

SOCIAL RESPONSIBILITY OF BUSINESS IN ALBANIA

Aurora Pulti (Kinka), PhD candidate

Blerta Dragusha (Spahia), PhD

University “Luigj Gurakuqi”, Shkoder, Albania

Abstract:

Business Social Responsibility through the advantages that provides, plays an important role in business competition. With their social responsibility activities, businesses fulfill their responsibility for the community where they operate and improve their image to the public. Albanian businesses have started to get aware about social responsibility during the last years but this concept remains still unknown for the main part of businesses in Albania.

Actually Albania is working hard toward the European integration. One of the requirements of the European Integration is the awareness of businesses concerning social responsibility. The purpose of this study is to identify the level of social responsibility awareness in medium and large businesses actually operating in Albania.

1. Business social responsibility definition

The fact that businesses should have a social responsibility has been discussed in a lot of studies during the last 50 years. The definition of business social responsibility is still very ambiguous and vague (Fisher, 2004). Most definitions of corporate social responsibility describe it as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (EU, 2001). The World Business Council for Sustainable Development (WBCSD, 1998), defines this concept as “a continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”. Social responsibility is defined and placed in its contemporary business context, highlighting the importance of stakeholder dialogue for the

development of the added value dimensions, both in economic and societal terms (Stainer, 2006).

Corporate Social Responsibility has emerged as a global trend incorporating business corporations, states, international organizations and civil society organizations. As is usually the case with movements and trends, we find a broader group of actors jumping on the bandwagon with their own contributions (Sahlin-Andersson, 2006). Corporate engagement with society, also termed CSR, refers to one process by which an organization expresses and develops its 'corporate culture' and social consciousness (Rupp et al., 2006).

2. Business Social Responsibility and European Union

Businesses are part of a society and their decisions have important social impact. A large number of European companies are becoming conscious of their social responsibility and are considering it as part of their way of doing business. This responsibility is expressed towards employees and more generally towards all the stakeholders affected by business and which in turn can influence the business success.

The Green paper of the European Commission (EU, 2001) defined CSR as *"a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis"*.

Corporate Social Responsibility has two dimensions: The internal and external one.

- *The internal dimension*

The internal dimension consists in:

a. *Human resources management*

Responsible recruitment practices, involving in particular non-discriminatory practices, could facilitate the recruitment of people from ethnic minorities, older workers, women and the long-term unemployed and people at disadvantage. Such practices are essential in relation to achieving the European Employment

Strategy objectives of reducing unemployment, raising the employment rate, and fighting against social exclusion (EU, 2001).

b. *Health and safety at work*

As the focus on occupational health and safety performance and qualities of products and services is increasing, there is also an increasing demand for measuring, documenting and communicating these qualities in the marketing material. Occupational safety and health criteria have been included to varying degrees into existing certification schemes and labeling schemes for products and equipment. Certification schemes of management systems and subcontractors focusing primarily on occupational safety and health have also been launched (EU, 2001).

c. *Adaptation to change*

Experience of the major restructuring operations carried out in Europe in the steel, coal and shipbuilding industries has shown that successful restructuring can be better achieved through joint efforts involving the public authorities, companies and employees' representatives (EU, 2001).

d. *Management of environmental impacts and natural resources*

In general, reducing the consumption of resources or reducing polluting emissions and waste can reduce environmental impact. It can also be good for the business by reducing energy and waste disposal bills and lowering input and de-pollution costs. Individual companies have found that less use can lead to increased profitability and competitiveness (EU, 2001).

- ***External dimension***

The external dimension consists in:

a. *Local communities*

Many companies become involved in community causes, notably by means of provision of additional vocational training places, assisting environmental charities, recruitment of socially excluded people, provision of child-care facilities for employees, partnerships with communities, sponsoring of local sports and cultural events or donations to charitable activities (EU, 2001).

b. Business partners, suppliers and consumers

The effect of corporate social responsibility activities will not remain limited to the company itself, but will also touch upon their economic partners. This is particularly the case for large companies, which have outsourced part of their production or services and, therefore, may have acquired additional corporate social responsibility with regard to these suppliers and their staff, bearing in mind that sometimes economic welfare of these suppliers depend primarily or entirely on one large company.

