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Supporting whose Interest?

Discussions on Corporate Social Responsibility in Business Media Texts – The Case of Romania

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A doctoral dissertation project is a long time and not always straightforward journey, but fortunately we benefit from the advice and support of people around us, whom I now wish to acknowledge.

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Oana Apostol
Companies play a complex role in society and are commonly seen as key actors in fostering economic growth and societal welfare. However, due to increasing societal concerns about companies’ social and environmental negative impacts and their growing power in society, their social responsibilities have been under debate in recent decades. While much research on corporate social responsibilities has been done in the context of Western countries, little is known about this phenomenon in other parts of the world. This dissertation looks more closely at this issue in one such less-known societal context: the case of Romania, a former communist country in Eastern Europe, transforming its centrally-planned economy into a free market economy. The dissertation does so by looking at texts in business media, one important actor in society able to influence readers’ way of thinking and acting.

The research investigates how corporate social responsibilities are discussed in a major Romanian business magazine. This is done by looking at three discourses that seem to dominate CSR practice and research. The anti-CSR discourse questions the moral, legal and institutional grounds of the idea of business responsibilities. The business case discourse supports the view that responsibilities are owed to stakeholders only if the firm benefits. The moral discourse entails that companies need to behave responsibly because it is a moral obligation to do so.

The analysis covers a period of 15 years (November 1992-December 2007), during which Romania went through rapid transformations of its social, economic and political institutions. Textual interpretative analysis is used to examine developments in media discussions of corporate social responsibilities. The empirical analysis is performed by looking at three stakeholders to whom firms may be accountable: employees, the natural environment and society at large.

The findings reveal changes in media talk about the business responsibilities owed to the three stakeholders from a society-centred to a firm-centred perspective. The empirical analysis shows how business case discourse became prevalent in media discussions, while moral and anti-CSR discourses were rejected.
Overall, the dissertation suggests that a business case approach may not be beneficial for Romanian society and otherwise may be insufficient for current worldwide social and environmental challenges. A broader agenda for discussing corporate social responsibilities and business role in society is deemed a necessity.


Tutkimuksen tulokset ilmaisevat näihin kolmeen sidosryhmään kohdistuvan yrityskuntavastuu ajatusten, mikä on yhteiskuntakeskeisyydestä yrityskeskusyyteen. Empirinen analyysin osoittaa, että liiketaloudellinen vastuu korostui tarkastellun ajanjakson aikana mediakeskusteluussa sosiaalisen ja ympäristövastuun sekä moraalikysymysten kustannuksella.

Kaiken kaikkiaan väitöskirjatutkimuksen perusteella voidaan todeta, että romanialaisessa talouslehtikirjoittelussa suositaan sellaista yritysten yhteiskunnallisen vastuun tulkintaa, jonka mukaan sosiaalinen vastuu ja
ympäristövastuu tulisi huomioida vain, jos ne tuovat hyötyä liiketoiminnalle. Väitöskirjassa ehdotetaan, että tällainen lähestymistapa ei välttämättä ole rakentava Romanian yhteiskunnalle ja se voi olla riittämätön vastaamaan sosiaalisii ja ympäristöhaasteisiin myös maailmanlaajuisesti. Laajempi näkökulma yritysten roolia ja yhteiskuntavastuuta koskevassa keskustelussa on tarpeen.
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1. INTRODUCTION

1.1 Motivation for researching corporate social responsibility (CSR) in Romania

In the last few decades, society has become increasingly interested in the way business is done and in identifying the role businesses play in society. Societal expectations have grown and companies have started to reconsider their business practices and strategies. A new wave of thinking attributes a social dimension to business and is often referred to as corporate social responsibilities. There are numerous disagreements about the meaning and boundaries of this concept (Okoye, 2009), but there is agreement that CSR is about the social, economic and environmental ramifications of business activities.

Concerns about business practices have existed for centuries (van Marrewijk, 2003; Carroll, 1999), although not labelled as CSR. Taking responsibility for business activities is not a new phenomenon in the business world. In the 19th century entrepreneurs were already taking care of the social needs of their employees – housing, education or healthcare (Blowfield and Murray, 2008; Crane et al., 2008). While the phenomenon of corporate social responsibility is not new, for a long period it existed only in a tacit manner. Important transformations taking place in society gave more prominence to the discussions about the social responsibilities of companies, especially in the second part of the 20th century (Carroll, 1999). Two such major transformations are often cited in the CSR literature as drivers of developments of CSR agenda.\(^1\)

The first major transformation took place in the business structure, which

\(^1\) The transformations in our society in the last century is not limited to these two transformations. Elkington (1999, p. 34) mentions five important societal changes affecting the sustainability agenda of corporations: the end of communism, the shift from an economy based on natural resources to one based on brain power, increase in world population, globalization, the rise of new economic powers (e.g. China). Although Elkington talks about sustainability and emphasizes its environmental side, the changes affect the responsibility practices of companies in a wider sense.
developed from small entrepreneurships and family-owned firms to today’s predominant corporate structure (see Porritt, 2005; Korten, 1995). The term ‘corporation’ mainly refers to large, publicly traded firms, owned by a large number of anonymous shareholders. In corporations, management and ownership are separated. Corporations grew from small firms owned by individuals through mergers and acquisitions and became powerful actors in society. Their ability to impact on society and the public policy process increased as well (Hertz, 2002). In the context of the increasing power of corporations, concerns have been expressed about their influence on society. Fergus and Rowney (2005a) claim that the role of corporations extended from providing products and services to constructing and deciding societal values. Corporations’ pursuit of profit-maximisation came under scrutiny due to doubts that corporations’ and society’s interests coincide.

The second major societal change consisted of the internationalisation of the economy that allowed free movement of goods, capital and labour throughout the world. The phenomenon known as globalisation (see e.g. Dickens, 2003) expanded during the 20th century, especially in its last decades. Globalisation gave rise to fears that companies could move freely from one country to another and escape regulations (Jenkins, 2005; Korten, 1995). Relocating units from Western countries to other parts of the world, where less democratic governments or less legislative framework allow corporations to operate with fewer restrictions, is common nowadays. There are concerns about society’s ability to control corporations’ growing power across geographical boundaries. Matten and Crane (2005) claim that the state is disempowered as the business activity becomes ‘deterritorialized’.

The two major societal changes described above contributed to increased attention to the economic, social and environmental impacts of business activities. The CSR concept became important both in managerial practice and in the scholarly literature.

Academic studies on corporate social responsibility could be identified as early as the 1930s but only in the 1950s did the debate on the matter expand (Carroll, 1999; de Bakker et al., 2005). In the mid-1950s, ample discussions in society about CSR made Peter Drucker wonder ‘when the managers of American business had any time for business’ (cited in Carroll, 1979). The intellectual roots of the modern era of CSR research are attributed to Howard R. Bowen and his seminal work *Social Responsibilities of the Businessman* (see Carroll, 1979; Carroll, 1999). Since then,
the research in the field has grown considerably and the last few decades have witnessed an unprecedented upsurge in the number of researchers interested in CSR and the number of studies published on it.

In spite of a vast body of CSR literature, most research investigated CSR phenomenon in Western countries (mostly Western Europe, the United States of America and Australia). This literature proved that there are significant differences in CSR practices and perceptions between countries in the Western world, although their values and institutions are similar (e.g. Matten and Moon, 2008; Brammer and Pavelin, 2005; Doh and Guay, 2006). Still, little is known about how CSR is perceived in other parts of the world, where the variety of institutions, cultures and values is even greater than in Western countries.

An emerging body of literature is looking at CSR practices and perceptions in countries beyond the Western world. There are studies analysing CSR in Asia (Chapple and Moon, 2005; Cheung et al., 2010; Kim and Kim, 2010; Jamali and Mirshak; 2007; Jamali et al., 2009; Moon and Shen, 2010), South-America (Muller and Kolk, 2009) and Africa (Fig, 2005; Lindgreen et al., 2009a). Many of the studies mentioned identify the influence of the social, economic and politic context of the country on the CSR phenomenon.

One stream of research focuses on post-communist countries in Eastern Europe (e.g. Estonia - Kooskora, 2006; Poland – Lewicka-Strzalecka, 2006; Romania - Korka, 2005). Post-communist countries in Eastern Europe represent an interesting setting for a research, because their context is unique. After forty years of centrally-planned economies and communist institutions, starting with early 1990s, these countries made rapid changes towards the free market economy and capitalist institutions. Twenty years after the communist regimes collapsed, many of the former communist countries in Eastern Europe have now become members of the European Union. The rapid transformations in these countries give researchers an opportunity to understand how CSR thinking developed and how it is linked to changes in society. Analysing CSR in a post-communist country is important considering the challenges enterprises and firms face during the transformation process from the centrally-planned to market economy.

The research at hand contributes to the emerging stream of literature analysing CSR in the context of post-communist countries in Eastern Europe. The present study looks at how the CSR phenomenon is talked about in Romania, a post-
communist country in Eastern Europe. While paying attention to the societal context, this study analyses how CSR is discussed in business media texts. Media reflect and construct societal debates about the responsibilities of business in society and for this reason represent an appropriate target for scrutiny.

The next section of this chapter will present how the study aims to contribute to the literature.

1.2 Aim and research questions of the study

In society there are different ways of talking about CSR. According to some, the CSR concept should not exist, because companies do not have other responsibilities than to make profit for shareholders while following the laws of society (Friedman, 1970). According to others, companies should have a broader aim than profit-making because they owe something to society. Yet others do not perceive the social, environmental and economic aspects of business activities as being incompatible and claim that doing something for society is also beneficial for the firm.

CSR is interpreted differently and for this reason remains a highly controversial concept (Okoye, 2009), with no consensus about its meaning (Votaw, 1972; McWilliams et al., 2006; Schwartz and Carroll, 2008) and no clear understanding about what a responsible company should be like (Kallio, 2007; Campbell, 2007). Research in different disciplines provides evidence of how different actors interpret CSR and how they engage in the discussions taking place in society.

Most research focuses on companies and their talk about social responsibility. Companies and businesspeople frequently adopt a business case perspective on CSR, suggesting that being responsible is in the nature of their activities. CSR research also demonstrates that companies have different objectives in promoting their image as responsible (e.g. Margolis and Walsh, 2003; McWilliams et al., 2006).

Academia plays the role of educating future generations of businesspeople. The values transmitted to students during the education process are likely to form the basis of managerial thinking in companies (Ghoshal, 2005). Due to corporate scandals in recent years, academia came under criticism for being too narrow in
teaching business values that circumscribe a shareholder ideology (Matten and Moon, 2004). It has been claimed that academia pays little attention to incorporating ethical, social and environmental aspects of companies into educational programmes (Boyce, 2004; Gray and Collison, 2002; Humphrey et al., 1996). As a consequence, some authors suggest that current irresponsible business practices are partly due to business schools’ curricula (Adler, 2002; Gioia, 2002; Ghoshal, 2005).

Research, as a task of academia, is also important for contributing to CSR debates. Different kinds of approaches to CSR are visible in research, from the complete denial of any social responsibility of business (Friedman, 1970; Carr, 1968) to claims that the role of business in society should be a wide one (Blowfield, 2005; Blowfield and Frynas, 2005; Jenkins, 2005). A large body of research discusses the potential of CSR to deliver for business. This literature suggests that, inter alia, competitive advantage (McWilliams and Siegel, 2001; Hart, 1995) or financial performance (Margolis and Walsh, 2003; Orlitzky et al., 2003) can be improved when the firm has a CSR strategy.

Media are another influential actor in the ways people think and act. Media, together with other actors, such as businesses, academia or NGOs, contribute to discussions on the CSR phenomenon. While business and educational perspectives have been researched more, media’s role in this process has been little considered. However, media perception of the CSR phenomenon is important because media texts can influence readers’ opinions.

There are only few studies focusing on CSR in the media and their results are contradictory. Siltaoja and Vehkaperä (2009) brought an optimistic perspective on the role of media in constructing the social contract between business and society. A different finding comes from Hannah and Zatzick (2008), who claim that, in spite of widespread corporate scandals, the business press continues to ignore business responsibilities and in particular ethical issues in business. The findings of Vaara and Tienari (2008), Capriotti (2009) and Meijer and Kleinnijenhuis (2006) also suggest that media frequently support a corporate agenda and pay little attention to societal expectations regarding corporate responsibilities.

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2 It is conceded here that media also represent a business actor, whose aim is to create and sell a product (newspaper, magazine etc.). In this study, we talk about media as an independent actor in society because, in addition to being a business, it has a distinct role in society.
Media can embrace different forms, for e.g. broadcast media, print media or social media. In this dissertation, the main concern is with the print business media. Thus, the broad aim of this study is as follows:

*This research seeks to look at the discussions about the CSR phenomenon taking place in media texts, using Romania as a context country.*

Departing from this overall aim, this dissertation seeks to answer two more specific research questions:

**RQ1:** *How were corporate social responsibilities towards stakeholders discussed in the Romanian business press?*

**RQ2:** *How discussions in the Romanian business press about corporate social responsibilities developed over a long period of time and how were they linked to societal transformations?*

In order to achieve the aims mentioned above, this study analyses business media texts in a specific societal context. Romania was selected to be the context of this research because of its economic, political and social background in transformation from a centrally-planned (communist) economy to a free market economy. The context of a rapidly transforming society offers good opportunities to study how the relationship between business and society is perceived and how this changes over time.

This research contributes to the literature by looking at media interpretations of CSR and the potential implications for society. Taking into account the role of media in society, how media portray a phenomenon can affect readers’ views and ultimately, society as a whole.

In business research the role of media has been largely neglected3. In spite of this, media contribute to the discussions taking place in society and influence how

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3 Yet there is a growing body of literature interested in media’s impact on managerial practices or media’s role in shaping managerial values (Chen and Meindl, 1991; Mazza and Alvarez, 2000; Kjaer and Langer, 2005). The research done in the business communication field is likewise acknowledged.
businesspeople make sense of certain issues. Some evidence shows that managers are not so interested in reading academic scientific literature and they do not pay much attention to professional textbooks. Instead, reading the press is part of their everyday habits (Alvarez et al., 2005). Likewise, academia is influenced by wider discussions and debates in society in which media participate (Thomas, 2003).

Research has shown that media create corporate visibility and reputation (Meijer and Kleinnijenhuis, 2006), construct the image of people working within companies (Chen and Meindl, 1991) and make dominant a corporate agenda (Capriotti, 2009). Capriotti (2009) examined what kinds of issues are discussed in media texts talking about 33 large companies listed on the Spanish stock market. He concluded that economic aspects prevailed over social ones. Media were also seen as an arena where business actors can lose or (re)gain their legitimacy in society (Elsbach and Sutton, 1992).

The research mentioned above suggests that media are not an insignificant actor in society and do not play a neutral game. In the CSR field too, the study by SustainAbility, Ketchum and the United Nations Environment Programme (2002) claims that media have the ability to influence how people think about the companies and their role in society. However, CSR in media has attracted little interest in the scholarly literature. It is important to understand how media construct the meanings of the CSR phenomenon and talk about the relationship between business and society. The research at hand is interested in this question and looks at how media discuss business responsibilities to stakeholders and how contextual factors affect media talk.

This study takes a linguistic approach in studying CSR as it appears in media. The interest in researching the CSR concept from a linguistic approach, which pays attention to understanding how the concept is made sense of, has been limited, in spite of the long history of CSR in the scholarly literature (Carroll, 1999). Some recent attempts aim to fill this gap and adopt different linguistic approaches in researching corporate social responsibility (e.g. Humphreys and Brown, 2008; Cramer et al., 2004; Coupland, 2005). Most of the works in the field have been accomplished at the level of companies (or organisations in a wider sense) and analyse how CSR or aspects related to CSR are constructed by members of an organisation. These studies identified a heterogeneous understanding of the CSR phenomenon in businesses. How each member interprets CSR depends on the
context of which he or she is a part (Thomas, 2003).

CSR is not understood differently only in companies, but also at a societal level. Mark-Ungericht and Weiskopf (2007) offer such an example of how CSR is differently interpreted by employer organisations, labour organisations and NGOs in Austria. This research, too, is interested in investigating how CSR is constructed outside the corporate organisation. Media represent a forum where various actors in society attempt to present their own views to the reader. Media can be seen as a complex actor, which on the one hand reflects and is constructed by the wider discourses in society (van Dijk, 1997; Fairclough, 1995) and on the other constructs and makes visible to the public certain issues, while silencing others (Chen and Meindl, 1991; Price et al., 1997). To what extent media are constructed and to what extent construct remains difficult to assess. However, there is agreement that issues discussed in media are linked to the debates in society (debates that initiated by media or by other actors).

In contemplating the phenomenon through language, this research supports the view that CSR does not constitute an objective reality but emerges from a process of social construction in the interactions between different actors in society (Phillips and Hardy, 2002; Berger and Luckmann, 1987).

Next, the structure of this study is presented.

1.3 Structure of the study

This research consists of eight chapters. The introductory chapter was intended to present a rationale for the study, to position it in the literature and to specify the research questions and aim of the study. The remaining chapters are briefly introduced below.

Chapter 2 introduces the theoretical background of this study, based on which the empirical data is analysed in Chapters 5, 6 and 7. First, the CSR concept is introduced and the main theoretical developments in the literature are presented. Then, two theoretical ‘texts’ used in reading, structuring and making sense of the data are introduced, namely: Carroll’s approach to CSR and the stakeholder perspective on CSR. The theoretical ‘contexts’ of the study, represented by three major discourses about CSR phenomenon, are conceptualized and presented. They
are used for analysing and interpreting the findings of this dissertation.

**Chapter 3** describes the context in which CSR is examined in this study. The chapter presents Romania, its economic and social developments, focusing mostly on the communist period (1947-1989) and the transition period (1990 onwards). After that, the main social and environmental concerns in Romania and their development during transition are described.

**Chapter 4** elaborates on the methodological aspects of this research. It starts by discussing the nature of media, providing the background needed to understand media texts and their limitations. It continues by presenting the data and the method. The analysis process is also described.

**Chapters 5, 6 and 7** analyse in detail discussions in the empirical data (the Romanian business magazine *Capital*) on corporate responsibilities to three stakeholders: employees, the natural environment and society at large. The main findings are summarized and analysed at the end.

**Chapter 8** concludes discussing the findings emerging from the entire research, making links between these different results and showing the significance of the outcomes of this study.
2. THEORETICAL BACKGROUND

This research looks at how the phenomenon of corporate social responsibility (CSR) is discussed in media texts. The aim of this chapter is to present the theoretical approaches used to analyse the empirical data of this study and to interpret the results.

This chapter is organised as follows. It begins with a brief look at the main concept of this dissertation (corporate social responsibility) and how it has been theoretically discussed in the literature. It continues by presenting the ‘texts’ of this study, i.e. the theoretical tools which have an operational role and are used for the purpose of processing, analysing and making initial interpretations of the empirical data. After that, the ‘contexts’ of this study are introduced, i.e. from which angles the CSR phenomenon is examined and interpreted here. Following an interpretative tradition, it is recognised here that how we interpret CSR phenomenon depends on the particular ‘contexts’ that frame it. At the end, a synthesis of the theoretical ‘texts’ and ‘contexts’ is presented in Table 2.

2.1 The CSR concept

2.1.1 CSR developments in the literature

This dissertation draws upon the existing work in the field of corporate social responsibility; the CSR concept being central to the study. The concept commonly refers to a variety of issues for which a business can be responsible. Taking care of employees’ wellbeing and their safety at work, reducing negative impacts on the natural environment, producing goods that follow qualitative standards, respecting human rights and cultural diversity in poor countries where companies are operating are several examples of what being socially responsible means.

The concept of corporate social responsibility has been defined over time in
many different ways. Next, a brief look into how the CSR concept has been interpreted and how it has developed in the literature serves as a basis for the discussions following later on in this chapter.

Carroll (1999) made a review of the developments of CSR definitions, while Dahlsrud (2008) reviewed the most cited definitions used in the Internet. It is not the purpose of this study to make a new review of CSR definitions nor is it the intention to discuss all the definitions used in the literature. Instead, several major developments in CSR definitions and theoretical constructions will be presented here, drawing mostly on Carroll (1999) and on Garriga and Melé (2004).

Attempts to define CSR were made in the 1950s and even earlier. One of the earliest definitions came from Bowen, considered to be the ‘father of CSR’, in his work from 1953. His definition of the CSR concept as “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Bowen, 1953, pp. 6 cited in Carroll, 1999) made explicit the link between business purposes and the values and needs of society. Bowen’s definition was an important step, because the business aim of making a profit was no longer seen in isolation from the society in which it operates. Bowen’s idea of business’s obligations to society was supported by other scholarly works in the 1960s (e.g. Davis, 1960; McGuire, 1963). Obligations were considered to come from the increasing power of companies in society (see Davis, 1960) and were expected to go beyond the legal economic aspects (McGuire, 1963).

In the 1970s, the interest in CSR research increased significantly (Carroll, 1999). It was during this time that the Committee for Economic Development (Committee for Economic Development, 1971) introduced the notion of social contract. In this view, corporate obligations were seen as part of a social contract between the firm and society.

Discussions about the communitarian or philanthropic side of business also became important in 1970s. One of the widely-cited definitions interpreted CSR as “the firm’s consideration of, and response to, issues beyond the narrow, technical, and legal requirements of the firm […] to accomplish social benefits along with the traditional economic gains which the firm seeks” (Davis, 1973). Debates over the voluntary versus non-voluntary nature of corporate social responsibilities and over the philanthropic involvement of business in the community continued ever since.
and no consensus has been reached so far. For this reason, while some scholars interpret CSR as the voluntary aspects of business activities, other scholars take a wider approach and consider that legal and economic aspects are also part of CSR\(^4\).

Latter developments in the definition have included public responsibility (Preston and Post, 1975), a term which emphasises the importance of the policymaking process for companies. The terminology used by Preston and Post (1975) switches the focus from ‘social’ to ‘public’.

In the 1980s, new theoretical constructs were introduced in CSR research (Carroll, 1999). Some of these departed from the idea of CSR but built new independent fields of research. Some of these include: stakeholder theory, business ethics and corporate social performance. Each of them defined CSR from their own respective theoretical perspectives\(^5\).

In stakeholder theory, the need for the firm to be responsible comes from the stakes that different holders have in a company (Freeman, 1984). Being responsible means responding to the expectations of stakeholders and being able to balance between different claims. This study also adopts a stakeholder perspective in defining CSR, considering that we need to address the question ‘to whom’ a business is responsible. The empirical part of this dissertation analyses the responsibilities expected of companies to three stakeholders, employees, the natural environment and community, in Romania.

Business ethics instead focuses on what is the right thing to do in business activities. From this perspective, being responsible means doing the right thing to achieve a better society (see Garriga and Melé, 2004).

Corporate social performance (Carroll, 1979) is a model that integrates three elements: a definition, a list of issues for which responsibility exists and a philosophy of response. The model defines corporate social responsibility in terms

\(^4\) Regulatory institutions are also engaged in this debate. This is the case of the European Commission, which defined the concept in 2001 in a way that emphasises its voluntary nature: “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.” (Commission of the European Communities, 2001).

\(^5\) The theoretical constructs in CSR research are to some extent overlapping and should not be seen as completely independent from each other. For example, the normative stream of stakeholder research discusses ethics theories and their applicability to stakeholder theory.
of four aspects that a company is expected to address: economic, legal, ethical and discretionary. This study also adopts Carroll’s definition of CSR, used together with the stakeholder perspective on CSR. Both are used in the empirical part of this study to understand what kinds of responsibilities are expected from business, i.e. which responsibilities receive more attention in media texts and which ones are ignored.

The main developments of the CSR concept were described above, but it is acknowledged here that numerous conceptualisations of CSR exist concurrently in the literature. There have been attempts to synthesise and classify them using different theoretical perspectives (e.g. Garriga and Melé, 2004; Windsor, 2006; Blowfield and Murray, 2008). Garriga and Melé (2004) provide one of the most comprehensive classifications of CSR research into four different groups: instrumental, political, integrative and ethical conceptualisations of CSR. Instrumental conceptualisations focus on the economic aspect and theorise CSR as a way to increase wealth. Political conceptualisations are concerned with the social power of corporations and the resulting responsibility. Integrative conceptualisations look at the relationship between the firm and society and how the firm integrates into society. Finally, ethical theories pay attention to ethical values in discussing CSR.

The brief presentation of CSR developments ends by acknowledging that even today, the CSR concept remains unclear because it is defined in many different ways. Votaw’s widely cited paragraph, although four decades old, seems still to be valid today:

_Corporate social responsibility means something, but not always the same thing to everybody. To some it conveys the idea of legal responsibility or liability; to others, it means social responsible behaviour in the ethical sense; to still others, the meaning transmitted is that of ‘responsible for’ in a causal mode; many simply equate it with charitable contribution; some take it to mean socially conscious, many of those who embrace it most fervently see it as a mere synonym for legitimacy in the context of belonging or being proper or valid; a few see a sort of fiduciary duty imposing higher standards of behaviour on businessmen than on citizens at large_ (Votaw, 1972, pp. 25).

It has been suggested in the literature that the diversity of CSR definitions and
interpretations may be influenced by the particular societal context in which business operates (e.g. Matten and Moon, 2008; Campbell, 2007). Contextualising CSR is one way to understand the expectations a certain society has of business.

This research investigates CSR in Romania, a country that was part of the communist bloc in Eastern Europe for more than four decades. Although characterised by common futures of political, economic and social life, there was much diversity between the countries of Eastern Europe (Kornai, 1992). Because the societal characteristics of Romania can also be expected to affect the way business responsibilities to stakeholders are interpreted, the next section looks at the importance of contextualising CSR.

2.1.2 Contextualising CSR

The context in which a firm operates has been found to be important in different business disciplines (management, accounting, marketing etc.) and for business practices in general. It is quite commonly agreed that context matters and for this reason, it can be expected that the corporate social responsibility phenomenon makes no exception.

CSR comparative studies find significant differences between different countries and between different regions in the world (for example, between Europe and the United States: Maignan and Ralston, 2002; Brammer and Pavelin, 2005; Doh and Guay; 2006; Matten and Moon, 2008). Other studies explored in more depth CSR perceptions or practices in a particular country or region in Western world but also in developing countries. Most parts of the world have been covered in these studies: Asia (Chapple and Moon, 2005; Cheung et al., 2010; Kim and Kim, 2010; Jamali and Mirshak, 2007; Jamali et al., 2009; Moon and Shen, 2010), Europe (Papasolomou-Doukakis et al., 2005; Perrini et al., 2007; Mbare, 2006; Panapanaan et al., 2003; Takala, 1989), the United States (Lindgreen et al., 2009b); South America (Muller and Kolk, 2009) and Africa (Fig, 2005; Lindgreen et al., 2009a). The studies mentioned above show the diversity of local understandings of corporate responsibilities in society.

Previous research addressed the question of why expectations about business responsibilities differ across countries. Institutions in a society, both formal and
informal, were found to play a role in contextualising CSR.

Formal institutions vary significantly, even in the Western world, where capitalism is the dominant economic system (Kitschelt et al., 1999; Boyer and Hollingsworth, 1997). Scholars talk about different types of capitalism. For example, Jones (1999) distinguishes between ‘property rights capitalism’ and ‘stakeholder capitalism’. The former is dominated by a discourse of property rights and ownership, while the latter emphasises participation in society and human values, such as trust and reciprocity. Jones hypothesises that CSR plays a greater role in ‘stakeholder capitalism’ than in ‘property rights capitalism’. Jackson and Apostolakou (2010) investigate CSR practices in ‘liberal market economies’ (Anglo-Saxon countries) and in ‘coordinated market economies’ (Continental Europe). They also distinguish three groups of countries within Europe, based on their different types of capitalism (Nordic, Central and Latin countries). On the basis of empirical tests, Jackson and Apostolakou (2010) conclude that CSR plays the role of a substitute, because companies are more likely to adopt CSR practices in those countries where CSR is not institutionalised (i.e. not required by institutions) (see also Matten and Moon, 2008).

This dissertation investigates CSR in Romania, an Eastern European country. Post-communist countries in Eastern Europe are currently transforming their institutions towards a capitalist system. These countries also constitute a distinct form of capitalism, in spite of diversity within the group (Lane, 2005). The dissertation contributes to the literature that contextualises CSR by linking perceptions about the expected responsibilities of business in society to the social and economic context in a country. The study also looks at how institutional changes inside the country affect CSR thinking. In addition to internal institutions, the European Union, of which Romania is Member State as of 2007 is also important for this study. The European Union played an important role in promoting the legislation and norms adopted in Romania. For example, environmental legislation promoted by the European Union changed expectations about business practices in the field of environmental protection. Corporate social responsibility also represents one important value that the European Union promotes in its Member States (see Commission of the European Communities, 2001).

Informal institutions consisting of norms, rules and beliefs have also been investigated in the literature in order to understand how CSR perceptions and
practices are interpreted in different countries. Discussions have taken place in the literature about the role of cultural values in framing local expectations about business responsibilities (e.g. Waldman et al., 2006; Azmat and Samaratunge, 2009). Quazi and O’Brien (2000) found religious beliefs to be the driver for Bangladesh managers’ involvement in the community. Managers considered that God will bless their firms if they are responsive to societal demands. Azmat and Samaratunge (2009) also explain that religious values in developing countries cause firms to interpret CSR as philanthropic actions. Kim and Kim (2010) explore Hofstede’s (1991) cultural dimensions (masculinity vs. femininity, power distance, individualism vs. collectivism, uncertainty avoidance and long-term vs. short-term orientation). They found that social traditionalism values shape Korean perceptions of corporate social responsibility.

This dissertation also pays attention to local values, although no particular framework to analyse them is used. Romanian beliefs and values are described each time they shed light on the findings of the study.

In conclusion, contextualising is important in understanding how CSR is defined in a certain business environment. This study also demonstrates how context affects perceptions of corporate social responsibility.

2.2 Theoretical ‘texts’ of this study

This dissertation uses two theoretical ‘texts’ in the empirical part in order to process and analyse the data. The first theoretic ‘text’ is Carroll’s (1979) CSR pyramid, while the second is the stakeholder perspective on CSR (e.g. Freeman, 1984). In the following paragraphs, each of the ‘texts’ is presented and their importance for this study demonstrated.

2.2.1 Carroll’s approach to CSR

One of the oldest and most popular theoretical constructs in CSR was introduced in the late 1970s by Carroll (1979) and refined in later publications (Carroll, 1991; Schwartz and Carroll, 2003). Carroll defined corporate social responsibility in terms of four dimensions: economic, legal, ethical and discretionary. His typology aimed
to provide a clearer understanding of the nature of the responsibilities companies were expected to accept.

Economic responsibilities are considered to be the most important and essential for a firm to exist and consist of producing goods and services society wants. Legal responsibilities refer to compliance with the laws and regulations in a society. Ethical responsibilities go beyond the legal requirements and refer to moral expectations of society as articulated in the ‘social contract’. Finally, the discretionary responsibilities represent mostly what is nowadays considered corporate philanthropy, i.e. business involvement in alleviating problems faced by the local community.

Carroll (1991) graphically represented the four responsibilities in the form of a pyramid (see Figure 1). The pyramid reflects the importance that firms are expected to attach to each of the four responsibilities. Since the legal and economic responsibilities were seen as basic and mandatory, they form the base of the pyramid, while the discretionary dimension represents the top.

![Figure 1. The pyramid of corporate social responsibility (Carroll, 1991).](image)

Carroll’s model suffers from two weaknesses. The first of these relates to the voluntary aspect of corporate social responsibility. Some CSR scholars consider that mandatory aspects should not be part of CSR. Davis (1973) states that “social responsibility begins where the law ends”. From this perspective, legal issues are compulsory and the economic issues cannot be ignored because they are crucial to
the business, hence, they should not be included in a CSR framework. However, this argument holds only to a limited extent. Research has shown that while being philanthropic, companies can at the same time violate the legislation (see e.g. Strike et al., 2006). Nielsen (2005) and Newell (2005) discuss how corrupt authorities or lack of enforcement of legislation in developing countries allow abuses such as child labour to be widespread. Frynas (2005) also claims that a gap exists between the responsible talk and actual behaviour of multinationals in developing countries. In such cases, legal corporate responsibility becomes important.

The second weakness is in the legitimacy of the discretionary dimension of the CSR model. Supporters of neo-liberal theory were especially concerned in questioning the extent to which businesses should be involved in the community (e.g. Friedman, 1970; Carr, 1968; Crook, 2005).

From the two weaknesses mentioned above, it can be inferred that CSR can be conceptualised in a narrower or broader perspective. In order to escape the difficulties of taking a narrow or broad stance on CSR, further developments in CSR suggested that CSR should be defined in progressive stages. The responsibility consists in different stages and the firm adopts the level that it is able to or that better suits its needs. The lowest stage of responsibility commonly consists of complying with legislation, while the highest means involvement in the society in which it operates. One of the first such frameworks was introduced by the Committee for Economic Development in 1971 and conceived of responsibility in three stages. The lowest, labelled ‘the inner circle’, coincides with economic and legal aspects of Carroll’s framework. The ‘intermediate circle’ refers to the responsibility to respect social values. The ‘outer circle’ refers to the level in which businesses are becoming involved in society. Another similar framework is that of van Marrewijk (2003). He created a five-stage framework of responsibility that starts with a compliance-driven approach and continues with profit-driven, caring responsibility, synergic responsibility and holistic responsibility. Similar ways of defining CSR have been used by Payne and Raiborn (2001), Quazi and O’Brien (2000) or Pirsch et al. (2007).

While adjustments to Carroll’s model bring useful developments to the literature, in this study the basic approach will be followed. Making a distinction between different kinds of responsibilities is the main aim for which Carroll’s conceptualisation is used here. While basic, Carroll’s approach is a useful ‘text’
facilitating theoretical and empirical discussions in this dissertation. Next, the second theoretical ‘text’ used in this study will be introduced.

2.2.2 A stakeholder perspective on CSR

The stakeholder approach is commonly seen as a development of CSR research (Carroll, 1999; Russo and Perrini, 2010). It is claimed that the stakeholder approach provides more stable grounds for the analysis of the social role of business than does CSR mainstream research (Jamali, 2008). The stakeholder approach developed into an independent stream of research, especially in the management literature, research that focuses on stakeholders and ways to manage and balance their expectations.

In the following paragraphs, basic theoretical ideas about the stakeholder perspective will be introduced. After that, the reasons for which the stakeholder approach is used here and the role it plays in this study will be discussed.

The stakeholder concept is usually attributed to the Stanford Research Institute, which first mentioned the ‘stakeholder’ term in one of their internal memoranda in 1963. However, it was only after Freeman’s book in 1984 that the concept gained wide popularity. His seminal work clearly stated the need to pay attention to other groups in society besides the shareholders. Freeman (1984) also introduced one of the most influential definitions of the stakeholder concept:

A stakeholder in an organisation is (by definition) any group or individual who can affect or is affected by the achievement of the organization’s objectives (Freeman, 1984:46).

Freeman is widely recognised as the father of stakeholder theory and his book of 1984 is considered as the starting point in stakeholder thinking. Stakeholder research expanded in multiple directions, which are too broad to cover in a brief text. Instead of reviewing the stakeholder literature, the basic ideas forming the

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6 It is worth mentioning that much of the theory development has been devoted to defining (for a review, see Mitchell et al., 1997), classifying and creating stakeholder typologies (Mitchell et al., 1997; Rowley, 1997; Jones et al., 2007). But there are multiple research streams departing from stakeholder thinking, which would require extensive space in order to review them.
The stakeholder approach is considered to be a social theory of the firm (Näsi, 1995) because it theorises what a firm is, how it functions and what its aims are. It provides a way to understand the firm that focuses on the firm relationship with other actors in society. At the core of stakeholder thinking is the idea that the firm does not exist in isolation, but as a part of society and there are multiple connections between the firm and other actors outside the firm. When the actors have a claim on the firm they are commonly referred to as stakeholders (holders who have a stake). Freeman (1984) graphically represented stakeholders’ relationships with the firm in a model where the firm is the hub of a wheel and stakeholders are equally distributed around it (see Figure 2).

Later developments refined Freeman’s model, making it more accurate and closer to business practice. Rowley (1997) added a network perspective to the model, paying attention to the relationships existing not only between the firm and its stakeholders, but also between the stakeholders of a firm. He also noted that the firm is not necessarily at the centre of the network. Fassin (2008; 2009) further developed the model based on a careful analysis of the nature of relationships between firm and stakeholders. He classified stakeholders into three more detailed categories: stakeholders (those holding the stakes), stakewatchers (those protecting stakeholders’ interests) and stakekeepers (those who keep the stake). Developments
of the model also considered the criteria entitling an actor to be a stakeholder. Post et al. (2002a) and Phillips (2003) discussed the legitimacy of considering competitors and media as stakeholders of the firm.

How to manage stakeholders’ claims is an important concern for stakeholder research and practice. It is commonly agreed that, in order to respond to a claim, the claimant needs to have a stake in a firm. Otherwise, if the firm is accountable for everything that affects or is affected by the firm, then everyone is a stakeholder (Phillips, 1997). Paying equal attention to all the stakeholders and their needs is not feasible, thus scholars in the field researched the criteria based on which stakeholders can be identified and their claims balanced (e.g. Mitchell et al., 1997).

There are three major research streams in stakeholder theory: descriptive, instrumental and normative (Donaldson and Preston, 1995). Descriptive stakeholder theory proposes a model of the firm. It is descriptive because it analyses and describes the nature of the firm, firm behaviour and how firms are managed (Donaldson and Preston, 1995). It also compares the stakeholder model with alternative theories of the firm. The instrumental stream of research is a positivist approach, which aims to correlate practices of stakeholder management to firm performance. It assumes that stakeholder thinking is beneficial to practices of management and to the firm in general. Finally, normative research aims to give some categorical judgements in terms of the rightness and wrongness of stakeholder managerial practices grounded on ethical principles.

In this study, a stakeholder approach to researching corporate social responsibility is preferred for the following two reasons. First, the stakeholder approach addresses the question ‘to whom’ the business responsible is for its activities, as distinct from the question ‘for what’ dominating CSR literature (Russo and Perrini, 2010; Egels, 2005). The question ‘for what’ is inherently answered as well, because more detailed accounts are given when focusing on one stakeholder. Research performed from a stakeholder perspective provided investigations of CSR when only one stakeholder is considered. For example, Jenkins (2005) looked at the relationship between firm and local community and the role CSR can play in alleviating poverty in developing countries. Barnett and Schubert (2002) and Kolk and van Tulder (2002) focused on CSR aspects in the relationship of the firm to employees as stakeholders.

Second, the stakeholder approach to CSR suits best the nature of the empirical
material of this study. For most of the transition period media texts in Romania do not explicitly discuss the CSR concept. Examining CSR as a list of issues for which a business should be responsible is not feasible in this case. Instead, this study looks at what kind of responsibilities companies are expected to bear towards their stakeholders. Doing so makes the research more focused and the empirical material manageable.

Stakeholder thinking goes well with Carroll’s approach, which makes it clear which responsibilities a business should meet. Hence, the ‘to whom’ and ‘for what’ questions are both addressed. These two theoretical ‘texts’ will form the basis of the empirical and theoretical discussions in this study.

2.2.2.1 Stakeholder perspective applied in this study

The stakeholder approach represents here a theoretical ‘text’ used mostly in the empirical part of this study. Analysing CSR is done by looking at the responsibilities a business is expected to bear to three stakeholders: employees, the natural environment and society at large. Using Freeman’s stakeholder model (modified cf. Laine, forthcoming and Porritt, 2005) Figure 3 shows which stakeholders are analysed in this dissertation.

![Stakeholder model used in this study](image)

Figure 3. Stakeholder model used in this study.

The stakeholder approach, as used in this study entails certain limitations. The classical definition of stakeholders (Freeman, 1984) as groups or individuals fits best for employees. Granting natural environment and society the status of
stakeholder is more controversial. Below we discuss the limitations and present arguments in support of the approach adopted here. We start with the natural environment and continue with society at large.

The natural environment is not present in popular graphical representations of the stakeholder model, e.g. Freeman (1984) and Fassin (2009). Another well-known stakeholder model was proposed by Post et al. (2002b), who aimed to improve the classical representation by specifically paying attention to the business environment. In spite of taking into account different economic, social and political aspects framing the background in which a firm operates, the model failed to include the natural environment [see also the model by Carroll and Buchholtz (2006, pp. 70)]. Most commonly, the natural environment is present in stakeholder models only through human proxies, such as environmental organisations or governmental agencies.

There is an ongoing debate in the literature on whether the natural environment should be a stakeholder. The counter-arguments show that the natural environment does not meet the criteria elaborated in classical definitions of a stakeholder, e.g. of Freeman (1984) or Clarkson (1995). These definitions pointing out that a stakeholder is a ‘group’ or an ‘individual’ cause some theorists to conclude that only humans can have this status (Orts and Strudler, 2002). Freeman (2008) also referred to this by stating that ‘stakeholders have names and faces and children’. This assumption is challenged by Starik (1995), who advances three arguments why ‘non-human’ natural environment can and should be a stakeholder. First, he argues that the natural environment constitutes an adequate business environment for an organisation. The organisation does not operate in isolation; it is affected and affects the natural environment and its survival is dependent on the availability of natural resources. Second, in his view, the natural environment has an economic and political value for a business but also ethical, socio-emotional, legal and physical characteristics which warrant the stakeholder status. Third, the current representation of natural environment through human proxies is considered incomplete and insufficient for addressing environmental degradation. The natural environment needs to be clearly included in the graphical representation in order to make it visible to business managers.

