted infections. They also provide HIV-positive employees and eligible dependents and to pregnant employees and spouses. The program offers prevention, counseling and treatment services, targets an estimated 12000 pregnant women in Cabinda, at least 7% of whom are HIV-positive.

Launched in 1999, K-Rep is widely considered Africa's groundbreaking institution in commercial microfinance. The bank finances small businesses as well as micro enterprises and began an HIV/AIDS worksite program for its 400 employees on collaboration with IFC Against AIDS in Spring 2004. The company plans to extend the reach of its client base of over 60000 borrowers.

Mali appears to be off the radar in terms of private sector involvement in CSR and HIV/AIDS. However, in 2005, UNAIDS began to implement a plan with the Malian government to develop an HIV/AIDS strategy and incorporate more private involvement with funding from the Multi-Country HIV/AIDS Program for Africa, Global Fund and African Development Bank.

In 2005, the Merck Company Foundation initiated the vaccination management skills training program in Mali to better handle and store vaccines. Other Merck initiatives addressing health issues in Africa include the 18-year-old Merck Mectizan Donation Program, the UN/Industry Accelerating Access Initiative and the African Comprehensive HIV-AIDS Partnership (ACHAP) in Botswana. The two largest diamond companies in Botswana, Debswana and Bamanguato have extensive worksite health programs. The Merck Company Foundation announced on 19 November 2007 a \$2.8 million commitment to establish two new immunization training centers in Uganda and Zambia and to expand the Foundation's support of two existing centers in Kenya and Mali as part of the Merck Vaccine Network - Africa.

Amway is one of the world's largest direct-selling companies and manufactures and sells a wide range of quality products in the areas of Nutrition and Wellness, Personal Care and Homecare. Amway Europe has committed more than Euros 2.5 million over the period 2005-2010 supporting UNICEF Immunization & Education projects in Kenya and Eastern European countries. This funding will contribute to immunization of children against the six most common childhood diseases (measles, polio, diphtheria, whooping cough, tuberculosis and tetanus. In Kenya's Kilifi District, UNICEF and Amway Europe are engaged in Strengthening Essential Health Services for Women and Children with a target of reaching 133,170 children under five

years of age and 33,300 pregnant/lactating women from the district's population of approximately 665,847.

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