As part of their social responsibility companies are expected to provide products and services, which consumers need and want in an efficient, ethical and environmentally aware manner (EU, 2001).

c. Human rights

The European Union itself has an obligation in the framework of its Co-operation policy to ensure the respect of labor standards, environmental protection and human rights and is confronted with the challenge of ensuring a full coherence between its development policy, its trade policy and its strategy for the development of the private sector in the developing countries notably through the promotion of European investments (EU, 2001).

d. Global Environmental concerns

Through the trans-boundary effect of many business-related environmental problems, and their consumption of resources from across the world, companies are also actors in the global environment. They can therefore pursue social responsibility internationally as well as in Europe. For example, they can encourage better environmental performance throughout their supply chain within the IPP approach and make larger use of European and international management and product-related tools. Investment and activities of the companies on the ground in third countries can have a direct impact on social and economic development in these countries (EU, 2001).

3. Albanian businesses and their social responsibility

The actual Albanian Economy is dominated by small enterprises. Based on the development strategies of business in Albania it is expected that the future economic growth should be based on increased investments and exports. Business social responsibility in Albania is actually based on community donations. There is a lot to do in Albania in order to increase the level of business social responsibility. Based on the most important sectors of the Albanian economy some of the aspects where social responsibility should focus on are:

1. Construction

- Employment
- Health and safety
- Supply chain management
- Responsible procurement
- Ecological efficiency

2. Tourism

- Sustainable and eco-cultural tourism
- Brand Albania
- Integrated coastal zone management

3. SME-s

- Training and mentoring
- Community partnerships

4. FDI-s

- Ethical investments
- Product standards
- Corporate governance

As far as Albanian businesses have actually a low level of social responsibility awareness, the vision of Albania should be to promote business social responsibility in ways which develop the sustainable competitiveness of companies operating in Albania , creating social value for the long - term prosperity and welfare of Albanian citizens and protecting the environment for future generations. Albanian Government should play an important role toward business social responsibility awareness. The Albanian Government mission concerning social responsibility is:

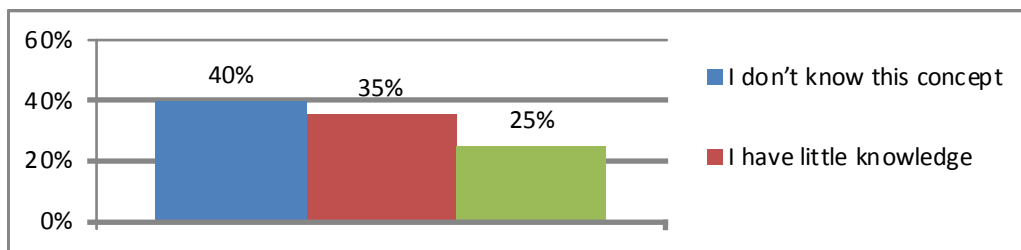
“Through an ongoing, open and inclusive dialogue with all stakeholders, to create the best possible enabling environment for the adoption of Corporate Social Responsibility practices by companies.”

According to (Stubbs,2011), Albania’s SWOT analysis in accelerating Corporate Social responsibility (CRS) is as follows:

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Increased attention to CRS during the last 5 years • Comprehensive regulatory framework for business exists • Global Compact and other development projects have raised awareness of aspects of CSR • Leading companies have commitments to CSR and provide examples of good practice • Brand image and reputation emerging as key issues in some sectors of the economy • Growing interest in CSR by intermediary organizations including Chambers of Commerce and business interest groups • Growing awareness of business case for CSR and link between competitiveness and sustainability • First steps in teaching Business Ethics and CSR within higher education • Increasing interest and understanding in importance of ISO standards 	<ul style="list-style-type: none"> • Understanding of CSR remains rather vague and even contested • Few companies integrate CSR into core management approach • CSR not yet integrated into corporate governance • Commitments in key CSR areas: labor standards; consumer protection; environmental protection; anti-corruption; procurement/supply chain remain rather undeveloped • Few companies report regularly, clearly and transparently on their social and environmental impacts • CSR through projects means many initiatives are time-limed and/or donor-driven • Lack of interest in CSR by key stakeholders • SME sector largely untouched by CSR thus far • Lack of incentives for CRS
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Increased emphasis on FDI and export-led growth creates the conditions for new comparative advantage through CSR • Growing importance of CSR in the EU and in the EU accession process • EU and donor funds remain available for innovation in CSR • Increased government support and commitment • Added value of CSR activities in key sectors of the Albanian economy • Clear opportunities for progress exist in all aspects of CSR • Regional sharing of best practice likely including increasing focus on SMEs • Possibilities of public-private partnerships and new kinds of community investments • General public interest in increased transparency in business 	<ul style="list-style-type: none"> • Weak compliance and inconsistent enforcement mechanisms for existing regulations • Low prioritization of CSR may continue for many stakeholders • Absence of NGOs and intermediary associations with clear CSR focus • Danger of lagging behind other prospective candidate countries in CSR • Poor co-ordination within government and little involvement of local government • Actions Plans remain on paper and are not implemented