Another counter-argument departs from the claim that stakeholders are those having interests in an organisation. It is argued that natural environment can only
have interests through human proxies to speak on its behalf because it cannot make claims itself (Phillips and Reichart, 2000; Orts and Strudler, 2002). Freeman’s criterion of stakeholders as those who can affect or are affected by the organisation has been considered insufficient for granting the natural environment stakeholder status (Phillips and Reichart, 2000).

It has been maintained that humans and organisations are morally obligated to confer stakeholder status on the natural environment given the impetus to solve environmental problems (Starik, 1995). Counter-arguments have emphasised that moral obligations and environmental problems are not sufficient to accept natural environment as a stakeholder. Theoretical complications and lack of theoretical clarity and rigour have been claimed to exclude natural environment from stakeholders (Phillips and Reichart, 2000; Orts and Strudler, 2002).

While the debate continues, in this dissertation we agree with the work of Driscoll and Starik (2004), who argue that natural environment should be considered the primordial stakeholder. They draw on the work of Mitchell et al. (1997), who propose three attributes of a stakeholder: power, legitimacy and urgency. To these, Driscoll and Starik (2004) add proximity, referring to the special closeness of natural environment to an organisation. The authors re-interpret the attributes of power, legitimacy and urgency (plus proximity) in an eco-sustainability paradigm. This represents an alternate and more accurate paradigm because it takes into account the physical environment in which firms operate. From this perspective, the authors demonstrate that natural environment has all four attributes and meets the criteria for being a stakeholder.

In conclusion, although there are weaknesses in granting natural environment the status of a stakeholder, there are also good arguments to support this choice.

Society as conceived of in this study does not appear either in stakeholder models. Society is interpreted here in broad terms and aimed to capture the nature of the relationships that businesses have with Romanian society. More specifically, looking from this perspective we can understand not just narrow relationships of businesses with a particular stakeholder but also firms’ contribution to society.

In stakeholder models, society as a broad stakeholder does not exist. The interests of societal members in a firm are commonly synthesised in stakeholders such as civic groups, the government or various other institutions. Freeman (1984) has ‘civil society’ in his model. In an adapted version, he replaced ‘civil society’ with ‘NGOs’
In their model Post et al. (2002b) included ‘local communities and citizens’. Fassin (2009) details the stakeholder model to a great extent and includes categories such as ‘communities’, whose voice is heard by special interest groups and ‘NGOs’ representing civil society. Carroll and Buchholtz (2006) also include in their stakeholder model a category named the ‘general public’. In this study, society as a stakeholder is constituted of the categories mentioned above in their entirety.

This approach has its limitations. The most important consists in overlapping of stakeholders. Many stakeholders included in the graphical representations of Freeman (1984) and his successors are already part of society. Making a distinction between society and customers or society and employees is challenging. Employees or customers are stand-alone categories of stakeholders, but at the same time they are embedded in the broader society in which they exist. We also acknowledge the artificial distinction between natural environment and society, as used in this study. As Barter (2009) and Laine (forthcoming) emphasised, natural environment does not form a separate constituency but pervades human communities.

In spite of the limitations mentioned above, analysing ‘society’ as a stakeholder has the benefit of understanding the role of business in our society in a broader sense and of capturing aspects that would otherwise be lost looking narrowly at some particular stakeholders.

After presenting how the stakeholder model was used in this study, the text moves on to present the theoretical ‘contexts’ of this study.

2.3 Theoretical ‘contexts’ – looking at CSR discourses in society

In this dissertation, the CSR phenomenon is examined from the perspective of dominating discourses in society. They represent the ‘contexts’ of the study, i.e. the frames through which we look at the phenomenon investigated here. The following paragraphs discuss earlier studies taking a similar theoretical approach and show how the current research contributes to this research stream. After that, a closer look is taken at each of the theoretical ‘contexts’ of the study.

In the 1950s, the CSR concept began to be more intensively discussed in the
academic literature. Discussions about CSR in that period reflected societal interest in how business is done and how business activities affect society (see Carroll, 1999). The early talk about CSR emphasised the idea of responsibilities to society. In subsequent decades, many other ways of discussing or CSR discourses, emerged in society. Several attempts to synthesise the current CSR discourses in society have been reported in the academic literature.

Knippenberg and de Jong (2010) draw on discussions about markets and morality to understand how CSR is talked about. In their view, the relationship between markets and morality defines how the role of companies is perceived in society, and deriving from this, how CSR is framed. The authors identify four views on markets and consequently on CSR. The ‘neo-liberal perspective’ discusses markets as a civilising force that satisfies people’s needs, stimulates creativity and innovation and makes people happy. From this perspective, CSR has no relevance since markets are already taking care of creating wealth in society. The ‘neo-Marxist view’ sees markets as repressive and dehumanising because of the exploitative social relations specific to capitalism. In this view, human labour is commodified and societal institutions are supportive of the accumulation aims of wealthy few. CSR is therefore a false concept. The ‘embedded perspective’ talks about markets as part of society. Markets influence, but are also influenced by, other parts of society, such as culture, institutions or politics. CSR is in this view dependent on how a specific societal context defines the role of the market and implicitly the role of the firm in society. Finally, the ‘contested morality’ view considers that ‘markets are intensely moralised and moralising’ (Knippenberg and de Jong, 2010). From this perspective, CSR is a necessary part and even forms the core of business activities.

Michael (2003) identifies three discourses about CSR depending on the school of thought on which they rely. The ‘neo-liberal school’ talks about CSR as an instrument for the business to obtain a wide range of benefits (e.g. customer or employee satisfaction, investor positive perception) and to avoid risks (e.g. governmental intervention, negative media exposure, customer boycotts) that ultimately lead to increased profitability. The ‘state-centred school’ does not trust markets and invisible hand to properly manage the social and environmental aspects of business activities and calls for active state intervention in regulating markets. In this view, government should offer incentives but also regulate CSR initiatives in order to solve problems in society. The ‘third sector school’ emphasises the role of
NGOs and public-private partnerships in taking care of social and environmental aspects in society. In this view, companies are egoistic in their pursuit of profit and not effective for the purpose of meeting societal needs.

Weyzig (2009) presents three perspectives on corporate social responsibility. The ‘stakeholder perspective’ has at its core the relationships between the firm and its stakeholders. In Weyzig’s view, the stakeholder perspective implies responsibility for business activities only. Participating in community projects is not a responsibility of the firm. The ‘broader goals perspective’ refers to the role of business in achieving aims beyond the bottom line. Such aims are, for example, reducing poverty or contributing to sustainable development. Finally, the ‘neo-liberal perspective’, in Weyzig’s view, means a rejection of corporate responsibilities beyond profit-making. According to the neo-liberal perspective, there is no need for other business responsibilities, because the business creates wealth for society.

Each of the studies mentioned above list several discourses about CSR existing currently in the academic literature and in society. Although different in their approach, each categorisation in these studies has in view the role of the firm in society. The neo-liberal discourse is common to all, while the other discourses depend on the authors’ perspective in discussing the role of the firm (based on market and morality in the case of Knippenberg and de Jong (2010) or actors-based in the case of Michael, 2003).

This dissertation contributes to the research and looks at CSR discourses or ways of talking about CSR in society. It does so by taking into account the rationales for which CSR thinking is expected or not to be integrated in companies. The categorisation of CSR discourses presented here also considers how the CSR concept is defined and the role of the firm in society. Looking at drivers of CSR, three major discourses can be identified in business practice and in academic studies.

A first CSR discourse coincides to Weyzig’s (2009) neo-liberal view and considers that companies are not responsible to society beyond profit-making and compliance with the law. The rationales for denying further responsibilities rely on Friedman’s (1970) arguments but also on legal difficulties in attributing responsibilities to companies. In this dissertation, the discourse rejecting business responsibilities beyond economic and legal ones is labelled the ‘anti-CSR
discourse’.

A second discourse is similar to Michael’s (2003) neo-liberal view and is based on the idea that being responsible is a desirable thing because it is beneficial for the business. This discourse is referred to in this study as the ‘business case for CSR’.

A third discourse has features in common with Weyzig’s (2009) broader goal perspective and considers that a firm should be socially responsible because it should make a wider contribution to society. The need to be responsible is based on moral reasons, i.e. doing the right thing for society. This discourse talks about CSR as the morally right thing to do and is named here ‘the moral discourse’.

The three discourses mentioned above form the theoretical ‘contexts’ that are used in the empirical part of this study and in interpreting the results. They are not meant to be exhaustive, i.e. they do not include all potential discourses to be identified from the perspective of reasons for or against CSR. However, the ‘contexts’ provide useful lenses for interpreting the CSR phenomenon in this dissertation.

In the following paragraphs, the three distinct discourses about CSR are introduced in more detail. The main features of each discourse are synthesised at the end in Table 2.

2.3.1 Anti-CSR discourse

One popular discourse about CSR emerged in the 1970s and became a classic way of talking about CSR. Friedman is widely known in the CSR literature for his article in The New York Times Magazine, in which he stated that the only ‘social responsibility of business is to increase its profits’ (Friedman, 1970)\(^7\). In his view, being socially responsible beyond profit making and legal requirements should not be expected of companies.

A number of arguments were evinced in the classic article by Friedman and refined in later works (see Margolis and Walsh, 2003). They form the case against the need for business to be socially responsible beyond economic and legal

\(^7\) This way of looking at CSR is widely cited as a benchmark in the academic literature to show positive developments taking place in the last decades in the way the role of business in society is understood.
obligations. The arguments have legal and moral grounds.

Morally, the argument against CSR is a ‘property rights argument’ (Friedman, 1962; Jones, 1999). The problem with involvement in CSR actions consists of channelling funds away from their economic purposes to support causes that are not in the interests of those holding the shares (Friedman, 1970). Reducing profits for the purpose of paying for social actions diminishes shareholders’ earnings and constitutes an abuse. In addition, by involving themselves in social activities, managers can capitalise on their moral behaviour at the expense of owners’ profits. Barnea and Rubin (2010) produce empirical evidence that a firm’s insiders (managers and major stockholders) over-invest in CSR for their private benefit, i.e. improving their reputations as good citizens.

The moral argument relies on agency theory (Eisenhardt, 1989), which states that companies’ role is to make profit for their shareholders and that the manager is an agent in achieving that goal. The relationship between the manager and the owners is based on a ‘contractarian view’ (Campbell, 2007), i.e. a contract between the two parties specifies the rights and obligations of managers. Managers’ obligation, for which they are paid, is to maximise shareholders’ money and social responsibility is not part of the contract.

Legal arguments undermine the idea that firms can or should have responsibilities. One such argument questions the possibility of the company, as a ‘legal person’, to have responsibilities. Greenfield (2004) holds that companies are different from human beings and only individual persons inside companies can be held responsible. A company is an artificial person, which exists only as a legal entity but cannot be punished or arrested (see also Crane and Matten, 2004, pp. 39-41 for an analysis of the nature of companies).

Another legal (but also institutional) argument refers to the legislation and the institutional arrangements in present society. The ‘institutional function argument’ (Leavitt, 1958 in Jones, 1999) claims that there are institutions in society which have a social role. The government is the institution with a legal role in taking care of social issues and with the knowledge for implementing social programmes. NGOs can also complement government institutions. The role of business in society is not a social one and companies do not have the expertise for performing social activities (Davis, 1973). In involving themselves in social actions, companies would not be able to focus on their core activity and thus, would reduce their
It is also argued that, in addition to profit-making, firms already play a role in society by producing the goods and services needed in society, providing workplaces and paying taxes.

The arguments on which anti-business discourse is based are mostly grounded in the neo-liberal view of the firm. From this perspective, markets efficiently distribute resources in society and represent the means to achieve wealth. It is assumed that the pursuit of profit maximisation ensures the greatest benefit for the greatest part of society. Being socially responsible beyond the legal and economic requirements implies undermining the mechanisms of the free market.

From the perspective of the anti-CSR discourse, social responsibility is mostly interpreted as a discretionary contribution of business to society, i.e. providing social goods beyond the legal requirements. The contribution refers to philanthropic actions and making donations, but is also interpreted as social objectives that are the responsibility of government. For example, Friedman (1970) mentions the prevention of inflation and improving the status of the natural environment beyond the legislative norms.

The anti-CSR perspective has also been supported by some scholars interested in the social impact of businesses. One of the most important of these is Freeman in a number of his works (e.g. 1984, 1995) in which he bases his argument on the ‘separation thesis’. Freeman claims that the CSR literature treats business responsibilities in a way that separates the social issues from the economic ones. Making such distinctions is claimed to ignore the complex interconnections existing between the economic realm and business impacts on the social realm. In doing so, CSR is deemed to be unhelpful in properly addressing the social aspects of businesses.

2.3.2 The business case for CSR

An influential way of talking about CSR emphasises the positive implications of being socially responsible in business. It is assumed that investments made by a firm in order to respond to societal expectations pay off, thus the financial effort of business to behave responsibly will be rewarded by society. Talking about CSR as
being beneficial for both business and society has often been referred to as the ‘win-win’ approach or the business case for CSR (Salzmann et al., 2005). From a business case perspective, companies should be socially responsible because it brings benefits, which increases profits. CSR is interpreted as an investment, for which the manager can make a cost-benefit analysis and calculate the right amount of money to be used for CSR activities (McWilliams and Siegel, 2001).

Much research in the CSR field has attempted to demonstrate that CSR benefits different aspects of business. It has been maintained that being socially responsible in the supply chains and in the production process results in achieving competitive advantage on the market (Jones, 1995; McWilliams and Siegel, 2001; Hart, 1995) or helps in differentiating the brand from the competition (McWilliam et al., 2006; Reinhardt, 1998; Russo and Fouts, 1997).

Scholars found that companies claiming to be responsible can benefit from enhanced reputation, which improves the relationship with the local community or with business partners (Rettab et al., 2009; Brammer and Pavelin, 2004). Lewis (2003) calls companies to take CSR as an opportunity to build reputation and trust in their stakeholder relationships.

Customers and employees are two key stakeholders for the firm. There is evidence that using CSR strategies in relationships with customers and employees is beneficial for the firm.

Products produced following principles of human rights and which make a contribution to a poor local community are believed to be better received by consumers. Ethically made products differ from others on the market. Berens et al. (2005) show that companies’ efforts to associate their brands with CSR result in positive responses from consumers. Customers pay increasing attention to the features of the products they buy and their purchasing decision frequently takes into account how the product has been made.

The literature suggests that CSR initiatives may well be positively perceived by employees (Rodrigo and Arenas, 2008; Rettab et al., 2009). A company’s social actions contribute to a higher commitment to the organisation among employees (Brammer et al., 2007) and to constructing an identity for the employees (Kim et al., 2010).

In addition to improving relationships with stakeholders, it is claimed that a market system rewards responsible behaviour. Empirical studies have confirmed
that the market value of the firm increases when companies are socially responsible (Luo and Bhattacharya, 2006; Cheung et al., 2010; Mackey et al., 2007). Bird et al. (2007) report evidence to demonstrate that markets valued firms being proactive in their relationship with the employees and also valued firms that paid attention to diversity and environmental protection. Ethical investments have developed over the past decade as a market niche which shows that investors are sensitive to the behaviour of the companies in which they invest (The Association for Chartered Certified Accountants, 2005).

Much research has examined the link between CSR and financial performance (e.g. McGuire et al., 1988; Aupperle et al., 1985; Waddock and Garves, 1997; Barnett, 2007; McWilliams and Siegel, 2000\(^8\)). The results are contradictory in this respect, with no decisive results at the moment, but the research continues.

The studies mentioned above suggest that in doing good for society, a firm is also doing well. Talking about CSR in an instrumental manner lends support to the utilitarian ethical approach according to which an action is morally right as long as it maximises the final utility and minimises the harm. The final outcome has to provide the best results for the greatest possible number of beneficiaries. In this view, actions of social responsibility should be carried out as long as benefits exceed costs. In the CSR literature, the benefits do not necessarily refer to society but to the firm itself.

A business case discourse is adopted by instrumental stakeholder theory, which examines the link between stakeholder management and firm performance. A classic study adopting this approach is that by Jones (1995). He demonstrates that ethical values such as trust and cooperation and altruistic behaviour are more efficient in reducing opportunistic costs and increasing competitive advantage than various other models proposed in economics literature.

The main assumption in instrumental stakeholder theory is that stakeholder thinking has positive implications for the firm. For this reason, psychological

\(^8\) For comprehensive reviews of the literature examining the link between corporate, social and financial performance, please refer to Margolis and Walsh (2003), Orlitzky et al. (2003). Just to give a glimpse into this vast body of literature, Margolis and Walsh identified 127 studies dedicated to the subject at the time when their paper was written in 2003. Likewise, they mention 13 reviews of this stream of literature published in about ten years.
egoism and pure self-interest are rejected as being too simplistic for complex human behaviour (see Jones and Wicks, 1999). Stakeholder theory opposes the stockholder approach to management and considers that pure opportunistic and rational behaviour as promoted by economists does not necessarily maximise corporate performance (Jones, 1995). On the contrary, it is believed that better results can be obtained by adopting stakeholder management.

The business case for CSR evinces objective arguments for the firm that behaving socially responsible pays off in strategic and financial terms. This perspective is important for managerial practice in giving managers legitimacy to engage in CSR initiatives. Some researchers claim that profits and CSR are mutually supportive and not mutually exclusive and that managers do not need to make compromises between the two (e.g. Spiller, 2000).

The business case discourse came under scrutiny from a deontological ethical perspective. The main criticism is that firms adopt a socially responsible attitude instrumentally and stakeholders and society at large are treated as a means to an end. Deontologists claim that at the heart of business actions there should be pure concern for and willingness to alleviate corporate negative impact and to positively contribute to society (see Kolstad, 2007). In addition, Windsor (2006) claims that reconciling economic rationales for business raison d’être with ethical responsibility is not possible, since the two concepts are based on different moral frameworks and political philosophies, which makes them mutually exclusive.

The business case discourse has commonalities with the ‘anti-CSR’ discourse (see 2.3.1). Both of these emphasise business aims and are based on neo-liberal ideological thinking. The main difference is that ‘anti-CSR’ talk rejects the CSR concept, while the business case accepts it on instrumental grounds.

2.3.3 The moral discourse

A different way of talking about CSR considers that companies need to behave responsibly because it is a moral obligation to do so. Several theoretical approaches to CSR adopt this discourse.

The normative stakeholder theory (Donaldson and Preston, 1995; Phillips, 2003; Burton and Dunn, 1996) looks at how stakeholders’ needs and expectations are
taken into account. This theory contends that the interests of stakeholders should be at the core of the management approach because the firm has a moral obligation to satisfy their needs. A firm is socially responsible insofar as it manages its relationship with stakeholders on moral grounds. In balancing stakeholders’ claims, the dominant criterion should be the morally right thing to do.

The principle of ‘doing the right thing’ is clear but what is the right thing to do on moral grounds is more controversial. In this respect, there are many ethical theories, each of which defines what is right and what is wrong based on different criteria. Normative stakeholder research has also used different ethical theories. Scholars in the field have explored, *inter alia*, the Rawlsian principle of fairness (Phillips, 1997, 2003) and feminist principles of care and friendly relationships (Wicks et al., 1994; Burton and Dunn, 1996).

While different ethical perspectives on CSR exist, the moral discourse links well with the debates about CSR from a deontological or Kantian perspective. According to deontologists, a moral action has to be done for the right reason (Beauchamp and Bowie, 1997; Bowie, 2005). Companies are considered to be doing the right thing if they are socially responsible by reason of doing something good for society. Conversely, if corporations are adopting CSR into their activities with other reasons in mind, such as increasing their profits, their actions are not moral. CSR is the morally right thing to do and should be done regardless of the final outcome. Responsible behaviour is defined in this case as the conduct that follows ethical principles in business decisions.

The moral talk about CSR includes great expectations regarding the firm’s contribution to society. A stream of research explores the idea of the common good (see Garriga and Melé, 2004; Mahon and McGowan, 1991; Velasquez, 1992). It is suggested that businesses, in addition to pursuing their own interests, should also contribute to the creation of the common good. How common good is defined is not

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9 In the business field, defining what is right and what is wrong is in an interest of business ethics researchers. Business ethics is commonly defined as the part of ethics concerned with how companies should behave and the rightness and wrongness of their actions (Allhoff and Vaidya, 2005, p. XIX). More specifically, it aims to analyse business activity from the moral point of view and it has either a descriptive aim (what companies are actually doing and what is right and wrong in their practices, rules and customs) or a normative purpose (how they ought to behave and what kind of conduct they should adopt in their practices).
very clear, but there is some agreement that the current role of firms in society is not sufficient. Garriga and Melé (2004) talk about the need to adopt principles of justice, fairness and rights in business activities. McGuire (1963) and Fergus and Rowney (2005a) discuss the moral duty to support the local community. Some authors also expect firms to address current social problems in the world, such as poverty (Warhurst, 2005; Jenkins, 2005).

The common good perspective on CSR links well with social contract theory (Donaldson and Dunfee, 1994; Hasnas, 1998; Mäkelä and Näsi, 2010), according to which companies have to meet societal demands. This theoretical viewpoint assumes an implicit contract shaping the relationship between the firm and society. The social contract specifies the conditions for a firm to operate. When contractual terms are violated, society revokes firm’s licence to operate. Responsible firms are the ones that are able to comply with the conditions of the social contract. From the perspective of social contract theory, the role of the firm in society can be interpreted as an instrument to enhance social welfare.

The theoretical constructs mentioned above, while different in their approach, have ethicality at their core. They consider that business should be done in accordance with societal moral norms and that companies should have a wide role in society.

Some scholars adopting the moral discourse question current uses of the CSR concept and are dissatisfied with the current practices of responsible behaviour. They claim that the CSR concept is currently used instrumentally and favours economic aspects instead of social and environmental ones (see Hine and Preuss, 2009; O’Dwyer, 2003). In their view, more attention should be paid to broadening the role of the firm in society.

The moral way of talking believes that neo-liberal discourse is not sufficient for the current needs of our society. It claims that markets are imperfect and not efficient enough to distribute resources in society. The moral discourse subscribes to an ideological notion with human values at its core. Freeman et al. (2007, pp. 311-312) talk about stakeholder capitalism that aims to go beyond economic values (private property, self-interest and competition) and bring to the fore “freedom, rights, and the creation by consent of positive obligations”.
2.3.4 Summarising CSR discourses

The theoretical ‘contexts’ of this study synthesise three major discourses about the social responsibilities of businesses. The main criteria for identifying the ways of talking are the reasons for which the society expects companies to take CSR initiatives. The three discourses are: the anti-CSR, the business case discourse and the moral discourse. The main features of each and the theoretical approaches adopting them are summarised in Table 1.
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<td>Economic (employment, taxes, products)</td>
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2.4 Synthesis of the theoretical chapter

Table 2 presents the theoretical ‘texts’ and ‘contexts’ for this study and the role they play in studying CSR in this work.

Table 2. Summary of theoretical background of this dissertation.

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3. THE CONTEXT. ROMANIA, ITS ECONOMIC DEVELOPMENTS AND SOCIAL AND ENVIRONMENTAL CONCERNS

This research analyses how the phenomenon of corporate social responsibility is discussed in business media texts in the context of Romanian society. The economic, political and social circumstances in which a firm operates have been found to be important in various business disciplines (management, accounting, marketing etc.). It is quite commonly agreed that context matters and for this reason, how responsible business is defined varies from one country to another.

This dissertation analysed a business phenomenon in Romania, but it was written in a Western country (Finland). It builds mostly on the CSR literature written in the ‘West’, employing concepts and adopting theoretical stances developed in Western academia. The audience of this dissertation consists to a large extent of academics, whose values and research are rooted in Western thinking. Making interpretations based on Western theoretical lenses positions the current study in the Western CSR literature. It also facilitates a reader’s understanding of the main ideas and discussions in this dissertation. However, a reader who is not a native of Eastern Europe could have difficulties in understanding the values common to this region. The values prevalent in a society are shaped during a long process of collective social construction and institutionalisation, to which official institutions also make their contribution. In the case of Romania, and Eastern Europe in general, the period of about 50 years of communism and centralised economy had an impact on societal values and on how business is done. These are also inherently linked with the way media interpret business in general and its responsible behaviour in particular. Throughout the empirical analysis, references back to the values and mentalities prevailing in Romanian society are made. For the reasons mentioned above, this chapter seeks to ensure that any reader is able to understand Romania’s societal context and its links with the CSR phenomenon investigated in this dissertation.

The chapter begins with a general presentation of Romania and continues with
the main social and economic developments in this country. The developments cover a long period of time, giving a wide picture of Romania’s economic and social background during the 20th century and the beginning of the 21st century. The description focuses mostly on the period of centrally-planned (communist) economy starting after World War II and ending in December 1989, and on the period of transition to the free market economy from 1989 to the present day. Institutions and the ideology prevailing during the communist period and the changes occurring during the transition period are presented. Portraying the societal context is important for understanding the social and environmental concerns prevalent in Romanian society during the transition. These concerns will be described in the last section of the chapter.

The entire chapter contributes by providing an overall view of Romanian society and of the major economic, social and environmental problems of this country. The societal background is important in explaining the specificities of business activities in Romania and the developments in perceptions about business responsibilities in society.

3.1 Introducing the societal context of Romania

3.1.1 Introduction to Romania as a country

Romania is a country located in South-Eastern Europe, in the north of the Balkan Peninsula, covering more than 200 thousand square kilometres. Many of Romania’s external borders are delimited by natural bounds: the River Danube in the south, the Black Sea in the south-east, the River Prut in the east. Romania’s neighbours are Bulgaria in the south, Serbia in the south-west, Hungary in the west, Ukraine in the north and east and Moldova in the east.

Historically10, in what is now Romanian territory, there were three principalities: Wallachia, Moldavia and Transylvania. From the 16th to the 17th century the three principalities came under Ottoman control. In the 18th century, the Austro-Hungarian Empire took control of Transylvania. An attempt to unify the

10 Historical information based on Giurescu (1974) and Bârbulescu (2002).
principalities of Wallachia, Moldavia and Transylvania occurred as early as in 1600 but lasted only for a brief period, after which they continued to exist as separate territories. In 1859, the principalities of Moldavia and Wallachia formed Romania as a state and in 1878 the independence of Romania was recognized in the Treaty of Berlin. In 1918, Transylvania also became part of Romania.

After gaining independence, Romania was parliamentary monarchy until 1947, when the Romanian Communist Party came to power, the last king was forced to abdicate and Romania became a republic. The Romanian Communist Party governed Romania during the period of communism (1947-1989), when Romania was part of the Eastern European communist bloc. Romania, however, was not integrated into the Soviet Union, but existed as an independent state. In December 1989, the communist government abdicated during a violent revolution. After 1989, Romania became a democratic republic, with a multi-party system. Several governments of different party coalitions have been in power since 1989 (the National Salvation Party 1990-1996, a democratic-liberal coalition 1996-2000 and 2004-2008, Social Democrats 2000-2004, and a democratic coalition after 2008). The executive tasks are in the hands of the president and the government.

In 1995, Romania submitted an application for membership of the European Union. After that, Romania went through a period of transformations and institutional reforms and joined the European Union in January 2007.

Demographically, the current population of Romania is approximately 21.5 million according to the Romanian National Institute of Statistics (INS, 2009). Most of the population has Romanian origins (89.5%), but there is a large Hungarian minority (6.6%) living in Transylvania, and numerous other small minorities (Roma – 2.5%, Ukrainians – 0.3%, Germans – 0.3%, Russians – 0.2%, Turks – 0.2 etc.).

The dominant religion in Romania is Christian Orthodox (86.7% of the population) and the Romanian church follows Eastern orthodox Christianity. Other important religions are Roman Catholicism (4.7%), Protestantism (3.2%) and Pentecostalism (1.5%).

The official language of the country is Romanian, which is spoken by 91% of the population. The Romanian language is the only language of Latin origin in Eastern

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11 The statistical data on the population in Romania is taken from www.recensamant.ro, the official website of the 2002 census, accessed 21.06.2010 and also from INS (2009).
Europe, since most of Romania’s neighbours are countries with languages with other roots (mostly Slavic).

3.1.2 Economic and social developments in recent history

3.1.2.1 The communist era and its ideological underpinnings

During the 20\textsuperscript{th} century Romania went through similar historical and economic developments to other countries in Eastern Europe. World War II was an event with a significant impact on later developments during the 20\textsuperscript{th} century. The Russian coalition victory at the end of the war in 1945 created the premises for expanding its influence in Eastern Europe. In addition to territorial changes in many countries in the region (for instance, some Polish and Romanian territories were integrated into the Soviet Union in 1945) Eastern Europe became an area of Soviet ideological, socio-political and military influence (Aspaturian, 1984).

Communism, as an ideological and political movement gaining control in Russia in 1917 under the Bolsheviks, spread to countries in Eastern Europe. In the years following World War II, military force and territorial invasions enabled communist governments to be formed in Eastern European countries. In Romania, the Communist Party came to power in 1947. The process of transforming political, economic and social institutions to comply with communist ideology is not considered to have been a spontaneous one. On the contrary, it appears as a discontinuity in the historical evolution of the Eastern European countries (Rakowska-Harmstone, 1984). The communist period in Eastern Europe lasted until 1989. In Romania, the communist period ended when a violent revolution started in December 1989 and the National Salvation Party came to power.

Next, the main ideas forming the ground of the communist ideological thinking are introduced followed by a description of institutional changes resulting from implementing this ideology in practice.

Communist ideology draws on Karl Marx’s work in the 19\textsuperscript{th} century. Karl Marx (1818 – 1883) was a German philosopher and sociologist, known especially for two of his studies: \textit{The Communist manifesto} (1848) and \textit{Capital} (one volume published in 1867 and two others published posthumously by Engels in 1885 and 1894).
Marx’ work\(^\text{12}\) was a critical response to increasing inequalities in the capitalist world. In his studies, he shows how the mechanisms of capitalist economy function and how discrepancies in creating and distributing wealth are generated. Marx reveals the class struggles and social inequalities existing in a capitalist society. In his view, capitalism creates specific social relations of production that determine labour exploitation by capital.

According to Marx, there are two types of classes participating in the production process: the bourgeoisie and the proletariat. The bourgeoisie (i.e. owners of capital) has the initial amount of funds needed for investments and thus, they own the means of production. The proletariat (i.e. employees) owns only their labour power, which they need to sell to the bourgeoisie in exchange for a wage in order to ensure their survival. Labour force is thus perceived as a commodity that can be bought or exchanged on the market and which has a value that is transferred to the value of commodities produced. However, wages paid to the proletariat are lower than the total value produced by the labour force. This leads to a difference between the use value and exchange value of commodities, which represents the surplus-value created during the production process, i.e. the profit of the bourgeoisie. The surplus is an expression of unpaid extra work performed by the proletariat, thus becoming a form of exploitation. The additional work time is transformed into a monetary form and is transferred to bourgeois ownership, with no additional compensation for the proletariat.

Communist ideology departed from Marx’s ideas presented above and represented the basis of economic, social and political thinking in Eastern European countries and the Soviet Union. Although there was much diversity across the communist countries in Eastern Europe, several characteristics were common throughout the region. We draw below on the works of Kornai (1992) and Rakowska-Harmstone (1984) to describe them.

At political level, capitalism has been seen as a mixture of antagonistic forces fighting for power and in so doing, not serving the goal of an equitable society. A multi-party system was considered inappropriate and most political parties were eliminated in order to enable a harmonious development of society. The communist party was empowered to lead society towards the communist social order.

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\(^{12}\) The review of Marx thinking is here based on Elster (1985) and Arthur (2004, p. 82-96).
Achieving communism was perceived as a goal, which requires a journey consisting of a gradual transformation of capitalist institutions. Because society lacks the knowledge to follow this road, the leading party was empowered to take decisions needed to do the will of the working class. Thus, in communist countries, pluralist political systems were replaced with a ‘monopoly of power’ vested in the leading party. This created the premises for totalitarian regimes in most communist countries. In Romania, during the period 1948 - 1953, the Romanian Communist Party absorbed other parties and the remaining ones were eliminated (Bacon, 1984).

In both the political and economic system the concept of democratic centralism was important. Theoretically, democratic pluralism referred to the process of subordination to the central party in a democratic way, allowing consultation and dialogue. In practice, the system structure was closer to the concept of bureaucratic centralism, especially concerning the process of decision-making. Decisions mostly followed a top-down distribution with no communication bottom-up (Brown, 2001). In this respect, communism achieved the opposite of its aims. The role and the power of the state in society were high and were based on a hierarchical system.

In economic and business life, the concept of free market was antithetical to the achievement of a communist society. Economic and financial issues at both micro- and macro-level became the prerogative of state institutions. These transformations were consistent with the ideological ideas about public property and the unethical nature of private ownership. The state was seen as the only legitimate owner of most property, such as companies, land or even houses in those cases when one person owned many properties. Property nationalisations took place in Romania in 1949 and around that time in other countries in the region, too. Nationalisations varied from one country to another in terms of the extent of the process. Kornay (1992) presents statistical data indicating that in Romania the public sector represented 95.5% of the total economy in 1980 compared with 81.2% in Poland in 1988. Most commonly, industrial, agricultural and commercial firms were nationalised during the process. Maniu et al. (2002) claim that as a result of the nationalisation process, about three quarters of Romanian industry as well as the entire transportation and telecommunication sectors were state-owned.

Planning, centralisation and hierarchy were key features in communist societies in Eastern Europe (Kornai, 1992; Guriev and Ickes, 2002) and played a significant role in Romania. Controlling and guiding the economy were seen as means to
achieve a communist society. Five-year plans setting economic targets were first introduced in Russia under Stalin and later extended to Eastern Europe (Maniu et al., 2002). In Romania, five-year plans were used for the first time 1951-1955 and later replaced with eight-year plans (Maniu et al., 2002; Bacon, 1984). Plans were important in establishing the allocation of resources and production requirements during a five/eight-year period, as well as in creating major economic policies. The State Planning Committee was responsible for the detailed planning of the economic activity, and the government through ministries implemented and monitored the plans (see Demekas and Khan, 1991). Drawing on the directives in the five/eight-year plans, more detailed plans were made on a one-year basis by the ministries. Production targets and other targets were allocated down the hierarchical system to the production level.

Various institutions of the capitalist economies were eliminated (see Demekas and Khan, 1991). Among them was the market as the mechanism for regulating prices, production and distribution. Prices, currency rate of exchange and interest rates became contingent upon the central plan. The way economy functioned also rendered useless concepts such as competition and bankruptcy. The stock market, an important institution in Western societies, was not compatible with existing institutions in communism and was abolished. Instead, a centralised system of administrating funds was introduced. State institutions were in charge of collecting the profits from enterprises and redistributing them to sectors in need of funds.

3.1.2.2 Economic developments in Romania

Before World War II, Romanian society was predominantly agrarian (Maniu et al., 2002). Chirot and Ragin (1975) described the process through which Romanian economy changed from a pastoral to a crop economy in the 19th century. In the same study, official statistical data are given to indicate that production in the early 20th century was mostly agricultural. Crops accounted for 82.5% of total exports and 81% of the population lived in the rural areas. Some developments took place in the 1920s and 1930s in developing an industrial sector in Romania, efforts which focused especially on the oil industry (Maniu et al., 2002). However, in the early 1950s, 71% of the population was still working in agriculture (Ben-Ner and

In the aftermath of World War II, like most East European countries, the Romanian economy was in a poor condition and in addition, high war indemnities were to be paid to the Soviets (Ben-Ner and Montias, 1991).

According to Marer (1984) and Guriev and Ickes (2002), Romania followed the Russian model of development in the early post-war period. A strategy of rapid industrialisation took place and investments were made especially in heavy industry (Maniu et al., 2002). Although agriculture modernisation was part of the programme, the main aim was to transform an agrarian economy into an industrial one. The industrialisation process led to a process of urbanisation in order to cover the labour deficit in industrial areas. Ben-Ner and Montias (1991) claim that employment in industry increased from 12% of the workforce in 1950 to 37% at the end of the 1980s.

Official statistical data from the communist period are difficult to find. However, there are statistics from the early years of transition, which indicate how the economy was structured in the later years of the communist period. The statistics from 1990 indicate numerous enterprises operating in industrial areas, such as metal engineering and metal products, non-metallic products, mining, machinery and equipment, metallurgy, rubber and plastic processing or chemicals (INS, 2000). In 1990, about four million people were working in the industrial sector, accounting for about 37% of all employees. In agriculture, there were about 3 million employees, representing about 28% of all employees. The rest of the employees were working in the construction sector (almost 6.5%), trade (5%) and tourism (almost 2%) in addition to other activities such as education, public administration or financial institutions.

Among the population employed in industry in 1990, about 90% were working in

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13 The Romanian National Institute of Statistics (INS) uses two methods to report on the number of employees working in different sectors. Important differences can be observed between the two methods, especially in the case of agricultural activities. The first method, used as a source of data here, is based on the total number of people working during the year in one sector. The second method informs about an “arithmetic mean resulting from the sum of daily employees number […] divided to the total calendar days of the year.” (INS, 2008, Chapter 3, p. 6). According to the latter method, the number of population working in agriculture is only about 6%. 
manufacturing\textsuperscript{14} (INS, 2008). About 17\% of those working in manufacturing were concentrated in the machinery and equipment industry, 12\% in the textiles industry, 5\% in the chemicals industry and 5\% in metallurgy. About 7\% of the population were in mining.

The process of industrialisation led to high rates of growth in the post-war economy. Especially between 1965 and 1979 the economy grew fast, with growth rates ranging between 6.1\% - 9.2\% annually (Bacon, 1984).

During communist period, Romania enjoyed a privileged position among the Western countries, due to its nationalistic strategy, which brought some degree of independence from the Soviet Union. Romania managed to reduce its dependence on the Council for Mutual Economic Assistance (CMEA) market\textsuperscript{15}. Bacon (1984) claims that external trade with CMEA dropped from two thirds in 1960 to one third in 1974. Instead, Romania developed economic relations with Western countries. Having the support of Western countries for its political independence strategy, investments from Western Europe and the International Monetary Fund increased significantly at the expense of those from the Soviet Union, who refused further industrial investments.

The Romanian industrialisation process was also based on foreign debt of more than USD 10 billion in 1982. West European countries purposefully supported the Romanian development plan because they saw in Romania a way to break the Soviet dominance. Only in 1980s did they withdraw much of their support when it became quite clear that Romanian economy had no intention of following a Western path.

In the 1980s, economic growth decreased sharply and Romania entered a deep economic crisis (Bacon, 1984; Ben-Ner and Montias, 1991). Many factors contributed to the economic decline. Romania’s reliance on Western markets made it vulnerable to international economic developments. The oil crisis in the late 1970s and early 1980s had a significant impact on the Romanian economy. On the one

\textsuperscript{14} The statistical data used in this paragraph were calculated on the method of ‘average number of employees’, because it was the only available statistic to describe in detail the number of employees in different manufacturing branches.

\textsuperscript{15} CMEA was the common market of the Soviet Union and communist countries in Eastern Europe where their products were distributed.
hand, Romania’s oil industry was negatively affected and distribution of oil products on Western markets decreased (Maniu et al., 2002). On the other hand, an unexpected rise in interest rates during the crisis created difficulties for payment of foreign debts. Efforts were made to renegotiate and reschedule foreign debt with the international organisations, but no further credit was given to support the Romanian economy during the crisis period. According to Ben-Ner and Montias (1991), in the early 1980s, in search for a solution to end the crisis, government decided to adopt a self-sufficiency strategy, aiming at repaying its foreign debt. The strategy promoted export and limited internal consumption. The foreign debt was paid in full in 1989, but the people’s standard of living decreased significantly and frustration was widespread in society. There were shortages of goods on the internal market, ranging from basic goods and services (such as food, electricity and fuel) to durable products (see Lascu et al., 1993). Natural disasters in Romania during the period also exacerbated the crisis.

Economic reforms were introduced in 1978 aiming to decentralise the decision-making process and focus more on profitability than on quantitative production. However, the reforms were superficial and not very successful (Bacon, 1984).

The political regime changed in December 1989, following the general trend in Eastern Europe. The period thereafter was commonly referred to as the ‘transition period’. The length of the transition period, i.e. the criteria to be taken into account in defining when this period ends, are not clear. For some, the transition period in Romania is still ongoing.

Romanian economy after December 1989 followed a path similar to those in other countries in Eastern Europe. The political party coming into power in 1990 committed to democratising and liberalising Romanian institutions in order to achieve a free market economy (Ben-Ner and Montias, 1991). In most of the transition period, transforming institutions at a fast pace and with radical changes was preferred (for example, in restructuring and privatising state-owned enterprises)\(^\text{16}\). Rapid transformations often had negative implications for the population, since many employees were laid off from state-owned enterprises.