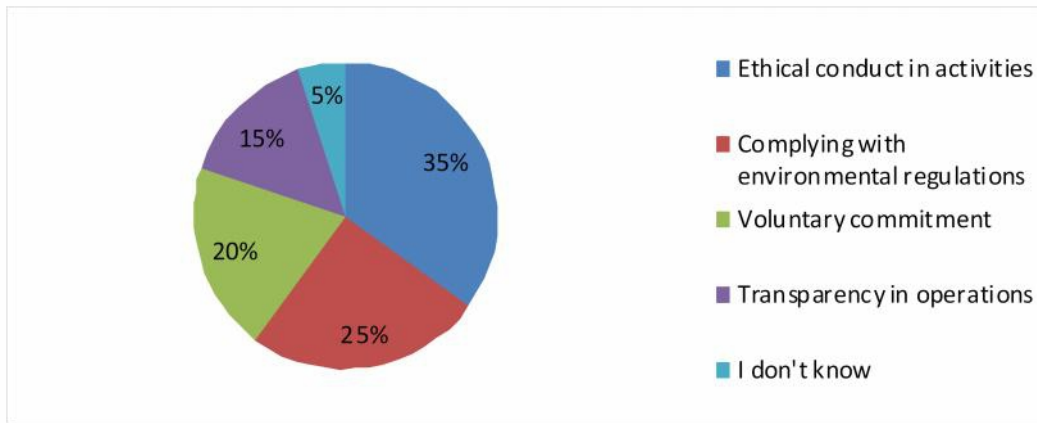
In order to get a better panorama on business social responsibility we have conducted a survey directed to medium and large businesses actually operating in Albania. We prepared a questionnaire and delivered it to 100 medium and large businesses.

The first question was about the concept of social responsibility, how well does respondents know it. As we see in the graph, only 25% know it very well as a concept. While 40% did not know what social responsibility means and 35% have little knowledge. So only a few businesses have a clear concept of social responsibility.



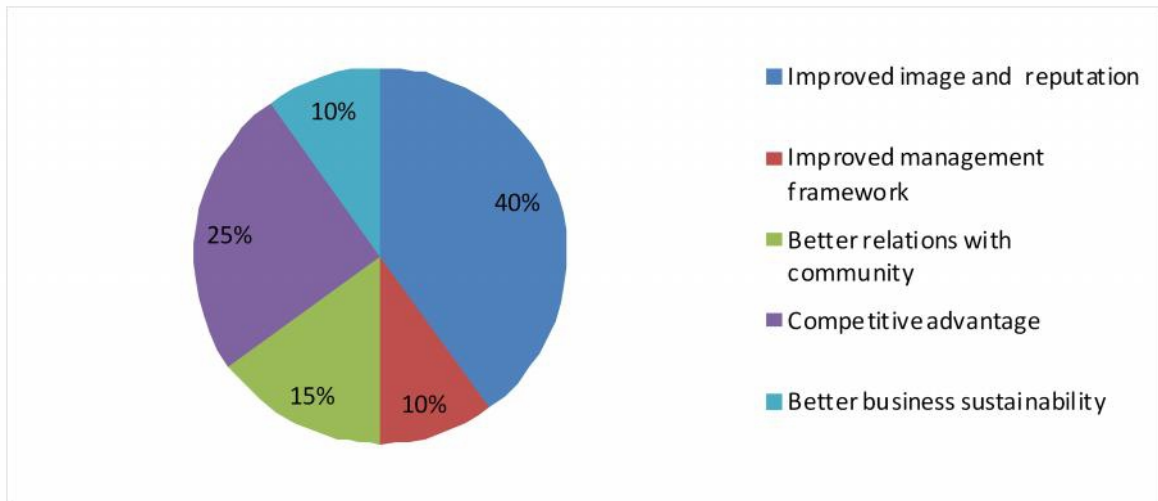
Graph.1: The concept of social responsibility

But what does it mean to be a business with social responsibility? Most of respondents, about 35%, see business closely linked to issues of ethics, 25% see it as an activity that is in compliance with environmental laws. A considerable part, about 20% of enterprises see social responsibility as a voluntary commitment; 15% of them believe that transparency of operations is an activity of social responsibility. And only 5% did not know what does social responsibility means for a business.