\(^{16}\) In spite of seeking for a fast pace of transformations towards a market economy, the reforms in Romania have been considered to have been much slower than in most post-communist countries in Eastern Europe (see Keil and Keil, 2007).
Immediately after 1989, the government devalued the national currency (‘leu’), liberalised product prices and reduced subsidies on commodities (Keil and Keil, 2007). This resulted in rapid increases in prices and high rates of inflation, which further impaired the living standard of the population. A privatisation programme started, aiming to rapidly transfer state-owned enterprises into private hands. In the early years of transition, the privatisation was accomplished by distributing vouchers to each adult person in Romania, vouchers which entitled people to shares in a private investment fund or in a state-owned enterprise. There were five private investment funds possessing about 55% of the state-owned enterprises (Keil and Keil, 2007). After this initial privatisation, enterprises were privatised individually, using different methods, such as selling to employees or to strategic investors.

During the transition period, the economic structure of the communist period changed. The strategic aim of Romania was to restructure substantially and to privatise the heavy industry sector: refineries, chemicals, machine-building, metallurgy and synthetic textiles (European Commission, 1998). Restructuring efforts led to high unemployment. In spite of this, restructuring was not very successful, because performance in the formerly communist enterprises was declining. The state stimulated the growth of a second group of industries including communications equipment, electric machines, fabrics, furs, leather and furniture. These industries represented the main source of economic growth for Romania during the transition period (European Commission, 1998). The latter group was mostly in private hands by the end of the 20th century.

Due to the strategic policy of Romania, the industrial sector decreased considerably, due to a large extent to the restructuring of many large industrial enterprises. Maniu et al. (2002) claim that the contribution of the industrial sector to GDP declined from 46% in 1989 to 25% in 2000. The number of employees working in industry also decreased from 4005 thousand in 1990 to 1958 thousand in 2007 (INS, 2008).

The state sector constantly diminished, either due to privatisation or to restructuring. A sector of small and medium firms gradually developed. In 1998, there were still about 3000 state-owned enterprises, while in 2007 there were only 668. The number of private firms increased from about 300 thousand in 1998 to almost 500 thousand in 2007 (INS, 2008). Most of the private firms operated in trade (42%), followed by real estate (19%) and construction (9%) and only 12% in
manufacturing. The share of the private sector in gross domestic product also increased from 16% in 1990 to 45% in 1995 and 72% in 2007 (INS, 2008).

At macro-level, economic indicators deteriorated immediately after 1989 and the living standard of the population decreased significantly. According to Ben-Ner and Montias (1991), industrial production fell by about 20% from December 1989 to December 1990 and the current account balance decreased from 2.9 billion dollars surplus to 1.7 billion dollars deficit in the same period. The unemployment rate increased sharply after 1989, from 3% in 1991 to 8.2% in 1992 and 10.4% in 1993 (INS, 2008). Real GDP growth was also negative: -5.6% in 1990 and -12.9% in 1991 (according to OECD, 2008). The period 1993-1994 is considered to be the first crisis in the Romanian economy during transition. A second crisis took place 1998 - 2000, when the unemployment rate again increased to more than 10%, after reaching 6.6% in 1996. Real GDP growth was -4.8% in 1998 and -1.2 in 1999 (OECD, 2008). Some authors (e.g. Smith, 2001) claim that the crisis in this period reflected structural problems in reforming the Romanian economy, for example, the slow pace of privatisation and the tolerance of bankrupt state-owned enterprises. The economy started to grow rapidly after 2000, reaching 8.4% real GDP growth in 2004 and between 4% and 8% by 2009. The international economic crisis in late 2000s also affected Romania and the economic growth is estimated to be negative in 2010.

3.2 Concerns about the social and environmental implications of business activities in the transition period

In the preceding paragraphs some details were given on the ideological underpinnings of the Romanian communist period which led to certain economic developments. The descriptions help to outline the background in which the social and environmental implications of business activities in the transition period make sense. In the remainder of this chapter the purpose is to expose the main concerns that business activities generated for Romanian society after 1989.

A number of issues have attracted the attention of the international community in terms of Romania’s ability to meet the social and environmental requirements of a
modern society. While many of them reflect problems of society at large, some others relate to business activities.

Corruption has been one of the most problematic aspects in Romania. Official documents (e.g. from the European Commission and World Bank) suggest that corruption has been present throughout the transition period, although progress has been made. Sampson (2005) believes that corruption has long roots in the Balkan history and describes how this phenomenon occurs in different institutions in Romania.

Corruption affects the political class and state institutions (Pauw, 2007; World Bank, 2001) but also companies. High levels of corruption have been perceived to be widespread in Romanian society and bribery has been accepted as a part of everyday life (World Bank, 2001). Bribery is commonly experienced not only by households but firms too in their relationship with state institutions (World Bank, 2001; Transparency International, 2009; European Commission, 2004). Representatives of businesses have reported coming across bribery in a wide range of Romanian state institutions (World Bank, 2001) and this has been found to significantly affect the business environment (Transparency International, 2003).

In the Transparency International annual rankings of corruption perception (1998 - 2008), Romania’s position deteriorated from 61 in 1998 to lower than 80 during the period 2003-2006. A slight improvement has been reported starting with 2007.

International organisations (e.g. the European Bank – in Steves and Rousso, 2003; the International Monetary Fund – in Hellman and Kaufmann, 2001) also drew attention to the phenomenon of state capture in transition countries in Eastern Europe. State capture is defined as a new form of corruption, consisting of “oligarchs manipulating policy formation and even shaping the emerging rules of the game to their own, very substantial advantage” (Hellman and Kaufmann, 2001).

Romania implemented anti-corruption legislation and is considered to be among the countries with intense reforms in this field (Steves and Rousso, 2003). In spite of this, in the early 2000s, Steves and Rousso (2003) found that in transition countries in Eastern Europe, anti-corruption programmes and membership of international anti-corruption conventions were not successful and did not reduce the level of administrative corruption, nor of state capture. A recent report by the European Commission (2010) identifies the legislative shortcomings in Romania’s efforts to fight against corruption.
Corruption and state capture affect the business community since some firms have a privileged position in society. These firms enjoy various forms of tax exemptions and preferential loans. The media in Romania have reported a number of cases when legislative acts were issued in favour of a certain firm or businessperson (for descriptions of some cases see Miller, 2007; Lebedescu, 2005; Avram, 2005). It has been claimed that these businesspersons are at the same time political persons, too, or have close connections with the political arena, based on which they are able to influence the legislative process. The legislative institution is believed to be among the most corrupt in Romania (Transparency International, 2009; World Bank, 2001).

The privileged position of state-owned firms is well-known, too, since they benefited numerous times from advantages such as cancellations of debts or state aid (Friis, 2006; European Commission 1998-2005). Their legal responsibility was under scrutiny. State-owned enterprises faced financial problems after 1989 and many of them were unable to pay their taxes to the state. The state tolerated state-owned enterprises for a long period of time and high debts accumulated. Several times, the debts of state-owned enterprises were reduced or cancelled through legislative acts. There were wide debates in society with respect to the legitimacy of state-owned enterprises to obtain extra benefits. The implications of unfair state aid in hampering free competition were also discussed.

By 1999, the European Commission acknowledged that the Romanian legislation for state aid complied with EU requirements but it drew attention to the lack of implementation in practice (European Commission, 1999). In the following years the European Commission regularly noted the existence of state aid and indirect subsidies for certain industrial sectors, such as steel, mining, energy and transport, or for certain companies (European Commission, 2000-2005). The report in 2005 noted that progress had been made to restructure or privatise state-owned enterprises but the problem of state aid persisted. More progress has been achieved since Romania’s accession to European Union in 2007 and the cancellations of debts of state-owned enterprises are no longer allowed.

Concerns have been expressed about the legal responsibilities of private companies. Tax evasion, fiscal fraud and violation of legislative requirements in the private sector have been perceived to be widespread since 1990. Toader (2007) shows that tax evasion was identified in about 40% of the companies investigated by
the fiscal authorities during the period 1995-2005. Fiscal fraud was found to be correlated with high taxation levels in Romania (OECD, 2002), permissive and deficient legislation and institutional weakness (Mazuru and Boglea, 2008). Legislative developments in taxation and fighting fraud in Romania were positive during transition. In 2000, the progress in fighting fiscal fraud was limited. The European Commission called for a further harmonisation of the Romanian legislation with EU *acquis communautaire* and a reorganisation of administrative fiscal institutions. In 2005, the EU reported much progress in the taxation field, with most of the *acquis* being implemented but with administrative reforms still to be done. In spite of the progress made, to the present day problems persist with the phenomenon of tax evasion or violating taxation rules. It was estimated that in 2006 and 2007, tax evasion and fiscal fraud in general represented about 10% of GDP (Mazuru and Boglea, 2008).

There have been also concerns about the business responsibilities in relation to stakeholders. The employee, for instance, represents one stakeholder frequently abused by companies. Contextual factors can explain why abuses were possible in Romanian companies.

One of the major achievements during communism was the protection of citizens against unemployment (Kornai, 1992). A number of social services were also provided for employees. Large enterprises, many of which represented the most important employer in a small village, offered their personnel services such as housing, children’s day care and education, sports facilities or health care units. The period after 1989, and especially the early period, meant important changes in the economic environment. A large part of the population became unemployed as a result of restructuring taking place in the state-owned sector (Ispir, 2003). In the early years of transition, the role of the private sector was insignificant. Small firms and entrepreneurs were unable to absorb the unemployment generated by state-owned enterprises. Legislation from the communist period could not meet the needs of a changing economy and was insufficient for protecting employees’ rights. Furthermore, state institutions were in a stage of rapid change and were unable to cope with abuses against employees.

The most common abuse during the transition period, but most prominent in the early period was illegal employment. This phenomenon is often referred to as ‘informal work’ or ‘grey work’ and was facilitated by a small number of available
workplaces in Romania in the early period of transition. A low standard of living dating back to the 1980s, which further deteriorated after 1990, was another reason for which the population accepted illegal employment (Neef, 2002; OECD, 2008). According to the OECD (2008), 9.38% of population lived in extreme poverty and 25.44% in absolute poverty in 1995. Only in early 2000 did the real average wage in Romania reach about 70-80% of the 1989 level (Berend, 2007).

Among the most common complaints related to employers’ attitude to employees were practices of unpaid extra-work (Cosel, 2008), non-payment of taxes for employees to the state (resulting in absence of social security of the employees), preference for young employees with no family obligations, child labour and little concern for health and safety matters (Musiolek, 2000; Stănculescu, 2005).

Abuses against employees decreased in the early 21st century, when the job market changed. The development of the private sector coincided with the entrance to the market of foreign owned firms and multinationals leading to low unemployment. The economy started to grow fast during this period and, in the middle of the first decade of the 21st century, different sectors in the economy were facing shortages of qualified employees. The migration of Romanian labour abroad also contributed to this phenomenon (Sandu et al., 2004). Currently, there is no agreement on the number of people working outside Romania. The official number of permanent emigrants from Romania was about 250 thousand during the period 1990-2003 (INS, 2002). According to the OECD (2008), in mid-2007, about 1.2 million legal migrants and 2.1 million illegal ones were estimated to be working abroad.

Labour conditions, too, have been often under scrutiny because numerous cases of injuries and deaths occurred due to inadequate equipment and safety measures (see for instance Business Standard, 2006). The Romanian National Institute of Statistics in 2007 reported a rate of accidents at work of 2.92% in mining, 2.09% in metallurgy and 1.89% in construction (INS, 2008). The problem of health and safety at work also came to the attention of the European Union institutions (see e.g. European Commission, 1998).

During the transition, an extensive body of norms and regulations have been issued for the protection of employees’ rights (see Mocanu and Mareș, 2005; Howard, 2000). The Labour Code, the main normative act regulating the relationship between employees and employers was adopted in 2003 and replaced
the Labour Code of 1972. In spite of a modern European legislative framework, currently there are still cases of abuses, exploitation and maltreatment (see Trif, 2004). Weak enforcement of laws and lax state institutions have been seen as major reasons due to which these cases persist, although their frequency has decreased over time.

Social conflict between state-owned enterprises and employees has been an important sign of employees’ dissatisfaction at work. Especially in the early transition, numerous countrywide strikes took place due to decreasing purchasing power and deteriorating standards of living. Keil and Keil (2007) make a summary of the most important strikes during the early years, strikes which were also associated with street demonstrations against the government. The Romanian National Institute of Statistics reports an increasing number of strikes and conflicts of interest between employees and employers, especially during the first ten years of the transition period. In 1999 there was a peak of 85 strikes and 653 conflicts of interest in Romania (INS, 2008), reflecting a climate of dissatisfaction with the work conditions. After 1999, the number of strikes decreased considerably. A reason for this was the transfer of the majority of state-owned enterprises into private hands. Another could also be increased job satisfaction.

In spite of developments during transition, there are still concerns about employees. The Organization for Economic Cooperation and Development noted in 2008 that ‘informal work’ continues to be high in Romania (OECD, 2008). It was estimated that ‘between 20 and 50% of total employment continues to be ‘informal’.

The consumer is another important stakeholder in the firm. The last years of the communist period were characterised by a shortage of commodities for the Romanian consumer (Ben-Ner and Montias, 1991; Lascu et al., 1993). Romanian consumers were also in need of a more diversified range of products and services of better quality. In the early years of transition, the imports of products grew rapidly in order to fulfil the needs of the internal market. While the range of products diversified, the imported products were deficient in terms of quality and safety. Lascu et al. (1993) show that in post-communist countries in Eastern Europe (and the phenomenon was more pronounced in Romania) the products on the market were largely counterfeit and did not meet basic quality expectations. In spite of that, low quality products were preferred because of the financial straits of the population in the early transition. High inflation, liberalised prices of products and high
unemployment were factors that decreased the population’s standard of living in these years (Lascu et al., 1993).

During the transition period, consumers and various organisations involved with consumer rights have expressed dissatisfaction with the poor quality of products and violation of consumer rights (Albu and Nedelea, 2006). The most common concerns relate to products having a shorter lifecycle than expected or not functioning properly. In some cases, products constitute a threat to human health and safety (Sîrbu et al., 2004; Sîrbu and Sîrbu, 2004). Frauds and dishonest practices have often been reported in the press eroding consumer confidence in business practices.

During the 2000s, international retailers entered the Romanian market and networks of supermarkets for a variety of products were opened, especially in large cities but increasingly in small cities, too. These new actors on the market have been working according to their mother company’s codes of conduct and required high standards of product quality. They have played a major role in educating consumers about the quality and safety of products.

The first law for consumer protection (GO 21/1992) was released in 1992 and established the authorities responsible. The law was amended in 1994 (L 11/1994) and also in subsequent years. In spite of this, at the end of the 1990s, there were still problems with the enforcement of regulations in practice and consumer rights and protection were not properly taken care of (Rothacher, 1999; European Commission, 1998). Accession to the European Union brought legislative changes for better protection of consumer rights and safety. The law 296/2004 (valid as of 2007) regulates the relationships between consumers and companies for products and services bought. This law stipulates seller’s obligations to correctly inform the consumer and to provide safe products. Another law (363/2007) protects consumers against abusive and unfair commercial practices.

The topic of environmental protection in Romania has generated debates during the transition period. Environmental pollution was a widespread phenomenon in Romanian industrial enterprises prior to 1989. Because of intensive industrialisation, most of the industrial enterprises used highly polluting and energy-intensive equipment (Guriev and Ickes, 2002; Maniu et al., 2002), with a high rate of raw material consumption. It was estimated that during the period 1938 - 1985 electricity consumption grew about 70 times, steel about 50 times (consumption was about 14 million tons in 1985), and sulphuric acid about 4 times (about 2 million tons in
Industrial enterprises caused extensive pollution of soil, water and air and environmental protection was largely neglected (see Oldson, 1996). No specialised environmental ministry existed until the end of the 1980s and environmental permits for major projects were issued without proper ecological evaluation (Bellinger et al., 2000). The economic strategy gave priority to economic quantitative indicators and less to environmental ones.

Pollution affected the quality of life in those villages or towns where there was industrial production. Copșa Mică is often mentioned as one such example of a small village with severe pollution. At Copșa Mică, processing rubber spread a fine black dust over the entire village, which caused health problems for the inhabitants (Waller, 1998).

In the first decade of transition many former industrial state-owned enterprises were restructured, privatised or closed. Industrial pollution decreased after 1989, apace with the decline of the industrial sector. In spite of this, numerous environmental problems persisted.

The pollution of soil and water during the communist period still constitutes a problem today, because it requires important financial resources for cleaning. In addition, some of the former industrial communist enterprises continue to pollute, in spite of being privatised because large investments are needed to improve the technologies.

Intense deforestations taking place in many regions have been driven by a short-lived interest of entrepreneurs in obtaining fast profits. Deforestation has been associated with changing local climate, erosion in the Subcarpathians, regular floods and storms that negatively affect the Romanian population (Carter and Turnock, 2002).

During the transition period, industrial accidents occurred in Romania. One of the most important happened at Baia Mare in 2000, when toxic cyanide leaked from a gold mine. Accidents were usually attributed to low investments in modern technologies and scarcity of financial resources (BBC, 2000). Their impact on the inhabitants’ quality of life was significant. Local and regional ecosystems were also destroyed. Corporate activities have been partly blamed for the deterioration of biodiversity, because a number of species are in danger of disappearing from the local ecosystem.
In spite of many environmental problems, Carter and Turnock (2002) note that little progress has been made during the transition period. One important achievement was the formation of two ecological parties (the Romanian Ecological Movement and the Romanian Ecological Party) in 1990 and their success in the elections of May 1990. But the economic crisis in the early 1990s and population concerns about basic needs and survival distracted attention from the ecological aspects (Carter and Turnock, 2002). A European Commission report of 1998 drew attention to serious problems existing in the areas of air protection, water management and waste management. In 2005, a European Commission report observed that most legislative requirements of the *acquis communitaire* regarding environmental protection were in place and administrative capacities had been created. However, the Commission identified deficiencies in implementing the existing legislation in practice and called for improvements in monitoring and eliminating pollution.

In conclusion, numerous concerns related to the social and environmental implications of business activities have been considered harmful to Romanian society. Some of these are also reflected in the empirical material of this study. How social and environmental problems are discussed make the subject of Chapters 5, 6 and 7. But before that, the following chapter will introduce the methodological choices and will present the analysis process.
4. DATA AND METHOD

The aims of this chapter are twofold: to present the data and also the method used in this study. Because the topic of this dissertation is corporate social responsibility as discussed in business media texts, the chapter starts in 4.1 with an introduction to the nature of media, its role in society and the limitations in researching media. After that, in 4.2 it presents the data used in this study, which consists of texts from a Romanian business magazine named Capital. The choice of this magazine is also motivated. Then, interpretative textual analysis used to analyse the data in this dissertation is introduced in 4.3. Arguments are evinced for the selection of this method from different other methods used for analysing media texts. After that, in 4.4 the process of analysis is presented in detail. In 4.5, the researcher’s ontological and epistemological beliefs are presented and in 4.6 issues of validity and reliability are discussed.

4.1 Media texts, their role and limitations

Media texts have been used as research material especially in the communications field, where social scientists have been researching media in general and the press in particular. In media communication research, the main interest has been in analysing media per se (see Berger, 1991 for several basic ways of looking at and interpreting media texts). Media have not been only a subject of research, but have been used as empirical material for investigating other phenomena. For example, business media are increasingly used for studying organisational and managerial phenomena. This study uses the business press as research data in investigating the phenomenon of corporate social responsibility.

The nature of media texts is complex and a number of weaknesses need to be acknowledged. Among the weaknesses, the researcher needs to consider the production of media texts, the role of journalists and informants in the text, as well as media’s role in influencing the audience at whom the information is targeted. All
these aspects will be discussed in the following sections.

4.1.1 Mass media and its role in creating reality

The following paragraphs will present the role of media in society and its ability in shaping the perception of its readers of a given issue.

Mass media were long ago recognised as a major actor in our society and as a contributor to the way we understand the world. As early as 1922, Lippmann (cited in Ader, 1995) noted the influence of media on public opinion. In 1961, Berelson was concerned about the effect of mass communication on forming public opinion. He identified five factors intervening in the way communication affects public opinion, stating that “some kinds of communication on some kinds of issues, brought to the attention of some kinds of people under some kinds of conditions, have some kinds of effects.” (Berelson, 1961, pp. 345, emphasis in original).

Media have a role in transmitting information and knowledge but can also alter existing beliefs and have the ability to set the agenda for public discussions (Chen and Meindl, 1991; Price et al., 1997; Terkildsen and Schnell, 1997). A body of literature in media research is grounded on media agenda-setting theory. The theory stems from the idea that mass media are partly responsible for setting up the kind of issues that will become salient to the public. Empirical studies demonstrated a positive correlation between media coverage of some issues and their visibility to the public (see Funkhouser, 1973; Ader, 1995; Brown and Deegan, 1998). In this respect, media play a role in emphasising and bringing particular subjects to public attention, while others are neglected. In adopting certain textual strategies and talking about a given topic in a certain manner (Vaara and Tienari, 2008), media texts can shape public understanding of the matter.

The ability of media texts to alter the beliefs and perceptions of readers may not always be as important as expected (Ferguson, 2007). Attributing to media the power to influence the public, does not take into account the reader, who is not a passive receiver of information, but who has already a certain view of the world (Livingstone, 1990; Graber, 1988). Readers’ interaction with the text and the way the text is read are equally important in the process of making sense of the world.

Whether and to what extent media messages are perceived as credible, thus
affecting readers’ understanding of the world, remains perhaps debatable. However, there are few doubts that media do indeed construct each subject discussed in particular ways and at least attempt, consciously or not, to convince the audience of its own version of reality (van Dijk, 1997). In that respect, it is quite commonly agreed that media cannot merely mirror an objective reality, as the traditional approach to journalism purported (see Gans, 1979). Media, in creating and disseminating their texts, contribute to reality construction, which affects the way readers and society at large understand the world (van Dijk, 1997; Fairclough, 1995).

4.1.2 The journalistic process, its (im)partiality and objectivity

Impartiality and objectivity (Vincent, 2000; Stocker, 1995) represent key values in media organisations (Daley and James, 1988) because their reputation depends on the image promoted in society. Journalistic objectivity and impartiality refer to principles such as: being able to remain detached from the story, excluding own values from the story, balancing different views, accuracy and fairness (Gans, 1979; Beder, 2002; Vincent, 2000; Ryan, 2001). From this perspective, media play an informative role, aiming to reflect objectively the major happenings in a society (Ryan, 2001). This belief is widespread in society and mass media claim to be a neutral actor.

Media research is usually more sceptical about the extent to which media are objective in practice. It is contended that different factors can influence media texts. These factors take two forms: pressures and constraints.

Different actors attempt to get their portrayal of reality into the press (Gamson and Modigliani, 1989; Gans, 1979). In some countries, media texts have been influenced or controlled by political actors (see Freedom House reports on political influence over freedom of the press in the world). Political pressures can lead to censorship or self-censorship in journalist’ attempts to avoid conflicts with authorities. However, there is only a limited case for such an approach in Western countries (Gans, 1979; Fairclough, 1995).

Business actors have been also accused of using the press to convey their message to the reader. The most direct way in which this can happen is through
media reliance on advertisements. Since advertisement fees are one of the most important sources of revenue for media organisations, companies can use this opportunity and exert influence on the type of materials published in the press where their advertisements appear. Furthermore, business influence can result from ideological capture, which makes media a supporter of corporate values (Beder, 2002).

In addition to external pressures, the media as an organisation are subject to constraints stemming from their position in society. Fairclough (1995) mentions that media (except for public media) are for-profit seeking firms. Media need to sell their products and consequently are dependent on readers and advertisers. Fairclough (1995) also talks about the ownership of media, which refers to the fact that owners can influence what issues are discussed and how the texts are written. Journalists working within a particular organisation may need to follow the ideological views of the owners.

The aspects discussed above question the objective nature of journalistic process (Stocker, 1995) and show that different factors should be taken into account when reading media texts.

In this research, media are also seen as an actor that constructs reality, while being influenced by external factors. Political influence on media has been of particular concern in Romania. Gross (2002) noted that after 1990, most press was politically oriented, either supportive or dismissive of the existing political parties. To date, international organisations still draw attention to the concentration of media power in the hands of politically-biased owners or moguls (see Freedom House, 2008). Ulmanu (2007), too, noted the existence of several controversial moguls involved in political parties and in business, too, owning a number of well-known publications and broadcast media in Romania. In spite of that, no particular censorship or overt influence over the media by the political party in power as a whole is noticeable (as is the case of Russia, for instance).

The arrival of several multinational media organisations in Romania gave rise to debates about ownership and control of Romanian media. The interest of foreign media owners to promote certain values in the Romanian press is of particular concern. In this study, the texts of a foreign-owned media company represent the empirical data. The values promoted in terms of corporate social responsibility will be analysed.
4.1.3 The process of creating a journalistic story

The newspapers and magazines represent the product of an institution, which is generally called written media or press. This institution functions as an organisation with its own structure, rules and defines the role of its members in certain ways. However, the press is a distinct type of organisation due to its position in society as an actor that is expected to report the truth about reality.

Articles in the press are widely perceived as the product of an individual journalist, yet producing an article is a collective process (Fairclough, 1995; Kjær and Langer, 2005) involving the participation of different members of the organisation. The journalist is positioned within a hierarchical structure, to which he or she is accountable and which constrains his or her choices in terms of topics addressed and views expressed (Gans, 1979; Hackett, 1984).

The journalist initially frames the topic based on his or her personal beliefs and values, which help to make sense of the phenomenon analysed. A documenting period usually precedes the writing process. During the documenting process different opinions of a phenomenon are gathered. Based on the results of this process of sense-making, the journalist builds a story. During the writing process, the journalist needs to consider the credibility of the story for the readers. The journalist can validate the story by means of a legitimating process, which can take two forms.

First, in building a comprehensive story, which incorporates multiple and controversial positions on the issue, an illusion of objectivity is created (Gamson and Modigliani, 1989). At the same time, the journalist has the freedom to guide the text and use different opinions so as to serve his or her own needs. While building on different antithetical views on the issue, the story may end with the conclusions preferred by the journalist. Second, a valid story is obtained by using official or credible sources of information (Fairclough, 1995), upon which the story is constructed and to whose ideas constant reference is made.

Once the story has been written, it can be challenged by the organisation in which the journalist works (Hackett, 1984). The press and its internal rules may restrict the kind of article and the kind of views publicised on its pages (see Fairclough’s discussion on the economics of media, 1995, pp. 42-43).

All the factors mentioned serve to enforce or constrain in materialising the
journalists’ ideas in the form of the article. Defining reality is negotiated in a process of interaction (Kjær and Langer, 2005) between the personal understanding of the journalist, the anticipatory impact of the journalistic product, organisational factors and other actors in society. The outcome of this process shapes the final cognitive frame in which the phenomenon will be presented.

4.1.4 Sponsors and representations in media texts

Mass media constitute a complex arena where different actors attempt to express their views on certain issues. Unlike some other forms of mass media, such as radio or television, where the actors are able to some extent to express themselves and talk directly to the wider public, the press is in a peculiar position. It is the journalist who mediates the relationship between the actors that inform the text and the reader.

In approaching a specific topic, the journalist needs to obtain material from the field and to collect different viewpoints on the matter. The journalist does so by discussing the subject with those directly involved with but also by relying on other sources of information. Official sources or statistical data, when appropriate, are frequently used. The sources used by journalists ‘sponsor’ the story (Gamson and Modigliani, 1989).

Media are no longer viewed as simply reflecting an objective reality but as actually creating it. The journalist has a stance, which shapes the final story. How much of the sponsors’ views appear in the final text and how much is actually created by the journalist himself is debatable. The final text is a mixture of beliefs, positions and interpretations, where the thin line between the sponsors and the journalist is at times difficult to draw. Sponsors are used to validate the ideas expressed in the text but how topics and sources are selected is not explicitly explained by the journalist. According to Gamson and Modigliani (1989), sponsors advocate certain beliefs in society and they can be selected for the media story because of the viewpoint they support.

In this research, several actors sponsor the media texts analysed. Among them, representatives of consultancy firms play an important role. Their expertise is often used as a source for media articles. The consultants also occasionally write the articles themselves. Consultants’ role consists of introducing theoretical business
concepts and in providing opinions about business practices in Romania. Businesspersons (mostly managers and entrepreneurs) represent another important sponsor to the media texts analysed in this study. They serve as a data source in articles describing business practices and also provide opinions about different problematic aspects of business activities in Romania. Official sources of information are also used for providing statistical data on a given issue. Opinions of governmental and non-governmental organisations, domestic or foreign, also sponsor the texts.

4.2 The empirical data of the study

The empirical data of this study consists in a Romanian weekly business magazine, named *Capital*, whose content in the period November 1992 - December 2007 is analysed. This section rationalises the choice of media texts as empirical material and the selection of *Capital* business magazine for this study.

4.2.1 The choice of media texts as empirical data

This study started from a desire to understand the phenomenon of corporate social responsibility in a society going through rapid and profound transformations of its economic, social and politic institutions. Looking at different kinds of texts in which the phenomenon of corporate social responsibility is discussed is one way to see how perceptions of CSR change over time. The aim was to link the changes in CSR thinking with societal transformations in order to see whether perceptions and beliefs regarding the role of companies in society are influenced by the societal context of which they are a part.

Several sources of data were initially considered: annual reports, web pages and media texts.

Corporate annual reports were not published regularly in Romania at the time when this research started and their focus was predominantly on financial aspects.

The web pages of companies would have been an interesting source of data, but their major weakness is the inability to reflect changes over time.

Interviews with businesspersons were also considered in the initial stages for the
purpose of gathering opinions directly from the business community. This source of data was later discarded. One reason for this was that, while having the potential to yield interesting insights, being retrospective over a long period of time would be challenging for any businessperson and would have undermined the validity of results.

Business media texts provided rich material that covered most of the transition period. Since alternative sources of data did not cover a long period of the transition period, it was sufficient to have media texts, as a good source of data. CSR in media has been little researched and this study contributes to the existing body of research in the field. How media construct the CSR phenomenon over a long period of time and in circumstances of profound societal transformations is an interesting topic of research.

4.2.2 The choice of Capital business magazine as empirical data

In order to understand the choice of Capital business magazine as empirical data for this study, a brief look into the developments of Romanian press is first presented. After that, the selection of Capital is justified.

4.2.2.1 Developments of the Romanian press

During the communist era, media were under state control in the Soviet Union and Eastern European countries (Gross, 2002; Paletz et al., 1995; Aumente, 1999; Giorgi, 1995). Freedom of the media press varied across countries and within one country, variations over time were common as well. In Romania, tight state control over most institutions gave the media limited freedom of expression. Control and censorship were introduced in the 1970s and became very strict in the 1980s (Gross, 1995). Compared to other countries in the region, no alternatives to the official press were possible and no underground press (apart from sporadic manifestations of disagreement) were allowed (Aumente, 1999).

As of December 1989, a total of 495 publications were registered officially in Romania (Gross, 2002), out of which 36 were dailies and 459 periodicals (Ulmanu,
Publications ranged from daily national or local newspapers to cultural and scientific magazines. The number grew rapidly in the first years of transition, reaching about 1800 publications by the end of 1990 and covering a wide range of issues (Gross, 2002). Only part of the print media from the communist period survived, many of which made changes in their names and content. Changes in ownership occurred as well. The press organisations were not-for-profit during communism, after which they became for-profit. Some publications self-privatised, with editors-in-chief and journalists taking the control over the publications (Gross, 2002). Privatisations to foreign owners played a role only after the mid-1990s, when important media groups acquired a number of Romanian publications in great need of capital, technologies and know-how (Gross, 2002).

In the first decade of the 21st century, a consolidation of several major media groups took place (Ulmanu, 2007; Baya, 2008). In addition to local groups concentrated in the hands of three notorious persons, a number of international media groups acquired a large part of the publications on the market or set up new ones.

In the niche of the business press, the weekly Capital magazine was established in 1992 by the Swiss media group Ringier and remained in the same ownership during the entire period analysed. Only very recently, in early 2010, the ownership changed and Capital is currently owned by a Romanian businessperson. This magazine dominated the business press market for a long period during transition. Its importance has declined considerably in recent years, both in terms of average copies per edition and of number of readers. It remains, however, an important actor on the market of the business press.

Other important publications in terms of market share and audience appeared later in the transition period. Among them, there are several monthly newspapers, such as Business Point, established in 2006, eFinance since 1999 or Business Adviser, all of which have much lower market shares. Among the weekly newspapers, Business Magazine has been on the market since 2004, Săptămâna Financiară (in Romanian: Financial Week) since 2005 and Money Express since

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17 The National Bureau of Auditing Number of Printed Copies and the National Study of Audience were used here as official sources to indicate the most important publications on the market.
Among the daily newspapers, one of the earliest and the most important has been Ziarul Financiar (in Romanian: Financial Newspaper), launched in 1999, followed later by Business Standard in 2007.

4.2.2.2 Selection of Capital business magazine

Although currently there are numerous possible choices in the Romanian business press, the magazine Capital was selected as the source of data in this study for several reasons, such as market share, period covered and content of articles.

At the time when the selection was made, Capital had the greatest market share of the business magazines market. Among the most important publications in the business field, according to statistics published by the National Bureau of Auditing Number of Printed Copies and the National Study of Audience, Capital magazine is the only one that has been on the market for most of the transition period (since November 1992). Table 3 presents information about the main business magazines on the market in 2006.

Table 3. Capital’s position on the market (as of 2006).

<table>
<thead>
<tr>
<th>Market share (%)</th>
<th>Capital</th>
<th>Ziarul Financiar</th>
<th>Săptămâna Financiără</th>
<th>Business Magazine</th>
</tr>
</thead>
<tbody>
<tr>
<td>51</td>
<td>28</td>
<td>-19</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Average copies per edition</td>
<td>40-50.000</td>
<td>11-18.000</td>
<td>9-22.000</td>
<td>10-16.000</td>
</tr>
<tr>
<td>Year founded</td>
<td>1992</td>
<td>1999</td>
<td>2005</td>
<td>2004</td>
</tr>
</tbody>
</table>


19 Not available.

The content of articles published was likewise an important criterion in the choice of business magazine. *Capital* is a weekly business magazine that dedicates a lot of column space (40-50 pages) to economic issues. While dedicating a section to news as well, it has a broader purpose. It combines news (both domestic and international) with sectorial analysis, market research and economic predictions, interviews with business people and business case studies, capital market analysis and consultancy in legislative or accounting issues. Articles in this magazine, especially case studies, are particularly relevant for this research since they are ‘sponsored’ (Gamson and Modigliani, 1989) by those involved in business. The case studies in *Capital* cover an extensive range of firms, as it includes all kinds of companies, regardless of activity or size. Its focus was on small entrepreneurs in the early years, while in the later years, large companies figure more often in *Capital* articles.

In addition to those working in the business field (entrepreneurs, managers and personnel in different positions within a company), there are a number of other actors with an interest in business and their views are articulated in this magazine.

*Capital* business magazine enjoys high credibility among Romanian business people and it is often referred in other newspapers as a prestigious source. Due to its perceived professionalism but also to its long presence on the market, the researcher considers it a significant actor in Romanian business community. Since it has long been the major business magazine in Romanian society, its influence on firms may have been important. For the reasons mentioned, *Capital* magazine offers interesting empirical material for this research.

### 4.3 Method of the study

This section first presents the methods that have generally been used for analysing media texts. This dissertation uses interpretative textual analysis to examine media texts. In order to argument the choice made, in 4.3.1, we start by presenting frame analysis, content analysis and discourse analysis, emphasising their role and for which reasons they are used for analysing media texts. After that, 4.3.2 will introduce interpretative textual analysis and present the motivations for selecting it for use in this study.
4.3.1 Methods for analysing media texts

Three main methods have been used in the literature to analyse media texts: frame analysis, content analysis and discourse analysis.

Frame analysis is a method that is able to make sense of media talk by organising it into frames, each of which comes with a distinct perspective about an issue or a phenomenon. Gitlin (1980, cited in Vreese, 2005, pp. 52-53) defined frames as “persistent patterns of cognition, interpretation, and presentation, of selection, emphasis and exclusion by which symbol-handlers routinely organize discourse”. In examining media texts, researchers create frames which reflect the central organising idea of the text, but which are different from the topic discussed (Pan and Kosicki, 1993). Framing is a device that makes it easier to identify meanings that are more prominent in the texts (Durham, 1998). Media researchers have a tool which assists them in proving the power a text can have on its readers (D’Angelo, 2002; Jasperson et al., 1998).

To exemplify the frame analysis method, Gamson and Modigliani (1989), for instance, analyse how four different types of media (television, newsmagazines, cartoons and opinion columns) frame the issue of nuclear power and how the frames change over a period of several decades. They show how, in the years after World War II, nuclear power is framed in terms of the progress of humankind, while in the 1970s, in connection with the oil crises, the frame changes. Influenced by economic developments, nuclear power was framed as a way to achieve energy independence.

Content analysis is a method used to quantify text based on given criteria, which permits the use of regressions in the analysis. According to Krippendorff (1980, pp. 21), “content analysis is a research technique for making replicable and valid inferences from data according to their context”. The main idea is to understand how much attention is given in the text to a certain topic in comparison to other topics. This is done by looking at the quantitative importance of the topic in the text (Krippendorff, 1980; Unerman, 1999). For instance, the emphasis given to social and environmental topics in accounting external reports has been estimated using content analysis. Based on a classification of CSR issues created for this purpose, annual reports were coded. The texts were selected based on the classification and quantified (see the studies by Deegan and Gordon, 1996; Deegan and Rankin, 1996; Hackston and Milne, 1996; Gray et al., 1995).
Discourse analysis (Fairclough, 1992; Phillips and Hardy, 2002; Potter, 1997) takes a broader perspective in looking at texts, since it interconnects them with the social context and social practices in which they are embedded. This type of analysis looks at discourses which represent “a practice not just of representing the world, but of signifying the world, constituting and constructing the world in meaning” (Fairclough, 1992, pp. 64). Discourse analysis is in fact a broad umbrella for a variety of ways of conducting research. No common methodology has been clearly specified for using discourse analysis in research (Alvensson and Kärreman, 2000; Phillips and Hardy, 2002; van Dijk, 1997).

The three methods presented above, frame analysis, content analysis and discourse analysis, are useful and have been extensively used in analysing media texts. However, this study has adopted a textual analysis approach and the reasons for this choice are presented below.

Frame analysis is a method which yields interesting results when a given phenomenon is examined (for example, the nuclear power). This is also the case in this study, when the phenomenon of corporate social responsibility is analysed. However, the method cannot be applied here because of several difficulties. The phenomenon which this research is interested in is not explicitly discussed in the media texts analysed. There is only very limited talk about the concept of CSR, while the analysis focuses on media texts in which responsibilities to certain stakeholders are discussed in an implicit manner. What constitutes responsible behaviour from the media viewpoint emerges from the data and entails reading a large number of texts that give an overall understanding of the issue. Frame analysis, instead, is more focused on specific texts, where a topic is discussed in explicit terms. Its aim is to see how the topic is formulated in order to find a metaphor that would express media position on the issue. The phenomenon examined in this study is quite broad and refers to a variety of issues. Seeking to identify a specific frame for each CSR issue is not in the aim of this study.

Content analysis, as a method, has in fact been followed in loose terms in this study in structuring and processing the data, in order to deal with large amount of empirical material. However, it was not the purpose of the study to achieve a quantitative classification and statistical interpretation of the data. Instead, the study has a qualitative nature, focusing on understanding and interpreting the data beyond its quantitative measurement. It was preferable to achieve a level of sufficiency in
reading than to precisely quantify the data.

Textual interpretative analysis relates closely to discourse analysis. The latter method interprets texts in their social context and by looking at the discourse practices, i.e. processes of text production, dissemination and consumption (Fairclough, 1992). This dissertation analyses media texts produced in the context of Romanian society, but does not take the discourse practices into account. Both methods, however, pay attention to a close reading of texts.

The reasons mentioned above explain why methods commonly used in media research have not been applied here. The next section describes the interpretative textual analysis approach used in this study.

4.3.2 An interpretative textual analysis approach to interpreting media texts

Interpretative textual analysis (e.g. Livesey 2001, 2002a, 2002b; Livesey and Kearins, 2002; Laine, 2009; Mäkelä and Näsi, 2010) has not gained the same popularity as frame analysis in media research. In spite of this, it constitutes a method well suited to the nature of media texts.

Interpretative textual analysis consists of a close reading of texts, based on which a process of sense-making is taking place (Laine, 2009; Tregidga and Milne, 2006; Mäkelä and Näsi, 2010). The texts are read in several rounds in order to understand their content and also the meanings they convey. A first reading gives the researcher a general overview of the data and also helps him or her to identify those pieces of text that seem to be particularly interesting for the research. The analysis continues with subsequent readings, which not only sharpen the focus but also contribute to a deeper understanding of the texts and of the meanings one can identify.