Graph.2: What do you mean by social responsibility in business?

Another question was: "Which are some reasons why your business will be involved in social responsibility activities?" We got these answers:

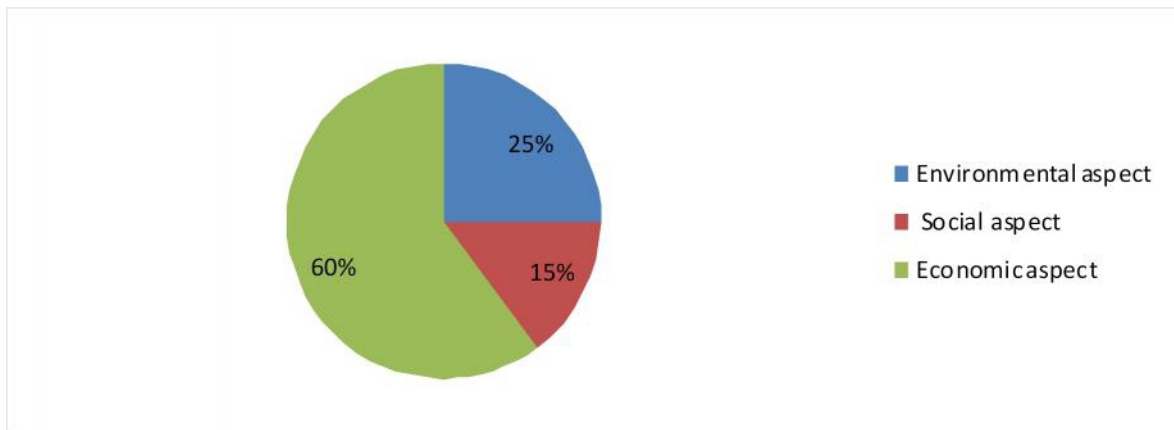


Graph.3: Reasons why your business will be involved in social responsibility activities

As we can see from the graph, most of the businesses surveyed, 40% believes that involvement in social responsibility will contribute to enhancing the reputation and image of the company. Also it is important to mention that a

significant percentage, about 25%, thinks that engagement in social responsibility activities will constitute a competitive advantage for them.

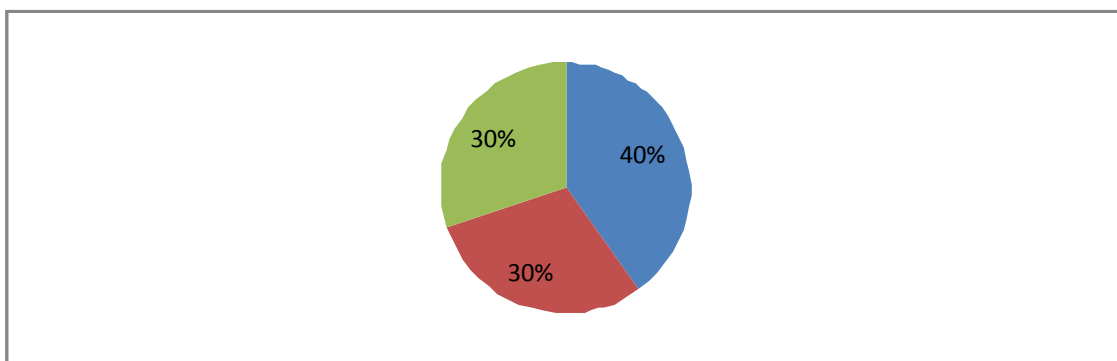
We got the following results from the question: "If your business decides to involve itself in social responsibility activities, which of these aspects do you think has more advantages?"



Graph.4: Most important aspects from social responsibility

As we can see from the graph, social responsibility provides social development (15%), environmental (25%) and economic (60%), which is important for a business.