The process is iterative and involves taking notes, which are interpreted and which provide further insights on the theoretical perspectives adopted in the study. Interpreting the theory in the light of empirical material is frequently reflected in a new understanding of the data. The latter may need to be read again and reflected upon. A continuous interplay between the data and the theory helps to understand and interpret the findings.

There are few studies using this method in media research and especially in organizational research using media as research material. However, their number is
increasing (see e.g. Mäkelä and Näsi, 2010; Siltaoja and Vehkaperä, 2009; Vaara and Tienari, 2008; Vaara et al., 2006), although at times the analysis is linked with discourse analysis.

4.4 Selecting, analysing and interpreting data

This section will describe in detail how the process of analysis took place. It starts by presenting how the three stakeholders (employees, the natural environment and society) used in this study were selected and how the process of selecting texts took place. Then it introduces the empirical material used for each stakeholder and justifies the choices made. The chapter ends by presenting the analysis process.

4.4.1 Selecting the data on CSR in Capital

Once the decision to use *Capital* magazine as empirical material had been taken (in 2006), the next step was to collect all available editions of *Capital*. For the period November 1992 – December 1997, this business magazine is available on hard copies in Romanian libraries. Starting in 1998, CD-format copies were made available to the public by the publisher. The hard copies for the period November 1992 – December 1997 were studied taking digital photocopies in a library in summer 2007 and checked once more for completeness in summer 2009\textsuperscript{21}. The digital copies for the period 1998-2007 were purchased from the publisher. Following a chronological line, the text focuses next on describing how the material on CSR was selected.

The length of the magazine, the broad range of subjects and the large amount of data were reasons for searching for a criterion to sort out the material and select only relevant articles. Since part of the *Capital* collection was available in electronic format (as PDF files), the first idea was to use the ‘search’ function of Adobe

\begin{footnote}{In spite of paying attention to the reading of the entire collection of the *Capital*, some numbers from the early years could not be retrieved from the library where the researcher studied. The number of texts missing from the analysis is however small: Nos. 1, 4, 5, 7, 10, 11 and 34 in 1993 (out of a total of 52 numbers); 2 and 18 in 1995.}\end{footnote}
Acrobat Reader. Two difficulties were encountered at this stage. First, CSR is a broad field covering multiple aspects and searching for all relevant issues would have been impossible due to the extensive amount of work. Second, CSR is not explicitly discussed in Capital and only recently the concept seems to have spread to Romanian society.

In spite of shortcomings in using an automatic search in Capital, an experiment was conducted using the words ‘responsibility’, ‘social responsibility’ and ‘corporate social responsibility’ (in Romanian translation, for singular, plural and genitive forms) as the search terms. The results were disappointing. On the one hand, the amount of work was great, as much time was required for eliminating articles not related to the research topic. On the other hand, the number of potentially useful articles found in this experiment was small. For example, for the year 1998, there were no matches when searching for ‘corporate social responsibility’, one article for ‘social responsibility’ and 72 articles for ‘responsibility’. Out of those 72 articles, only 14 were found to address the topic of this research in some way.

Since the automatic method did not provide a systematic way to find useful material for this research, a viable alternative for selecting the data was to actually read the magazine. The reading started with a glance at all the articles but also by reading everything that appeared to be useful. While doing so, some articles were automatically excluded, among which, for example, those related to political editorials or those concerned with financial markets (stock exchange and investments). The first look at the magazine took place in late 2006 and spring 2007 with the purpose of gaining an overall understanding of the entire material. Based on this reading, some articles were selected for further use.

A second reading of the articles selected in the first round followed. The purpose was to take a closer look at the kind of topics discussed in Capital business magazine. Some notes were taken at this stage, but not in a very systematic manner, but also in 4.4.3.

22 At this stage, usefulness was evaluated based on any potential aspect related to the topic of CSR. No predefined mental frame for defining the concept was used, nor was the concept restricted to any particular aspects. The criterion of usefulness is, of course, a subjective matter, which is likely to result in an inconsistent selection of material. This issue will be discussed during the description below but also in 4.4.3.
since the purpose of this reading was still quite broad.

The most important achievement of this stage was the decision to take a stakeholder perspective on the analysis of data. The choice was based on the need to narrow down the range of CSR topics to be analysed and to have a more focused research material. The first stakeholder was selected at that time, i.e. the employee. This choice was made due to the predominance of this stakeholder in the material read. A separate section of the magazine was dedicated to employees, which was consistently present throughout the dataset. There was no other section in *Capital* dedicated to a stakeholder. In addition, employees represented a key element in the communist ideology, which emphasised the need to eliminate capital exploitation of labour.

A third reading concentrated specifically on the texts discussing the employee, based on which the main ideas were summarised in Word documents. Where appropriate, excerpts from the articles were picked out for further reflection and to provide examples in writing up the dissertation. The main purpose of this reading was to have an in-depth view of the main issues discussed regarding employees. At this stage, the data was investigated from a content analysis perspective, paying attention to the topics discussed regarding employees in *Capital*.

A fourth round of reading took place in late 2009 and early 2010, when a more interpretative approach to the data was applied. The researcher looked at how the language was used to talk about CSR.

In addition to the four rounds of reading, the researcher was in continuous contact with the data and with the notes taken during the reading process. Whenever needed, the data was checked once more.

Data analysis was not distinct from the process of making sense of a theoretical approach shedding light on the data. This research followed neither a deductive, nor an inductive approach. It did not start with a clear theoretical framework in mind based on which data analysis would take place. Neither did it start from the data for the purpose of building a theory. Alternating between theory and data took place a number of times, adjusting theory based on data or adjusting the way data was perceived based on theoretical ideas was part of the process.

The natural environment and society as stakeholders were selected and analysed in 2009. The natural environment as a stakeholder was selected for this study because environmental protection is one of the three main areas of the corporate
social responsibility concept (economic, social and environmental). In Romania, the topic is an important one. State-owned industrial enterprises during the communist period polluted the environment and society still needs to invest in cleaning up the accumulated pollution.

In selecting a third stakeholder, the idea was to gain a broader view on how media construct CSR thinking in Romania. Community or society appeared a feasible choice in this respect.

4.4.2 Introducing the empirical material used for each stakeholder

The text now moves on to present the empirical data used for each stakeholder. Although the Capital business magazine was read in its entirety, when going into closer reading, certain types of material were mostly used for each stakeholder. In addition, other articles giving interesting ideas were analysed.

Capital business magazine consists of various sub-sections, which are labelled. The sub-sections were dynamic over time in the sense that some disappeared, while others appeared for a shorter or longer period of time. In some cases the dynamic is only a question of form and not content, and only the label changes. Some sub-sections were consistent over time and the material for this study is based mostly on these.

In the case of employees, three different sub-sections were read more carefully. The most important was the section entitled ‘cariere’ (careers), which remained constant throughout the Capital collection. In 2007, in addition to ‘cariere’, some new sections discussing aspects related to employees appeared and were labelled ‘human resources’, ‘job market’ or ‘workforce’. In terms of content, the ‘careers’ section was dedicated to issues related to employment and for this reason, analysed in this dissertation. A second section was entitled ‘profil’ (profile) and consisted of descriptions of a single firm, usually following a chronological line, from the moment of its establishment to the present. The entire story was created by the journalist, based on businessperson experiences. This section, too, remained quite consistent over time, although in some years it appeared less frequently than in others. This section was analysed in this study because it provides an opportunity to see to what aspects (if at all) related to employee-firm relationship media pay
attention. Very many of these texts did not discuss the subject of employees, but whenever they did, they were considered for analysis. The third section was ‘interview’ (interview) and, as the name suggests, consisted of texts reproducing a dialogue between the reporter and the interviewee. Interviews were usually reported as such, with no additional comments. The subjects discussed varied significantly from one interview to another. This section too was examined for purposes of observing the issues on which media focus when discussing employees.

The number of articles changed considerably over time. The ‘careers’ section constantly included between one and four articles for each number of the Capital magazine, varying from one year to another. Three to four articles per edition of the magazine were common in some years, but the usual number of such texts per edition was one or two. The total number of articles in the ‘careers’ section varied between 60 and 130 annually. The number of texts selected for this research was smaller. The articles selected for closer scrutiny were few in the early years and included about 15-20 articles annually. The number increased considerably starting with 1998, numbering between 20 and 40 each year for the rest of the dataset.

In the case of natural environment, there is no section specifically dedicated to natural environment. The researcher looked mainly for the texts focusing on the topic of the business - natural environment relationship. Articles discussing this topic had in most cases indicative titles. In addition, the ‘profile’ and ‘interview’ sections were looked at for reasons similar to those described in the case of employees. The texts in these sections provided, in most cases, only limited material for the analysis, because the subject was not much discussed.

The number of articles increased over time but remained modest if compared to the texts discussing employees. Especially during the early years (1992-1997) the number of articles dealing with the natural environment was extremely low, usually no more than ten a year. In later years (after 1998) the number of articles increased considerably, reaching about 20-30 articles (although no particular trend could be identified, either increasing or decreasing). In the last years of the dataset (2004-2007), the discussions of environmental issues seemed to intensify and the number of articles selected is higher, between 20 and 40 each year.

The society (or community in a narrower sense) was not usually made the subject of separate texts, as was the case with the employees and the natural environment. In fact, before starting to look for the society topic in media articles, the concept of
society needs to be defined. Society is a broad concept, which could refer to different kinds of groups and looking for articles that would discuss all these groups was not the purpose of this study. Furthermore, analysing society as the sum of groups in society would have overlapped with employees and natural environment as stakeholders, since they, too, are part of the society. It was instead preferred to look at the texts in which business activities are discussed and observe what kind of responsibilities businesses are expected to bear in a wide sense. The analysis relied on the sections most consistent throughout the dataset, i.e. ‘profile’ and ‘interview’.

But a number of other texts also appeared to be important during the readings of Capital, and they were also considered for analysis. For example, the texts reporting illegal practices of companies, in which a strong case was made for businesses to comply with legal regulations, were included in the analysis. Starting with 2002, a series of texts discussing the CSR concept was also analysed.

No quantitative information can be given about the analysis of society. The reason is the loose approach followed in analysing the data. There was no selection of articles, but ideas noted from different articles.

Once the research material has been presented for each of the stakeholders, we will describe in the following section how the texts were analysed.

### 4.4.3 The analysis and interpretation process

The analysis process started by summarising the content of articles perceived to be relevant for this study. The texts were scrutinised in order to understand what responsibilities businesses are expected to bear in relation to three kinds of stakeholders (employees, natural environment and society) and how companies meet the expectations. Attention was also paid to the actors used as data sources in the texts and who, in some cases, wrote the articles. Furthermore, the researcher looked at how the texts were written, whether they had a prescriptive or a descriptive aim, whether they had a neutral writing style or not, what values were promoted and why etc.

Summarising media articles resulted in Word files with a large number of pages (in some cases 10-25 pages for each year). The content of the files was once more summarised in order to be manageable. The texts were ordered according to the
most important types of responsibilities identified in *Capital* (legal, training and education, discrimination etc.). For each type of responsibility a list of main articles was made, specifying the major ideas evinced in the articles. It was also mentioned if the discussion had a prescriptive or descriptive approach, the values promoted and positions taken in the text and if available, the reasons for doing so. If the text focused on describing business practices, it was specified how they are talked about. The brief summary of articles also mentioned the main actors used as informants.

Brief summaries of *Capital* texts were analysed in their entirety. Looking at how different ways of talking about responsibilities were changing over time, the periodisation was made in the case of employees and the natural environment. The focus was on major changes in media discussions in terms of how responsibilities were perceived. For example, the change from talking about pollution of the natural environment as a challenge to be managed in business activities to talking about pollution as an impediment to the survival of businesses was considered an important development. Some changes also took place in terms of the number of articles but were considered only as an additional criterion.

In making periodisations, the years marking the beginning and end of the period are not very strict, since changes occur slowly over time. The years indicate that some change became more discernible than before.

The systematic approach for analysing articles made it possible to give quantitative information about discussions in the media. The purpose was to give the reader an understanding of how much talk there was in the *Capital* texts. The numbers mentioned are only informative and are not meant to be definitive, since it is not claimed here that all potentially relevant texts were taken into account. While the principles of content analysis were followed in identifying and categorising the data, it was not in the aim of the study to have strict evidence of all possible texts. The focus was instead on the qualitative interpretation of the material. Achieving a level of sufficiency in reading the data was sufficient for the purposes of this dissertation\(^\text{23}\).

\[^{23}\text{Achieving sufficiency was more challenging in the case of the natural environment (Chapter 6), especially in the first period, because of the small number of articles.}\]
4.5 Ontological and epistemological beliefs

Ontology is about defining what reality is, while epistemology refers to assumptions about knowledge-creation or how we get to know the world.

This dissertation is written in an interpretative manner (Burrell and Morgan, 1979; Morgan and Smircich, 1980; Hopper and Powell, 1985). An interpretative approach acknowledges the subjective nature of the social world and knowledge creation. From this perspective, the social world cannot be known through an objective process of observation and discovery as empiricists or rationalists believe (see Gergen, 1999). The social world is characterised by experiences and is created and re-created continuously through human interactions. Humans give meaning to the social world ‘through the medium of language, labels, actions and routines’ (Morgan and Smircich, 1980).

The role of the researcher is to understand the world and the processes of socially constructing it by looking at meanings, metaphors and perceptions of reality (Hopper and Powell, 1985; Berger and Luckmann, 1987). Objective observation and methods such as statistical surveys are considered to be inappropriate for researching the social world. Interpretation and qualitative methods are preferred instead, because of their ability to provide the means for rich case studies.

This research assumes relativist ontology and subjectivist epistemology (Denzin and Lincoln, 1998). From this perspective, no unique knowledge about a phenomenon exists and no objective account of it can be given in a scientific study. A unique truth is mainly the epistemological belief in functionalist research. There is no ‘true’ picture of reality but only our perception of it.

Knowledge is created by the researcher in interaction with the data and researcher’s social and cultural background and his/her pre-existing knowledge and beliefs play a role in the process (Altheide and Johnson, 1998). Thus, subjectivity is inevitably part of the research process.

A subjectivist epistemology also means that only a partial picture of the social world can be offered (Davis et al., 1982; Morgan, 1988). A phenomenon is studied through ‘frames of reference’, which reflect the researcher’s own choices but which inherently exclude other worldviews.

Beliefs of relativist ontology and subjectivist epistemology entail some limitations regarding the subjective nature of research results. These are discussed in...
the next section, together with other aspects of validity and reliability.

4.6 Validity and reliability

Validity and reliability are criteria used to ensure the good quality of the research process. The following sub-sections will report how the current research addressed these aspects.

4.6.1 Validity

Validity is commonly defined as the ‘correctness’ or ‘precision’ of a research process (Lewis and Ritchie, 2003) and comprises two dimensions: internal and external. Both have their roots in quantitative research, where they are needed in order to ensure that the research investigated the phenomenon that it claims to and that the measures used for this purpose are the right ones. Internal validity refers to the accuracy of determining causal relationships between variables (Yin, 1994; Lillis, 2006). External validity is about the ability to generalise the research findings from samples to other groups, contexts or settings.

The validity of qualitative research is commonly seen to differ from a quantitative enquiry. The concept of validity as it is conceived of in quantitative studies is considered not to adequately reflect the nature of empirical material and research process in qualitative research (Lewis and Ritchie, 2003). However, validity remains an equally important criterion in qualitative research as it is in quantitative one. Instead of traditional validity criteria (e.g. truth value, applicability, consistency, neutrality – see Lincoln and Guba, 1985), qualitative researchers have proposed new concepts, such as ‘credibility’, ‘trustworthiness’, ‘plausibility’ and ‘transferability’ (Denzin and Lincoln, 1998; Lewis and Ritchie, 2003). In simple terms, they refer to the use of appropriate data that yields information about the phenomenon investigated. In this study, the researcher used primary data (the texts of Capital magazine) in order to interpret media constructions of the CSR phenomenon under investigation.

The validity of qualitative research can be difficult to assess. Triangulation of data and auditing (e.g. Lincoln and Guba, 1985; Silverman, 2005) are commonly
seen as remedies to strengthen the validity of qualitative research.

Triangulation refers to the use of multiple sources of data in order to ensure that the phenomenon has been accurately researched. In this study, the most problematic aspect related to triangulation is the use of a single business magazine to interpret constructions of CSR in Romanian business press. This remains an important limitation of the study, because editorial policy may compel a publication to hold certain views over a long period of time. However, *Capital* has been the most significant business magazine consistently published throughout the transition period. Other important magazines in terms of audience and market share appeared much later and very few reached a significant audience. The audience of *Capital* has been large throughout the transition period and it continues to be a highly reputable magazine for businesspeople, in spite of an increasing number of other recent publications in the field. Nevertheless, it is acknowledged that generalising the results of this study to the entire Romanian business press should be done with caution and examining other Romanian economic publications would provide further insights into the topic investigated here.

Triangulation through the use of non-media data would have also provided interesting data for this study. Interviewing journalists’ on their views on the CSR aspects examined in this dissertation is referred to as ‘auditing’, i.e. confirming that the researcher’s understanding of the media texts is accurate. The main impediment to this aim is the longitudinal nature of the study. Journalists changed over the period of 15 years analysed, their views and perceptions also altered and they may not be able to recall the beliefs held in the past. Moreover, while interesting data as such, interviews with journalists would only reflect individual views. The introductory part of this chapter has shown that a journalistic story does not equal the beliefs of the journalist producing it but there are complex factors leading to a process of media reality construction.

The most important outcome from interviewing journalists and other members of the *Capital* organisation would have been to actually understand how their articles were created and the role of internal and external actors in this process. Doing so would have offered interesting insights into media’s role in constructing a certain version of reality and for setting the agenda. The main concern here was, however, with the texts themselves and the picture they provide. Understanding how a media organisation works requires a separate research process, with different aims and
research methods, and remains an interesting topic for further research.

Another type of non-media data would have been interviews with the readers of *Capital* magazine, i.e. with businesspeople. Their interpretation of the texts would have also served as confirmation of the researcher’s interpretations. The focus in this study was, however, on the texts themselves, while the readers of the texts can interpret them in very different ways. This depends on the interaction between the reader and the text, which relies to a great extent upon the reader’s educational and social background and a priori beliefs. One could have reasonably expected a multiplicity of interpretations of the texts. However, the main interest here was only to understand media constructions of CSR in the texts analysed and not necessarily readers’ interpretations of the texts, although this is an interesting phenomenon to investigate.

An important aspect of the validity of qualitative research is known as the ‘anecdotalism’ problem (Silverman, 2005). It refers to the sampling process, when data is selected according to the convenience of the researcher in order to allow him/her to reach certain findings. In this dissertation, this problem was avoided by analysing all the texts discussing aspects related to business responsibilities to the three stakeholders (employees, natural environment and society). While attention was indeed paid to reading the *Capital* throughout, it is possible, however, that not all relevant texts were found. This does not undermine the results of the study, since they are based on recurrent ideas in *Capital’s* texts that led the researcher to achieve a degree of saturation in understanding the texts.

External validity has traditionally been seen as the ability to apply the research findings to wider contexts or groups. While this requirement is essential in quantitative research, in qualitative research the term ‘transferability’ has been suggested to be more appropriate. The main contribution of qualitative research remains in the richness of details about a given case study but transferability can refer to making inferences and transferring them from one context or setting to another (Lewis and Ritchie, 2003). The present dissertation adds knowledge about the case of media interpretation of business responsibilities in Romania and its main contribution is the case study itself. Transferability would, however, be possible in the sense of identifying similarities with other countries from the former Soviet Union and Eastern Europe, given the resemblance of the social, economic and political context during the communist era and the transition period. The study could
also be used for comparative purposes by researchers undertaking similar studies in the Eastern European region.

Qualitative researchers also generalise by making ‘analytical generalisations’ (Yin, 1994) or ‘theoretical generalisations’ (Lewis and Ritchie, 2003). This research, too, departs from empirical qualitative data and makes contributions to the CSR research by generalising the results.

4.6.2 Reliability

Reliability represents the possibility to replicate the findings of the study if the same research is repeated, the same operational steps are followed and the same methods are used. Replicating a qualitative study is frequently considered to be inappropriate and even impossible (Lewis and Ritchie, 2003). In interpretative research, knowledge is created by the researcher in close relation to the data. His/her a priori knowledge and background are important factors that cannot and should not be eliminated from the research process. Replicating the study would be difficult because those undertaking this process would have their own cultural background and pre-existing knowledge that would differ from those of the researcher initially doing the study.

Considering the arguments presented above, reliability in qualitative and interpretative studies is discussed in terms of ‘confirmability’, ‘consistency’ or ‘dependability’ (Lewis and Ritchie, 2003). Reliability is more about the soundness of the study and refers to the possibility for an auditor to document the procedures of the research and confirm the results. To achieve this aim, it is important that the researcher operationalise the research, show consistency in data collection and analysis and be rigorous in making theoretical inferences (Yin, 1994; Lewis and Ritchie, 2003). In this dissertation, the researcher took many operational steps and explained them carefully earlier in this chapter. The researcher also created what Yin (1994) calls a ‘case study database’. This consists of computerised files of original data24, files summarising Capital articles based on the researcher’s notes as

\[24\text{ For the period 1992-1997 the computerised files are in the form of digital pictures taken from original paper copies of Capital, while for 1998-2007 the entire collection of Capital is available in PDF format.}\]
well as files where data are synthesised and analysed. This ensures that an external auditor can follow the same steps as the researcher and check whether the researcher’s claims can be substantiated. Moreover, in the final report (the dissertation) the researcher used numerous excerpts from the data in order to give the reader an opportunity to draw his/her own conclusions (according to Yin, 1994).
5. DISCUSSING BUSINESS RESPONSIBILITIES TO EMPLOYEES

This chapter discusses how the relationship between business and employees was portrayed in *Capital* during a period of 15 years and what kinds of responsibilities businesses were expected to bear in Romania. The chapter opens in 5.1 giving details about the topics discussed in the most important material used as data here, i.e. the ‘careers’ section of *Capital*. Looking at the entirety of the ‘Careers’ section creates a background of employee-related topics. It contributes to an understanding of topics prevailing at a given moment and of changes taking place during the transition period.

After introducing the major topics concerning employees, the chapter continues to present the approach used in *Capital* to discuss the firm-employees relationship. Specific to employees in business activities is human resource management (HRM), which is popular in Western countries. In *Capital*, too, the HRM approach is present in talking about employees and is introduced in 5.2.

The 15-year period was divided into three periods and 5.3 describes how the periodisation was made by the researcher.

Thereafter, *Capital* discussions about corporate social responsibilities to employees are analysed. The text is organised in three periods, presented in 5.4, 5.5 and 5.6. A general section briefly introduces the main responsibilities discussed during each period. Then the focus is on how the responsibilities are discussed. In discussing responsibilities the text looks first at the normative talk about employees, i.e. how employees should be managed and how businesses should meet their responsibilities to employees. Then it presents how *Capital* discusses the actual practices of companies, i.e. how businesses are perceived to meet their social responsibilities to employees in Romania.

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Looking at the subjects discussed in the empirical material was not done in the other two empirical chapters because only in the case of employees is there a section in *Capital* dedicated to employee-related aspects.
The results of the chapter will be summarised and analysed in 5.7.

5.1 The background: discussions about employees in *Capital*

In the following paragraphs a brief description of the content of articles discussing employees in each period is given in order to provide an overall view of the texts concerning employees. The ‘careers’ section is scrutinised in its entirety.

The early years of the transition period were characterised by texts adopting a general approach to business and with a few discussions about employees. The texts commonly introduced new concepts or tools for managerial purposes. At this stage, the tools were not necessarily related to human resources. Several dominant themes emerged regularly in the *Capital* articles, which refer *inter alia* to: prospects for business growth and development, how to make business profitable, overcoming the main economic difficulties of the transition period, promoting the image of business as a serious actor in society and providing products and services that satisfy customers’ expectations.26

Human resources and employment issues were given little column space and in many cases articles only discussed courses for employees for managerial and entrepreneurial purposes. Another common type of article introduced new types of professions and positions common to the firm in a market-based economy. These texts can be understood in the context of changes from centrally-planned to market economy, which made the professions new for the Romanian business community. Other articles discussed the general conditions on the job market, because the transition from communism to capitalism led to restructuring and layoffs. These articles provided an overall picture of employment across sectors and types of jobs, emphasising especially the dynamic in terms of jobs and the differences in wages.

By the end of the first decade of transition, the general approach to management and strategic aspects of business activity diminished considerably and human resources increasingly became a topic in itself. The ‘careers’ section focused almost

26 The topics continue to be discussed in later texts, too, especially in ‘interview’ and ‘profile’ sections but they are dominant in this period.
entirely on employment and human resources issues. Articles describing courses for business purposes in the field of human resources continued to appear, although the emphasis on this topic decreased considerably. Texts introducing new types of professions continued to appear but decreased in the early years of the 21st century and almost disappeared later on. Articles describing the job market remained relatively constant and in addition employment legislation received some attention.

The most important change related to an increase in the number of articles providing advice to those aiming to increase their employability or to those who want to advance their careers. The same normative approach was used for introducing managerial strategies in the field of human resources and provided practical guidelines to managers. A significant emphasis was given the topic of high education, especially in the business field, to which about 30-45% of all the articles in the careers section were dedicated as of 2000. This trend can be perhaps understood in the light of a number of texts revealing an inadequate correlation between education in universities and the needs of job market as well as the insufficient practical knowledge of graduating students.

Another important subject reflected concerns with a rather new phenomenon for Romanian society facing extensive emigration of employees to other countries. The phenomenon was discussed from an economic perspective, because employees’ migration is likely to affect the economy in the long run.

The late years of the dataset revealed only slight changes. The emphasis switched to describe actual business practices. Educational aspects for both, business and universities, diminished substantially, while the other categories present in the previous period, remained relatively constant here, too.

5.2 The human resource management perspective on corporate responsibilities to employees

Printed media texts may talk about certain issues in a more implicit than explicit manner. In Capital, too, the debate about social responsibilities expected from businesses was not reported explicitly. The CSR concept was unknown to the Romanian business environment during the communist period, prior to 1989, and started to be discussed explicitly in Capital only in the later years of the dataset. In
spite of this, discussions about business responsibilities to different stakeholders and to society appeared in *Capital* but were not labelled as CSR. Implicit assumptions about the role of the employee and its relationship with the firm can be found in the way *Capital* commonly talked about the employees.

In *Capital*, discussions related to employees were approached in general from two distinct perspectives. The first one was normative, giving guidelines about how employees should be managed and introducing practical human resource strategies and techniques for the use of managers. The normative approach was theoretical, without presenting business practices and without paying attention to Romanian context. Normative texts were commonly based on external sources, such as textbooks or support materials for courses. Consultants frequently informed or sponsored normative articles or even wrote them. The second perspective was more contextually placed and presented practices existing in firms operating in Romania, domestic or foreign-based. Hereafter, the two approaches will be referred to as ‘normative’ and ‘descriptive’. For the purposes of this study, these labels make sufficient distinctions between what was prescribed and what was perceived as actual practice.

The importance of ‘normative’ and ‘descriptive’ approaches to employee changed throughout the dataset. While particularly important in the first two periods, normative texts decreased in importance in the last period. Articles focusing on business practices in Romania increased starting with 1998 and became abundant in the last period.

Both ‘normative’ and ‘descriptive’ approaches were interpreted from a human resource management perspective. *Capital* talk was about the practices of human resource management and not about corporate social responsibilities to employees. Analysing discussions of corporate social responsibility to employees in *Capital* magazine throughout the dataset was not a straightforward task. It can be claimed that human resource (HR) practices are a question of management and not of social responsibility. While not denying this argument, it is here argued that there is a thin line between the two27. The concepts of human resource management (HRM) and CSR are so closely interconnected that overlap is inevitable.

27 This is also valid for the link between other business fields and CSR. CSR is closely linked to and in some opinions even genuinely integrated into strategic management.
HRM is about managing the employees in a way that delivers for business. CSR towards employees is about taking care of employees’ needs, working conditions and safety at work. But HRM nowadays is also concerned with employees’ wellbeing. In recent decades, since employees’ contribution to efficiency and productivity has been demonstrated in the literature (e.g. Becker et al., 1996), there has been a development from the ‘hard’ dimensions of HRM to ‘soft’ aspects (Roan et al., 2001). ‘Hard’ HRM perceived employees as a passive factor of production and emphasised managerial decisions that were focused on productivity and efficiency, while neglecting the needs and expectations of personnel. The ‘soft’ approach to HRM considers that actively involving employees in business activities, motivating them and paying attention to their wellbeing will lead to better performances at work. Doing well by doing good from the business case talk in CSR literature applies well to the ‘soft’ HRM approach.

Whether aspects such as employees’ wellbeing, motivation or commitment are classified as human resource management or corporate social responsibility is a matter of interpretation. In Capital, the issues discussed as modern methods of HRM overlap with the meaning of the CSR concept.

5.3 Periodisation

Following the analysis process described in Chapter 4, the data was divided into three periods based on observing major changes in Capital texts. Attention was paid to understanding what kind of corporate responsibilities to employees were discussed and how. The reasons and arguments used for a certain media stance were also scrutinised. The quantity and formal features of Capital articles were also considered in this process, but did not constitute an essential criterion.

The first period starts with November 1992 and lasts until the end of 1997. This period (an exception is 1993, which will be presented in further details below) was characterised by a small number of articles concerning the relationship between the firm and its employees and a fairly technical approach to human resources. Employees were discussed in terms of how they can be managed using tangible tools which can have concrete results.

In 1998, a sudden upsurge in the number of articles dedicated to employees’
issues took place. Discussions also became more refined in covering a wider spectrum of aspects. Great emphasis started to be given to ‘soft’ aspects of human resource management, which pays attention to employee wellbeing. This period lasts until 2004.

The last period is 2005 - 2007, when ‘soft’ values prevailed and significant changes on the job market were reflected in new ways of talking about employees and their role in the business.

5.4 Early talk about employees: limited and technical

This sub-chapter interprets the discussions about corporate social responsibilities to employees in Capital in the early years of the dataset (1992-1997). First, the most common topics of CSR to employees are presented in 5.4.1. After that, in 5.4.2, we look at normative texts discussing the role of human resource practices in firms. These discussions are important because they indicate how the firm-employee relationship was perceived and hence what kind of responsibilities firms were expected to have towards employees. Then, in 5.4.3, texts presenting actual business practices in Romania are interpreted. These texts show how firms were seen to fulfil their responsibilities to employees in the Romanian context. The same structure will be followed in presenting the results of the next two periods.

5.4.1 Responsibilities discussed 1992-1997: a sudden switch from emphasising ‘soft’ values to a narrow and technical approach

The early years after Capital magazine was established (November 1992 – 1993) showed rich discussions about employees, though much more limited than in the late transition years. Much of this talk was about the work climate in organisations, communication and harmony. For instance, in eight articles out of 22 selected in 1993, ‘soft’ values prevailed, although mostly linked with the need to achieve business objectives. Surprisingly, this talk disappeared almost completely in 1994 and remained absent until 1997. The issues discussed in these years related mostly to human resource management in general, to training employees or to legal issues
related to employment.

The sudden change in 1994 might be understood by looking at the economic developments in Romania at the time. Starting in 1993 and continuing in 1994 a severe economic crisis affected Romania, with economic indicators and quality of life deteriorating sharply. Transformations of the economic structures from communism to a market-based economy put even more pressure on businesses. It is likely that the change in talk reflected an alteration of priorities, from employee to business-related issues.

Starting with 1994 and continuing until 1997, the three sections of *Capital* particularly considered for investigation in this study (‘careers’, ‘profile’ and ‘interview’) expressed little interest in the employee as a social concern for the firm.

The most common topic was about training and educating the employees. Among other aspects concerned with corporate responsibilities to employees, only two can be found in *Capital* during the early years. Almost every year, about one article was dedicated to the subject of discrimination against women in society and in particular in business. The articles were quite general and commonly concluded that women are not discriminated against at the workplace, but some discrimination might have occurred at managerial and entrepreneurial level. The second topic, discussed in only two articles during the period, talked about the problem of health and safety at the workplace. The conclusions were mixed in this respect.

5.4.2 The role of human resources: to improve performance and change communist mentalities

This section looks at the normative texts and at how the role of employees was perceived in business activities. ‘How to’ type articles were dominant during the early years of transition but expressed little concern for the social implications of businesses. The need to manage human resources is talked about in two major ways. The first discussed the general contribution employees usually make to companies: creating value. The main concern was how to increase the added value by improving employees’ performance. The second way of talking discussed the role of human resource practices in the context of Romania’s transition from a centrally-planned to a market economy. The two ways of talking are presented below.
5.4.2.1 Human resources as a tool for achieving performance, efficiency and competence

In the early years of the dataset (except for the period November 1992 - December 1993), the employees were not generally perceived as and discussed in terms of their value, nor were they seen as an end worth valuing as such. On the contrary, the common approach was instrumental, reflecting an interest in using managerial techniques that would enable the firm to improve its efficiency and profits. For example, training and education (T&E)\textsuperscript{28} as a topic was prioritised during this period. A number of articles described the training courses market and provided information about companies offering courses and the types of courses available.

Practical and instrumental discussions about the employee dominated throughout the period but at this stage, human resources were not particularly circumscribed to a wider strategic thinking within the organisation. The aims were more directly linked with the need to improve efficiency and performance. The topics discussed in this period were ‘technical’, focusing on concrete tools that can be used to improve employees’ performances. To exemplify, salary system, personnel training, selecting and recruiting personnel or ‘fisa de post’\textsuperscript{29} were commonly linked with the goal of increasing performance, efficiency and competence and quite seldom with corporate success.

The quotation below gives an example of the ‘technical’ approach to linking the process of selecting, recruiting and motivating the personnel with the target of performance improvement:

\textit{The question is: what are the policies, procedures and techniques which, given the motivational and non-motivational features of individual performance, can}

\textsuperscript{28} T&E received special attention in Capital. Understanding the reasons for that may require further research investigating people from inside the Capital organisation. Capital is a business magazine targeted at business people and it is likely that T&E was emphasized because of its relationship with business aims, i.e. profitability and efficiency. It is also possible that Capital reflected concerns emanating from the business community. An alternative way of seeing this issue is offered in the conclusions of the dissertation.

\textsuperscript{29} ‘Fisa de post’ is a tool commonly used in Romanian organisations to stipulate employees’ tasks and responsibilities for the position they hold.
increase the interest in performance? (no. 48, pp. 14, 199430).

In the late years of the period, the approach started to change and managing employees had to do with other organisational aims, too, such as competitive advantage, corporate success or increasing turnover. For instance, in one article about recruitment, a consultant referred to a comprehensive approach in integrating human resource strategies into wider corporate goals:

Selective and recruiting represents just one part of the personnel policy, which aims to attract, develop and retain high-quality workforce that will in the end allow the firm to achieve competitive advantage (no. 18, pp. 19, 1996).

5.4.2.2 Human resource management as a way to change communist mentalities

A different kind of talk about human resource management was contextually based and reflected concerns with identifying ways to overcome difficulties faced during the transition period. Human resources were presented as a way out (and in some cases as the way out) of the problems encountered during the transition period. It was claimed that firms (and especially state-owned enterprises) need to adopt capitalist practices of human resource management in order to be efficient and profitable. This talk assumed that the roots of business difficulties in Romania are the communist way of doing business. According to this view, communist enterprises eliminated the profit-oriented thinking and aimed to fulfil the social security needs of their employees. Capital texts constructed the image of managers and employees as holding a communist mentality in working without the goal of profit and efficiency. Human resource management (and training in particular) represented the means to change the communist mentalities and to adapt to market-based thinking. In the citation below, a businessperson talked about the benefits of modern training courses in changing communist mentalities and prevailing attitudes

30 The quotations in the empirical chapters are from Capital magazine. The texts were translated from Romanian into English language by the researcher. The articles from which quotations are extracted are listed in the Appendix.
Training contributed to shaping an economic way of thinking, which targets profit, but also gave people the courage to overcome the thinking that ‘we do not work on Saturday and Sunday because this is what we fought for in 1989’ or ‘let’s strike to have an increase in wages’ (no. 6, pp. 15, 1993).

Discussions about HRM as a way to change old mentalities inevitably overlapped with the talk about the role of the firm in society. In the case of private companies, no major problems were faced in transitional Romania in terms of understanding the firm’s purposes, i.e. profitability and financial returns to owners or shareholders. The case of state-owned enterprises established by the state during communist time was more problematic. Prior to 1989, many industrial enterprises were major employers in local communities. Frequently one large enterprise provided workplaces for most of the inhabitants in one village, city or even in one region. Large enterprises during communism used to have a social function. Many of the social services to the population offered commonly by the state were part of their tasks. Among these, providing workplaces in order to avoid unemployment was a common practice. Most of the large enterprises faced significant financial difficulties after 1989, resulting from a combination of liberalising policies, decentralisation, decrease in funds received from the state and problems in finding customers in Western markets. The new economic conditions led to a reconsideration of the state-owned enterprises’ role in the market economy. Restructuring state-owned enterprises included inter alia massive layoffs, which caused major social problems in the geographical areas where the enterprises were operating.

The responsibilities of the state-owned enterprises to their employees in the case of layoffs were usually ignored in Capital. While the difficulties of the restructuring

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31 Strikes, expressing the prevailing attitude of employees in state-owned enterprises, were common in the first decade of transition as a way to protest against low wages, restructuring or privatisation. The state was expected to take action to alleviate employees’ social problems.

32 COMECON (The Council for Mutual Economic Assistance), the markets on which state-owned enterprises relied during communism collapsed in 1990 and Eastern European markets suffered from recession in the early 1990s.
process and the social implications for local communities were acknowledged in the
texts, the restructuring actions were seen as inevitable. Layoffs were discussed as a
painful but necessary action and commonly legitimised in terms of efficiency and
profitability. Dismissing employees as soon as possible appeared to be the way to
increase productivity and make the activity of the state-owned enterprises efficient.
The social function came in for criticism and it was maintained that the economic
dimension of the state-owned enterprises should prevail over social aspects. It was
noted that taking care of the employees is no longer a goal of a firm in the market
economy but is only an attribute of the state. Below is an excerpt from an article
whose sub-title ‘State owned enterprises do not have profit as their aim but the
social protection’ ironically criticised the way state-owned enterprises still
functioned:

Our unemployment is not high, but enterprises became centres of social
protection: layoffs are made, almost exclusively, on non-economic criteria.
Elderly employees, divorced women with children and so on are not dismissed.
We do not want to be cynical. Protecting these social categories has to be done
by the state and not by firms. Firms, whether state-owned or private, should have
a single aim: profit. The idea that enterprises need to take care of social
protection dates back prior to 1989, when humans were the most precious capital
(no. 6, pp. 2, 1994).

So far, the text focused on Capital talk about the role of human resource practices
for the companies. On the one hand, Capital constructed employees as tools for
achieving performance in business activities. On the other hand, human resource
practices were seen as an important way to change communist mentalities prevailing
in Romanian enterprises. Next, we continue with the ‘descriptive’ approach to the
relationship between the firm and the employees, i.e. how Capital discussed existing
practices within the firms in Romania.
5.4.3 Talking about actual practices of human resources: emphasis on illegal and inappropriate practices of Romanian firms

While the ‘normative’ talk remained consistent throughout the early years of transition, with a uniform representation of how the employees should be managed, ‘descriptive’ talk was not constant. In Capital, distinct and at times contradictory pictures were created of how firms take care of their employees. Three main distinct ways of talking about business responsibilities to employees prevailed in the early years of the dataset and are described below.

It is worth noting that not much distinction was made at this point between domestic and foreign-based firms. The focal point of ‘descriptive’ approach was the Romanian firm. The differentiation between domestic and foreign became important in subsequent periods.

Importantly, discussions about actual practices were at this stage quite limited in the sense that quantitatively most texts had a ‘normative’ aim. The number of articles presenting corporate practices increased slightly only in the end of the period and became abundant after 1998.

5.4.3.1 Domestic firms violate employees’ legal rights

In the early years of transition, one common way to talk about the firm-employee relationship was in terms of legal aspects. Private firms were presented as abusers, whose behaviour did not go beyond the mere self-interest of achieving short-term profits. Usually these texts had official sources (ministries, employment agencies, official statistics).

Talking about private firms as irresponsible in their relations with the employees is commonly interpreted in the literature as being isolated cases. In any society there are deviant cases, which violate legal requirements and other stakeholders’ rights but they are the exception and not the rule. Deviant cases do not reflect a wider picture of the way business is done in some particular context, but only confirm that

33 Yet the role of foreign organisations (not necessarily for-profit organisations) in changing business culture and practices is much underlined.

34 See for instance the cases of Parmalat in Italy, Enron in the USA or Sanlu in China.
corporate irresponsible behaviour cannot be always prevented. However, texts in *Capital* discussed the issue of violating employees’ rights without referring to a particular case. The statements were general, from which it can be concluded that the phenomenon was widespread. The following examples, talking about exploitative behaviour of firms, show how certain aspects were generalised in a way that constructed the picture of an overall reality:

We have received information from the field that some entrepreneurs use workforce without making a legal work contract. They do not pay contributions for social insurance, for unemployment or for additional pension and people, when they retire, do not benefit from their legal rights (no. 43, pp. 15, 1993).