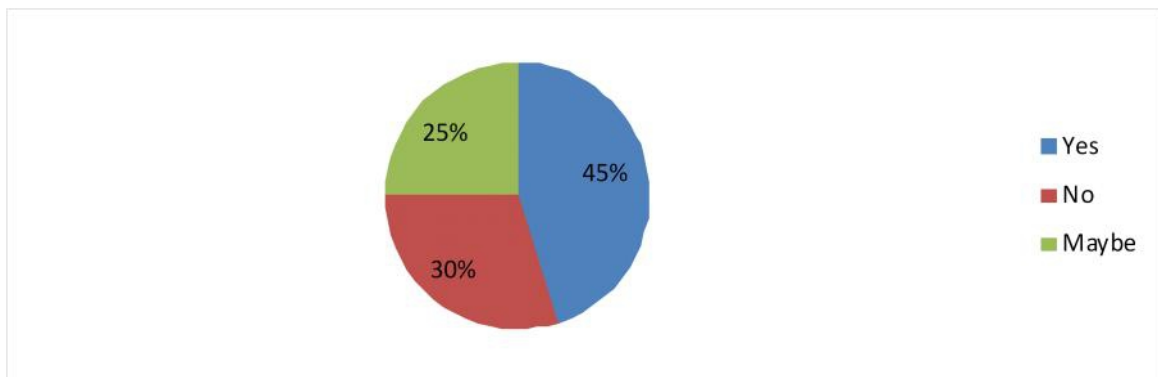
Another questions was: "Who do you think benefits more from the exercise of social responsibility", the respondents answered this way:



Graph 5: Who benefits from social responsibility?

We see that majority of respondents (40%) think that greater benefits will be for businesses. 30% of respondents think that the greater benefits will be for customers and the other 30% think that benefits will be for both business and customers. This emphasizes once more the economic aspect of social responsibility, thus, having a social and environmental consciousness can lead the business step by step in achieving financial success.

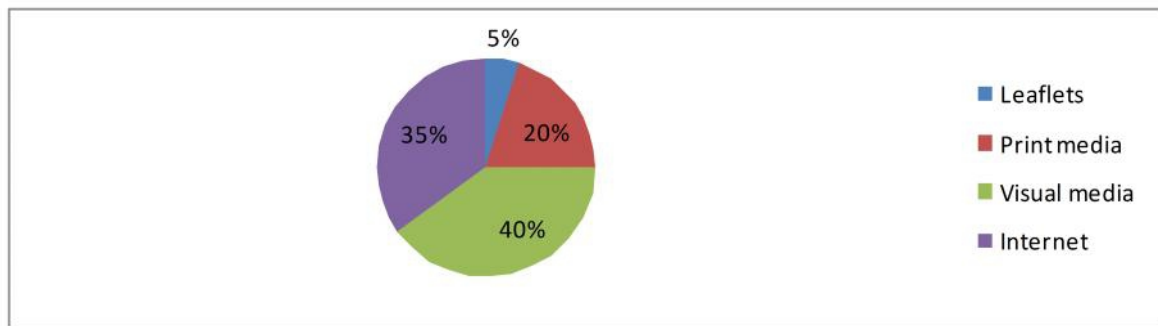
“Do you think that social and political conditions in our country allow the application of social responsibility of business?” - was another question, where we got the following answers:



Graph.6: Does social and political conditions exist in our country?

As we see from the graph, the majority believes that the lack of political and social conditions is an important element that prevents undertaking of social responsibility activities by businesses. Also a significant part, about 25%, expressed uncertainty for the existence of these conditions, meaning that level of information in terms of social responsibility remains at low levels.

But what would be the most efficient way to inform the public about social responsibility? Results are shown below:



Graph.7: Most efficient way to inform the public

The majority of respondents think that visual media is the most efficient way to inform the public, but the Internet is also considered as an important source of information regarding the social responsibility concept.

Summary:

There is a lot to do in Albania in order to increase the level of business social responsibility. Business social responsibility in Albania is actually based on community donations. Only a few businesses in Albania have a clear concept of social responsibility.

The most important sectors of the Albanian economy where social responsibility should focus on are construction, tourism, SME-s and FDI-s.

Albanian Government should play an important role toward business social responsibility awareness.

A lot of Albanian businesses believe that involvement in social responsibility will contribute to enhancing the reputation and image of the company and also constitute a competitive advantage for them.

References:

- Brooks, S., Corporate Social Responsibility and Strategic Management: The Prospects for Converging Discourses, Strategic Change, 2005.
- Commission of European Communities, Green Paper “Promoting a European framework for Corporate Social Responsibility”, 2001.
- Rupp, D.E., Ganapathi J., Aguilera R. V. and . Williams C.A., Employee Reactions to Corporate Social Responsibility: An Organizational Justice Framework, Journal of Organizational Behavior, 2006.
- Sahlin - Andersson, K.S., Corporate Social Responsibility: A Trend and A Movement, but of What and for What?, Corporate Governance, 2006.
- Stainer, L., Performance management and corporate social responsibility: the strategic connection, Strategic Change, 2006.
- Stubbs, P., Promoting Corporate Social Responsibility in Albania, 2011.
- UNDP, CSR Study – National Report presentations in Albania, Kosovo, Montenegro, Serbia, 2009.