Very many private entrepreneurs avoid legislation. They do not make legal contracts with their employees, they do not officially register documents at the employment agencies and prefer to pay small salaries to those willing to work in these conditions (no. 2, pp. 5, 1996).

The talk about irresponsible behaviour of Romanian firms was linked with the economic and social context. On the one hand, high unemployment and low availability of jobs were seen as the main drivers of exploiting practices of domestic firms. On the other hand, firms, too, were perceived to face high taxes and an unstable business environment that determined them to find means to avoid the problems.

While private firms were presented as violating the basic rights of employees, irresponsible behaviour seemed to have been widespread in the state-owned firms, too. But in their case, aspects such as employee protection at work and safety equipment were in focus:

The first thing a Norwegian firm owner does when employing somebody is to provide him with protective equipment. Why can a Norwegian manager do so and a Romanian one cannot? If something happens to that person, the owner pays a huge amount of money and risks his career. In Romania, what can the state pay? The employee may even die, no one gives him anything (no. 46, pp. 12, 1993).
According to the talk about irresponsible firms, the economic imperative of businesspersons threatened the fulfilment of social expectations. The basic function of a firm to generate a profit was given priority at the expense of employees’ rights. The tension between these two dimensions of corporate activity was discussed in the context of the societal problems. The economic recession following the fall of the communist regime and the structural and institutional rearrangements provided a legitimate ground to understand the irresponsible behaviour of Romanian firms.  

5.4.3.2 Autocratic old-fashioned human resource practices

The ‘irresponsible’ talk is not far from another type of talk, which seemed to have consultants as its main source of information. Corporate practices with respect to employees were portrayed as inappropriate, but not necessarily in legal terms. This reflected a concern for human resource practices from an instrumental perspective. Prevailing practices and attitudes to employees in Romania were seen as unprofitable for the firm. Capital considered them an old-fashioned way of managing human resources, practices which no longer suited the modern firm. The managerial thinking was perceived to be the main problem, because it was based on communist ideology. Two aspects were mostly discussed in terms of the managerial old-fashioned way of dealing with human resources.

First, Capital explained managers’ attitude towards employees as based on the communist mentality prevailing prior to 1989. The manager-employee relationship was perceived to be governed by hierarchic structures characteristic of the communist institutions. Managers appeared to be autocratic, not allowing much communication to take place between different levels within the firm. The autocratic managerial style was criticised for being remote from the modern organisational methods of managing human resources. Thus, there was much for consultancy to do,

35 The picture of economic challenges at that time in Romania was also well reflected in the pages of Capital magazine. Much space was dedicated to a number of difficulties encountered during this period, such as the privatisation process, the effort to construct a viable legislative system and problems of liberalizing the economy (price liberalisation for instance). Likewise, normative articles were given much space, aiming most probably to fill in an informational gap in various business areas (accounting, marketing, management, finance to mention just a few).
which was presented as having a pioneering role in the Romanian context. Consultancy took the form of educational courses for companies and individual dialogue with the firm. *Capital* constructed consultancy as providing a modern alternative aiming to change the old way of seeing the manager-employee relationship. Below, is an excerpt from a state-owned manager explaining how the expertise of a consultancy firm had been beneficial to his firm:

*Before* [before the training courses offered by consultants] *I was not listening to my people until the end, thinking that I know what they are about to tell me. Now I have learnt how important it is to listen and to pay attention. This motivates employees, give them satisfaction in their work and trust in what they want to do* (no. 5, pp. 22, 1995).

‘Autocratic’ talk about human resource practices frequently referred to state-owned enterprises, which inherited their management systems from the communist period. But it was also a common way of discussing about private businesspeople.

The ‘autocratic’ talk has implications from a corporate social responsibility perspective. The role of the employee in an ‘authoritarian’ company is narrow, with limited independence and decision-making power. Hierarchical relationships between employees and superiors and low involvement of employees in the decision-making process lead to employees’ dissatisfaction and low professional development.

Second, managerial attitude to employees was blamed for not acknowledging the key role of modern practices of human resource management. Among them, training and education were much emphasised. Apparently, the managers did not express interest in the issue, as some texts (based on consultants as a data source) showed:

*Managers rushed to take a course only when the law forced them (as it happened in 1994, when participating in candidate selection was conditioned upon having done a training course). When they’ve seen their position secured, very many have forgotten to send their collaborators and subordinates on courses, although previously in a questionnaire they expressed the need for improving professional knowledge* (no. 5, pp. 19, 1996).
All the aspects discussed above concur in constructing the picture of firms (and managers), as old-fashioned and ill-informed. This latter talk about domestic firms, while different from that of abusive companies, add a different but complementary perspective to Romanian firms. A third way of talking about Romanian firms contradicts the two presented above and will be presented below.

5.4.3.3 ‘Human-face’ or ‘sensitive’ entrepreneurs

Some texts emphasised aspects of care and empathy in the firm-employees relationship. This talk emerged especially from texts where the main source was the manager or the entrepreneur. Discussing ‘human face’ or ‘sensitive’ businesspeople in their relationship with the employees overlapped with the talk about the rational, abusive and autocratic businesspersons described above.

The idea of sensitive businesspersons was not sufficiently explored and not explicitly expressed but emerged in the texts where businesspersons were interviewed. They were usually entrepreneurs with a small business with a small number of employees. The main aim of texts continued to be to present business activities and describe challenges faced by businesspersons in their activities. But whenever the discussion approached the subject of human resources, the employee was not seen as something immaterial or as a resource to be exploited. The employees were discussed in terms of human values and social needs. Their contribution to the business was acknowledged as being vital for the firm, as two excerpts of businesspersons cited in *Capital* show:

*A company’s success accumulates in fact the efforts of firm’s personnel* (no. 6, pp. 9, 1994).

*There’s nothing one can do without human capital. In our entire activities one can find a common thing: the value of the individual human being. It has been vital to raise young intelligent people so that after they graduate, we can work with valuable humans* (no. 29, pp. 8-9, 1994).

In some texts, entrepreneurs were presented as expressing an attitude of personal
affection, care and sometimes compassion. This talk suggested a friendly attitude in businesspersons’ relationships with employees, in contrast to the ‘autocratic’ picture from other texts where consultants were the main source of information. The excerpts below, albeit discussing basic aspects such as remuneration, contradict the idea of insensitive entrepreneurs and managers:

We have very good employees, about whom I personally care a lot and they are appropriately rewarded for their work – some of them have a wage of 400 thousand a month (no. 41, pp. 12, 1993).

The work and life conditions that we offer to our employees are incomparably better than in the old state-owned bread manufacturing units (no. 38, pp. 23, 1993).

He36 knows that his employees sometimes take home food products from his factory. But he states that: “I still close my eyes [to pilfering] because I know the difficulties they [the employees] have and salaries are quite small for their needs.” (no. 43, pp. 6, 1994).

In the ‘sensitive’ talk, Romanian firms were also described as having different kinds of initiatives for employees’ well being, such as providing free lunches or offering tickets for sports hobbies. The image of abusive businesspeople violating their basic responsibilities towards employees was contradicted in the ‘sensitive’ talk. Instead, a number of responsibilities towards employees were acknowledged and mentioned, albeit briefly and peripheral to other issues. Businesspeople were commonly seen to exhibit responsible legal behaviour: legal contracts with employees and paying legal wages. Below two statements from businesspersons cited in Capital:

Employees earn enough money to be very satisfied. Who works once for our firm, will certainly do so again (no. 3, pp. 20, 1993).

36 Names of people and companies have not been mentioned or have been replaced with ‘X’ throughout since they are not important for this dissertation.
I only have employees working for us legally and I only have permanent employment relationships (no. 44, pp. 9, 1994).

In the ‘autocratic’ talk, firms were presented as not being aware of modern techniques of stimulating the employee with the aim of increasing efficiency (e.g. training and education). In the ‘sensitive’ talk, firms appeared to be less ignorant and to train their employees. The same is valid in the case of safety at work, which was seen in the ‘irresponsible’ way of talking as a widespread phenomenon. This idea is here contradicted. A number of concrete cases were described, in which the businesspersons were presented in a different light. The excerpt below indicates a distinct perspective, with businesspersons apparently following the legal requirements:

We follow the law, especially Law no. 5, about work protection in the construction field. We take preventive actions consisting in employees’ training and protection equipment. Our first concern is to create safe work conditions. If an accident happens, we take the victim to hospital and we take care that he gets all the care he needs. We also give financial help to the family, in addition to what is required by the law (manager of a small construction company, no. 3, pp. 5, 1994).

5.5 Mid-transition talk about employees: numerous discussions with a human resource management approach

5.5.1 Responsibilities discussed 1998-2004: A slight switch from a technical approach to employees’ wellbeing

During the middle years of the dataset, discussions about firm – employees’ relationship increased substantially. A variety of issues now gained attention, although they were not referred to as CSR, because the concept itself was at the time still unfamiliar to Romanian society.

In terms of the responsibilities discussed, training and education (T&E) for
employees continued to receive a lot of column space. A technical approach was still very strong during this period, too, in the sense that T&E was presented as a tool for performance and efficiency. But it was apparent that much more attention was dedicated to aspects related to employees’ wellbeing. For example, T&E was increasingly seen as a way to facilitate communication within the firm, avoid conflicts at the workplace, motivate and stimulate the employees. These aims were correlated with wider objectives of corporate performance and success. Below a quotation from a text written by a Canadian academic exemplifies this approach:

In Romania I noticed a strong individualism. [...] There are no relationships between superiors and other groups, which leads to distort information, rumours and conflicts. To avoid these problems, managers need to discuss openly with members of other groups. One easy and efficient way to deal with these relationships is training. People need training courses to get used to involvement in discussions and to learn to communicate (no. 22, pp. 24-25, 1999).

Another concern that gained importance during this period related to benefits that employees are entitled to or should expect to obtain from their employers. The main focus remained on legal aspects and debates about inadequate wages or unofficial employment relationships were common. Still, discussions about additional benefits given to employees emerged in this period and increased over time. A number of benefits, such as insurance, paid holidays, education (graduate or post-graduate) at firm’s expense, bonuses, warm meals, distribution of dividends were presented. The driver of this new trend of additional benefits to employees seemed to be instrumental, too. In most cases, the benefits were discussed in terms of motivation, increased work efficiency, increased loyalty and competitive advantage in attracting employees. Another reason for the increased attention to this subject seemed to be the social security contributions, which were perceived as a factor hampering business activity. High level of social security contributions were blamed for their negative effect on business. Providing additional benefits represented one way to lower these contributions, because they were tax-free.

Corporate responsibility in terms of health and safety received limited attention, with only a few articles dedicated to this subject during the entire period. The same is true for discussions about discrimination, which accounted for about one article a
year. Most commonly the focus was on discrimination between women and men. One article focused on ethnic discrimination (Roma population) and another on discrimination against youngsters. Most of the texts discussed the issues in a broad sense, with general discussions only. Women were usually seen as being treated equally with men, but with some discrimination at managerial level. Discrimination against women managers appeared to be spread not only in domestic firms but also in multinationals. A discriminatory attitude at the workplace was found against youngsters, while for the Roma population a changing attitude at societal level was identified.

One of the most significant changes of this period consisted of increasing interest in the social needs of the employee. Because social needs appeared to be important, Capital texts sought different ways in which a firm could take care of them. Many texts brought to the forefront employees’ expectations regarding their workplace, the relationship with the manager or with other members within the firm and wellbeing at work. For this reason, new concepts, such as employee satisfaction, organisational culture, professional development, friendly work environment, communication and harmony, stress at work were introduced and a great deal of column space was dedicated to presenting them. To exemplify, one text talked about how employees’ social needs are taken care of in the Japanese style of management:

A decent firm is extremely careful of the employees’ social needs, too: friendly atmosphere, relationships between people, establishing strong connections within the team. The Japanese model based on the team philosophy as the vital structure of the firm, lifelong employment, professional development, career constructed step by step, strong individual motivation, respect for the work and for the team, is now replicated in western management (no. 1, 24-25, 1998).

The approach remained instrumental in making a business case for the wellbeing of employees. For instance, talking about the role of art in decorating workplaces, the immediate link with efficiency was underlined:

In our increasingly hostile social environment, ‘enlightened’ managers are searching for new ways to communicate with employees. Without being able to precisely quantify the results, they claim that messages conveyed in art
contributed to increasing work efficiency (no. 23, pp. 23, 1999).

In conclusion, there was a wealth of articles related to human resources in this period, which provided ample empirical material for this research.

5.5.2 The role of human resources: to achieve corporate success and to address economic problems

5.5.2.1 A wider approach: linking HR to corporate success

One of the most significant changes in mid-transition consisted of a widening of the approach to human resources. It was no longer confined to narrow discussions about efficiency and productivity but referred to a wider business strategic thinking. As part of this, human resource management was presented as a prerequisite to successfully managing a company. The talk continued to be instrumental in making a business case for managing personnel, but the aims went beyond efficiency or productivity. It was not only about technicalities, albeit the technical line of thinking held for this period, too. An increased awareness seemed to emerge about the role of human resources in positioning the firm on the market. Competitive advantage, expanding on the market, corporate image, product quality, relationships with business partners and customer satisfaction were all linked to human resources. Very often, achieving all these objectives had to do with the way human resources were managed. For example, benefits to employees were seen as a way to motivate employees in order to achieve corporate success:

Successful companies found that they can have a substantial competitive advantage if they know how to properly motivate employees. Very many managers have learnt a whole range of subtleties in order to improve people performance and loyalty. They added an increasing number of benefits to their salaries and succeeded in fact in saving some money (no. 50, pp. 62-63, 2000).
5.5.2.2 Human resource practices as a way to overcome transition difficulties

The idea of human resources as a way to change mentalities to be more market-oriented continued in the first years of the period. *Capital* texts were often accompanied by examples providing ‘moral stories’ to the reader. Managers succeeding in implementing profit-oriented thinking were presented as success stories, as is the case below:

*If prior to 1989 the only concern of enterprises was to produce, the fall of the Soviet market, CAER, and after that the fall of the internal market drove the need for a new function: the commercial one. The attempt to enter new markets in Western Europe started by changing personnel mentality. They had to change the quantitative principle with the qualitative one. [...] Even the resistance of the labour union was diminished. In order to speak and understand the new language of market economy, labour union leaders had been trained at the firm’s expense. The result was that negotiation of collective work contracts was done in the interest of the enterprise and not of the national labour unions* (no. 7, pp. 20-21, 1999).

On the contrary, managers in old state-owned enterprises not willing to adapt and change to the new principles of market economy were penalised: employees were leaving, the business was unsuccessful or the employee costs were higher.

In addition, managing employees was increasingly linked to the transition and economic problems faced during the transition period. The period after 1989 was marked by macro- and micro-economic instability. The period 1998 - 2000 was difficult for the business community, because an economic crisis affected Romania. Human resources were seen to be essential during the crisis and during the transition

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37 Storytelling in which heroes are rewarded for their compliance constitutes a discursive legitimating strategy named mythopoesis in the literature (van Leeuwen and Wodak, 1999). Media texts creating positive stories about businesspeople following western human resource practices can be interpreted as a way to legitimate in society their importance for the organisation. In these stories, the hero following the path seen as normal is rewarded for this. If the behaviour deviates from the norm allowed in society, he or she is punished.
in general. In texts based on consultants and businesspeople as data sources, human resources represented the way to survive during difficult economic conditions:

Romanian enterprises need to understand very well that in order to solve the problems they are facing, some courses are not sufficient. They need to have a human resource strategy (no. 11, pp. 18-19, 1999).

Organisers of the third edition of the “Job opportunities – Headhunting” conference claim that recruiting, training and motivation represent the best tools managers can use to face their problems (no. 22, pp. 23, 1999).

The same moral stories were used to convince the reader of the need to adopt human resource strategies:

Results indicate that managers who learnt how to renew their human management systems and how to increase personnel competence have succeeded in facing challenges and economic crises (no. 50, pp. 58-59, 2001).

5.5.3 Talking about actual practices of human resources:
domestic firms constantly compared with foreign-based firms

The text moves now to present the ‘descriptive’ approach to social responsibilities to employees. In this period, too, HR practices of firms in Romania were portrayed in different ways. The discussions became more refined and covered a wider range of issues.

The main changes in the talk will be described in the following sub-sections. One of the most significant changes was the increasingly clear distinction between the practices of Romanian firms and firms from the Western world.

5.5.3.1 Romanian firms continued to behave irresponsibly

The prevailing talk about Romanian firms continued to emphasise their irresponsible attitude to employees. Irresponsible practices were described in detail,
but did not differ much from those of the first period. Irresponsible behaviour was still narrowly approached and most concerns were about the legal aspects of wages and the employment contract:

*Running for profits as high and as fast as possible, many entrepreneurs and managers often forget that employees are the ones contributing to profit increase. [...] many entrepreneurs are paying thousandfold for their employees’ discontent due to low salaries or ridiculous stimulants (a pencil, a rubber or an agenda given for holidays). Defensive attitude, conflicts, absenteeism, personnel turnover or lay-offs due to poor human resource management prove to be costlier, in the long run, than a coherent and appropriate system of motivating the employees* (no. 1, pp. 24-25, 1998).

Discussions about firms’ failure to comply with legal norms were commonly linked to the legislation, which was perceived to be inadequate and constantly changing. Frequent abuses related to illegal unemployment or differences between the wage registered in accounting records (lower) and the wage actually paid (higher) were often attributed to high levels of taxation. Irresponsible behaviour was, in this respect, tolerated (but not necessarily considered acceptable) because of the legislative difficulties. The focus was switched from the business to the state, which was condemned for not accomplishing its tasks properly. In addition to legislation, a number of contextual factors, such as inflation or the widespread problems in recovering debts from business partners were used as arguments for irresponsible business behaviour. The firms were not held responsible for the prevailing situation:

*Without regulations, without ecological restrictions, without obstacles from labour unions, without any single minute of strike per year, Romanian women workers are working in exchange of a tenth of an Italian wage* (no. 24, pp. 8-9, 2001, citing an Italian magazine about the working conditions in the Romanian textile industry).
5.5.3.2 New reasons for inappropriate behaviour of Romanian firms: ignoring HR practices or being unable to adopt them

The ‘inappropriate’ talk about HR practices of Romanian firms was important in mid-transition. New reasons to explain the ‘inappropriate’ behaviour were evinced. In the early years of transition, two major motivations were found to be dominant in the empirical data. On the one hand, domestic firms were seen as old-fashioned and autocratic due to a communist mentality. On the other hand, firms were described as unaware of Western human resource practices. In this period, the two motivations were present, too. The main changes consisted of a wider variety of aspects to which the inappropriate talk referred. For example, Romanian firms were seen as unaware of the need to take care of employees’ health and safety:

*Ignoring work conditions stems from the routine of focusing on production and minimising the company’s expenses. [...] Due to low living standards and the non-existence of a culture of health and work protection at managerial level, these problems are ignored* (no. 24, pp. 8-9, 2001).

Motivation and job satisfaction were other aspects of which domestic firms were not aware, as the quotation of one Romanian entrepreneur shows:

*The employee has to find his own motivation when they start working for us. In fact, accepting them here should be their initial motivation. The final one during their period of employment is up to them* (no. 1, pp. 24-25, 1998).

Because the ‘autocratic’ and ‘unaware’ reasons have been described in the previous period, they will not be further discussed here. Next, two new reasons emerging in this period and explaining the ‘inappropriate’ behaviour of Romanian firms will be presented.

The first new reason is an unwilling or ignorant attitude of firms towards Western human resource practices. Romanian firms were seen to intentionally avoid compliance with Western practices, which were defined as the right way of taking care of employees. The talk about ‘ignorant’ firms could be observed in different discussions of aspects related to corporate social responsibility.
Training and education remained dominant as a topic and was framed as a desirable thing to do and as a prerequisite for the firm’s long-term success. Training was talked about with a strategic aim in mind. Integrating training into corporate long-term thinking represented the successful way of managing the employees. Since training was portrayed as a must, ignorance was deemed an irresponsible attitude (interpreted as non-compliance):

Statement of performance aims, filling forms with employees’ achievements or identifying the problems of decreased performance are treated by most managers as the tasks of the human resources personnel. In their haste to draw the line at the end of the year in order to check the profits [...] they completely forget that successful performance management has two prior and basic components: planning performance and continuous training (no. 1, pp. 20-21, 1999).

The ignorant and unwilling attitudes were discussed in the ‘soft’ aspects of human resource management also:

How many Romanians find satisfaction in their work is difficult to estimate because Romanian managers are not interested in finding out. In general, managers of large companies, faced with stiff competition on the market, are concerned to know exactly how satisfied is each employee with his work. The reason why this happens is indeed simple: each ‘dissatisfied’ employee costs more than a ‘happy’ one (no. 2, pp. 19, 1999).

Are managers concerned about employee satisfaction? Most of them never asked themselves this question, not even to find out what the general work atmosphere is like (no. 34, pp. 36-37, 2001).

The second new reason is that Romanian firms were unable to adopt modern human resource practices. It was suggested that some firms faced serious financial problems and did not have the resources to implement human resource management. This talk was based on consultants and businesspeople as data sources. Below two excerpts which show that training employees, for example, might not have been
ignored by businesspeople. On the contrary, willingness might have existed but financial difficulties seemed to prevent initiatives:

[…] most companies do not have the funds for training the personnel, and if they do, the amounts are small […] Due to present severe economic crises, most managers see no point in sending employees on courses (no. 11, pp. 20-21, 1998).

“There is no one in Romania to give credit lines for production activities and for this reason small entrepreneurs cannot think about development but rather about survival […]. I feel ashamed to tell you that I cannot think about motivational strategies when I see my employees in the production factory and I know how difficult it is to live nowadays in Romania.” […] In these circumstances […] she has no time to think about human resource strategies. The only thing she has done was to layoff additional personnel. But those who are still working there are completely unqualified for the export activities (citing the woman manager of a firm, no. 14, pp. 20-21, 1999).

The same applies to other aspects of social responsibility. Discussions about the need to provide additional benefits to employees, such as a warm meal or food vouchers brought into question firms’ financial inability to support such initiatives. The opinion of a Romanian entrepreneur is cited in that respect:

Our unit has been in a developing stage, which required significant investments. We could not take into account the possibility of providing food vouchers. We provide a warm meal for some employees, according to the legislation after 1990 (no. 28, 22-23, 1999).

5.5.3.3 Romanian firms might have behaved responsibly, too

While a number of reasons have been discussed above for irresponsible and inappropriate behaviour, it does not hold that domestic companies were systematically portrayed only in this manner. Responsible or appropriate behaviour
was discussed as well but received less attention.

In the early years of the dataset, a ‘human face’ of Romanian entrepreneurs was identified. In mid-transition, the talk about ‘sensitive’ businesspersons diminished. Instead, talk about responsible firms towards their employees emerged. Responsibility in this case was defined in terms of compliance with Western human resource practices.

Discussions about ‘responsible’ firms commonly described successful types of stories in which Romanian businesspeople were presented as doing well in their businesses. The moral type of story was present here, too. Businesspersons were in the hero position, being rewarded in terms of profit and success for their compliance with Western human resource practices. A feeling of pride emanated from the stories. Managing human resources appropriately made the business successful. Compliant businesspersons were portrayed as doing business in the right way, which leads to good corporate performance and long-term success. Below is an excerpt which shows this instrumental view, as reported by a businessperson:

*Our main goal has been, from the beginning, to offer high-quality services to our customers and it remains so nowadays. [...] In order to improve the quality and maintain our competitiveness, we organised the training of our employees in a special way, with the help of foreign specialists and with our own programme as well, at the level of each unit. [...] Continuously training the people to improve professional performance is the key to success* (no. 18, pp. 24-25, 1998).

The ‘compliant’ talk reflects a responsible attitude, in the sense of businesspersons’ ability and willingness to adapt to Western ways of doing business. This way of talking was common in the texts describing cases of firms or interviews with businesspersons. Some changes took place during this period in the sense that around 2001-2002, a more positive image of domestic firms appeared, also in texts based on consultants or official sources. Some general statements, such as the one below could be identified in the second part of the period:

* [...] in human resource management, large multinationals brought to Romania new concepts for handling and training human resources. We noticed that*
domestic firms are now more interested in the human resource practices of developed countries (no. 46, 61, 2002) – statement from a legal advisor and expert in HR in the Ministry of Employment and Social Solidarity.

Next, the text will discuss the foreign-based companies, who were portrayed differently from the domestic ones.

5.5.3.4 Benchmarking domestic firms to foreign firms

In mid-transition, the distinction between domestic and foreign business practices became particularly obvious. *Capital* articles constructed the picture of foreign firms as a model of what represents appropriate practice in managing the employees. Contrasting practices of domestic and foreign firms constructed the responsible image of foreign firms.

The values prevailing in Romanian society also facilitated a negative image of Romanian firms and a positive image of foreign-based firms. The Romanian public has had a negative perception of entrepreneurial activity. The economics literature focusing on Eastern European countries supports the idea that profit-making in this geographical area is negatively interpreted from a moral standpoint (see e.g. Padelford and White, 2010). Prior to 1989, the communist mentality did not appreciate an entrepreneurial attitude. After 1989, a number of entrepreneurs exhibited greed in seeking fast profits, which was also harmful to the idea of entrepreneurship. Many of them had connections with politicians and influenced public policy in their own interest (see Hellman and Kaufmann, 2001). For the reasons mentioned above, the Romanian public manifested reluctance with respect to business in general.

Foreign-based business practices were constructed as valuable in *Capital* texts. The process was facilitated by a widespread positive perception of ‘foreignness’ in Romanian society during the communist era and in the transition, too. During the communist era, Romanian products were commonly seen as old-fashioned and unable to meet consumers’ need in terms of quality, practicability and visual design. This perception continued and even intensified in the early 1990s and the distinction
domestic-foreign became common at a societal level\textsuperscript{38}. The domestic-foreign distinction was discernible in a number of aspects relating to corporate social responsibility. In the case of benefits to employees, the wages in foreign and multinational companies were often taken as a benchmark in talking about the salaries of domestic firms. It was claimed that domestic firms did not appropriately remunerate their personnel.

Regarding training employees, domestic entrepreneurs were also perceived to be incapable of training initiatives. Instead, foreign partners acted as agents of change:

\textit{Foreign owners came with a new attitude. With their help we were able to start a training programme and 100 employees graduated from master’s programmes} (no. 48, pp. 29, 2000).

Apart from wages, other additional benefits offered to employees were also discussed using this comparative approach. Practices of domestic and foreign firms regarding warm meals for employees or vouchers for purchasing groceries were compared. In spite of a prohibitive legislation, foreign firms were presented as offering much more to their employees than domestic firms.

‘Soft’ aspects were commonly emphasised regarding the human resource practices of non-domestic based firms. A sense of care often emerged from the texts, and the firms were generally portrayed as responsive to the needs and problems of their employees:

\textit{In multinationals there is a harmonisation of these five dimensions of professional satisfaction (work, salary, promotion, superiors, colleagues) with cultural values. This is typical for an organisational culture concerned with supporting employees, interested in their needs, promoting a friendly, open and informal atmosphere} (no. 34, pp. 36-37, 2001).

\textit{Our company has a modern management style, based on employees’}

\textsuperscript{38} This perception persisted for a quite long period of time. Only recently governmental projects attempted to restore the damaged image of local products. Consumers’ negative experiences of low quality products from abroad also contributed to improving the image of local products.
involvement which encourages them to take decisions. We give people freedom to express themselves and we appreciate their contribution (no. 36, pp. 20-21, 1998).

The sense of care was at times linked with corporate strategies, because employees were presented as part of the wider strategic thinking of the firm. As part of modern human resource practices, much attention was paid to professional satisfaction, motivation and freedom of decision.

While the general portrayal of foreign firms was positive, at times a different strain appeared in Capital texts. In some cases, human resource practices were presented as violating responsibility to employees. Most of the practices were attributed to Asian firms (especially from the Middle East), while at times Western multinationals were incriminated, too. In the former case, the attitude to human resources was linked to a wider approach to doing business. Violating the employment legislation (no legal contract with the employees, no payment for extra work) was seen as common practice in Asian firms. In the case of multinationals, their practices were occasionally blamed for their exploitative and inhuman way of treating the personnel. Most discussions, however, focused on employees from the middle and top managers.

5.6 Late transition talk about employees: strong emphasis on ‘soft’ aspects of HRM

5.6.1 Responsibilities discussed 2005-2007: strong emphasis on employees’ social needs

The concept of corporate social responsibility meanwhile became more familiar to Romanian society. Capital initiated a series of articles specifically concerned with

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39 Nicolescu (2002) claims that the first initiative, a CSR conference, was organised in October 2002 by the American Chamber of Commerce in Romania, aiming at increasing awareness about the CSR concept among Romanian companies. The number of initiatives increased slowly but consistently thereafter. In 2006, the first international CSR conference was organised in Bucharest.
discussing the CSR concept\textsuperscript{40}. Still, talking about the relationship between the firm and employees continued to be done using the language of human resource management. The main reason is that the CSR concept has been interpreted in Romanian society (and elsewhere in Eastern Europe) in a narrow sense, mostly as corporate philanthropy or voluntarism (see Elms, 2006).

Looking at the topics discussed during this period, there were no major changes from the previous period. Training and education for the personnel remained a stand-alone topic, which was most important in texts about employees.

Providing additional benefits to employees, such as spa treatments, Christmas presents and bonuses, paid holidays outside Romania were seen as means to increase motivation and employee satisfaction. Fiscal benefits for the companies were also discussed. There was also much talk about salaries and \textit{Capital} identified higher wages in Romania. The need to pay higher wages was usually linked with changing conditions on the job market. More personnel turnover and fewer employees determined the need for the companies to offer better remuneration.

Legal aspects, which were the same as in the previous period (working without a legal employment contract, payments ‘off the books’, unpaid overtime), continued to be discussed, as apparently, these practices have not disappeared. The number of these texts remained low, between two and five each year.

While the topics were quite the same as in the previous period, one of the most important changes consisted of putting major emphasis on the ‘soft’ aspects of human resource management.

5.6.2 The role of human resources: ‘soft’ HRM needed for recruiting and retaining employees

5.6.2.1 \textit{Human resources continued to be a tool for strategic management, but softer methods received particular attention}

Some changes occurred during the later years of transition. One of the most

\textsuperscript{40} The articles will be analysed in further detail in 7.2.2.
important was the change in the argumentation used for legitimising the need for human resource management. The purely ‘technical’ HRM approach substantially decreased. Concepts like efficiency, performance, productivity were still discussed to some extent. But the ‘soft’ aspects of HRM were greatly emphasised now.

There was much talk about the need to develop employees’ careers, to give them the opportunity to grow inside the organisation, and to address their social needs. Employee satisfaction at work was linked to the aim of achieving a successful company. It was suggested that doing good for the employee also means to do good for the business:

*We established the first corporative university in the country with the aim to increase productivity in our firm and to help employees in their efforts to develop their careers. Likewise, developing human resources is an essential part of our strategy* (representative of a Romanian bank, no. 41, pp. 65, 2005).

Emphasising ‘soft’ aspects of the employee-firm relationship and the social needs of the personnel could be observed in articles dealing with training and education, with benefits to employees but also in other texts discussing human resource management in general. Among the topics discussed in this respect were for example: psychotherapeutic services for the employees and the need to balance personal and professional life, pleasant work atmosphere, teambuilding to consolidate the relationships between employees, professional counselling or professional development.

The use of ‘moral stories’ as a strategy which reinforces media claims could be observed in many articles reporting case studies of some firms which succeeded in their business because they adopted Western human resource practices.

5.6.2.2 *Taking care of employees’ social needs as a way to recruit and retain them in the organisation*

The need to take care of employees in the early transition was linked to the need to change ways of thinking from communism to market economy, while in mid-transition with difficulties during the transition and economic crisis. In late
transition, the focus changed again. Paying attention to the social needs of the employee was correlated with the need to increase employee commitment and reduce personnel turnover:

*The number of organisations seeking career counselling services has increased. The driver of this phenomenon is the large number of young people entering the job market and their turnover is high. X [manager of an HR company] is amazed about the large number of managers requesting career counselling for young employees. “They want to learn how to talk to them and how to understand them, in order to offer them the career paths to which they aspire.”* (no. 46, pp. 54-55, 2007).

Changing conditions on the job market can explain the ‘soft’ talk about employees. In this respect, a great deal of column space was dedicated in *Capital* to discussing the change from the employer’s to employee’s market. It was claimed that the employees were now the ones making the rules on the job market. A number of texts described difficulties faced by firms in finding specialised personnel and retaining them within the organisation.

The change on the job market can be explained by several reasons. Ample discussions took place in *Capital* about a widespread phenomenon of labour migration from Romania to Western countries. According to OECD (2008), more than three million Romanians were working abroad in mid-2007. A significant decrease in the birth rate after 1989 added more pressure to the job market in the late 2000s. Increased entrepreneurial activity (e.g. more multinationals entering the market) during these years required additional labour and the market faced shortages of employees. To overcome the difficulties, labour from Asian countries was increasingly used in the late 2000s. *Capital* discussed the new immigration phenomenon of Asian employees working in Romania. Likewise, some texts talked about new legislative initiatives to encourage employees working abroad to return to Romania. Some articles also described the increasing awareness of employees about their rights. During the early years of the dataset employees were described as easily accepting exploitive practices of firms in order to have a job. Now the expectations of employees were seen as high in some respects, mostly concerning wages. In some cases, employees’ wage expectations were seen as unacceptably or unreasonably
high.41

The new societal context described above explains why strategies of attracting and retaining employees within the firm became important.

5.6.3 Talking about actual practices of human resources: increasingly positive image of Romanian firms

Although no significant changes could be observed compared to the previous period, Romanian firms were increasingly portrayed in more positive terms. The discussions focused less on legal issues and more on aspects related to employee wellbeing. In the previous period, a changing perception of the media was identified, in the sense that domestic firms were seen as slowly adapting to new HRM practices. This trend continued in this period, too, when a changing attitude to the relationship with the employee was identified. Some texts were based on consultants or official institutions as data sources. Other texts portraying domestic firms as responsible in terms of complying with HR practices had businesspeople as a data source. The texts often served to provide models of behaviour for the domestic business community. For instance, when talking about practices for employee satisfaction at work, experimental learning, teambuilding for increasing communication and reducing conflicts, one or more ‘case studies’ of a domestic firm were offered as examples of how things should be done.

The ‘responsible’ talk will not be further described here since no particular changes occurred from the previous period. The following paragraphs describe the main changes taking place in the portrayal of the employment practices of domestic and foreign firms.

41 In this period, texts describing the illegal workforce market coexisted with those concerned with the crisis in human resources. This may be surprising since in circumstances of scarcity of employees on the market, it is difficult for the employer to make the employee work in illegal conditions. It has to be mentioned that a distinction seemed to emerge between the talk about unskilled and skilled workforce, though this was not actually made very explicit in the texts. The phenomenon of abuses against employees in terms of legal aspects appeared to refer mostly to unskilled employees, who are at the same time the ones who are not very aware of their rights. The descriptions of high demands of employees apparently referred mostly to highly-skilled personnel.
5.6.3.1 Romanian firms continued to resist change

The negative talk about domestic firms continued in the late years of transition, too. Discussions about irresponsible firms in terms of meeting legal requirements still appeared in some texts. But most of the talk related to non-compliance with Western practices of human resource management.

Different arguments have been identified in the previous periods to explain the ‘irresponsible’ or ‘inadequate’ behaviour of domestic entrepreneurs. Autocratic behaviour was one reason for which firms with communist thinking did not implement human resource practices, especially in the early years of transition. In later years, firms were also presented as being ignorant or negligent. Some texts addressed these issues from a different angle by stating that Romanian firms were actually not able to incorporate modern practices because financially they could hardly survive in a tough economy.

In the current period, the dominant talk was about the ignorant attitudes of firms, although at times financial problems were mentioned as an explanation for not behaving in more responsible ways. In fact, a slight shift could be observed, in the sense that Western praxis might not have been ignored. Firms were seen to resist the change from autocratic thinking to HRM needed in the market economy. For example, some firms were presented as being reluctant to increase their employees’ wages, in spite of the negative implications of this:

*The general manager of X [HR firm] says that employers lost valuable candidates last year due to not being able to adapt to the market requirements and motivate employees. [...] “I am surprised to see the employers’ unwillingness to revise their remuneration strategies, although they face huge turnover.”* –manager of another HR firm (no. 4, pp. 36-37, 2007).

*Capital* stance was negative on the ‘non-compliant’ attitude of firms, especially in the circumstances of changes taking place on the job market. A high rate of turnover of labour on the market and scarcity of employees were seen as reasons for

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42 Mostly small private entrepreneurs and former communist state-owned companies were seen as being short of financial resources that would permit them to adopt western human resource practices.
which domestic firms needed to change the relationship with their employees. The ‘non-compliant’ talk was discussed in different texts on the corporate responsibilities to employees. Here, the subject of training and education remained among the most important ones. ‘Soft’ aspects became particularly important in this period and were more intensely debated:

“Not long ago, firms were easily employing experts and beginners equally and did not pay any attention to their development within the company. Now, employees want to develop, they need new perspectives for their career but employers are not ready for this.” (no. 38, pp. 52-53, 2005).

5.6.3.2 Foreign firms preponderantly continued to be a model for the Romanian business community

Foreign firms continued to play the role of a model for the Romanian business community. The most significant change during this period reflected the switch in emphasis from ‘technical’ to ‘soft’ aspects of HRM. ‘Soft’ values were discussed to a much greater extent than in the previous period. Various new methods to attract, motivate and ensure the employees’ commitment were introduced and foreign firms were frequently used as an example of a successful approach to managing personnel. Moral stories continued to be used for emphasising the ‘rightness’ of foreign firms’ practices and the ‘wrongness’ of Romanian firms’ behaviour. Adopting Western human resource practices was seen as the way to achieve business success:

“Starting with 2007, Romanian enterprises will have to come into line with Western human resource practices. Multinational companies are already applying EU practices in Romania. And the results are visible. They have prosperous businesses and happy employees.” (no. 25, pp. 46-47, 2005).

Several texts again pointed out that foreign firms might in fact not have been the best employers as it was usually assumed. This referred particularly to the

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43 2007 was the year when Romania joined European Union.
multinationals, but the approach was quite narrow in the sense that most discussions only focused on managers as employees. It was suggested that the manager, as an employee, was overloaded, worked under stress and his freedom of decision was quite limited.

5.7 Summarising and analysing findings

This chapter introduced the empirical data in which media texts discussed the phenomenon of corporate responsibilities to employees. Figure 4 graphically synthesises the main findings of this chapter. The rich description of the data indicated that changes in the talk on CSR phenomenon occurred during the 15 years of transition. This section synthesises the main changes identified in printed media discussions.

First, the main responsibilities expected from business are introduced and their development during the transition period analysed. Developments are explained based on changes in the Romanian society. Then, how printed media portray business relationships with the employees in Romania is discussed. After that, major discourses about business responsibilities to employees are presented. A discussion on the implications of media talk about corporate responsibilities to employees will end the chapter.

The most important responsibilities to employees expected of businesses during the transition period were legal and economic. The legal responsibilities were particularly important in the early years of the dataset. Companies were expected to have legal relationships with their employees (e.g. legal employment contract, legal payments of salaries) and to avoid abusive practices (e.g. unpaid overtime). The main reason for which legal talk in the printed media was important in the early years was the widespread phenomenon of illegal work. The Romanian job market in the early years of transition was characterised by high unemployment and few job opportunities. A low standard of living caused the population to accept the abusive practices of their employers (see Neef, 2002).

There was less talk about legal responsibilities in the late years of the dataset because the economic conditions were also different. In the first decade of the 21st century, foreign-based firms and especially multinationals entered the Romanian
market, bringing Western codes of conduct and HRM practices. The phenomenon of labour emigration reduced the available workforce on the Romanian market (Sandu et al., 2004). Firms had to compete to attract and retain employees. In addition to following legal requirements, firms had to provide their employees with additional benefits.

Economic responsibilities were discussed within a human resource management approach. Managing personnel using HRM was seen to be needed in order to be efficient and profitable. The business case talk about employees was present throughout the dataset. The employee was commonly linked with business objectives, i.e. the employee appeared as one of the most important means to achieve corporate aims.

While the business case talk was constantly as subject of media attention, its focus changed over time. In the early years of the dataset, technical tools to increase employee efficiency and performance were important. The emphasis on technical tools can be explained by societal transformations in the early transition. At the time, much effort was dedicated to changing communist economic structures. Western practices were taken as a model of how things should be done. More attention was paid to technicalities since the business community was in need of practical and ready-made knowledge that would help them assimilate the values of a market-based economy. In this context, too, human resource practices were seen as one way to change businesspersons’ and employees’ mindsets from communist to market economy thinking.

The technical approach gradually changed in the mid-years and moved towards ‘soft’ HRM. In the last years of the dataset employees appeared as human beings, with their own social needs. More attention was paid to such tools as employee satisfaction at work and employee wellbeing in order to achieve organisational objectives. The changes on the labour market, from an employer’s to an employee’s market, explain why ‘soft’ tools became important.

Another factor that can explain the change is the development of HRM as a scientific field. In the last decades, human resource management developed from a ‘hard’ perspective to a ‘soft’ emphasis on the role of employees in an organisation.  

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44 The ‘hard’ and ‘soft’ perspectives on human resource management as the dominant ‘conceptual-analytical interpretative scheme’ (Keenoy, 1997) in the field is not without weaknesses.
The ‘hard’ approach to HRM dominated management in the 1980s, when the employee was seen as a resource for managerial purposes. To make effective use of employees, control, surveillance and hierarchical relationships were considered appropriate (Fombrun et al., 1984). From this perspective, the role of employees in the company was neglected. Employees were passive factors and it was suggested that decisions involving employees are based purely on labour productivity and costs (see Roan et al., 2001; Legge, 1995). Storey (1987, p. 8) considered ‘hard’ HRM to be a “narrow version of personnel which emphasises the quantitative, calculative and business-strategic aspects of managing the ‘headcount’ resource in as ‘rational’ a way as for any other economic factor”.

The ‘soft’ perspective on HRM became important in the 1990s. While still performance-based and instrumental, shifts the emphasis to employees’ motivation, active participation and communication (Storey, 1987; Guest, 2006). Personnel are seen as means to achieve corporate ends but not as objects as in the ‘hard’ view (Guest, 2006). Their commitment to the organisation is essential for them to work efficiently.

The developments in the field of human resource management were also well reflected in media texts. From a technical approach in the first years, we can notice terms such as flexibility, communication and harmony dominating the texts in the later years.

Media did not pay much attention to the other two responsibilities from Carroll’s pyramid (ethical and discretionary). What is ethical and what is not in a firm’s relationship with the employee did not appear to be important. It is also difficult to talk about discretionary responsibilities because media linked employees with business purposes only.

We have seen the main responsibilities expected of business and their development over time in the press. Next, the focus is on how firm-employee

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Watson (2004) and Keenoy (1997) question whether such a distinction can be made at all. Watson claims that a ‘soft’ approach to HRM does not exclude ‘hard’ strategies. In both cases, the main idea is to use employees to achieve corporate objectives (Watson, 2004, p. 455). While not rejecting the criticism, the distinction between ‘hard’ and ‘soft’ is sufficient in the present study to show the main developments taking place in the general approach to employees.
relationships in Romania were portrayed in media texts.

Romanian firms were commonly seen as autocratic workplaces, where employees’ motivation and wellbeing were neglected. The focus changed from violating legal rights in the early years to non-compliance with human resource practices in the later years.

Foreign firms and multinationals in particular were commonly seen as models for the Romanian business community. Their practices of human resource management were linked with good financial results.

The role of employees in the companies operating in Romania also changed over time. Managing employees appeared as one important way to address problems faced by firms. The nature of the problems changed during the 15 years analysed and accordingly, the media discourse adapted.

The early years of transition were dominated by talk about transformations from a centrally-planned to a market-based economy and the contribution HRM could make to this process. The main problem during these years was the autocratic management of state-owned enterprises, considered to be one important cause for their financial difficulties. The mid-years of the dataset discussed the role of HRM in helping companies to overcome financial difficulties. In 1998-2000, Romania went through an economic crisis, during which many firms went bankrupt and unemployment was high (INS, 2008). Managing personnel appropriately was seen as one solution for the firms during this crisis. A severe personnel crisis affected the job market in the last years of the dataset. Accordingly, the talk changed again. HRM was described as providing organisations the tools to successfully retain employees. In all these periods, while the focus was different, HRM represented one way to address the contextual problems of organisations.

The change in the role of employees in this study provides support for emerging literature in human resource management, which interprets the firm-employee relationship as being socially constructed (e.g. Francis and Sinclair, 2003; Nyambegera, 2002; Harley and Hardy, 2004; Francis, 2002, 2003; Keenoy, 1997). These studies demonstrate that managing employees does not consist of a set of ‘best practices’ (Francis and Sinclair, 2003). Francis (2002) and Francis and Sinclair (2003) show how members inside organisations make sense of the phenomenon of human resource management and construct its meaning in interaction with processes taking place within the organisation. We can also see that media talk about the role
of employees and HRM changed when the societal context became different.

Our analysis indicates that the business case talk was dominant throughout the 15 years of the transition. The HRM discourse about employees emphasised efficiency and organisational performance. The results are consistent with studies suggesting that HRM discourse at the societal level is built in a reductionist and managerial-oriented manner, seeking to identify the strategies increasing organisational performance (Keenoy, 1997; Francis and Sinclair, 2003; Legge, 1995; Greenwood, 2002). Successful HRM practices are commonly seen to be homogeneous across companies and their members.

In Romania, the press emphasised business case discourse and made it dominant, while attempting to downplay other discourses prevailing in Romanian society. The moral talk about ethical responsibilities to employees is one of these. In the early years of the dataset, some small entrepreneurs were seen as having close relationships with their employees and catering for their needs. The talk about the altruistic attitude of small entrepreneurs decreased in the mid-years of transition and almost disappeared in late years. Instead, firms were expected to be careful with their employees, because it increases performance. The change in talk from moral to business case can be understood in the light of economic developments in Romania. In the early transition, the economy was dominated by large state-owned enterprises and small private entrepreneurs. After 2000, multinationals became important in Romania. Accordingly, the moral talk about the relationship of small entrepreneurship with their employees in the early years changed towards the business case in the late years of the dataset.

Linked to the ethical reasoning, there were lively discussions about the role of business in society and about firm relationship with employees. Departing from Marxist ideas about corporate power and exploitation of labour, communist societies provided employees with high social protection (see Elster, 1985). In addition to products and services, the enterprises served the social needs of employees as well. This moral talk was rejected by printed media and considered inadequate for the role of enterprises in a market economy. It was instead claimed that the purpose of business should be profit-making and the employees are means to this end.

Another talk notes of the ‘hard’ dimension of HRM, which treats labour as a cost and aims to increase work efficiency while paying little attention to employees’ needs (Tyson and Fell, 1986; Guest, 2006; Storey, 1987). The view of employees as
‘costs’ instead of ‘investments’ was rejected, too. Domestic firms were described as adopting this view and perceive employees as an expense, not worth investing in. Likewise, the autocratic attitude according to which employees’ role in an organisation is limited to executing tasks, with low flexibility and communication, was held responsible for determining low performance in Romanian companies. The Taylorist perspective on human resources (Bluedorn, 1986; Jones, 2000) has commonalities with the anti-CSR talk, according to which no further responsibility is owed to employees over and above the legal ones. This view was denied in the media texts but not on moral grounds. Instead, arguments about business efficiency and performance were used. Again, the business case discourse attempted to undermine a different way of talking about the firm-employee relationship.

The CSR literature agrees that Friedman’s (1970) statement claiming that the only responsibility of business is to increase its profits is now outdated. Many studies proved that creating the image of a responsible company in society has multiple benefits for the business (for reviews of these studies see Salzmann et al., 2005; Margolis and Walsh, 2003; Orlitzky et al., 2003). Ignoring the benefits associated with Western HRM practices represent the reason for which Romanian firms are negatively perceived. Media uses moral stories (Leeuwen and Wodak, 1999) to show how firms are rewarded for adopting modern practices of human resource management. However, as Greenwood (2004) argues, engaging with employees, as a modern form of human resource management, does not imply a responsible attitude towards them and much more is needed.

The relationship with the employees for the purpose of achieving corporate performance has been seen as problematic by an emerging body of literature on the ethicality of human resource practices (e.g. Legge, 1996; Rowan, 2000; Winstanley and Woodall, 2000; Schumann, 2001)\(^45\). Greenwood (2002), for instance, claims that at the very least there are moral obligations towards the employees, obligations which are overlooked in the quest for efficiency and productivity. Scholars called for more attention to be paid to the ethical values in the firm relations with the employees (e.g. Barlett and Preston, 2000; Sudhir and Murthy, 2001). For Sudhir and Murthy (2001), ethics in business has the potential to alleviate problems existing at the workplace. Some studies also bring to the forefront the need to

\(^{45}\) But see also Danley et al. (1996) for a critique of the ethical literature.
discuss a number of aspects, such as job security, surveillance and control or employees rights. The aspects mentioned appear to be neglected in the corporate thinking of our time (Winstanley et al., 1996; Rowan, 2000). Other studies extend the critique and question whether human resource practices in their contemporary form are ethical at all (Greenwood, 2002; Greenwood, 2004; Keenoy, 1990).

To conclude the chapter, we can see that the dominant way of talking about corporate responsibility to employees provided support for a business case discourse. The other ways of talking were silenced or even denied (anti-CSR and moral talk) since the logic behind them interferes with the underlying principles of business case talk.
Figure 4. CSR themes: firm-employees relationship and portrayal of firms’ responsible behaviour.
6. CORPORATE RESPONSIBILITIES TO THE NATURAL ENVIRONMENT

In this chapter, Capital talk about corporate responsibilities to the natural environment is discussed from a longitudinal perspective. The chapter starts with a periodisation based on observation of changes occurring in the way Capital addressed this topic. After that, the text explores the main discussions taking place in Capital about business responsibilities to the natural environment in the three periods. The main findings are then summarised and the chapter concludes by analysing them in light of the theoretical perspectives of the research.

6.1 Periodisation

Periodisation was data driven and took into account a number of variables, the most important of which referred to the changes in the talk about the firm-natural environment relationship: what kinds of responsibilities firms are expected to shoulder and the arguments used by Capital to support a specific stance. Changes in the formal features of articles and developments in quantitative terms were also taken into account. On the basis of empirical analysis, three main periods were identified: 1992-1997, 1998-2003 and 2004-2007.

The early years of transition were characterised by a relatively small number of texts on environmental problems. The focus was on the environmental impacts of business activities. But the texts also had a wider perspective and discussed the environmental problems of humankind and the implications of human activities in general for the natural environment.

In the mid-years of the dataset, the number of texts increased. The focal point switched to economic issues and the relationship between business and natural environment was discussed from a business perspective.

In the late years of transition, the discussions about natural environment intensified. The economic and legal perspectives on environmental problems were
most emphasised.

6.2 Non-economic emphasis in the early talk about natural environment

This sub-chapter interprets the discussions about corporate responsibilities to the environment appearing in *Capital* in the early years of transition. First, the most common topics of corporate responsibilities to environment are discussed in 6.2.1. Then 6.2.2 introduces the major ways of talking about business environmental practices and responsibilities to the natural environment in Romania. The same structure is followed in presenting the results of the other two periods.

6.2.1 Fragmented discussions of business responsibilities 1992-1997: recycling and pollution predominant

In terms of content, articles talking about business responsibilities to natural environment discussed different kinds of issues. Two main topics prevailed during the early years of transition. Recycling waste (paper, iron, used tyres or other products) was one of them and was discussed at the firm level. National and international developments in the field were also presented. The second topic was concerned with the impact of former communist state-owned enterprises on natural environment. Other topics discussed in this period commonly appeared only once, for example over fishing or the impact of European Union legislation on transportation firms.

Overall, a comprehensive discussion of the relationship of business with the environment did not appear during early years of transition. The topics addressed only some aspects of the firm – natural environment relationship.

Unlike the case of employees discussed in Chapter 5, the normative perspective on managing the impact of business on the natural environment, was almost entirely absent. The articles mostly concentrated on discussing actual facts and trends, either in the world, in the country or at the business level.
6.2.2 Talking about the impact of business practices on the environment

Corporate responsibilities of Romanian firms regarding the natural environment were discussed consistently during the early years of the dataset. Ownership represented the main factor affecting Capital talk about business practices in Romania. Clear distinctions were made, especially between domestic state-owned (former communist) enterprises and private firms created during the transition period. At this stage, foreign firms were hardly ever mentioned, with only some discussions about recycling practices in Western countries. Western environmental practices were seen as a model to be adopted in Romanian companies, too. The role of foreign firms in the early years of transition was insignificant and no particular distinction was made between domestic and foreign businesses. The most important discussions related to the responsibilities of Romanian firms. The following paragraphs describe how Capital portrays business environmental practices in Romania.

6.2.2.1 Former communist state-owned enterprises were responsible for severe pollution

Former communist enterprises are large state-owned enterprises operating mostly in heavy industries. Capital portrayed them as enterprises with obsolete industrial technology and products that no longer meet consumers’ expectations. Their energy efficiency was perceived to be low and their pollution high. Energy efficiency was discussed in one article from a business perspective, in the sense that reducing energy consumption was seen as beneficial because it decreased costs. But the problem of pollution of state-owned enterprises was mostly understood from the perspective of their impact on the natural environment. Business did not represent the main concern in the early years of transition, but how industrial activities negatively affected the environment due to pollution of the air, soil and water. Below, a quotation from one text which shows Capital concern for the pollution done by industrial enterprises:

In Romania, environmental protection is currently a hot topic. A topic which is
intensively discussed, but about which little is done. [...] The effects of chemical pollution of soil are present for many years, while water and air are more dynamic and the effects of pollution disappear in a shorter period of time (no. 37, pp. 2, 1993).

At times, the human health hazards were also mentioned in connection with the deterioration of the quality of the environment:

The pollution with non-ferrous metals produced by X company, which still functions but not at full capacity, has major implications for the quality of environment and implicitly, for the health of the population. Excessive amounts of lead determine poisoning and cadmium creates problems for the respiratory system and for the kidneys (no. 13, pp. 3, 1994).

The picture of state-owned enterprises was negative regarding their ability to manage the impacts on the natural environment. In spite of that, Capital attitude towards polluting enterprises was not necessarily hostile. Their responsibilities to the natural environment were interpreted within the wider social and economic context of the early transition. At the time the economy was in a stage of profound transformation and the status of state-owned enterprises was quite unclear. While enterprises were still state-owned, most of them lost the financial and administrative support of the state. The central authorities used to provide the financial means and also to take strategic decisions during the communist period. The early transition brought changes in the prevailing ideological thinking in society. The liberal ideology, according to which the state was no longer expected to engage in economic activities, guided governmental actions. The Romanian authorities readjusted their role in order to meet the demands of the market economy. In these new circumstances, enterprises suffered from a lack of financial resources and managerial know-how. Although the state-owned enterprises were seen as not fulfilling their responsibilities to the natural environment, Capital attitude was sympathetic because of the companies’ inability to make the required investments in environmental technologies.

In state-owned enterprises, not only economic and environmental aspects of business activities seemed to conflict, but meeting simultaneously social and
environmental demands was seen to be challenging. Discussions took place about the role of state-owned enterprises as providers of social services to employees. During the communist period, enterprises were used as means to achieve full employment of the population and they continued to play this role during the early transition, too. *Capital* position on the matter was critical. The need to reduce pollution was seen as important and for this reason restructuring or closure of polluting enterprises was favoured. The social consequences of layoffs due to restructuring and closure of industrial enterprises were interpreted in the light of liberal thinking, according to which the firm is not a provider of social services:

> [...] fearful and poor as we are, we are making compromises between our desire to protect the environment and keeping alive an economic system which is bankrupt, because we want to minimise the social effects (no. 13, pp. 3, 1994).

**6.2.2.2 Romanian private firms ignored environmental technological developments and abused natural resources**

Private companies were differently represented in *Capital* texts. Several articles focused on discussing the responsibilities of private firms. The approach was general, with no concrete examples and only one text considered how firms should manage their impacts on the environment. This article discussed modern technologies for recycling waste and portrayed Romanian firms as negligent in adopting international developments in environmental protection. Other texts did not actually discuss the impact of business activities on the environment, but the abusive practices of small entrepreneurs operating in those sectors that use natural resources as raw materials. Romanian entrepreneurs were portrayed as abusively exploiting fisheries and the forest sector. Abusive practices were seen to be possible in the context of weak legislation to protect the natural resources:

> The General Association of Hunters and Fishermen has big disagreements with some firms – former state-owned fisheries [...]：“In their goal to obtain profits as high as possible, with minimum expenses and effort, these firms encourage and maintain poaching with devastating effects on fish.” (no. 25, pp. 3, 1994).
In the texts about state-owned enterprises and private firms, the responsibilities to the natural environment were represented in a negative way. Environmental aspects in these cases conflicted with business objectives. Firms were either unable to diminish their negative impacts on the environment or ignorant of their responsibilities. Both approaches emphasised the impact of companies on the natural environment and discussed the need to minimise it due to the importance of nature.

6.2.2.3 Firms should ‘fill the gap’ created by environmental needs

In addition to the negative talk about corporate responsibilities to the environment, there were discussions about firms operating in the field of environmental protection. Some private firms were seen as identifying gaps in the market and engaging in profitable environmental activities. The talk was not about managing firm impacts on the environment, but about being opportunistic and benefiting from developments in the field of environmental protection. In the early transition, environmental legislation was weak but legislative developments in the future were seen as an important driver in the field of environmental protection.

Recycling was the most discussed business opportunity in the early years of transition. Other texts also talked about filters for cars and for industrial machines. The activities were usually seen as profitable (although some difficulties which relate to the Romanian economic context were discussed) and firms were encouraged to enter the market:

_In Romania, we need to change not only the legislation, but also the mentality, in order for recyclable materials to be considered raw materials and not waste. Because these materials bring ‘green’ money, as in the developed countries. [...] Collecting and recycling are nowadays an extremely profitable activity in the world_ (no. 5, pp. 2, 1995).

A business case was supported and the expected developments of environmental regulations were seen as beneficial for the firms willing to operate in ‘green’ industry. In this case, the social and environmental aspects were not seen to be
contradictory but mutually supportive. On the one hand, environmental degradation leading to changes in the legislation represents an opportunity for businesses. On the other hand, firms operating in the field of environmental technologies make a positive contribution to improving the state of the natural environment.

To conclude the analysis of the early transition media talk, discussions were mostly concerned with the state of nature and with worrying trends of environmental degradation. The impact of human and industrial activity on the natural environment was the main focus of texts. The need to change current societal practices was emphasised. Nature was valued from a non-economic perspective in this period, as one article concluded:

*The need to create equipment that keeps our environment clean is now more than a business, it is vital* (no. 21, pp. 2, 1993).

The business perspective was present, too, in texts about environmental protection as a business opportunity.

6.3 The non-economic talk about nature diminished in mid-transition

6.3.1 Discussions 1998-2003: waste, pollution and business opportunities in environmental protection

In terms of content, many issues were discussed in this period. The narrow discussions about recycling which dominated the first period were broadened. Recycling became a part of a larger cycle of economic process. It was not so much about recycling in the focus of discussions as it was about waste. The latter concept received two interpretations. The first was waste interpreted as a cause of pollution, which was seen as problematic for the firms, especially due to high costs for
cleaning. The second approach related to waste as a source for recycling. Recycling was interpreted as either an opportunity for business or as a problem to be resolved.

Some of the articles which still focused on environment with a nature-centred view in this period addressed the question of waste as a source of pollution. Such examples were the problem of wastes exported to Romania by foreign companies, oil wastes spilled into the sea water or industrial waste created during communism by state-owned enterprises.

Another important topic during the first period was that of pollution by state-owned enterprises. It continued to be discussed moderately in this period, too.

In addition to waste and recycling, a considerable increase in articles talking about the natural environment as a business opportunity was discernible. There were two different types of business opportunities. Some articles described activities of firms using, for example, wood, oil, gold, salt or marble as raw materials. Discussions were commonly business-oriented, with only a few articles addressing abusive exploitation of fisheries and forests. Other texts presented firms operating in environmental pollution activities (cleaning up pollution or producing environmental technologies). In some cases, environmental activities were seen as profitable because at the time, competition in the field was low. In other cases, firms were seen as proactive, because their activity was expected to grow in the future, while not very profitable at the time. The main reason was the scarce environmental legislation in place but there were anticipations of tighter regulations in the future.

Romania was officially in the accession process to the European Union starting in March 1998 (European Commission, 1998). For this reason, the European Union was seen as an important driver of changes in environmental legislation. Firms operating in the field of environmental protection could be considered as ‘filling a gap’, i.e. meeting the needs of new types of consumers or new types of activities required by society.

46 It may seem surprising that only in the current period did discussions about waste began, since in the first period, too, there was talk about the pollution of state-owned enterprises. In the researcher’s opinion, it is a question of approach, language used and interpretation. In the early years of the dataset, discussions were quite general, about severe pollution of state-owned enterprises and the problems associated with it. In this period, the language switched and discussions focused more on the concept of ‘waste’ rather than pollution in general.
Energy as a topic in itself is one of the most stringent problems that our society faces (Gray and Bebbington, 2001). In Capital this issue was discussed quite extensively during this period. However, there was little talk about companies and their responsibilities in terms of reducing energy consumption. In many cases, energy was discussed from a national strategy perspective. For instance, some texts were concerned about the role of Romania as a transit country for transporting oil from the Caspian area to Central Europe. Other articles brought into discussion the problem of energy prices for consumers, considered to be too high for the population. Nuclear energy was presented as a cheaper energy production option and at the same time ‘greener’. The activities of oil companies were also discussed but from an economic perspective only, with no concern for responsibilities to the natural environment.

In this period, there was also an increasing number of articles that described the activities of foreign actors (governmental and non-governmental organisations, EU funds, banks, businesses) providing financing for environmental activities. Funds were offered for improving technologies, cleaning up polluted areas and handling environmental problems.

6.3.2 Talking about the implications of environmental requirements for business activities

An important change during the mid-transition years consisted of an increasing distinction between the domestic and foreign firms. Interestingly, the foreign firm was not necessarily portrayed in positive terms and domestic-foreign comparisons were not as prominent as was the case with the employees. Below, different ways of talking about domestic and foreign firms are described.

6.3.2.1 Pollution by state-owned enterprises as one more challenge to be faced in the transition period

The talk about old industrial state-owned enterprises remained important in this period, too. The issue of pollution generated by enterprises seemed to represent a problem. But the focus in the articles changed. In the preceding period, there was
much more emphasis on the environmental consequences of industrial enterprises and the problem was presented from an ecological perspective. In this period, there was much discussion of problems faced by enterprises during the transition period. Most of them were financial and the need to restructure economic activities in accordance with the principles of the market economy was the main concern. As part of these discussions, environmental problems represented one of the challenges enterprises faced and a dilemma with little hope of a solution. The excerpt below is extracted from one article about the restructuring of a state-owned steel enterprise:

One problem consists of possibilities to clean hundreds of square metres of scrap-iron. A brief estimate showed that cleaning the fields would cost about ten billion dollars, which is about the same as Romania’s foreign debt (no. 29, pp. 34, 1999).

On the one hand, the pollution problem was seen as urgent, requiring immediate action. On the other hand, a number of factors preventing state-owned enterprises from taking corrective actions were presented. The most important related to shortage of financial resources. In the context of intensified competition on the market, state-owned enterprises faced difficulties in selling their products. In addition to that, they were affected by a widespread arrears phenomenon in Romania during the transition consisting in low liquidities and problems in recovering debts (see Calvo and Coricelli, 1994).

In conclusion, the most important concerns about state-owned enterprises were their economic and financial problems. Enterprises were presented as struggling for their economic viability and environmental problems they have caused, although significant, remained in the background.

6.3.2.2 The talk about domestic private firms ignoring technical developments and exploiting natural resources continued

When it comes to private domestic firms, their picture of exploiting the natural environment continued in this period, too. Several articles described the irresponsible abuse of fisheries and forests for the sake of short-term profits. The
focus was more on reporting illegal practices and the poor ability of the state to take care of its property. The involvement of politicians in illegal business deals was also widely discussed. In any case, the approach in these texts was a mixture of ecological and economic concerns. Exploiting natural resources was deemed acceptable as long as legal regulations were followed. One excerpt is relevant in this case:

_The fact that Romania gains money from its forests should not to be blamed. But there are problems if one checks how the wood for export is obtained and the credibility of the exporting firms (no. 10, pp. 10-11, 2000)._  

In addition to the legal perspective, a nationalistic feeling appeared to be important in the texts. Nationalism prevailed over environmental concerns, as it was the case of wood exploitation, where the main interest was about the need to process the wood in Romania in order to avoid its export as raw material.

The portrayal of domestic firm as irresponsible was complemented by the representation of domestic private firms as ignoring developments in environmental technologies, although at this stage this topic was not extensively discussed. For example, in one text, the problem of energy consumption was pointed out and the need to reduce it was linked to efficiency and costs. From this perspective, firms were seen as ignorant or even unaware of the benefits of reducing energy consumption:

_Firms treat superficially the possibility to make savings by efficient energy consumption [...] At managerial level, in many cases there is a totally ignorant attitude and the need to undertake projects in energy efficiency in the technological cycle of the firm it is not yet understood (no. 46, pp. 39, 1999)._  

A business perspective was supported in this case, i.e. managing and taking care of the environment, while at the same time deriving benefit from these actions.

In spite of the negative portrayal of domestic firms, positive developments were identified in _Capital_. Foreign institutions were described as agents of change because they provide Romanian firms with funding opportunities for environmental technologies.
6.3.2.3 The EU environmental legislation had financial implications for Romanian firms

In mid-transition, the European Union became an important institution in Romania because accession to the European community was a strategic national aim. Discussions about the effects of the EU legislation on business activities also emerged in these years. The focus was on the difficulties faced by the car industry to adapt to new legislative requirements. Almost every year, one or two articles were dedicated to this problem, while several texts talked about the EU legislative implications for other industries: pharmaceuticals, oil and industrial activity in general.

At this stage the writing style was informative, mostly describing the difficulties emerging from expected changes in legislative requirements. Capital attitude appeared to be neutral and the environmental norms were seen as a condition for joining the European Union. Environmental investments were seen as something that needs to be done in order to integrate into the European Union. But the implications of this process were presented in detail: investments to be made, effects on product prices and consumers, changes for the market etc. The excerpt below is representative of the texts written during this period:

*Once the investments are made, the most fuels will comply with the pollution standards of Euro 3. This means a broader process of distillation, with higher costs, which will inevitably lead to higher prices. [...] Romanians will be able to pay a cheaper price for gasoline only as long as X [Romanian oil company] will produce just a small part of fuels at EU standards (no. 23, pp. 12, 2003).*

An article describing EU legislative impacts on the pharmaceuticals industry in 2002 represented a change in the style of talking about this issue, a change which became important in the later years of transition. Domestic firms in the pharmaceuticals industry were presented in this article as being unable to adapt to environmental requirements due to the large investments needed. Since domestic firms were small, their available funds for environmental investments were insufficient and non-compliance inevitably leads either to bankruptcy or closure. In this talk, firms were seen as hampered and even threatened by the European
legislation:

There are four types of costs which are not reflected in the price of Romanian medicines: marketing, research and development, investments for GMP norms and investments for environmental protection. But funds for all these expenses were available only to those producers which made a profit or which had an ‘injection’ of foreign capital. Which means very few firms. For this reason, numerous producers will have no choice but to close their businesses (no. 9, pp. 50, 2002).

6.3.2.4 Opportunistic behaviour ‘filling the gap’ was complemented by firms exploiting natural resources

Continuing from the previous period was the representation of domestic firms as using the natural environment for the benefit of their businesses. It was the case of activities ‘filling the gap’ in the field of environmental protection. There were now more activities described in addition to recycling (e.g. sanitation or various environmentally-friendly technologies). These activities were presented in general as innovative and as a profitable market niche which had not been exploited. One entrepreneur involved in sanitation activities, talked about the success of his business in spite of the transition problems:

In these difficult moments, when private businesses face problems, our firm can hardly process all the orders we receive (no. 42, pp. 29, 1998).

In addition to ‘filling the gap’ activities, some texts talked about companies relying on intensive exploitation of raw materials (wood, oil, mineral resources). But their responsibilities to the environment were not discussed and the implications for the natural environment were not seen as problematic. On the contrary, in the case of oil explorations, a nationalistic feeling of pride was discernible in a text which described the historical evolution of the most important Romanian sea oil company (no. 40, pp. 34, 1998). Natural resources were perceived as a national competitive advantage. The concern was more about how these resources could be
industrially exploited in Romania in order to avoid exporting them as raw materials.

In both ways of talking presented above, the natural environment was seen as a business opportunity, where the economic and environmental aspects went hand in hand. Generally, no problematic issues were mentioned from an ecological point of view.47

6.3.2.5 Foreign firms as a model for and solution to the environmental problems of Romanian enterprises

Next, the responsibilities of foreign firms to the natural environment are discussed. In general, foreign firms benefited from a positive portrayal in Capital. They were perceived to have the financial means to make the necessary environmental investments in Romanian firms. Especially in former communist industrial enterprises, foreign investors were seen as the solution to environmental problems. Foreign companies were described to be the ones with the capability to clean up the pollution made by industrial domestic firms during communism. The talk about environmental investments was no longer the subject of an entire article but was only indirectly mentioned as part of the restructuring and privatisation process of the state-owned enterprises.

The image of foreign companies was complemented by their representation as a model for domestic firms. Some texts presented environmental technologies used in other countries such as examples of proper equipment which should be adopted in Romanian firms, too. Environmental practices referred mostly to companies operating abroad and served as a way to compare to domestic firms. Discussions were quite general with only a few examples of practices in the companies mentioned. For the same purpose of promoting Western practices in Romanian companies, one article (no. 24, pp. 28-29, 1998) talked about the system of energy management in foreign countries and suggested ways to implement it in domestic firms.

Texts which introduced the interests of foreign investors in exploiting Romanian

47 One exception here would be an article talking about the carpentry industry (no. 8, p. 14, 1998). In this text, using solid wood instead of laminated wood was discussed in terms of the pros and cons from an ecological perspective.
nature contributed to the positive image of foreign firms. Intended plans to explore oil, aluminium and gold deposits in Romanian fields were discussed. Foreign investors were actually seen as potential rescuers of non-profitable existing gold mines. Capital stance was in general neutral but sometimes supportive for these initiatives and there was no talk about the environmental consequences.

Foreign firms were generally portrayed positively. In spite of this, several texts suggested that foreign firms might not always been responsible. The texts questioned the assumed willingness of foreign firms (and foreign countries in more general terms) to actually contribute to improving the status of Romanian nature. Cases of foreign companies exporting industrial waste to Romania and to Eastern European countries in general were described. One case referred to the export of waste as useful products from Germany to Romania (no. 20, pp. 1 and 8-9, 1998). Another one presented the pollution created by foreign ships discharging oil wastes into the Black Sea water (no. 37, pp. 1 and 8-9, 1998). Both cases were seen as profitable for the firms because they were avoiding high taxes for recycling and disposal of waste in their home countries:

*Countless times, there were big trucks coming in secrecy from the West. Inside the trucks there were varnishes, paints, expired chemicals, extremely poisonous pesticides. [...] Romania faces an increased tendency of the West to send industrial wastes that it wants to get rid off at any price (no. 20, pp. 1 and 8-9, 1998).*

*... ship’s captains prefer to give just a small part of residues legally to the authorities, just to be covered. They throw the rest of them into the sea water. In this way they save good money. Knowing that the Romanian authorities do not have the infrastructure to watch after these kinds of actions, foreign ships come and discharge their wastes into the Black Sea. (no. 37, pp. 1 and 8-9, 1998).*

The reason why companies preferred to export waste instead of disposing of it in their home countries was the weak enforcement of environmental legislation. From this perspective, foreign firms were seen as acting irresponsibly because taking care of the environmental impacts meant high costs, which the companies were not willing to pay.
To conclude the talk about the second period, environmental protection was now discussed much more and this was reflected in the increased number of articles. The focus slightly changed in the texts. The main concern became the environmental challenges as one more difficulty to be faced during difficult times of transition period. Accordingly, a decrease in articles exclusively discussing the subject of environmental pollution could be observed. While articles presenting international developments in the field of environmental protection maintained an overall focus on nature, discussions about the firm - natural environment relationship were in many cases part of the articles focusing on economic issues. The environmental impact of companies was not the main topic in the articles, but occurred as just another aspect in connection with business activities. The business and its activities were the main interest of *Capital* texts and environmental issues were talked about only in connection with collateral issues that need to be managed during transition.

A mixture of ‘nature-centred’ and ‘business-centred’ texts was characteristic of the mid-transition period. There were also articles with a combination of nature and business-centred positions where the stance of the media is difficult to interpret. Likewise, there were articles with no stance being actually expressed, such as texts presenting investments made in environmental technologies.

6.4 **Strong economic talk about the responsibilities of business to the natural environment in the late transition**

6.4.1 2004-2007: diversification of topics discussed

During this period there was a diversification of *Capital* talk about business responsibilities to the natural environment. A description of the developments taking place in late years of the transition follows below.

The pollution by former communist industrial enterprises continued to be an important topic in this period, too. *Capital* texts were now linked particularly to Romanian membership of the European Union. The pollution of state-owned enterprises was not interpreted so much from an environmental point of view, but as part of wider debates about the accession process. Pollution was discussed in two
ways. First, from a national perspective it was presented as a major difficulty which hampered Romania’s smooth accession to the EU or could even postpone integration. Second, from a corporate point of view, the texts highlighted the financial difficulties in meeting the high European environmental expectations.

Waste and recycling represented one of the most discussed topics in this period, too. The main difference from the previous periods consisted of a diversification of activities in the sense that different kinds of wastes were now seen as a business opportunity: paper, wood, household waste, plastic bottles, electronics, auto components, medical waste and other industrial waste. Several other articles brought waste into discussion, but their focus was on describing the actual status of recycling activities in Romania. The main problems were pointed out and business attitudes towards waste as well as the need for recycling were debated.

Throughout the transition period, recycling was interpreted in Capital texts as a stand-alone activity performed by firms operating in the environmental protection industry. In-house recycling initiatives were hardly ever mentioned and the Romanian context plays a role in explaining this aspect. Waste and recycling were largely ignored during the communist period and they remained so for a long period during transition. The legislation concerning waste (The Law on environmental protection (137/1995), waste management (155/1999) and waste (78/2000) emphasised the idea of ‘waste management’ and not of recycling. Articles in Capital also reflected concerns about the inability of authorities to create a coherent system of waste collection. Difficult legislation was also held responsible for the system of waste management in place in Romania. The idea of in-house initiatives started to appear only in 2007 and was indirectly discussed in one article (no. 1, pp. 21). Recycling electronics was presented as a way to increase customers’ loyalty.

The topic of energy was also discussed, but mostly from a national perspective. The most important concern was about high oil prices, leading to a debate about the need to find alternative ways of producing energy. In this context, nuclear energy was legitimised as desirable, although the problem of toxic waste was acknowledged. A number of texts also introduced the idea of ecologically produced

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48 The integration of Romania and Bulgaria, the last two countries that joined European Union in 2007, was subject to a ‘safeguarding clause’. The clause allowed the EU to postpone the integration by one year in case the two countries did not progress satisfactorily.
energy. Several alternative ways of producing energy were presented, but most texts concluded that costs were high. Solar energy, wind energy, biogas and bio fuels in general were seen as expensive alternatives, while producing energy based on waste or using liquefied petroleum gas were convenient. There was much talk about alternative ways of producing energy in the late years of period, but once more, the perspective was economic. This viewpoint was, for instance, evident in one text (no. 45, pp. 53, 2007), which presented different ways for companies to be energy independent. Although options such as wind energy, solar energy and biogas were described, *Capital* texts recommend producing energy using a personal power station:

*Solutions such as wind, solar and biogas-based equipment are still too expensive, as long as there are no financial incentives. [...] There is a surprisingly small number of those firms which have their own power plant to generate the electrical and heating energy needed for their activity. Because having your own power plant means a considerable reduction of costs compared to buying electricity from another producer* (no. 45, pp. 53, 2007).

The text now turns to present *Capital* talk about firms’ responsibilities to the environment in Romania in late years of transition.

### 6.4.2 Strong emphasis on the implications of EU environmental legislation for domestic firms

The main changes occurring in the late years of transition are analysed below. The ‘win-win’ talk about domestic firms operating in the environmental field continued in this period, too. Waste management and recycling remained dominant among environmental activities but new ‘green’ activities were also introduced (e.g. consultancy on environmental problems or ecological products). Since no particular changes were identified during late years in the dataset, it will not be further presented here.
6.4.2.1 EU environmental legislation threatened the very existence of Romanian firms (either state-owned enterprises or private firms)

The most significant change in late years of transition consisted of a different talk about domestic polluting firms (either industrial, state-owned or private). The nature-centred view from the first years of dataset was slowly replaced in mid-transition by discussions about financial difficulties faced in order to meet environmental demands. In late transition, the talk was again different and focused on the impact of European Union environmental legislation on firms. Some early discussions could already be identified in the period 1998-2003, but the focus at the time was mainly on the car industry. In this period the spectrum of activities widened to include many industrial activities from the communist period (chemicals, paper, heavy industries, and food processing) as well as private polluting firms.

The environmental legislation appeared to threaten the very survival of pollutant enterprises:

*Environmental problems are the ‘Achilles’ heel’ for Romanian companies, regardless of the field in which they are operating. Getting closer to the date of Romanian EU membership makes this weakness threaten the existence of many firms more and more. If until recently the environmental norms seem to be ‘a European naiveté’, once we join the EU, one cannot exist without obeying them* (no. 34, pp. 8-9, 2005).

Domestic firms were in the position of a victim of the Romanian EU membership. This new approach was even perceptible in the titles of articles, which clearly positioned EU membership as the main cause of problems:

- ‘Environmental protection, healthy, but expensive’ (no. 7, pp. 19, 2004);
- ‘Integration into the European Union could ‘lock up’ the chemical industry’ (no. 47, pp. 32, 2004);
- ‘Environmental investments burn refineries’ money’ (no. 8, pp. 4-5, 2007).

Difficulties in meeting environmental demands were seen to lead to social problems because of the possible closure of large pollutant enterprises. In many cases, large enterprises were the main employer in a local community. Some of
them were also service providers for the population (heating, fresh water etc.). The social role of state-owned enterprises was threatened by the new EU legislation and the environmental and social aspects conflicted in this case. Below is an apocalyptic description of the implications for local communities:

_Tens, if not hundreds of thousands of people with no job. Frozen town in winter, explosion of imported foods, disappearance of traditional exports, from furniture to metallurgy products. It is not a science fiction movie, but a very likely scenario for our economy. We are well behind with our environmental investments. [...] Firms that cannot afford environmental costs will have a short life in the European Union. In spite of producing for export and having thousands of employees [...] The same applies to thermal power plants for the population (no. 44, pp. 8-9, 2005)._ 

While the problems faced during transition by state-owned industrial enterprises remained in fact the same, it is interesting to notice how _Capital_ talk about them changed.

In addition, European environmental requirements were seen as a factor hampering the activity of private firms because it impacted negatively on their profits:

_“Eurosceptic Romanian capitalists are valuable businesspersons, which have information, relationships and capital – the triangle of power. And they do not want to reduce their profits by making investments in technologies and environment, because integration [into EU] requires them.”_ (no. 34, pp. 8-9, 2005).

6.4.2.2 _More emphasis on Romanian firms ignoring the developments in environmental protection_

The ‘irresponsible’ talk about domestic private firms from the previous periods changed in late transition. While previously the focus was on intensive exploitation of natural resources (fisheries and forests), it now switched to the irresponsible
management of corporate impacts. Firms were portrayed as ignoring the developments in the fields of waste management, environmental certification or recycling:

*Ignoring waste management is not a new thing any longer. Usually, waste is thrown away on the fields, and we are making fun of those speaking of environmental problems* (no. 32, pp. 2, 2007).

During transition, the concepts of waste management and recycling were relatively new to the Romanian business community. In the early and mid-transition, they were primarily discussed as a business opportunity. Waste management and recycling were seen as profitable activities, exploiting a market niche. Once the EU environmental norms became more pressing and introduced the idea of ‘polluter pays’, these concepts gradually came to Romanian business life, too. The ignorant attitude of some firms in taking care of their negative impacts on the natural environment was often linked in this period to the need to meet EU requirements:

*If we do not implement the system according to the commitment we made to the EU, Romania will pay penalties of one hundred of thousands of euros daily. The money will be then taken from producers, importers and distributors of equipment* (speaking about recycling of electronics, no. 16, pp.12, 2005).

*In order to follow European standards and norms on environmental protection, economic agents can use “environmental management systems”. To date, in Romania, very few have been willing to invest in these systems, because there are no obvious benefits in the short run. But in the long run environmental protection will be a prerequisite for surviving on the European market* (no. 49, pp. 19, 2004).

The ignorant stance of Romanian firms appeared in seven articles, only one of which was concerned about the implications for nature. This article (no. 38, pp. 11, 2005) discussed Romanian construction firms and their irresponsible practices of disposing of waste in the field in order to avoid costs of waste management.

The rest of the articles discussed ignorant attitudes either in connection with the
EU legislation, as presented above, or from a business perspective. The latter meant that in ignoring developments in the environmental field, firms were actually unaware of the business potential emerging from adopting environmental responsible behaviour:

While in Romania ‘green businesses’ are just starting up, in Western Europe and in the U.S.A., alarmist prophecies about global warming have boosted stock markets’ developments of those firms which claimed to be ‘ecologist’. Hundreds of millions of investment funds started lately to finance ‘green’ activities, from production to recycling. Analysts’ advice for those who want to find a new market niche is this: ‘go green!’ (no. 17, pp. 24-25, 2007).

The business talk introduced a new way of discussing the relationship between the firms and the natural environment. The texts constructed a win-win perspective on the idea of investments in the natural environment. While generally acknowledged as being costly, a number of benefits for being environmentally responsible were presented: image, publicity and public relations, reducing costs, competitive advantage, improving relationships with banks and NGOs. The benefits represented arguments legitimating the need for environmental protection, which was otherwise portrayed as a burden imposed by the EU requirements.

In contrast to the ignorant representation, there was some limited talk about Romanian responsible firms. In one article the case of a domestic firm going through changes in its activities was used as a model to be followed by other companies. Other texts also reported achievements in technological improvements and involvement in establishing an environmental foundation. Once more, EU environmental norms were seen as the driver of domestic firms’ investments.

6.4.2.3 Positive image of foreign firms increasingly became the opposite of the Romanian firms’ ignorant attitude

The positive image of foreign firms continued to dominate Capital texts in the late transition, too. A similar approach was used as in the previous period, i.e. foreign firms were presented as the solution to the polluting practices of former communist
enterprises. A number of other texts reported on the technological investments made by foreign firms to reduce pollution. There was only one article exploring environmental values of foreign firms. This article discussed different environmental initiatives taken by foreign firms in the local society (non-business related actions). The initiatives did not necessarily aim to alleviate the negative impacts of foreign firms, but were seen as a way to compensate for the damage caused to the natural environment:

*It is normal for a car producer, which does not provide only transportation vehicles but inevitably makes some pollution too, to get involved in environmental protection actions. It is a compensatory, ethical action, it comes naturally* (no. 43, pp. 47, 2004).

The positive talk about foreign firms contrasted with the ‘ignorant’ image of domestic firms in some areas of environmental management: renewable energy, waste management or ecological products. In fact, in this period some comparisons were made between domestic and foreign practices, although not as prominent as in the case of an employee as a stakeholder.

The negative portrayal of foreign firms also remained limited in this period with only two articles discussing their irresponsible behaviour. One article reported on the phenomenon of exporting waste from Western to Eastern Europe (no. 11, pp. 7, 2006), while the other described ignorant practices of some companies which avoided recycling plastic bottles and preferred instead to pay the penalties (no. 18, pp. 4-5, 2004). The main reason was that the costs for recycling were higher than the penalties.

In conclusion, the talk about business responsibilities to the environment in the late years of the transition was markedly ‘business-centred’. There were concerns that environmental legislation and constraints imposed by the European Union would threaten the existence of polluting domestic firms. An increase in the ‘business case’ view also took place. Nature was treated as a business opportunity. Protecting nature as means and not as ends dominated the media talk about the relationship of business with the natural environment.
6.5 Summarising and analysing the findings

As in Chapter 5, this chapter elaborated on the topic of corporate responsibilities to the natural environment as discussed in printed media texts. Figure 5 synthesises the main findings of the chapter.

Next, the main responsibilities expected of business regarding the natural environment are introduced. Their development during the transition period is analysed in light of societal changes. After that, discussions about business environmental practices in Romanian business media are examined. Then, three major ways of talking about the business-natural environment relationship are presented and their implications discussed.

In terms of Carroll’s typology of corporate responsibilities, three major responsibilities towards the natural environment were discussed: legal, economic and discretionary.

In the early period of transition, discretionary responsibilities seemed important. Talk emphasising the non-economic importance of nature appeared to prevail. The talk had an ethical perspective in discussing corporate responsibilities as the right thing to do. Romanian enterprises were expected to take care of their negative impacts on the environment. The non-economic interest in nature might have originated in the environmental problems existing at the time. Environmental degradation produced by former state-owned enterprises during the communist era was widespread in Romania (see Carter and Turnock, 2002). The quality of air, water and soil was impaired in many industrial cities in Romania, since no attention was paid to the pollution of state-owned enterprises during communism (Guriev and Ickes, 2002; Maniu et al., 2002).

The non-economic talk diminished after the early years and almost disappeared in the late years of the dataset. Economic talk emphasising the importance of environmental challenges as an opportunity for the firm was already present in the first years of the dataset but increased and became dominant in the late years of

49 The number of texts in the early period was extremely low and cautious is required in making unambiguous statements.

50 No clear understanding exists as to whether the non-economic talk was due to an ecocentric (nature valued for itself) or anthropocentric perspective (nature has value because it is important to humans).
transition. From this perspective, being responsible was a question of compliance with the ‘green’ developments. A responsible firm was expected to derive benefit from ‘green’ business opportunities.

The change from the non-economic to the economic talk in the media reflected economic developments in Romania during the period. The transition period starting in the early 1990s represented a decrease in living standards for most of the population and also the beginning of numerous financial difficulties for state-owned enterprises. 1998 - 2000 witnessed a severe economic crisis for Romania, when most economic indicators deteriorated. Starting with these years, priorities apparently changed and the media began to focus on those aspects needed for firms’ survival.

The legal talk persisted throughout the transition, but intensified in connection with the European Union requirements. This development coincided with changes in the legal environmental framework. The Romanian environmental legislation started to come into force in the second half of the 1990s. In 1990-1995, there were relatively few legislative regulations. The early years were often described as chaotic in many respects but particularly concerning legislation and the enforcement of laws (Mazuru and Boglea, 2008; Mungiu-Pippidi, 1997). The Law on Environmental Protection 137/1995 was followed by a number of other regulations that focused on particular aspects, such as products and services that may affect the natural environment (168/1997), norms for limits of pollutants in waste water (730/1997) or waste management in firms (155/1999). The new legislation gave rise to increased discussion in society about companies’ need to reduce and control pollution and this was reflected in the media texts, too. The environmental legislation became stricter once EU membership came closer. The environmental legislative acts adopted after 2002 increased addressing a wide range of issues in the field. The influence of imminent EU membership was evident in the late years of transition, when the media discussed the implications of this process.

We have analysed the main responsibilities to the natural environment expected of companies. Next the focus is on the discussions about corporate environmental practices in Romania. They centred mostly on legal and economic responsibilities. In the early years there were concerns about firms not meeting the legal requirements. In the mid-period of transition, these discussions intensified. Gradually the focus switched towards the impact on business activities of
investments needed for taking care of the natural environment. Economic issues became important and the legal aspects of corporate responsibility to natural environment formed the core of these discussions. Finally, the late years of the dataset emphasised the legal aspects even more in talking about the implications of Romania’s EU membership.

The practices of domestic and foreign firms were differently portrayed in the media. In the early years, the state-owned companies were seen as irresponsible in terms of how they handled their environmental impacts (although the inability to behave otherwise was acknowledged). At this stage, nature was the main concern and the practices of state-owned enterprises were blamed. One reason for this talk was that early in the transition, pollution was one of the negative aspects of communism that came to the attention of international organisations. By the end of the century, media talk had refocused and discussed pollution from a financial perspective. Reducing pollution meant costly technologies. State-owned enterprises were at the time deep in financial problems caused by the transition to a market economy. Many of the enterprises were already insolvent and surviving on substantial state financial aid (Friis, 2006; European Commission 1998-2005). The need to reduce pollution exacerbated their financial difficulties. Starting with 2000 and especially in the late years of the dataset, reducing the impact on the environment became an expensive requirement from the European Union. Romanian EU membership necessitated environmental technologies but was seen as a sacrifice leading to the closure of polluting enterprises.

The same change in talk is valid for the case of Romanian private firms. In the early years the focus was on the negative impacts of exploiting natural resources. In later years, the focus was on the inability or failure to derive benefit from developments in the field of environmental protection (mostly ‘green’ technologies or products).

Foreign firms were generally seen throughout the transition period as a model for the Romanian business community. They had the financial means and willingness to invest in updating the technologies of state-owned Romanian enterprises in order to comply with EU requirements. They were also seen to play a role in rooting the ecological thinking in Romanian society. Business case was promoted and this was particularly prominent in the last period. New concepts and ideas about how to benefit from the new field of environmental protection were introduced in the media
texts. The Romanian business community was expected to think strategically about environmental actions within the firms.

We move now to analyse three major ways in which business responsibilities to the natural environment are talked about in the media.

In the early years was talk paying more attention to the environment than to the economic aspects of environmental strategies dominated. Some concern for the status of the natural environment seemed to exist in these years. Firms were expected to address the environmental challenges of their times. Pollution by state-owned enterprises was deemed problematic because of the negative impact on the natural environment. The inefficient use of natural resources was also critically discussed. Valuing nature for its intrinsic value is specific to those conceptualisations which take an ethical ecocentric stance (e.g. Taylor, 1986; Fergus and Rowney, 2005a, 2005b; Stead and Stead, 2000). Purser et al. (1995) claim that humans and organisations have an ethical responsibility to take care of nature and to avoid treating nature as an object to be manipulated.

A second way of talking focused on the natural environment as a resource for business. Developments in the field of environmental protection were seen to provide new opportunities for firms (mostly recycling but also ‘green’ technologies). Starting with the end of the first decade of transition and particularly dominant in the last years of the dataset, the business case talk also brought into the discussion the benefits that can be obtained from handling environmental impacts. The benefits mentioned included being attractive to customers, competitive advantage, image or publicity.

The underlying assumption in the business case talk is that contributing to improving the status of the natural environment can be profitable for business as well. The literature on environmental protection evinces arguments that taking care of environment goes hand in hand with economic benefits. Payne and Raiborn (2001) argue that environmental responsibility is among the ethical aspects that support the economic value of firms. The simplest rationale is that by reducing pollution, raw materials and energy consumption using more efficient technologies, the firm decreases costs and increases profit (Hart and Ahuja, 1996). The eco-efficiency concept (Dyllick and Hockerts, 2002; WBCSD, 2000) rests on the idea of making the production process more efficient as a basis for reducing impact on the environment. The natural resource view of the firm (Hart, 1995) also confirms that
adopting environmental strategies enhances competitive advantage and financial performance (Russo and Fouts, 1997; Christmann, 2000; Judge and Douglas, 1998).

A third major way of talking started in the last years of the 20th century and was dominant in late transition. Initially, firms were described as being unable to make the technological changes required and environmental investments were one more trouble they needed to face during the difficult times of the transition period. Later, the pressures for the firms to adopt environmental changes intensified due to Romania’s EU membership. In this context, media were concerned about the ability of domestic firms to actually meet EU expectations. In some cases, EU regulations were blamed for the possible closure of industrial firms.

Discussing corporate responsibilities to environment as an obstacle to business activities is specific to the anti-CSR talk, which considers CSR a cost. Managerial practice and the academic literature have been concerned with the effects of environmental investments on business performance. Some empirical studies demonstrated a negative correlation between environmental and corporate performance (e.g. Hassel et al., 2005). The studies concurred that being green is costly. It is assumed that the costs due to adopting environmental technologies and compliance with environmental legislation decrease profitability and result in economic disadvantage (Walley and Whitehead, 1994; Bragdon and Marlin, 1972 cited in McGuire et al., 1988). In this research, too, being responsible, as a precondition for Romanian EU membership, implied a need for financial resources for environmental investments in domestic firms.

The three different ways of talking about corporate responsibilities to the environment occurred in discussions about domestic and foreign firms. The descriptions of domestic and foreign firms differed, with predominantly negative pictures of domestic firms and positive images of foreign ones. The distinction between domestic and foreign firms shows how media emphasised the need to incorporate green strategies in order to achieve corporate interests. It also illustrates how business case talk undermined the ‘ethical’ way of talking in the later years of the dataset.

The move towards business case talk is consistent with developments taking place in Western countries. Evidence from countries in Western Europe or U.S.A. shows that in following the industrial development, societal awareness for the negative impacts on natural environment increased. Concerns about the degradation
of the natural environment emerged in Western societies during the 1970s (Elkington, 1999). Since then, different authors have drawn attention to the environmental problems of the industrialised society (Meadows et al., 1972; Meadows et al., 2004; Porritt, 2005). International organisations (Worldwatch Institute, 2000, 2001, 2002) and also official institutions (UNCWED, 1987; European Commission, 2001b; Sustainable Development Commission, 2009; UNDP, 2007) started to be concerned about the state of the environment.

The environmental talk did not remain constant over time. Elkington (1999) identified a first wave of environmentalism in the 1970s, when the focus was on nature and its limits. According to Elkington, a second wave took place in the late 1980s when there was a lot of talk about environmental management. Some studies show how the talk about the relationship of business with the natural environment changes towards emphasising corporate interests (e.g. Rutherford, 2006; Milne et al., 2004a). The emergence of new concepts, such as eco-efficiency promoted by the World Business Council for Sustainable Development (WBCSD, 2000) or sustainable development, which became popular with the Brundtland Report (UNWCED, 1987) also marks the development towards a conception that ecological problems can be solved by using the proper technologies.

In this study, too, there was an implicit assumption in media that restructuring the industrial production of polluting state-owned enterprises and using adequate technologies is the way to handle environmental problems. This line of thinking is characteristic of the reform environmentalists (Shrivastava, 1994), who take a practical and instrumental approach to managing the environment. The approach is seen as problematic for either being anthropocentric (Shrivastava, 1994) or for silencing other discourses about the environment (Prasad and Elmes, 2005).

Purser et al. (1995) claim that an anthropocentric view prevails in our society and nature is important only for purposes of supporting human life and the economic system. The natural world is interpreted in a mechanistic way and predominantly from an economic perspective. This results in a hierarchy of species, where humans are in the top position. Healy (1995) holds that we need to reconsider humans’ relationship with nature and ground it on an ecocentric view. In the opinion of this author, switching from anthropocentrism to ecocentrism will result in repositioning the place of non-human inhabitants and in a more appropriate way to deal with environmental problems.
In conclusion, we can observe how the talk about responsibility to the environment as a business case became dominant and undermined the moral talk. The business case talk coexisted in the last period with the anti-CSR talk because Romanian companies faced financial difficulties in implementing EU environmental norms.

In spite of the evidence suggesting that being green pays off, there are concerns about the ability of firms and their strategies to address the environmental problems at more than a superficial level. Crane (2000) is sceptical about the success of corporate greening because it does not pay much attention to wider phenomena such as limited ecological resources or inter-generational pollution. It is claimed that instead of focusing on these problems, companies are using environmental strategies for their own ends. Impression management or managing legitimacy in relations with the society (Bansal and Clelland, 2004; Neu et al., 1998) have been identified as two reasons for using environmental practices. For Crane (2000), corporate greening would only be beneficial for society if moral changes were to take place within the companies.
Figure 5. CSR themes: firm-natural environment relationship and portrayal of firms' responsible behaviour.
7. DISCUSSING BUSINESS RESPONSIBILITIES TO SOCIETY AT LARGE

This chapter looks at discussions in *Capital* about business and its responsibilities to society. The community in a narrow sense and society in a broader sense can be seen as stakeholders in the firm, although their direct link to the business is not explicitly perceived and acknowledged.

Defining what constitutes a community or a society, whom and what can actually be included in this category is a challenging task. In a narrow sense, one could define community strictly as the residents of a specific local geographical area, such as the inhabitants and the institutions of the village or city in which the firm operates. In a broader sense, it can refer to the entire society or country in which the firm operates.

In this study, society will be analysed in broad terms. No strict methodology was followed and no categorisation of different members of a society that could potentially be considered part of the ‘community’ was done here. The researcher preferred to let the data speak and observe how the texts talk about perceived business responsibility to the wide society, either at a local or national level. The discussions are not remote from the idea that a firm needs to make a contribution or has a role to play in our society. What this role may be is explored here.

The chapter continues with a brief presentation of the empirical material used in the analysis of firm-society relationships. This is needed in order to understand the specificity of the data and why no periodisation was made in this case. Then follow thematic discussions emerging from the data. The analysis concludes the chapter.

7.1 Introducing the data

In attempting to identify what kind of perceived responsibilities businesses were expected to acknowledge to society, no strict approach was followed. The focus was
mostly on articles describing business activities (the ‘profile’ and ‘interview’ sections) in order to understand the most important themes of the discussions and their implications for this research. The research process aimed to achieve a degree of ‘saturation’, i.e. to reach the point when reading the texts no longer yielded anything new for researcher’s understanding. This research approach was preferred because there was no pre-understanding of what responsibility to society may in fact mean in the *Capital* texts.

In analysing the data, no significant changes over the years were actually observed in the talk about firms, their aims, roles and responsibilities. Albeit some changes could indeed be observed, they were not considered significant enough to merit periodisation. Instead of making a periodisation (which would make little sense in this case), it was preferred in this chapter to present several common themes emerging from the texts. The themes represent different ways of talking about responsibilities to society, although in most cases they were not very explicit.

Importantly, there were two types of data in which business responsibilities to society were discussed. One category included texts about the responsibility of businesses to society in an implicit manner. The concept of corporate social responsibility for most of the period was unfamiliar to the Romanian business community. Understanding corporate responsibilities to society in this case relied on texts bringing to the forefront what a business was expected or not expected to do in its operations. In that sense, our interest in CSR was quite closely linked to understanding what is or should actually be the role of a business in society.

The second type of texts discussed explicitly ‘corporate social responsibility’, since starting around 2002-2003 the concept became more popular in Romanian society. Particularly relevant for the ‘explicit’ discussions were a series of texts dedicated to promoting the concept of CSR in Romanian society. These articles started to appear in 2002, when two such texts were published, but became frequent in 2003 and 2004. Some of the texts resulted from cooperation between *Capital* and a well-known international not-for-profit foundation. Hence, eight articles in 2003

51 In any case, the changes observed are explained, whenever they occur, as part of the discussions presented below.

52 To notice that in a really narrow understanding of CSR, articles about sponsorship already appeared from 1993.
and eleven in 2004 focused specifically on CSR, while thereafter the number decreased sharply: one in 2005, two in 2006 and two in 2007. It is mainly on these texts that the analysis of explicit talk about CSR was based. These texts were used in this chapter and not elsewhere, since they interpreted CSR as a contribution to society. While indirectly talking about the subject of corporate responsibilities to other stakeholders, among which those discussed in Chapters 5 and 6 are present as well, the discussions took a broader view. Their focus was not on a specific stakeholder, but on society in a wide sense.

In addition to ‘implicit’ and ‘explicit’ texts, few other articles presented businesspeople’ initiatives in the CSR field as part of their business activities53.

7.2 Talking about corporate responsibility to society

7.2.1 Implicit discussions of corporate responsibility to society: emphasising legal and economic perspectives

7.2.1.1 Playing the business game

It was quite obvious in reading texts in Capital that the prominent interest throughout the dataset was in business and its struggle to identify new ways to grow and increase its profitability. Articles in which the activities of private firms were described reflected concerns for their survival, growth and competitiveness on the market. Capital texts were commonly structured so as to emphasise the development of a firm, i.e. how the firm has grown in terms of economic indicators, employees, size etc. The idea of business growth was not necessarily associated with large companies or multinationals. On the contrary, small firms were the subject of many texts, in which the successful type of entrepreneur was usually the one who achieved firm growth. The quotation below illustrates an example of a small firm producing window blinds, in which the idea of economic growth is well

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53 The texts are mostly part of the Annual Top of Businesspeople produced and published by Capital at the end of each year starting with 2004. Apart from this top, CSR hardly appears as a topic in articles where certain firms are described.
To increase its production rhythm, he had to import two pieces of equipment, which cost 50,000 euros. Currently, the firm reached a number of 70 dealers in Romania, 15 employees and production sites which cover a surface of 250 square metres. Since the firm extended at national level, its turnover increased from two billion lei\textsuperscript{54} in 1999 to 9.1 billion in 2004 and the profit was reinvested each year (no. 6, pp. 24, 2005).

In many texts where the operations of a certain firm were described, there was not much talk about other issues apart from business aims. One can infer from the Capital articles that what was actually expected from a business was to grow, expand its operations into new territories and increase its financial returns. A feeling of pride emanated in presenting successful firms, i.e. those firms that succeeded in economic terms. Developing new products, new ways of selling the products or being innovative, were all highly prized because they lead to business growth. Below is an example representing the case of one small firm which grew because it brought an innovative concept for selling glasses:

Mobile optics\textsuperscript{55} represents more than a method to make more money. [...] “If we want to expand in a new county where we are not present, we send one or two mobile optics teams to open the market. We do not go just to make quickly some money, but to corner the market and have two or three shops” (no. 11, pp. 24, 2005).

For which purpose business growth is in fact needed went very commonly unquestioned\textsuperscript{56}. In most texts, it was sufficient for a business to meet this goal and to continue striving for more achievements. Corporate success was usually measured in terms of profitability and growth.

\textsuperscript{54} ‘Leu’ is the Romanian national currency (plural: lei).
\textsuperscript{55} ‘Mobile optics’ is in this article used to refer to selling glasses using a medical team which goes to the place where the customer is located.
\textsuperscript{56} But see also 7.2.1.2.
The growth approach was frequent, especially in the case of private firms. When it comes to state-owned (former communist) enterprises, the expectations were much lower. Since most enterprises faced considerable financial distress in the aftermath of the societal transformations towards a market economy, most of the *Capital* talk was about survival. For instance, the quotation below reflects the struggle for survival in a meat processing enterprise:

> The firm has not sufficient capital, its debts account for one thousand five hundred billion lei, three times its capital. Its production, of which half is exported, decreased continuously after 1989. [...] Distribution suffers, the marketing system inherited habits from the times when customers were begging for the firm’s products. [...] It is not a small thing that the firm survives still. [...] The fight for survival continues. Now privatisation is being experimented with (no. 27, pp. VIII, 1998).

Instead of focusing on growth, it was assumed that state-owned enterprises should be able to stop financial losses, make their operations efficient and become competitive on the market. Efficiency and profitability were two concepts dominating *Capital* texts, since the general idea was that state-owned enterprises function oblivious of these concepts. For this reason, especially in the early years, there was much talk about the purpose for which an enterprise exists. Changing the mentality of an enterprise as a provider of social services with market economy thinking focused on profit was strongly supported.

To conclude, business aims were strongly emphasised in *Capital* and this was the context in which other discussions about corporate responsibilities to society took place.

### 7.2.1.2 Business aims are beneficial to society: societal growth, employment, meeting customers’ needs

Thinking more widely about the role of business in society, some assumptions seemed to dominate the *Capital* texts, although to a large extent they are not in fact

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57 See more on this at 5.4.2.2
The assumptions emerge and make sense if one looks more closely at the economic context of which *Capital* magazine was a part throughout the period analysed.

The growth concept discussed in the previous section appeared to be so important because it was at times linked with the growth of the national economy. Being profitable meant a contribution to the Romanian economy and this was seen as especially important in the context of the economic problems faced during transition. Growth also appeared to be needed during the process of reconstructing economic institutions to meet the demands of a market economy. The private sector was often perceived as the way to solve the budgetary problems of the country, since most of the state-owned companies were having difficulties in being economically viable. The link between growth and Romania’s economic problems was at times expressed in more explicit terms (e.g. no. 15, pp. 8-9, 2002). Although mostly implicit, the assumption that the private sector is the key to a better society may be the reason why the growth concept was much emphasised in *Capital*. For example, one article concerned with business associations in Romania indirectly talked about growth as the basis for the development of the national economy:

*Business associations are key elements for successfully developing the private sector in Romania and everywhere else in the world. In Eastern Europe, wherever these associations became sufficiently strong to promote their interests and to be listened to by the Government, the entire business environment developed and the economy flourished* (no. 2, pp. 17, 2001).

Firms’ profitability was important since the national budget and the economic development of the country were dependent on it. Concerns were being expressed when the ability of private firms to make a profit was affected, since the budget would have been negatively impacted:

*State-owned enterprises are closed, bankrupt or privatised and the private sector, which represents the basis for balancing out the social insurance budget, does not appear well either. Only few still have prosperous businesses. [...] The few still surviving are hardly able to or cannot keep pace with tax payments* (no. 14, pp. 5, 1999).
An important responsibility appeared to be the contribution to societal development and tax payments were one way of doing this. Indeed, in describing business activities, the amount of taxes paid by a firm was often mentioned. Taxes were part of the overall role of firms in society (although this is not explicitly stated):

Currently, 115 employees are working for the firm, the turnover for the first nine months of the year reached 21 billion lei. At the same time, the firm is a major contributor to the state budget. In the same period, it paid 50 billion lei in duties, VAT and profit tax (no. 43, pp. 29, 2002).

In addition to taxes, as seen in the previous quotation, employment was another responsibility of companies. The development of the private sector and business growth were linked to the contribution of providing workplaces for the Romanian population. This again was a sensitive issue in the context of the financial problems faced by state-owned enterprises. Layoffs due to the restructuring and closure of state-owned enterprises and unemployment problems were a major challenge for Romanian society during transition. Private entrepreneurs were perceived as the ones taking the responsibility to absorb much of the unemployed population. This was of particular importance for small communities, where during communism a large enterprise was the main employer for the local population. The efforts of small entrepreneurs to grow in geographical areas with high unemployment rates were valued for the purpose of providing workplaces for the population.

Because of high unemployment, foreign investors in Romania were also expected to provide workplaces for the local population. This appeared as an important way to solve unemployment problems, when Romanian entrepreneurs were still quite small and unable to provide sufficient workplaces in the early transition. Large foreign investors were especially favoured because of their ability to absorb local unemployment.

Providing workplaces for domestic population was a responsibility which was expected and valued in Capital:

58 The unemployment rate was high during the first two decades after 1989: about 8-9% in most years and with some peaks of 10-11% in 1993-1994 and 1998-1999 (INS, 2008).
One thousand three hundred employees currently work for our company. Among these, only five are foreign. The rest of them are young Romanians who just graduated. We employed them and trained them. The investment made by the company in employees is considerable and the message we wanted to send was that in the Romanian communications field one can work in similar conditions as in Canada, United States and Germany. We think that in this way we helped the Romanian authorities. In spite of reducing our profit (no. 25, pp. 24, 2001).

The aim to reduce unemployment was so important that at times dubious business activities were accepted. The ‘Cut-Make and Trim’ (CMT) system used in the garments industry is such an example. In Western societies CMT system has been accused of making the local sub-contractor dependent on a single firm and of imposing inappropriate labour conditions (see e.g. Hale, 2000; Hale and Shaw, 2001). Much debate has also taken place on CMT as a simple tool to benefit from cheap labour in less developed countries, while not actually contributing to the development of the local communities. In Capital, CMT investments were perceived as beneficial since they provided workplaces to unemployed population in poor regions of the country:

In such a town as Dorohoi, a textile producer such as X is the most important economic unit. It has about 1,150 employees, which receive monthly a net salary of about five million lei in one of the poorest regions in Romania (no. 5, pp. 22-23, 2005).

In addition to tax payments and employment, there was also some interest in domestic resources. In the case of foreign firms especially, using domestic resources was valued because it made a contribution to the Romanian economy. In addition to employees, such resources were, for example, domestic suppliers. Below is an

59 In this system, brand foreign firms have been using Romanian sub-contractors to produce their garments. Garments have been produced with local labour, but with imported materials. Products are commonly targeted at Western consumers.

60 Dorohoi is a small city of about 30,000 inhabitants located in North-East Romania in a region which is considered one of the poorest in the country.
excerpt from an article presenting a foreign brewery company. In spite of different problems, the firm preferred to use Romanian producers for the labels for its bottles:

In Romania, 50% of labels for beer bottles are imported and hence, many local printing houses went bankrupt. Still, the firm preferred to get involved in the activity of its supplier, to help him to improve and gain experience (no. 51, pp. 17, 2000).

When the local resources were not used by foreign firms, it made the subject of Capital interest, too. This was the case, for instance, with the tobacco industry (see no. 45, pp. 33, 2004), where multinationals apparently preferred to use raw materials from abroad. The issue was brought into discussion in Capital and criticised. The same concern for domestic resources was observed when talking about natural resources. Using raw materials in Romanian firms in order to produce products locally was seen as important (while exporting raw materials was negatively perceived).

Another responsibility expected of business concerned products and product quality. Providing products for society appeared to be important, especially in the context of scarcity prevailing Romanian markets in the early years of transition. Not surprisingly, throughout the transition period, Capital texts described firms introducing a variety of products and services unfamiliar to the Romanian society. Companies filling a perceived gap in population needs were portrayed as making a contribution to the Romanian community. Below this kind of approach is exemplified with the case of one entrepreneur introducing a new technology to the Romanian population:

In addition to creating 90 new workplaces, the investment in X also meant introducing modern technologies for producing windows and doors, which are more aesthetic and more resistant and even more ecological, since all the

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61 Most of the products for the population during communism hardly met basic needs (Lascu et al., 1993). Products in the early transition were considered inadequate in terms of quality, technological improvements and design. Romanian market was seen as a major opportunity to introduce a wide range of products and services which did not exist at all during communism.
Product quality was a subject which was constantly visible in *Capital* texts but in discussing it, the approach was mixed. On the one hand, providing quality products to customers appeared a responsibility in the sense that violating safety requirements, for instance, was not tolerated. The same applied to products which, due to their poor quality, did not function properly or did not meet the expectations for product lifetime, for example. Other expected responsibilities concerned transparency (accurate labels of products, following regulations about customers’ rights to information).

On the other hand, product quality appeared to be very dominantly used as a precondition of corporate success. In order to have a successful business, the needs of customers have to be met. One of the most significant requirements appeared to be product quality. For this reason, in many descriptions of companies’ activities product quality was seen either as an aim or as a way to achieve profitability.

To conclude this section, business activity was commonly perceived as making a contribution to Romanian society and from this perspective, business responsibilities consisted of paying taxes, providing workplaces for the Romanian population and offering customers new quality products.

### 7.2.1.3 *Meeting legal demands was a necessity*

A number of legal aspects related to business pervaded the texts in *Capital*. There were strong expectations about compliance to legal responsibilities. Some of the aspects have been already covered in the sections dealing with employees and the natural environment and will not be further discussed here.

Legal issues, i.e. the obligations if business to comply with the Romanian legislation usually referred to basic responsibilities, such as functioning legally, paying taxes and not cheating customers. These discussions could be observed in two different kinds of texts.

First, the texts describing firms’ activities (‘profile’ and ‘interview’) usually provided examples of businesses which have been willing to follow the legal path and which apparently incorporated responsible thinking into their strategic
management. These firms were seen as models of positive behaviour and a feeling of pride seemed to emanate from the texts. Legal responsibilities were dominantly those mentioned in these descriptive articles and other responsibilities appeared to be optional or discretionary.

Second, there were a large number of articles reporting cases of illegal practices. Firms were described as breaking the law either by not paying taxes or by being insolent in the relationship with customers. Other legal issues were frequently debated, albeit not directly related to business responsibilities to society\(^\text{62}\). Below two examples are provided. The first one talks about night clubs in general and the other one about a certain firm from the tourism area:

\[\text{Some sources informed us that in addition to legal sources of profit (entrance fees and products consumed, which are registered in accounting records), there are clubs gaining money from tax evasion. “On the one side, there are no tickets given at the entrance or they are reused and on the other side, drinks are bought from, say, Carrefour for one leu 50 ml., and it is sold for 5-6 lei, while the difference is not recorded anywhere”, explains one barman (no. 16, pp. 24-25, 2007).}\]

\[\text{The firm, one profitable tourist time-share company, has been investigated by the economic crime police, this spring, because it didn’t pay its taxes. […] the period of unpaid taxes was 1996 – 1997, two years when the profit made was freely transferred outside the country (no. 30, pp. 8-9, 1998).}\]

Interestingly, while being blamed on the one hand, quite frequently a feeling of sympathy was expressed since several factors were constantly perceived as hampering business activities in Romania, among which unstable and unclear legislation and high taxes were the most common ones.

The legality of the relationship with the consumer was also constantly under scrutiny and deviant cases were frequently reported on the front page. In some

\(^{62}\text{E.g. issues which relate to business partners as stakeholders: illegal competition, breaching contractual stipulations (not paying suppliers, delays in delivery of products, cheating business partners etc.). These aspects were described as impediments to the activities of honest firms.}\)
cases, insolent behaviour towards customers appeared to be a widespread phenomenon in a certain field of activity, as it was the case with taxi drivers, auto trainers, the food industry or commercial activities, to mentioned only a few. The cases were brought to the forefront for different reasons: misleading the consumer (providing consumers with false information about the product/service that is being sold), not providing the product/service that has been paid for, the product or service threatened the consumer’s health or life etc. These practices were not tolerated and generated debates in Capital.

7.2.1.4 Switch in interest from ‘human-face’ small entrepreneurs to large companies and economic jargon

While not specifically in the focus, some discussions did appear at times about responsibilities that are non-legal or non-economic. In fact, these were hardly seen as responsibilities but rather as a way to give back something to society or simply as a desire to do something good for the community. Such actions were mentioned in describing business activities or cropped up during interviews, although in most cases these discussions were not the main topic of the article. For instance, in one article (no. 50, pp. 16, 2000), sponsorships to one football team supported by the entrepreneur was mentioned among different other activities in which he was involved (electronics, motors, tourism etc.). Doing something good for society commonly referred to sponsorship for sportive and cultural events, helping disadvantaged people or educational projects.

Some changes could be observed over time in the topics discussed in the Capital. While the texts were dominated throughout the dataset by business-related discussions, a ‘human face’ of firms was revealed more in the early and mid-period of the dataset. This could be seen in the topics discussed (charity actions were quite frequently mentioned in the early years of the transition), and also in the general approach. In the early period especially, descriptions of business activities focused to a large extent on small entrepreneurs. Their business usually employed a small number of employees and was centred on one specific activity. In many cases, the entrepreneur was presented as manifesting a feeling of care and attachment to the firm, which seemed to be perceived as a personal achievement or as a contribution
to society and not as a business *per se*:

*I think this business will fill my life and will give me more satisfaction than any fleeting love affair could. I want to be a human businessperson, not one that, accumulating more money, gets on a pedestal and considers herself the centre of the universe. Let’s not forget that there are people who need our help* (no. 3, pp. 9, 1994).

*This business did not start from the idea of making money. Of course we need to prosper, but it is important that we bring these games [LEGO games for children] to the Romanian market* (no. 24, pp. 8, 1994).

Considerable attention was paid to businesses which by their nature addressed cultural and human aspects. To exemplify, art, music and culture in general, libraries, restaurants and the like which combine business with culture, arts and crafts are some of the activities which can hardly be treated as pure business. In the texts the discussions were not solely about the firm *per se*, but about activities which aim to fill the spiritual needs of human beings. Below is an example of how the relationship between a small firm (a library) and its owners was described (by its founders):

*For them, the financial side is a secondary aspect. At ‘Noi’ there are people who love art and books in general. We have gained huge satisfaction from hearing that our library is considered as a home. ‘Acasa la noi’ are words used by those who come here. It is an important achievement for us* (no. 19, pp. 8, 1994).

The focus switched gradually during the transition and in the late years of the dataset, the approach and the language in general were different. The human face of business and the human needs as an aim of business were no longer considered

63 ‘Noi’ represents the name of the firm, which can be translated as ‘Us’.

64 Words game combining the name of the firm, but which could be translated as ‘At home, to our place’.
much and disappeared almost completely. In most cases, the economic vocabulary
dominated the writing and the main interest was in a description of a firm
developments: turnover, profitability, geographical expansions etc.

Furthermore, less space was dedicated to small entrepreneurs, while large
corporations, in many cases multinationals, were in the spotlight. Their operations
and achievements were described in detail and great attention was paid to the
development of financial performance. Following the same line, a change could be
observed in the sense that in many cases Capital texts concentrated more on
developments in a specific field of activity than on a certain company\(^65\). The same
economic jargon was visible in Capital texts, centring on economic developments
and financial indicators.

### 7.2.2 Explicit discussions about CSR: discretionary responsibilities emphasised

In this section, the texts explicitly making reference to the CSR concept will be
analysed. Overall, the concept itself was not consistently talked about. This resulted
in a rather ambiguous and unclear use of the concept. A number of other concepts
were continuously mixed with or used as synonyms for corporate social
responsibility. For instance, talking about CSR referred at times to voluntarism,
sponsorships and donations, charitable projects, social marketing or corporate
citizenship. Likewise, distinctions between related concepts such as voluntarism and
charity, sponsorship and charity, social responsibility and philanthropy and social
responsibility and sponsorship were not clear in the texts. Voluntarism was defined
as a tool for long-term corporate strategy, while charity was an instrument for public
relations, reputation and promotion. The distinction between charity and
sponsorship, social responsibility and philanthropy, and social responsibility and
sponsorship was made in terms of motivation, i.e. strategically or altruistically
driven. Inconsistencies also appeared at times, as in the case of sponsorship, which
was defined as either an altruistic action by a company or a strategically oriented

\(^65\) Accordingly, the name of sections in Capital reflected this change in focus. The ‘profile’
section was less prominent in the late years of the dataset, replaced by other sections such as
‘business’. 
Early texts in 2002 and 2003 particularly looked for ethical reasons in justifying the responsible behaviour of companies. Different meanings were associated with the idea of behaving responsibly. One of the very early articles talked about CSR as a moral obligation to society and a need for the company to be involved in the local community:

In developed countries there is already a genuine culture which is called corporate social responsibility. What does it mean? The concept refers to the idea that large companies which operate in one country must have a social vocation. Practically, it means that large companies, after making profits, have the moral obligation to be involved in social projects that support the local community or some disadvantaged categories of the population (no. 43, pp. 6-7, 2002).

In other articles, behaving responsibly was related to giving something back to society, to actively responding to the needs of the local community and even solving some of its problems. In many cases, the texts relied on descriptions of business initiatives and business people were the main data source. The descriptions apparently lacked an instrumental purpose and implicitly seemed to suggest that a company should contribute to the community in which it operates by involvement in social projects.

The altruistic approach was dominant in 2003 but changed slightly in 2004, when new ways of defining corporate social responsibility emerged. It seems that involvement in social projects was the right thing to do since the benefits for the local community were the focal point. For instance, one article (no. 33, pp. 23, 2004) talked about the problem of insufficient housing for the population and the help that companies can provide in this respect. The achievements of several companies and the impact their actions had on the lives of those for whom houses were built were described in detail. But the article also discussed the advantages that a firm can enjoy when getting involved in charitable actions. It is difficult for the

66 This is not to say that the business case was absent, but only that most articles did not seem to have an interest in talking about the benefits that a company can obtain from behaving responsibly.
reader to understand whether there was a social need to which firms were responding or whether there was simply a business opportunity, which had to be exploited.

The business view was quite explicitly expressed in other texts in 2004 and a wide spectrum of reasons for which a company should behave responsibly was presented. Some articles specifically made reference to increase in sales and profitability. It was explained that higher profits are obtained if the firm responds to the consumers’ ethical expectations:

A European study revealed that 70% of consumers prefer the products and services of companies involved in solving social or environmental problems. The same study shows that almost half of the consumers would be willing to pay more for the products and services of a socially responsible company (no. 13, pp. 18, 2004).

Other articles talked about social responsibility as a strategy to gain competitive advantage and to create an identity of one’s own products on the market in conditions of ever-increasing competition:

In the context of tougher competition between large companies, involvement in solving the problems faced by the community or customers helps companies to construct an image of themselves as members of a community which is sensitive to citizens’ problems (no. 43, pp. 24, 2003).

Linked to the idea of better positioning products on the market came another meaning of social responsibility, which was defined as an alternative to the classic publicity. Since the classic advertisement no longer delivers the results expected, CSR was seen as a way to have a more efficient publicity. The impact on consumers appeared to be greater and the costs lower:

Sponsorship, as part of social responsibility, is no longer defined as a philanthropic action through which you give something in return to the community where you operate, without expecting anything in return. But it is a business, which brings you more credible and cheaper advertisement (no. 40,
The aim of CSR would be to communicate a message to a targeted audience. The message should be formulated so as to increase firms’ sales. For this reason, social responsibility here was disconnected from any ethical drivers of involvement in the community and did not have anything to do with the idea of responding to societal needs. It merely became a service for which a firm pays:

*To make sponsorships does not mean to throw money out of the window, but to pay for getting a positive image, which is reflected in sales. Hence, the first thing a manager should seek for when getting requests for sponsorships should be the services offered in return* (no. 40, pp. 39, 2004).

Image, reputation, being perceived as a good neighbour or a good citizen were all reasons used in *Capital* texts to show that by being good, a firm will also do well.

The strategic view associated with CSR was apparent in some texts discussing employee voluntarism as a way of teambuilding and socialisation. In involving employees in communitarian actions, it was expected that they would socialise with each other and communication within the firm would improve. This would result in increased motivation and efficiency and better outcomes for the company. It was also suggested that employees might acquire a sense of pride because of working for a responsible company. Social responsibility may be interpreted from this perspective as a simple tool for making employees loyal to the firm in times of a shortage of workforce on the market and high turnover inside companies.

Most of the articles in 2004 and those until 2007 seemed to suggest that giving something to the community needs to be economically motivated. One article in 2007 (no. 48, pp. 1 and 8-9), which observed the increase in the sponsorship phenomenon in the Romanian business community, was actually specifically concerned about finding the motivations for which Romanian businesspeople engage in these actions. A variety of reasons were examined, ranking from fiscal benefits to a narcissistic attitude, in seeking to find a logical and reasonable explanation. Some of the reasons identified proved to be unfeasible and accepting the idea that sponsorship can be made ‘from the heart’ appeared to be problematic.

An interesting nuance of the business case was discussed in some texts. The distinction between domestic and foreign companies was emphasised in a similar
way as in the case of employees as stakeholders. Foreign firms were seen to take care of their relationships with society in a proper way, while domestic ones did not. Foreign firms, which engaged in society for strategic reasons as part of their long-term business aims were compared with the Romanian firms. The latter were seen as being altruistic in their actions, which was not the right path to follow. To exemplify, in one article (no. 45, pp. 19, 2006) the distinction domestic-foreign was highlighted and social responsibility and charity were seen as distinct concepts:

The first major difference between the CSR programs of Romanian and European companies is integrating CSR into the business strategy. [...] In Europe, but I would also mention the U.S.A. and Japan, large companies have a clear position of CSR in their business strategy, which is a way to meet long term corporate objectives. [...] Even if the business sector started to pay more attention to this field, in Romania sponsorships are still thought of as charity actions (no. 45, pp. 19, 2006).

Domestic firms were condemned for interpreting corporate social behaviour purely altruistically.

To recap, this section looked at texts explicitly concerned with the social responsibility of business. The texts proved to be of particular relevance for this chapter since most discussions were about the relationship of business with the society. While a number of ways of defining CSR were identified, the approach remains narrow in interpreting corporate social responsibilities as corporate involvement in the community. Firm involvement in the community takes different forms: donations, sponsorships, community projects, voluntarism, and many examples of projects carried out by domestic or foreign firms were found in Capital. But they related only to the discretionary activities that a company may be willing to undertake.

7.3 Summarising and analysing findings

This chapter looked at discussions in media about the phenomenon of corporate responsibilities to the Romanian society, which referred in this research to a wider
contribution of business to society and its role therein, rather than the sum of firm relationships with stakeholders.

The next paragraphs will first synthesise the main findings, on the basis of Carroll’s approach. After that, the findings will be analysed taking into account the societal context from which the empirical data was gathered.

In terms of Carroll’s approach, a predominance of economic and legal expectations from business can be observed.

Pursuing basic business purposes (profit, growth) was constantly assumed to be the most significant responsibility. Playing the business game had to do with the role of a business in society. This role was not explicitly articulated but emerged from the media texts as a whole. Being able to successfully run a company implicitly meant a contribution to Romanian society, consisting of taxes paid to the Romanian state and workplaces for the unemployed population. It was assumed that once these conditions are met, economic recovery and growth will follow. Furthermore, businesses were seen as important for their role in filling gaps on the market and for providing needed products and services to Romanian society. Economic responsibilities were complemented by legal ones. Violating regulations was harshly sanctioned in the data. Tax evasion and cheating consumers or not paying attention to their needs and to their safety were aspects not tolerated.

Discretionary responsibilities, consisting of voluntary non-business activities for the benefit of the community were also discussed in the empirical material of this study. This responsibility was expressed both in implicit and explicit terms and the way this was talked about changed over time.

Taken as whole, interest in the responsibility of business to the society can be seen as rather episodic. This can be observed in the overall attention of the subject in the data, with inconsistent and narrow discussions. Most discussions related to economic and legal responsibilities, which remained dominant over the years. An exception to this was the period 2003-2004, with an abundance of articles in which discretionary responsibilities were strongly emphasised. The episodic interest in the topic was perhaps due to temporary cooperation with an NGO. Once this cooperation stopped, the interest in this subject vanished, too. Outside the space dedicated to this series of articles, there was little interest in the topic. Discussions about CSR did not figure much in articles describing firm activities.

In Western countries, legal and economic issues in the business world seem to
dominate, too. In spite of this, Sudhir and Murthy (2001) claim that paying more attention to ethical aspects would improve relationships with stakeholders in general and bring human values into business. Likewise, it is contended that discretionary actions can be seen as one way in which business contributes to society (Carroll, 1979).

We move now to discuss the most important ways of talking about corporate responsibility to the society in the empirical material of this study. Two major ways of talking seemed to dominate the media texts.

In the early years, business involvement in the community appeared as a way to give something to society, to contribute to its development but also to provide help when needed. In talking about discretionary activities, apparently no other aim than to do something good for society was taken into account. A similar way of talking appeared in the early discussions about the CSR concept in 2002-2003.

The approach according to which social responsibilities were interpreted as a contribution to Romanian society is grounded in the ethical drivers of CSR conceptualisation. This line of thinking considers the firm as an entity which has to give something in return to the society in which it operates or having a moral duty to be involved in the local community (McGuire, 1963; Fergus and Rowney, 2005a). In the empirical material of this study, a moral perspective seemed to be supported in the early years, when doing something for society was justified as being the right thing to do. This talk frequently referred to small entrepreneurs, who seemed to have integrated ethical responsibilities into their activities. Sponsoring different events taking place in the community or helping some disadvantaged sections of population were often presented as altruistic behaviour. Local culture also seemed to be important in media discussions. Relying on local resources or promoting the Romanian image abroad, for instance, were ways in which businesspeople could support Romanian society.

The moral talk diminished in importance over the years and in the late years of the dataset was replaced by a strong business case view. Interest in pure business growth, profitability and strategies for increasing market share replaced the more humanistic way of talking about small entrepreneurs, which was important in the early years. This change affected the way the relationship between firm and society was perceived. Since media discussions mostly related to economic indicators and the emphasis was on business growth, little space was dedicated to discussing other
aspects. Discretionary responsibilities were also increasingly linked to business strategic purposes and there was a great deal of talk about the benefits to be gained by firms. This was particularly the case in CSR articles starting with 2004, where the concrete arguments for which a firm should be involved in the community were sought for. In fact, the moral way of talking about CSR was contested in this period, since being philanthropic without a strategic aim was interpreted as an inappropriate way of doing business.

The change in the way of talking appeared to be connected to the type of firms in the focus of the media discussions. Small entrepreneurs were commonly portrayed as being more mindful of societal needs. Their charity actions seemed to have started for ethical reasons and not economic ones (e.g. tax exemption). In many cases, small firms appeared to be created in response to a spiritual need and not treated as a money-making machine. Large corporations also benefited from a positive image, especially in those ‘explicit’ texts about CSR. But their actions were more aggressively presented and the link with public relations, reputation and profitability was obvious.

From the analysis above we can observe a change from the moral to the business case kind of talking in the empirical material of this study. The media gradually narrowed down its interpretation of the role of business in society. The contribution of business as job provider, taxpayer and force leading to economic growth was present but in an implicit manner. But apart from that, a wider role for business was not usually discussed in the data of this study.

In business practice and academia there is an increasing interest in perceiving firms as integrating parts of society and as actors that play an active role in enhancing societal betterment. Fergus and Rowney (2005a) hold that the role of the business in society has to change because the customer-business relationship is now

67 This is not say that the goals of profit-maximisation and growth were absent in the talk about these firms but only that when it comes to the local community, more sensitivity was shown to its problems and needs.

68 One small entrepreneur mentioned that her business is like a child to her (see no. 47, p. 36-37, 2002).

69 This is also valid in the case of Romanian entrepreneurs, whose businesses have grown so much that nowadays they possess a group of large firms. Very often these groups consist of companies operating in different industries or fields of activity.
different. The purpose of business extended from fulfilling customer needs to create needs and shape societal values. For this reason firms have more responsibility for their actions in society. Andrews (1989) argues that ‘defining the purpose of a corporate as exclusively economic is a deadly oversimplification’. This view is complemented by other scholars claiming that companies are increasingly expected to change their focus from profit-maximisation to a creative contribution to the community (Miller, 2005; Spiller, 2000). Being involved in the creation of social capital has been seen as one way to engage with the local society and take into account its interests (VanSandt et al., 2009). McGuire (1963, pp. 144) claims that firms “must take an interest in politics, in the welfare of the community, in education”. Hemingway and Maclagan (2004) talk about the role of business in promoting human rights and sustainable development. As part of a sustainable firm Stead and Stead (2000) mention dialogue and fulfilment of human spiritual needs as part of the business purpose. Warhurst (2005) and Jenkins (2005) identify changes in the societal expectations towards the need for the business to address societal problems, such as poverty or environmental degradation. For the purpose of alleviating societal problems and achieve a more sustainable society, businesses are expected to work in partnerships with civil society (Loza, 2004).

In spite of discussions in Western societies about the wider role of business, media texts analysed in this study followed the opposite trend and increasingly adopted an economic language that supported a business case for corporate responsibility. The moral talk received less and less attention and was at times even dismissed.
8. DISCUSSION AND CONCLUSIONS

This dissertation analysed the phenomenon of corporate social responsibility to three stakeholders (employees, natural environment and society) in Romanian business media. This chapter presents the major findings of the dissertation and discusses them in the light of theoretical ideas in the scholarly literature. Discussions focus on the main implications of the findings and their contribution to scholarly research.

The main aim of the dissertation was to look at the discussions about the CSR phenomenon occurring in business media texts. Thus, we start in 8.1 by looking at how the social responsibility of firms in Romania is generally defined in the business press. The theoretical implications of the media definition of responsible behaviour are examined in light of Carroll’s approach. The first research question of the dissertation is: ‘how were corporate social responsibilities towards stakeholders discussed in the Romanian business press’. In 8.2 we report the major findings answering this question. The section is structured to reflect discussions of CSR towards the three stakeholders analysed in this study: employees, the natural environment and society. In 8.3 we present the findings in answer to the second research question of this dissertation: ‘how discussions in the Romanian business press about corporate social responsibilities developed over a long period of time and how were they linked to societal transformations?’. After that, the contribution of the study to the CSR literature is discussed in 8.4. In 8.5, the findings of the dissertation are discussed in the context of earlier CSR research in Eastern Europe and the main contributions to this literature are presented.

8.1 Discussing and defining CSR phenomenon in Romanian media press

Corporate social responsibility is defined in the literature and in practice in many different ways and accordingly, the concept remains controversial (Votaw, 1972;
Campbell, 2007; Okoye, 2009). In this study, too, there was no unambiguous way of defining the concept. Examining the talk about the phenomenon of corporate social responsibility to stakeholders, two major ways of defining it appeared to dominate the Romanian business media.

The first definition relates to the ‘minimum requirements’ (Campbell, 2007) that each business is expected to meet. Minimum requirements mean not causing harm. In this research, responsibility was frequently considered to be the behaviour that does not negatively affect stakeholders. Since in many cases the legislation sets the minimum expectations, the ‘minimum behaviour’ definition overlapped frequently in this research with the legal responsibilities of firms. The ‘minimum behaviour’ definition was discernable in the case of all three stakeholders analysed and represented the lower limit under which irresponsible behaviour begins.

In the employees’ case, corporate responsibility was interpreted in terms of not-violating employees’ basic rights (such as paying a legal salary or avoiding unpaid extra work). For the natural environment, legal norms set the limits for responsible behaviour. As for the society, practices such as product quality and safe products or paying taxes were seen as minimum requirements for corporate responsibility.

The second way of defining responsible behaviour was in terms of compliance with Western business practices. In the employees’ case, human resource management practices from the Western countries were promoted in the media and responsible firms were those that were able to adopt them. Irresponsibility in this case was defined as non-compliance with modern practices of managing the relationship with the employees. In the natural environment case, exploiting business opportunities in the field of environmental protection represented responsible behaviour. As for the society, a responsible firm was commonly seen as a successful firm in economic terms, i.e. a firm that is able to grow and expand into new markets. The Western model of corporate success represented in this case a model for defining responsible behaviour.

Defining responsibility in terms of ‘compliance’ supports an economic perspective on CSR, according to which behaving responsibly bring benefits to the firm (Salzmann et al., 2005; Orlitzky et al., 2003; Siegel and Vitaliano, 2007). The study at hand found increasing talk over the years about an economic and instrumental way of defining responsible behaviour.

The ‘minimum requirement’ and the ‘compliance’ definition of CSR are
important findings of this study. In terms of Carroll’s typology, a preponderance of legal and economic responsibilities can be observed in the dataset of this research.

Legal and economic dimensions of corporate activity are oftentimes assumed to be non-voluntary and for this reason considered to have little or nothing to do with corporate social responsibilities (e.g. Davis, 1973; Manne and Wallich, 1972 cited in Carroll, 1979). While the controversy over the voluntary and non-voluntary nature of responsible behaviour continues, many scholars include legal and economic aspects as basic requirements to be met by companies (Carroll, 1979; McGuire, 1963; Davis, 1960). For Carroll, and for other scholars too, the legal and economic dimensions of corporate social responsibility appear to be quite prominent. For this reason, Carroll’s CSR pyramid represents them graphically in a way that gives greater space to these responsibilities than to ethical and discretionary ones. The results of this dissertation also confirm that economic and legal aspects of corporate responsibility are given the most attention.

The scholarly literature points out that discretionary and ethical responsibilities have little significance in managerial practice. Empirical studies performed in different contexts suggest that economic and legal responsibilities commonly prevail over ethical and discretionary aspects (see e.g. Aupperle et al., 1985; Chen et al., 2008; Fülöp et al., 2000; O’Dwyer, 2003; Belal and Owen, 2007). In spite of this, there have been calls for a better integration of ethical and human values into business (Sudhir and Murthy, 2001; Barlett and Preston, 2000). Sudhir and Murthy (2001) claim that adopting non-business values in current companies would require major and radical transformations.

8.2 CSR discussions towards stakeholders in the business press. Setting the agenda for CSR

In this section we look at CSR discussions regarding stakeholders in the Romanian business press70, representing the first research question of this dissertation. We

70 The conclusions presented here generalise the findings from Capital and refer to the ‘Romanian business press’. It is acknowledged that there are limitations in so doing. However, in terms of audience, market share and reputability, the magazine represents a major actor in business press, especially in early and mid transition.
focus on CSR topics analysed in empirical data and we demonstrate that a selective approach was used in the texts. Certain topics were discussed more extensively, while others were not addressed at all. In the next paragraphs examples emerging from the empirical analysis of this dissertation are provided. In doing so, we provide evidence that media as an institution are able to set the agenda for the public, deciding the issues to be discussed and the issues to be ignored (Chen and Meindl, 1991; Price et al., 1997; Terkildsen and Schnell, 1997). At the end of this section we will look at how the business press sets the agenda.

8.2.1 Discussing business responsibilities to employees

In the case of employees, the topic of training and education was the most discussed topic in all three periods analysed. Training and education are generally accepted as part of business social responsibilities to employees (see for instance GRI, 2006; Zéghal and Ahmed, 1990). Scholars also agree that training and education represent strategic aspects for the firm (Storey, 1989). Training employees not only improves skills and aptitudes but also motivates employees. It is one of the tools that help a company to create an identity with which employees can identify (Ogbor, 2001; Mael and Ashforth, 1992). It has also been found that training and education make employees feel more committed to a company and their loyalty and commitment to their work increase (Barlett, 2001; Reichheld, 1996). Research shows that motivation and commitment to work are positively linked to employees’ performance (Becker et al., 1996). In addition, training also plays a role in increasing a company’s reputation (Clardy, 2005). Thus, scholars in human resource management literature commonly acknowledge that training employees is no longer optional for a firm, but vital for its survival, growth and competitive advantage.

Other important topics included tools and strategies for contributing to increased efficiency, performance and corporate success. Taking care of employees’ wellbeing was a way to achieve these goals.

Next, we will look at employee-related aspects to which media pay little attention. There were few expectations from companies about these aspects, which were then missing themes or discussions.

Concerns about discrimination at work and providing equal opportunity to
employees have been expressed at international and European level (UNDP, 2007; European Commission, 2008). The UNDP reports show that the role of women in the present society, even in Western countries, is still limited compared to men’s position. In addition to gender discrimination (Kamenou and Fearfull, 2006), corporate practices in terms of equal opportunities for ethnic minorities and disabled people have also given rise to concerns (Adams and McPhail, 2004; Adams and Harte, 2000). These problems apply to the post-communist countries in Eastern Europe, too. In spite of being long under a centralised system that offered equal opportunities to men and women, it has been found that changes taking place during the transition period eroded equality and reinforced gender discrimination (Metcalfe and Afanassieva, 2005; Degtiar, 2000). In Romania, too, factors such as high unemployment, lay offs and low level of salaries contributed to a change in women’s status in society and on the labour market (Oprica, 2008). Paternostro and Sahn (1999) identified wage differentials with the average hourly wage for males 27% higher than for women in urban areas and 82% in rural areas.

There are also problems with ethnic discrimination, especially concerning Roma population. Employment of Roma is problematic and a negative perception about the Roma is widespread among Romanian mainstream population (European Commission, 2008; Peltonen, 2010; Barany, 1994) and accordingly, among employers. Romania is considered to have one the largest Roma minorities in Europe, estimated to account for about five hundred thousand people (INS, 2009), which is about 2.5% of the total population. Employment of Roma population at European level has always been problematic and the European Union has expressed concerns about persisting discriminatory practices in all countries where this minority lives (European Commission, 2008).

In spite of the problems with discriminating practices, very few articles in the media addressed them. Most of the talk about discrimination was interested mostly in discrimination against women. Even so, discussions were general about women’s position in society and at the workplace, with few examples of business practices. In the case of the Roma, discussions about Roma employment and potential discrimination against them at work were almost completely absent. A single text talked in a positive manner about the issue, concluding that discrimination against Roma was diminishing and entrepreneurs were willing to employ them. No discussion took place about the rights of disabled people and employers’ attitudes
towards this population group. The same is valid for the human rights of children. Although briefly acknowledged, talk about the widespread phenomenon of child labour in Romania was mostly absent. Economic problems during transition were considered to be the driver for many families to allow their children to work at young ages. However, no further debate took place about this phenomenon.

The topic of health and safety was an important one from the perspective of CSR (see GRI, 2006). Nevertheless, problems about the health and safety of employees were discussed only occasionally in the media. In spite of problems with accidents at work (see INS, 2008), little talk took place in the media. The responsibility was often deflected from the businesspersons to the legislation, because legal norms were considered inappropriate for encouraging firms to be active the field of health and safety at work.

8.2.2 Discussing business responsibilities to the natural environment

Discussions about the responsibilities of business to the natural environment were fragmented throughout the dataset, with some topics being prominent and others completely absent.

In the first period, some articles talked about the quality of the air, soil and water and about the state of the planet in general. The last two periods concentrated mostly on those environmental issues that can benefit business. Recycling was one such activity which received considerable attention.

Recycling was presented in the empirical data of this study as a desirable activity that contributes to a reduction in the depletion of natural resources. However, the environmental literature points out that there are negative aspects related to recycling activities: they are energy-intensive and involve the consumption of different raw materials (Gray and Bebbington, 2001). Although considered to be an indispensable activity of today’s society, recycling has environmental impacts, too. Scholars have also suggested that recycling is indeed one solution but it is not sufficient to solve environmental problems. Cooper (2009) shows how the idea of recycling was used by policymakers in the U.K. as the solution to environmental problems and as a way to avoid the need to challenge the consumer patterns generating the waste. In the empirical part of this study, too, recycling served as a
way to reinforce the *status quo* and the problematic aspects of over-consumption generating waste were not discussed.

The concept of waste has two dimensions in the environmental literature (see Gray and Bebbington, 2001). First, waste has a human/economic dimension, which can be conceptualised as ‘wastefulness’. It refers to a phenomenon of over-consumption of raw materials and products but also to the management of industrial waste and discarded products. Second, waste has an ecological dimension, which refers to the idea of ‘pollution’ in a wide sense, i.e. the difficulties that waste poses for the biosphere and for its ability to continue functioning.

In the data of this study, there was no discussion about the second conceptualisation of ‘waste’ but only about the human/economic dimension of waste. In this latter case, the discussions focused only on the idea of managing the waste.

The selectivity of topics discussed in the empirical data of this study provides support for the ‘technocentric’ view of the relationship between humans and natural environment (O’Riordan, 1981; Adams, 1995). According to the technocentric view, it is believed that technology represents the means to solve environmental problems and nature can be managed through a rational and planned approach. The Romanian media focused on technologies, too, and on investments to be made for implementing technologies in polluting companies. The talk about ‘green’ products and services gaining prominence in later years of transition also reinforced the technocentric perspective on the natural environment. Ecological products and services are interpreted in the literature from a strategic perspective, as one strategy that can do good for society while being beneficial for the firm (Hart, 1997). The technocentric view also links with an implicit assumption that free market forces are able to adapt to environmental changes and to provide solutions to environmental dilemmas (e.g. Anderson and Leal, 2001).

A technocentric perspective on the relationship between humans and nature has been found to be insufficient and inadequate to alleviate environmental problems. Healy (1995) notes that the technocentric view, which is inherently linked to an anthropocentric view of the world, values science and technology too much. In Healy’s view, controlling nature with the use of technologies legitimises the exploitative relationship of humans with nature.
8.2.3 Discussing business responsibilities to society at large

Printed media discussions about the role of business in society placed much emphasis on the economic contribution of companies. Profitability, i.e. business ability to provide earnings to the entrepreneur or investor, growth, providing products and services were the most important expectations of companies. This finding provides support to the underlying assumption in the economics literature that the role of business is to create value, especially in a monetary form. This perspective is consistent with Friedman’s view on the role of business in society. He believes that maximising profitability while complying with legal regulations should be the only responsibility of business.

The role of business in society has been discussed departing from theories of the firm, i.e. defining what a firm is and what its aims are (e.g. Friedman, 1970; Donaldson and Dunfee, 1994; Näsi, 1995; Knippenberg and de Jong, 2010). Stakeholder theory (Näsi, 1995) extended the purpose of business from being shareholder to stakeholder-centred. In addition to making a profit, the firm needs to put stakeholders at the core of its strategic thinking. Stakeholders’ needs and expectations have to be taken into account for the firm to survive. Another theory that looks at business in a wider sense is the social contract theory (Donaldson and Dunfee, 1994). According to this theory, a firm functions according to an unwritten social contract with members of the society. The contract stipulates the firm’s aims as well as the terms and conditions under which the firm is allowed to function. If the terms and conditions of the contract are violated, society can withdraw the firm’s licence to operate. The corporate citizenship perspective of the firm (Altman and Vidaver-Cohen, 2000) also brings into the discussion the idea that companies have obligations in society similar to those of human beings. Matten et al. (2003) and Matten and Crane (2005) extend this view by claiming that companies have already stepped in and are active in areas where state institutions failed to protect the rights of citizens.

The theories mentioned above suggest that the role of business in society is expected to be greater than Friedman’s view. In practice, too, companies have started to reconsider their relationship with society and become accountable for a wide range of aspects that go beyond the contribution to the bottom line. An increasing number of companies are adopting international voluntary standards for
responsible behaviour in their managerial and reporting practices (e.g. Global Compact, OECD Guidelines for Multinational Enterprises, Global Reporting Initiative).

This study found that media talk became increasingly focused on economic and legal aspects, while broader discussions about the role of companies in society were fewer. The negative consequences of business activities and their implications for society received little attention. The most eloquent example consists of business activities which, by their nature, are irresponsible. The tobacco industry for instance, was presented mostly in financial and economic facts and concerns were expressed about the possibilities for growth in this industry. This is the case of Romanian tobacco farmers and producers of cigarettes but also of MNCs. Their activities were not seen as problematic for society. When tobacco companies were involving in communitarian actions, there image was portrayed in a positive manner, as a good neighbour, which helps society. The nature of activities in tobacco processing firms was not discussed.

One more example of the selective approach of the printed media relates to the subject of social entrepreneurship. One interview with a foreign entrepreneur presented a different way of seeing the role of a company in society. The idea of emphasising profit as the main purpose of a firm in this text was questioned and the interviewee supported a conceptualisation of a business as an entity which meets the needs of society and helps to alleviate its problems:

*People increasingly understand that problems are not solved through governmental intervention or technology, and that traditional ways do not give any result. Social entrepreneurs understood that and are working to solve social problems. I believe that their success or failure will determine our evolution as a species in the next century* (no. 8, pp. 10, 2004).

In the scholarly literature, an entire body of research is dedicated to social entrepreneurship, research which partly intersects with the mainstream CSR literature. Social entrepreneurship is seen as an alternative to conventional business

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71 Some of the negative externalities were discussed in 8.2.1 and 8.2.2 and for this reason will not be mentioned here.
and an attempt to adjust the capitalist economic systems (VanSandt et al., 2009). It is claimed that social entrepreneurship can provide more justice and can be a solution to many social problems of humankind. However, this perspective on the role of business in society remained merely an isolated text, whose ideas were not further developed in the articles analysed here.

### 8.2.4 Agenda setting

The analysis of media talk about the firms’ responsibilities to three stakeholders indicates that the business press were selective in the range of topics discussed. The selective approach of the printed media towards business-centred discussions reflected the economic and political values dominating society in the transition period. Implementing neo-liberal thinking and capitalistic values was part of the authorities’ effort to change the communist institutions. The media texts analysed in this research also promoted these values and brought to the forefront economic values at the expense of social values.

But how is agenda setting taking place in the business magazine analysed in this study? The process of creating a journalistic story is a complex one, as described in 4.1. An understanding of this process for the magazine analysed here would require insights from the media organisation, which can only be given by taking a closer look at the organisation itself and the people working there. The approach used in this dissertation does not permit us to draw conclusions in this respect. We can, however, make some notes by observing the content, informants (or sponsors), writing style and formal features of the Capital texts. Careful analysis of these aspects provides with some details about the creation of a journalistic product.

The content and formal features of texts reflect in the early transition a simple way of documenting a topic. Very often, no sources were mentioned in the texts. Frequently, the texts seemed to rely on a single source and the subject appeared to be elaborated on the basis of a single interview. Visually, the articles looked like a simple, compact text, generally including a picture of the main informant.

Starting in 1998, the texts became more complex, with multiple opinions reported in a text. The multiplicity of sources used brought different perspectives to the topic presented. The articles also became more fragmented, with additional sub-sections
and quotations from different informants. The writing style also evolved from apparently informative texts to a more argumentative style, where a certain stance was supported.

The development described above shows how the process of creating a story became more complex over time, involving an increasing number of actors in society. Certain actors prevailed in the texts and were probably more involved in creating the stories. Among them, consultants or representatives of consultancy agencies were particularly noticeable. Their contribution appeared to be important because they were not used only as a data source but some of them also contributed to writing the texts. There were many articles, especially on topics related to employees, which were signed by representatives of consultancy agencies. The role of consultants was particularly prominent in introducing concepts and theoretical ideas intended to change the Romanian business community. They offered a certain interpretation of how business should be done and from this perspective, contributed to the process of setting the agenda in *Capital*.

Another important informant in *Capital* was the business community. Among business representatives, the opinions of businesspeople working in foreign companies appeared to be influential, especially in the late transition. Their vision and values also contributed to shaping stories and setting the agenda.

No further elaboration on the issue is attempted here. We only conclude that setting the agenda is a process, to which media and other actors in society appeared to have contributed. Further research is needed to give more precise accounts of the process of creating a story in *Capital*.

### 8.3 Development of CSR discussions in Romanian business press

The study at hand used a theoretical approach that synthesised major discourses about corporate social responsibility in the academic literature and in business practice. The approach made it possible to identify dominant and salient discourses

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72 Note that the selection of consultants and other informants as a data source can be also made by the journalist based on the editorial policy or personal preferences.
in Romanian printed media texts and their development over time. The research demonstrated that, in the context of a society in transition from communist to capitalist institutions, business media talk gradually changed and increasingly emphasised the economic aspects of business activities. Discussions in the printed media evolved during the transition period from a society-centred towards a business-centred perspective on the role of firms in society. Beyond legal and economic responsibilities, discretionary expectations changed over time from a more altruist view towards an instrumental perspective. In the later years of transition, discretionary business responsibilities were discussed to the extent that they are beneficial for the firm.

The development of business responsibilities as constructed in the Romanian business press is consistent with CSR developments over time. Carroll (1999) traced the historical developments of the CSR concept from the 1950s, the decade that marks the beginning of modern CSR. He studied the changes in meanings and definitions of CSR in the academic literature over a period of five decades. According to his study, researchers in the first three decades (1950s to 1970s) were mainly concerned with the impact of corporate activities on society and with the responsibilities deriving from that. Bowen (1953) wrote about how the power of corporations is used in society, while McGuire (1963) called for the need for a wider role of business in society. Starting in the 1980s, the research diversified greatly and new approaches to CSR appeared in the literature (e.g. business ethics, stakeholder theory). According to Carroll (1999), it was in the 1980s that research started to be interested in the link between CSR and corporate performance (especially financial performance). This stream of research developed significantly and resulted in studies analysing the relationship between CSR and various organisational variables (market valuation, brand performance, customer satisfaction, employee performance, to mention only a few).

Banerjee (2007) also claims that in the 1980s the CSR discourses changed from CSR as an obligation (‘doing good to do good’) to CSR as strategy (‘doing good to do well’).

We can conclude that CSR talk changed over time. The initial concerns in the early studies on CSR diminished over time, while the business case talk increased considerably. Banerjee (2008) also shows how, in spite of its emancipatory rhetoric, the CSR discourse is currently dominated by business interests. In talking about
CSR, business values commonly prevail at the expense of social and environmental ones (Blowfield and Frynas, 2005). Business interests have also been found to dominate the corporate contribution toward the goal of a more sustainable world (e.g. Milne et al., 2004b).

Scholarly research has shown that an instrumental perspective on corporate social responsibilities is dominant in conceptualising the role of the firm within a neo-liberal approach (Knippenberg and de Jong, 2010; Michael, 2003). Engaging in responsible behaviour beyond the legal requirements and economic demands for satisfying shareholders’ expectations is acceptable in neo-liberal thinking to the extent that the firm derives benefit. The benefit may assume different forms, financial or not (competitive advantage, improved relationship with stakeholders, reputation, increased sales etc.).

Mark-Ungericht and Weiskopf (2007) claim that corporate social responsibility is a political discourse reflecting the debates of different actors in society. In the study at hand, the printed media engaged in this discourse by supporting a business case perspective on CSR. In so doing, the media set the agenda for the public and especially for the business community.

8.4 Contribution of the study to CSR research

CSR remains a concept about which debates continue to take place in society and different actors in society compete in defining its meanings (e.g. Michael, 2003). A critical perspective on corporate social responsibility is also emerging in the literature introducing a different discourse about CSR in society.

Scholars in the critical field of research examine CSR in order to understand to what extent the concept has been useful in practice. Researchers have been interested to see whether CSR has achieved the aims of improving business practice towards the goal of a better society. Developments in CSR research and practice caused Crook (2005) to conclude that “the movement for corporate social responsibility has won the battle of ideas”. Much progress has been achieved in changing business practices (e.g. KPMG, 2008; OECD, 2005) towards more socially and environmentally responsible behaviour. In spite of this, it has been suggested that CSR does not achieve the aims of improving corporate responsibility
and much still remains to be done.

Some scholars hold that CSR discourse represents a strategic rhetoric, behind which the business as usual continues (e.g. Frynas, 2005; Porritt, 2005). Different drivers for companies to engage with CSR have been identified. Among them, reasons such as financial performance (e.g. McGuire et al., 1988; Aupperle et al., 1985), increased market value (Luo and Bhattacharya, 2006; Cheung et al., 2010; Mackey et al., 2007), competitive advantage (Jones, 1995; McWilliams and Siegel, 2001; Hart, 1995), reputation and improved relationships with stakeholders (Rettab et al., 2009; Brammer and Pavelin, 2004) have been investigated and form the core of the business case for CSR. In addition to such reasons, researchers pointed out ‘silent’ or ‘hidden’ drivers. One of these would be to avoid ‘command and control’ regulation (Schneiberg and Bartley, 2001; Shamir, 2004). Frynas (2005) also claims that CSR is used as a tool for managing image and perception. According to this view, the rhetoric of care and sensitivity abundant in corporate communication conceal negative aspects of business. It would also avoid searching from those concerned with business activities. Thus, CSR serves as a way to achieve other aims than to actually improve business practices.

In order to address the weaknesses mentioned, Kallio (2007) suggests that CSR research and practice needs to address three taboos: the amoral nature of business, continuous economic growth and the political nature of CSR. The first taboo questions the ability of business to be moral and shows that, amorality is currently a widespread characteristic of many companies. The taboo of continuous economic growth exposes the contradiction between the aim of companies to grow and the impossibility of doing so in a world with finite resources. Kallio argues that continuous economic growth is an unchallenged assumption of capitalistic values, which most of the CSR literature takes for granted. Finally, the taboo of the political nature of CSR reveals the instrumental and manipulating use of the CSR concept in business practice. Kallio holds that companies socially construct an image of green and responsible businesses while their actions are not necessarily any better than before.

The study at hand contributes to the critical stream of research by revealing how business case talk can be identified at the level of another actor in society: media. The findings of this research reinforce research identifying a neo-liberal and economic rationalist thinking dominating the agenda of corporate social
responsibility phenomenon (Fergus and Rowney, 2005a; Knippenberg and de Jong, 2010). In line with Kallio’s (2007) work, this dissertation suggests that the underlying assumptions of current debates about corporate social responsibility need to be discussed more in society.

This research also supports the views of Prieto-Carrón et al. (2006) and Banerjee (2008) that, in spite of a large body of research on CSR, the transformative potential of this concept for corporate practices has not been much considered. It is contended that in paying more attention to questionable business activities and to the wider role of the firm in society, the CSR concept could make a better contribution to the alleviation of problems faced in our society. Such a contribution is needed given the current challenges in the world.

While economic developments in capitalistic societies have led to outstanding achievements in the quality of life and scientific progress, society still faces major problems (Zadek, 2007). Declining standards of living in many parts of the world, social inequalities and deterioration of natural habitat (Meadows et al., 2004) are among the most serious problems of our societies. Corporations and the power they exercise in a globalising world are seen as one cause for the difficulties mentioned (Korten, 1995; Porritt, 2005; Beder, 2002; Hertz, 2002). Questionable practices of different industries or multinationals have been blamed for their irresponsible or unethical outcomes. Working conditions in supply chains in developing countries but also in Western societies (Royle, 1999; Royle, 2005a, 2005b), environmental incidents (Livesey, 2001) have all attracted the attention and are deemed problematic.

It is suggested here that many of the concerns presented above could be part of the corporate social responsibilities agenda.

8.5 Contribution of the study to the CSR research in Eastern European countries

While CSR has been researched extensively in Western countries (Western Europe, North America and Australia), there is little knowledge about CSR in other parts of the world. This dissertation contributes to the emerging literature on CSR in post-communist countries in Eastern Europe.
Previous research suggests that the communist ideology prevailing in Eastern Europe was an important factor shaping business life during transition period from a centrally-planned to a free market economy. Remnants of communist thinking in business have been identified in various studies examining CSR in the region. Kooskora (2006) showed how socialist thinking dominated managerial perceptions about corporate responsibilities in the early transition in Estonia. She also analysed the transformations in managerial thinking over 20 years of the transition period in the context of changes taking place in society. Cherp (2003) found that economic, political and social factors inherited from communism led to difficulties in implementing corporate sustainability reporting in Eastern Europe. In Poland, Bohdanowicz (2005) showed how communist ideology shaped societal values, which in turn led to a narrow interpretation of business role in society.

This dissertation builds on existing research and departs from the assumption that societal context influences how corporate social responsibility is interpreted in a certain society. The results of this research provide support for this assumption. The CSR phenomenon in the Romanian media received a narrow interpretation, limited mostly to economic and legal aspects. This finding can be explained by contextual factors in Eastern Europe. Communism is an ideology no longer tolerated in Eastern European countries. The need to move towards a free market ideology led to a denial of socialist values. Among them was the social role of enterprises during communism. Social programmes and alleviation of societal ills were among enterprises’ aims (Mazurkiewicz and Crown, 2005). During transition, the involvement of firms in society was considered incompatible with the aims of a free market economy. The role of business was narrowed down towards the legal and economic aspects. Free market ideology became dominant in late transition in Eastern Europe. According to this ideology, the purpose of business is profit-making. A narrow interpretation of CSR also resulted from adopting a free market ideology.

The CSR concept did not exist during the communist period. Research in Eastern Europe examined the developments taking place in CSR thinking in this geographical area during transition period. According to this literature, CSR has been gradually adopted and implemented in most countries in Eastern Europe (see e.g. Mazurkiewicz and Crown, 2005; Bohdanowicz, 2005; Tafel and Alas, 2006; Kooskora, 2006).
In Romania, too, recent studies indicate that CSR is becoming popular in business life (Șerbănică et al., 2008; Popa et al., 2009). The concept began to spread to Romanian society in the early years of the new century. Popa et al. (2009) report on the status of CSR in Romanian companies. According to these authors, CSR practices are common in multinational companies, while initiatives in Romanian firms are rare. Popa et al. (2009) and Șerbănică et al. (2008) suggest that multinational companies are the main driver of CSR thinking in Romania. Different events promoting the CSR concept in Romania also take place frequently. Each year, starting with 2006, an annual CSR international conference is organised in Romania. After 2001-2002, companies also started to publish corporate social responsibility reports, which have become increasingly popular in the Romanian business community. This dissertation provides evidence for these developments. In the media, the CSR concept started to be discussed explicitly in 2002.

The research also indicates that, while much progress has been achieved in the field, much remains to be done in terms of promoting and integrating social and environmental practices in business activities (Iamandi and Filip, 2008). It has been shown that in Romanian companies CSR is interpreted as a tool for improving corporate image (Iamandi and Filip, 2008). Most CSR initiatives currently take the form of community involvement: donations and sponsorships. This dissertation adds new insights to earlier findings showing that firms are mostly expected to meet their economic and legal responsibilities. However, additional responsibilities were seen to be important for enhancing reputation and increasing profitability. In this way, the media adopted the liberal ideas from Western countries regarding the role of business in society and disseminate them into Romanian society.

CSR research in Eastern European countries has shown that cultural and social values are different from those in Western societies. Bohdanowicz (2005) shows that the CSR concept has been imported into Poland from Western countries with no consideration for local values. This dissertation provides evidence that the Romanian media promote a particular Western interpretation of the CSR concept. Currently there are different CSR discourses in Western academia and business practices. The prevailing one is the ‘win-win’ approach to CSR based on neo-liberal thinking. The Romanian business media replaced the ‘moral’ discourse about business from the early years of transition and adopted a business case discourse in late transition. This has important implications for how Romanian society defines
the role of business in society. In disseminating neo-liberal ideas, the media make the CSR business case discourse popular in the business community in Romania and contribute to silencing other discourses in society.

The implications of adopting a business case and neo-liberal agenda in Eastern European countries are, however, significant. The ideological shift in the early 1990s came with substantial changes throughout economic, social and political life. Undeniably the efficiency of many former public enterprises increased considerably during transition, due to privatisation or to restructuring reforms. Many of the private firms are now efficient and profitable entities contributing to Romanian economic growth. Quality of life in financial and material terms improved significantly, too, for a large part of population, especially in the urban areas. Discrepancies between rich and poor also increased.

The form of capitalism that is being constructed in Romania and the other countries in the region is still unknown. Some research points towards a variety of forms of capitalism (Greskovits, 2005; Lane, 2005), but a new form of East European capitalism has also been suggested (Stark, 1996). While apparently heading in different directions, states in Eastern Europe applied strict reforms to their economic and social policies, also called ‘structural adjustment policies’. The aim has been to hurriedly transform economies to comply with the tenets of neo-liberalism and free markets.

The transformations brought a new view of the world, one in which economic and financial aspects are emphasised. In this new worldview, quality of life not necessarily measured in material wealth, human values and experiences find little place. The objectives of efficiency and profit-maximisation, as exponents of neo-liberal thinking, pervade the business world but also extend to the rest of society. The language of ‘cost cutting’ and ‘staying within budget’ is commonly used to legitimise business and governmental actions. They negatively affect social wellbeing in terms e.g. of employees’ security, population education and health care.

Neo-liberalism and its narrative of capitalism (Freeman, 2007) has been disseminated in Eastern Europe as the only viable alternative to communism. Its tenets, however, are increasingly questioned in the Western world and this should happen even more in countries that recently adopted this worldview so enthusiastically.
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1994

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Vaschi, M., *Reuşita are culoarea iubirii. Lanţul de magazine roşii “Monique Company” are o cifră lunară de afaceri de 80 milioane lei* (in Romanian:
Success has the colour of love. The network of red shops “Monique Company” has a monthly turnover of 80 million lei), no. 3, pp. 9.


Vaschi, M., *Poluarea mediului a atins cote dramatice* (in Romanian: Environmental pollution reached dramatic levels), no. 13, pp. 3.


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1995


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1996


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1997


1998


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Radu, L., Primăria Capitalei promite să țină în frâu prețul energiei (in Romanian: Bucharest municipal council promises to keep the energy price under control), no. 24, pp. 28-29.
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The state also needs to get involved in human resource management), no. 46, pp. 61.

1999


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**2001**

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